

COUNTY GOVERNMENT OF SIAYA



DEPARTMENT OF FINANCE AND ECONOMIC PLANNING

**COUNTY BUDGET REVIEW AND OUTLOOK PAPER,
FY 2021/2022**

SEPTEMBER 2022

“County transformation through enhanced Service and Development”

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Acronyms and Abbreviations

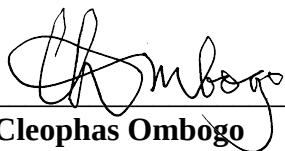
BROP	Budget Review and Outlook Paper
OSR	Own Source Revenue
MTEF	Medium Term Expenditure Framework
FSP	Fiscal Strategy Paper
KDSP	Kenya Devolution Support Project
CRF	County Revenue Fund
PLDW	People Living with Disabilities
GDP	Gross Domestic Product
CBR	Central Bank Rate
SGR	Standard Gauge Railway
RMLF	Road Maintenance Levy Fund
ASDSP	Agriculture Sector Development Support Project
FY	Financial Year
ICT	Information Communication Technology
DANIDA	Danish Development Agency
PFMA	Public Finance Management Act
CECM	County Executive Committee Member

Foreword

The Budget Review and Outlook Paper-2021 has been prepared against the backdrop of a contracting global and national economy occasioned by the rapid spread of the Covid-19 pandemic. The pandemic and the attendant containment measures have led to contraction of both the global and national economy disrupting businesses and leading to loss of livelihoods for millions of people. Economic activity is projected to contract with prospects across counties, countries and regions remaining highly uncertain.

The paper provides an opportunity to reflect on the successes, failures and challenges experienced during the year under review as well as draw lessons from the challenges to inform future programme budgeting and project implementation. This BROP gives a detailed analysis of actual fiscal performance of the County Government of Siaya for FