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Dear  
26 Oct 2022



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14 OCT 2022  
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P. O. Box 731 - 10200, MURANG'A

**DEPARTMENT OF FINANCE, IT AND ECONOMIC PLANNING**

Our Ref: MCG/FIN&PLN/16/80

Date: 15<sup>th</sup> October, 2022

The Clerk,  
Murang'a County Assembly,  
P.O. Box 731 – 10200.  
**MURANG'A.**

Dear Sir,

**RE: COUNTY BUDGET REVIEW AND OUTLOOK PAPER (CBROP) 2022**

Forwarded herewith, please find Murang'a County Budget Review and Outlook Paper (CBROP) 2022 for your consideration and tabling in the County Assembly.

David W. Waweru  
**CECM - FINANCE, IT AND ECONOMIC PLANNING**

# COUNTY GOVERNMENT OF MURANGA COUNTY BUDGET REVIEW AND OUTLOOK PAPER



SEPTEMBER 2022

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The County Treasury P.O Box 52 - 10200

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section 118 of the Public Finance Management (PFM) Act 2012 which requires the county government to prepare the County budget review and outlook paper in respect for each financial year.

This CBROP reviews fiscal performance of the county for the 2021/22 financial year while comparing it with the budget appropriation for the same year. In addition, it provides information on changes in forecasts as indicated in the County Fiscal Strategy Paper (CFSP) 2022; and how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the county financial objectives for that year. It further gives reasons for any deviation from the county financial objectives in the fiscal strategy paper together with proposals to address the deviations. Most importantly, this CBROP is the final one reviewing the performance of the County Government in implementing the second generation CIDP and also provides the future outlook for the remaining implementation period 2023/24 and beyond.

The updated economic and financial outlook presented in this paper will set out the broad fiscal parameters for preparation of the next budget 2023/2024. In particular, the provisional ceilings presented are intended to act as a guide to sector working groups in preparing their budgets.

It is therefore my expectation that the policy paper will be useful in enhancing financial discipline and fiscal responsibilities outlined in section 107 of the PFM Act 2012 that will contribute towards the realization of aspiration of the residents of the county.

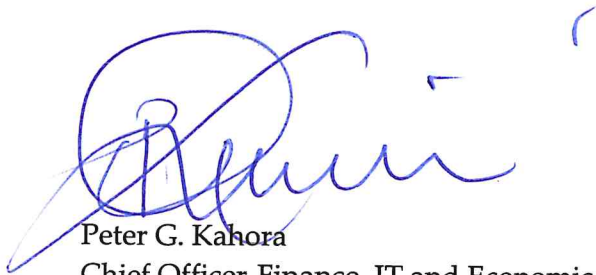


David W. Waweru  
County Executive Committee Member  
Murang'a County.

2021/22 has been prepared in line with section 118 (1) (a) of the Public Finance Management Act 2012. The CBROP is reviewing performance of the year and provides the Budget outlook in the medium term.

In its preparation, consideration has been made of the prevailing economic situation globally and locally; the likely effects of the prevailing economic situation to realization of the County vision and also makes reference to the implementation of the CIDP 2022-2027. It is therefore my firm belief that this CBROP 2022 shall achieve it's intended objective of guiding various county entities in the preparation of their 2023/2024 budget.

The information contained was obtained from the County Treasury and I want to appreciate the efforts made by the Directorate of Budget in preparing this CBROP 2022.



Peter G. Kahora  
Chief Officer-Finance, IT and Economic planning



CRA	Commission of Revenue Allocation
CBROP	County Budget Review and Outlook Paper
CFSP	County Fiscal Strategy Paper
GDP	Gross Domestic Product
KNBS	Kenya National Bureau of Statistics
MTEF	Medium Term Expenditure Framework
MTP	Medium-Term Plan
PE	Personnel Emoluments
PFM	Public Finance Management
SRC	Salaries and Remuneration Commission
SWG	Sector Working Group



Table 2: Revenue Performance per stream

Table 3: Absorption rates per sector in comparison with CFSP 2021

Table 4: County Government Fiscal projection in the medium term

Table 5: Summary of indicative Expenditure Ceiling for the MTEF period 2021/22



The Budget Review and Outlook Paper (CBROP) is prepared in accordance with Section 118 of the Public Finance Management (PFM) Act 2012. The law stipulates that:

1) A county Treasury shall;

a. Prepare a CBROP in respect of the County for each year; and

b. Submit the paper to the County Executive Committee (CEC) by 30th September of that year.

2) In preparing its CBROP, the County Treasury shall specify;

a. The details of the actual fiscal performance in the previous year compared to the budget appropriation for that year

b. The updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper (CFSP)

c. Information on:

(i) Any changes in the forecasts compared with the CFSP; or

(ii) How actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or financial objectives in the CFSP for that financial year; and

d. Reasons for any deviation from the financial objectives in the CFSP together with proposals to address the deviation and the time estimated for doing so.

3) The CEC shall consider the CBROP with a view to approving it, with or without amendments, within fourteen days after its submission.

## **Fiscal Responsibility Principles in the Public Financial Management Law**

In line with the Constitution of Kenya 2010, the PFM Act, 2012 sets out the fiscal responsibility principles to ensure prudence and transparency in the management of public resources. Section 107 of the PFM Act, 2012 states that: The County Government's recurrent expenditure shall not exceed the County Government's total revenue;

- 1) Over the medium term, a minimum of thirty (30) per cent of the County Government's budget shall be allocated to the development expenditure;
- 2) The county Government's expenditure on wages shall not exceed a percentage of the County Government's total revenue as prescribed by the County Executive Member for Finance in regulations and approved by the County Assembly;
- 3) Over the medium term, the Government's borrowing shall be used only for purpose of financing development expenditure and not for recurrent expenditure;
- 4) The County debt shall be maintained at a sustainable level as approved by County Assembly;
- 5) The fiscal risks shall be managed prudently; and
- 6) 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.

performance of the county for the financial year 2021/2022; the updated macro-economic and financial forecasts; and deviations from the approved County Fiscal Strategy Paper (CFSP) 2021 and the reasons for such deviations.

### 1.1 Objective of CBROP

The County Budget Review and Outlook Paper (CBROP) provides a review of the previous fiscal year's performance and how this impacts the financial objectives and fiscal responsibility principles to be set out in the CFSP. This together with the macroeconomic outlook provides a basis for revision of the current year's (2022/2023) budget in the context of the broad fiscal parameters underpinning the next budget (2023/2024) and the medium term (2024/2025 -2025/2026). The fiscal framework and the medium term policy priorities will be firmed up in the County Fiscal Strategy Paper 2023.

Specifically, the CBROP provides:

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

### 1.2 Significance of CBROP

The paper is a policy document that links planning with budgeting. It is significant in the

is expected to provide indicative sector ceilings for the FY 2022/2023 budget and in the medium term to guide Sector Workings groups (SWGs) before being affirmed in the CFSP 2022.

### 1.3 Structure

This paper has four other sections. Section Two, reviews the county's fiscal performance for the year 2021/2022. The section is further divided into three sub-sections, namely: The Overview; Fiscal Performance; and Implications of Fiscal Performance. Section three reviews recent economic developments and has four subsections comprising of: Recent Economic Developments; Economic Outlook & Policies; Medium Term Fiscal Framework and Risks to the Outlook. Section four, sets out how the county government intends to operate within its resource envelope. It establishes the resources envelope (total revenues) it expects, and allocates these across departments by setting expenditure ceilings for each department. In addition, the section has four other sub-sections: adjustment to the proposed budget; the medium term expenditure framework; proposed budget framework; and projected fiscal balance and likely financing. Lastly, section five gives a conclusion of the entire paper.

recurrent allocation was KShs. 7,245,822,094. The estimates were revised upwards to KShs. 10,688,564,269.80. The revised estimates comprised of recurrent allocation of KShs. 7,372,371,261 and Development allocation of KShs. 3,316,193,009. The expenditure outturn was; Development expenditure KShs. 1,374,406,247 and Recurrent expenditure KShs. 6,685,907,815 comprising an absorption rate of 76%.

## 2.2 Fiscal Performance

The fiscal year 2021/2022 was the last year of a regime's five years in office as enshrined in the constitution of Kenya. As such, it was an electioneering year that comes with numerous challenges. However, this fiscal year the challenges ravaging the County were not tied to the electioneering period only, but also arose from macroeconomic challenges of high global inflation that affected purchasing power of the local economy, poor rainfall that affected the agricultural based economy of our county and our the country at large.

The County received total revenues of KShs. 8,060,314,062 comprising of Equitable share KShs. 6,454,806,037; realized own source revenue of KShs. 520,317,425 and grants of KShs. 359,840,782.

The summary of the county fiscal performance is as indicated in table 2.1 below.

Table 2.1: Summary of County Fiscal Performance

	2020/21 FY	2021/22 FY			Growth %
	Actual	Approved	Actual	% Deviation	
<b>TOTAL REVENUE &amp; GRANTS</b>	<b>6,993,447,783</b>	<b>10,668,564,270</b>	<b>8,060,314,062</b>	-24%	13.24%
Unspent Bal from Previous FY	0	907,020,780	725,349,818	-20%	0.00%
Revenue (Total)	6,993,447,783	9,761,543,490	7,334,964,244	-25%	4.66%
Equitable Share Allocation	5,530,594,420	7,180,155,855	6,454,806,037	-10.10%	14.32%
Local Revenue	627,164,598	1,580,000,000	520,317,425	-67%	-20.53%
Grants (Total)	835,688,765	1,001,387,635	359,840,782	-64%	-132.24%
<b>Total Expenditure</b>	<b>6,993,447,783</b>	<b>10,668,564,270</b>	<b>8,060,314,062</b>	-24%	13.24%
Recurrent	4 451 616 451	7 372 371 261	6 685 907 815	-00%	22 120%

economic environment in the country caused by high inflation of basic commodities and the prevailing drought situation further complicated by the Ukraine and Russia conflict. Locally, revenue declined due to among other reasons; political interference where some politicians incited the public not to pay their charges, low and poor enforcement mechanisms due to an inadequate legislative framework. All these factors contributed to the decline in revenue especially on the major revenue streams.

Table: 2.2: Analysis of County Revenue Streams

This table shows revenue collected per stream over the last five years.

<u>SOURCE</u>	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>
LICENCES	100,095,924	126,378,883	98,535,344.19	137,683,456	106,214,073
PLOT RENT/LAND RATES	37,600,098	60,126,961	53,226,460.86	64,442,748	52,727,019
MARKET FEES	27,204,081	53,712,820	42,109,538.92	45,390,801	42,663,662
PENALTIES		1,625,805	461,200.18	1,632,704	2,121,027
BUILDING MATERIAL CESS ( sand, stones )	45,758,290	62,713,630	44,979,407.02	29,827,952	33,045,131
BUS PARK FEES	16,185,040	28,719,937	18,962,827.79	24,631,551	26,647,768
PARKING FEE	10,202,620	18,592,165	21,238,708.70	26,056,136	21,125,468
MOTOR BIKES	2,365,460	6,833,610	2,216,045.75	2,651,387	1,075,519
LIQOUR LICENCE	25,642,410	28,003,100	36,924,059.00	22,056,184	16,098,213
PLAN APPROVAL	12,434,670	36,907,306	9,738,904.39	2,848,192	2,837,038
CONSERVANCY	8,563,200	13,515,289	10,244,978.00	16,085,549	12,160,977
OTHER CESS REVENUE	719,900	20,174,817	6,918,950.14	41,272,008	37,553,539
SALE OF FORMS	5,192,420	8,565,260	3,126,132.98	7,884,076	5,366,238
TENDER FORMS	20,340	10,000	-		-
ADVERVISEMENTS	10,371,043	17,027,999	7,848,196.10	10,463,947	11,312,809
SELF HELP GROUP	1,705,070	3,825,810	1,335,807.87	1,471,325	998,187
LAND SUBDIVISION/TRANSFER	7,015,130	7,114,440	6,285,858.08	8,692,414	4,760,952
HOUSE/STALLS RENT/S.HALL	5,976,080	8,151,673	5,423,449.18	6,088,784	3,864,556
OTHER LAND BASED REVENUE	1,669,776	3,242,610	3,781,063.49	2,749,224	2,507,105



<u>B) DEVOLVED FUNCTIONS</u>					
HOSPITALS	68,928,546	139,482,031	126,185,812.73	104,427,094	81,250,808
NHIF			-		
PUBLIC HEALTH	21,484,306	24,008,915	19,469,831.38	24,866,755	18,825,281
LIVESTOCK (A.I)	1,102,360	3,331,125	2,188,222.76	1,357,474	153,290
MEAT INSPECTION	6,284,060	8,210,880	8,861,763.34	10,920,614	12,318,686
VET.CLINICAL SERVICES	220,370	47,220	1,489,553.00	-	657,090
FISHERIES	126,000		-		-
COOPERATIVES	481,890	840,110	651,505.78	495,988	272,106
HOUSING & PHYSICAL PLANNING	646,990	1,302,650	1,266,919.67	8,421,631	2,246,989
WEIGHT & MEASURES	601,950	1,067,250	943,422.17	2,879,303	3,055,938
MARIIRA FARM	472,067	2,483,171	216,773.38	195,835	140,662
WATER	482,621	123,930	-		-
NEMA			-		-
SUB-TOTAL		180,897,282			118,920,850
<u>TOTAL</u>	423,996,982	702,332,003	551,677,222.40	627,164,598.42	<b>520,317,425.01</b>

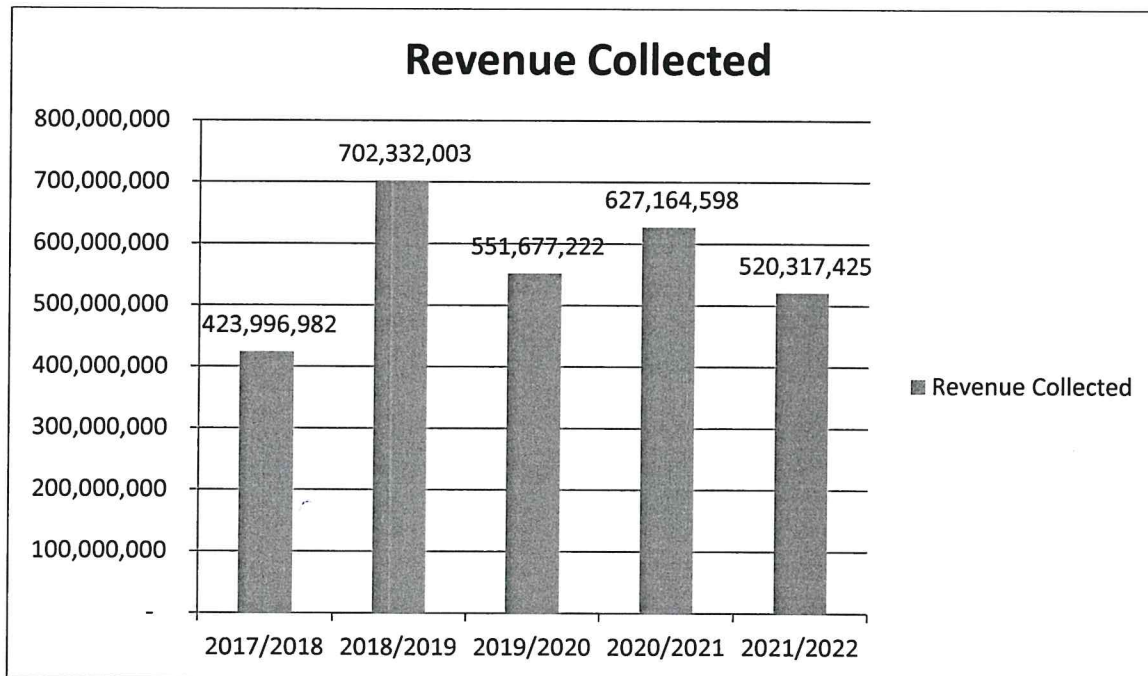


Table 2.2.1 Revenue Performance per stream

	<u>2020/2021</u>	<u>2021/2022</u>	<u>DECLINE</u>
Licences	137,683,456	106,214,073	23%
Plot Rent/Land Rates	64,442,748	52,727,019	18%
Market Fees	45,390,801	42,663,662	6%
Parking Fee	26,056,136	21,125,468	19%
Other Cess Revenue	41,272,008	37,553,539	9%
Hospitals	104,427,094	81,250,808	22%
Public Health	24,866,755	18,825,281	24%
Liquor License	22,056,184	16,098,213	27%

The County's top sources of revenue that improved were as shown in the table below:

	<u>2020/2021</u>	<u>2021/2022</u>	<u>INCREASE</u>
BUILDING MATERIAL CESS ( sand, stones )	29,827,952	33,045,131	11%
BUS PARK FEES	24,631,551	26,647,768	8%

## 2.2.2 Expenditure Performance

The County had a budget of KShs. 10,656,671,245 in the year 2021/2022. Out of this budget, the County Assembly's budget was KShs. 1,071,307,014 comprising of KShs. 981,743,240 as recurrent and Kshs. 89,563,774 as development. The County Executive's budget on the other hand, was 9,585,364,230.8. This comprised of KShs. 6,264,078,854 as recurrent allocation and Kshs. 3,321,285,377 as development allocation. This was revised to KShs 10,668,564,270 in the last supplementary of the fiscal year. From this estimate, the County Assembly had KShs. 971,307,014 as it's total budget and the County Executive had KShs. 9,697,257,255.80. From this budget, the County executive's recurrent allocation was KShs. 6,431,628,021 and the development allocation was KShs. 3,265,629,235. The County Assembly on the other hand had an allocation of KShs. 940,743,240 for recurrent and KShs. 30,503,774 for development.

Out of this budget, Equitable share was KShs. 8,087,176,635; Conditional Grants from the National Government amounted to KShs. 204,339,553; Grants from foreign donors amounted to KShs. 797,048,082 and own source revenue was KShs.1,580,000,000.

During the period, the County Government allocated a total of KShs. 8,060,014,000

The absorption rate of 76% was less than the realized absorption rate of 91% achieved in the year 2020/2021. The decline in absorption rate can be attributed to un-realization of the set revenue target for the year and low absorption of donor grants. It is therefore paramount that concerted efforts are made to ensure that this two revenue streams are enhanced.

As can be seen in table 2.3 most Departments had more than 50% budget absorption rate. The department with the highest budget allocation was the Department of Health with a total Budget of KShs. 4.595Bn. Out of the KShs.4.595Bn the department realized an expenditure of approximately KShs.4 Bn comprising of an absorption rate of 87%. This was a decrease of 7% in absorption from the previous year's expenditure.

Equally, all departments recorded less than 50% absorption of development allocations. The departments with the highest absorption of development expenditure were: Roads and Public Works at 49%, water and irrigation at 45%, Agriculture at 35% and Trade at 33%. This is attributable to reduced implementation of projects to control the ever increasing pending bills.

Showing Absorption rates by sectors and Comparison with CFSP 2021 (Illustrative) <sup>1</sup>

MINISTERIAL DEPARTMENTS	C-FSP 2021			BUDGET ALLOCATION 2021/22		Cumulative Expenditure 2020/21		
	REC	DEV	TOTAL	REC	DEV TOTAL	REC	DEV	TOTAL
Governor's Office								
Finance								
County Public Service Board								
Public Administration								
Public Service Management								
Economic Planning								
County Assembly								
SUB-TOTALS								
ICT and E-Government								
Roads, Transport and Infrastructure								
Water, Environment, Energy and Natural Resources								
SUB-TOTALS								
Health Services								
TOTAL								

in this Document.

1,648,408,886 as costs of operation and maintenance. This was achieved from a budget allocation of KShs. 4,275,170,330 to compensation to employees and an allocation of KShs. 2,156,457,691 to costs of operations and maintenance thus leading to an absorption rate of 100% and 76% respectively of each of the category's budget allocation. The County assembly on the other hand had a recurrent budget allocation of KShs.940,743,240, out of which they achieved an expenditure of KShs. 775,134,353. This translates to an absorption rate of 82%, a decline of 11% from the previous years absorption of 93%.

Development expenditure was KShs. 1,363,479,077 against a budget allocation of KShs. 3,265,629,235. This represented an absorption rate of 41% over the overall allocation of development in the budget. The County assembly achieved development expenditure of KShs. 10,927,170 against an allocation of KShs. 30.5M representing an absorption rate of 36% which was a decline of 10% from the previous year's absorption rate of 46%.

### 2.2.2.3 Implications for the FY 2022/23 performance

The fiscal year 2021/22 was a very challenging year for the economy and the County as well. The fiscal year implementation cycle was delayed since the County was still implementing the fiscal year 2020/21 as late as July 29<sup>th</sup>. This was a whole month into the fiscal year 2021/22. Further, failure to achieve the target for own source revenue affected implementation of various programmes that had been planned for the year.

The fiscal year 2022/2023, will be the first year of a new regime inaugurated after the General elections. As such, the budget proposed for the period shall be amended in line with the priorities identified by the regime. To this extent, the County Treasury is contemplating a supplementary budget to align the programmes and their respective projects to the new regime's priorities.

In the year 2022/2023, macro-economic factors of inflationary shocks due to both local and global factors, exchange rate pressure on the local currency shall remain a risk to observe and can affect realization of some of the budgeted programmes. This is especially given the increase in fuel and food prices which have an impact on all

and control the high wage bill that has been a challenge on the county resources. Further, measures to address staff productivity through motivation of the workforce shall enhance public service.

The County Government shall also adhere to stringent planning and monitoring of its intended programmes and projects. This is intended to enhance absorption of development funds by implementing projects according to plan and ensuring that intended outcomes are achieved. This shall also address the challenge of accumulating pending bills which have also hampered implementation of planned programmes since they take a first charge in every year's budget.

activity. This was caused by invasion of Ukraine by Russia, post covid-19 effects, rising levels of inflation, and tightening monetary policy. All these led to a decline in global growth.

In sub Saharan Africa the economy is predicted to grow by 3.6% in 2022 down from 4% in 2021. This is attributed to slowdown in global economic activity, high inflation and rising financial risk as a result of high and increasing foreign denominated debt levels. The east African economy on the other hand, is expected to continue recovering from the recession by 3.1% in 2022 down from 4.1% in 2021 and settle at 3.8% in 2024.

The Kenyan economy grew by 7.5% in 2021 attributed to recovery in the service and industry sector. However, this is expected to reduce to 5.5% in 2022 and stabilize at 5.8% in the fiscal year 2022-23 and average at 6.2% in the medium term. Despite these expectations, the economy is still predisposed to various risks; such as low agricultural output due to adverse weather conditions, strained fiscal space due to pressure from wages and other non-discretionary expenditures, a depreciating currency due to tightening of monetary policy in advanced economies, inflationary pressures as well as potential Covid-19 pandemic related disruptions.

### 3.1.1 County Economic Outlook and Policies

The County Government shall continue to invest in programs that shall empower its' citizenry. These programs shall involve implementation of ward development fund which shall address the specific development needs of the particular ward; implement universal health care while enhancing health care services through improvement of health care facilities and interventions in the agricultural sector meant to raise productivity of farmers and increase their returns.

The County shall also build on the gains of the national government's economic model which seeks to focus on healthcare, agriculture, housing, and manufacturing with emphasis on micro small and medium enterprises.

## 3.2 Medium Term Expenditure Framework

To achieve this, the County shall ensure that it realizes its local revenue targets, constantly monitor its expenditures and various fiscal risks inherent in its budget implementation. This shall ensure that any unforeseen deficits are addressed during supplementary in order to ensure that the County reigns on pending bills and other debts. The County Government shall also seek to foster working relationships with development partners in order to raise financing and attract investments in these high multiplier areas.

In order to expand the resource envelope, the County Government shall continue to look at ways in which it can raise its own source revenue. Efforts shall be made to ensure that plot and land rates are collected in full and their arrears realized as well. The County Government shall also widen its revenue base by finding revenue lines that have not been exploited to now such as land rates on big farms, local agricultural cess on big farms and also creating an investor friendly environment that shall lead to firms investing in the County and paying relevant licenses.

### 3.3 Risks to the Outlook

The County's main economic activity is agriculture, and the various factors affecting the agricultural sector such as drought, poor quality of farm inputs or a shock to the sector will have a negative effect to the County's economy. However, intervention efforts in this sector are expected to bear fruits in the medium term and contribute to the county's gross county product.

The Country's high debt levels continue posing an inherent risk. This is especially so since debt servicing consumes a behemoth portion of the Nation's resources and could impact on exchequer releases.

Further, the tightening monetary conditions in advanced economies leading to decline in the value of the shilling coupled with rising inflation pose significant risk to the national and to the county economy.

The ever evolving Covid-19 virus variant, and it's attendant containment measure continues to remain a risk. This is because it has led to negative dire effects in



#### 4.1 Adjustment to the FY 2022/23 Budget

The County Government prepared a balanced budget totaling to KShs. 9,619,783,603. This will be funded with; Equitable share KShs. 7,480,155,855 (Equitable share C/F – 300M); Grants from Donor agencies total to KShs. 466,191,275, Grants from National Government KShs. 173,436,473 and Local revenues total to KShs. 1,500,000,000.

The County Government shall consider within the law, need for adjustment to the budget for the financial year 2022/2023. Some of the projections on local revenues will be reviewed, and as such local revenue shall be reduced to a realistic level and consequently, some expenditure votes shall be reduced. Equally, the new regime needs to include some of their priorities that have not been budgeted for and review some of the programs in the current estimates for enhancement and re - prioritisation. All these shall necessity a supplementary budget.

#### 4.2 Medium Term Expenditure Framework

Allocation and utilization of resources in the medium term will be guided by the priorities outlined in county integrated development plan 2022-2027 and other county plans; and in accordance with section 107 of the PFM Act 2012 on fiscal responsibility principles. For effective utilization of public finances for enhanced expenditure productivity, the county government will prioritize expenditures within the overall sector ceilings and strategic sector priorities. Equally, recurrent allocation as appropriated in the year 2022/2023 shall remain as so. Allocation to the County Assembly shall also be reduced to the allocation as shall be approved by the County Allocation of Revenue act. Any surplus above this set ceiling shall be appropriated in accordance with the priorities of the assembly.

Table 5 below therefore provides indicative sector ceilings for the 2023/2024 – 2025/26 MTEF period. The projections are inclusive of conditional allocations and grants/loans.

Summary of Indicative Sector Ceilings for FY 2023/24 MTEF<sup>2</sup>

MDAs	Total Expenditure Kshs.							% Share of Total Expendi		
	Revised	Estimates		Projections			Estimates	Ceilings	Proj	
	Estimates	2020/21	2021/22	2022/23	2023/24	2024/25	2020/21	2021/22	2022/23	202
Governor's Office										
Finance										
Economic Planning										
Public Service Management										
Devolution & Public										
County Public Service Board										
County Assembly										
Livestock Development &										
Trade, Investment &										
Industrialisation										
Co-op & Enterprise Dev										
Physical Planning & Urban										
Land s and Housing										
Water, Environment,										
Natural Resource										
ICT & e-govt.										
Health Services										

of the Document.

the citizenry, food security, a responsive workforce and reliable transport network. It is also in accordance with the manifesto of the new regime which lays emphasis on guaranteed minimum returns to the agricultural sector; affordable and accessible healthcare for all; and a ward fund to address the specific needs of each ward in the County.

In the medium term, the share of allocation to public service shall reduce while allocation to health, agriculture and roads shall increase. Overall, the County Government shall put effort to mobilize resources from partners to fund the ever increasing needs of its citizenry.

### 4.3 The Proposed 2022/23 Budget Framework

In the fiscal year 2023/24 the County Government expects its equitable allocation shall remain at KShs. 7,180,155,855, local revenues KShs. 1Bn and donor funds KShs. 573,436,473.

#### 4.3.1 Revenue Projections

<b>PROJECTED REVENUE BUDGETS PER SOURCE FOR F/Y 2022/23/24/25</b>			
<b>FINANCIAL YEAR</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
Equitable share	7,180,155,855	7,180,155,855	7,251,957,414
Equitable share C/F	600,000,000	600,000,000	600,000,000
Local Revenue	1,000,000,000	1,100,000,000	1,200,000,000
Donor Grants	400,000,000	400,000,000	400,000,000
Grants from National Government	173,436,473	173,436,473	173,436,473
	<b>9,353,592,328</b>	<b>9,453,592,328</b>	<b>9,625,393,887</b>
<b>TOTAL REVENUE(KSHS)</b>	<b>9,353,592,328</b>	<b>9,280,155,855</b>	<b>9,625,393,887</b>

In projecting the estimates of revenue the County Treasury has taken a cautious approach. The County Treasury going by past history, foresees a carrying KShs. 600m of its current year's equitable allocation. which shall be utilized in the

Deepening Support Program (ASDSP) in the department of Agriculture, and Danish Development Agency (DANIDA) in the department of health. For DANIDA, the donor shall reduce her allocation and the County Government shall provide counterpart funding to top up the reduction.

#### 4.3.2 Projected Fiscal Balance

The proposed county budget 2023/24 and the medium term is balanced, however, any shortfall in revenue that may occur within the year will be addressed through supplementary as approved by the Public Finance Management Act 2012.

economic shocks of rising inflation, interest rates and security shocks affecting the global economy, the adverse effects of climate change causing unpredictable rain patterns shall remain risks to be monitored closely. This is because their effects shall be realized even in the domestic economy.

Going by the constrained resource envelope vis-à-vis the competing priority needs of the County Government, departments shall be required to prepare and adhere to their medium term plans. Equally, they shall be required to enforce fiscal responsibility principles and adhere to their approved budgets.

The ceilings indicated shall be reevaluated and firmed up in the County Fiscal Strategy Paper 2023. These provisional ceilings shall act as a guide to departments in preparing their budgets for the year 2023/24. However, once the ceilings for the medium term period 2024/25 and 2025/26 are firmed in the CFSP, they shall be expected to remain the same unless there is a significant change in the county's macroeconomic indicators and assumptions of revenue sources.



X 2: Table 5 Summary of Indicative Sector Ceilings for FY 2023/24 MTEF

	Total Expenditure Kshs.					% Share of Total Expe						
	Revised Estimates		Estimates		Projections					Estimates	Ceilings	
	2021/2022	2022/23	2023/24	2024/25	2025/26	2021/22	2022/23	2023/24	2024/25	2025/26		
or's Office	320,262,510	380,363,902	399,382,097	399,382,097	399,382,097	310,362,510	3.90%	4.27%				
Public Service Board	458,573,918	449,896,609	406,391,439	410,391,439	410,391,439	488,830,060	4.60%	4.34%				
Service Management	35,717,945	53,509,490	56,184,964	56,184,964	56,184,964	67,317,945	0.73%	0.60%				
ion	705,962,989	739,130,876	740,087,419	740,087,419	740,087,419	661,462,989	7.15%	7.91%				
ion	646,506,824	673,763,868	607,452,061	642,282,752	647,282,752	536,756,877	6.83%	6.49%				
ality & Urban Development	235,488,973	196,309,147	113,124,604	112,907,198	112,907,198	211,420,295	1.18%	1.21%				
Assembly	971,307,014	1,071,000,000	820,550,000	820,550,000	830,550,000	1,071,307,014	10.50%	8.77%				
ulture Livestock Development & Fisheries	1,187,326,084	848,415,031	890,835,783	864,793,367	940,932,058	1,263,144,525	10.41%	9.52%				
Investment & Industrialisation	513,151,269	175,508,307	184,283,722	184,283,722	184,283,722	533,151,269	2.84%	1.97%				
Transport and Infrastructure	584,599,911	436,058,800	507,861,740	563,861,740	604,099,811	900,418,911	8.11%	5.43%				
Sports, culture	186,438,029	277,506,085	191,381,389	191,381,389	231,381,389	207,438,029	1.71%	2.05%				
nd Housing	46,540,871	66,316,078	69,631,882	69,631,882	69,631,882	54,740,871	0.59%	0.74%				
ument, Natural Resources & Wildlife	44,590,793	48,179,312	50,588,278	60,588,278	60,588,278	52,240,793	0.87%	0.54%				
nd Irrigation	136,718,686	270,683,939	333,590,217	330,721,566	330,721,566	119,718,686	1.35%	3.57%				
Services	4,595,378,454	3,933,142,160	3,982,246,732	4,006,544,514	4,006,969,310	4,178,360,471	39.23%	42.57%				
	10,668,564,270	9,619,783,603	9,353,592,328	9,453,592,328	9,625,393,886	10,656,671,245						

3 Showing Absorption rates by sectors and Comparison with CFSP 2021

ELEMENTS	CFSP 2022			BUDGET ALLOCATION 2021/22			CUMULATIVE EXPENDITURE 2021/22			AI
	REC	DEV	TOTAL	REC	DEV	TOTAL	REC	DEV	TOTAL	
	335,362,510	25,000,000	360,362,510	319,262,510	1,000,000	320,262,510	258,004,585		258,004,585	
Board	400,830,060	25,000,000	425,830,060	451,230,060	7,343,858	458,573,918	320,835,512	-	320,835,512	
Investment	67,317,945	97,000,000	67,317,945	35,717,945	75,999,947	35,717,945	22,565,698		22,565,698	
Investments	534,756,877	-	631,756,877	570,506,877	75,999,947	646,506,824	453,787,127	61,898,298	515,685,425	
Development	661,462,989	223,890,269	661,462,989	705,962,989	473,890,269	705,962,989	670,687,509		670,687,509	
Development and Fisheries	39,261,000	89,000,000	263,151,269	39,261,000	30,563,774	513,151,269	20,443,745	169,881,669	190,325,414	
Development and Fisheries	882,000,000	696,707,759	971,000,000	940,743,240	918,939,318	971,307,014	775,134,353	10,927,170	786,061,523	
Development and Fisheries	266,436,766	75,000,000	963,144,525	268,386,766	179,036,084	1,187,326,084	254,403,266	410,732,815	665,136,081	
Development and Fisheries	34,102,889	50,387,104	109,102,889	56,452,889	75,000,000	235,488,973	42,407,428	25,498,484	67,905,912	
Development and Fisheries	107,438,029	1,281,985,132	157,825,133	111,438,029	1,761,773,250	186,438,029	101,811,349	16,239,023	118,050,372	
Development and Fisheries	3,328,969,065	4,610,954,197	3,498,962,305	1,761,773,250	5,260,735,555	2,920,080,571	695,177,459	3,615,258,030	3,615,258,030	
Infrastructure	27,418,911	723,000,000	750,418,911	26,599,911	558,000,000	584,599,911	18,100,331	286,535,760	304,636,091	
Infrastructure	47,547,807	33,000,000	80,547,807	18,090,793	26,500,000	44,590,793	5,595,158	1,998,999	7,594,157	
Infrastructure	54,718,686	70,000,000	124,718,686	56,718,686	80,000,000	136,718,686	50,037,334	61,913,741	111,951,075	
Infrastructure	43,740,871	11,000,000	54,740,871	37,540,871	9,000,000	46,540,871	13,497,611	2,102,000	15,599,611	
Infrastructure	173,426,275	837,000,000	1,010,426,275	138,950,261	673,500,000	812,450,261	87,230,434	352,550,501	439,780,935	
Infrastructure	2,916,990,528	711,369,943	3,628,360,471	3,734,458,695	860,919,759	4,595,378,454	3,678,596,810	326,678,287	4,005,275,097	
Infrastructure	6,419,385,868	2,830,355,075	9,249,740,943	7,372,371,261	3,296,193,009	10,668,564,270	6,685,907,815	1,374,406,246	8,060,314,061	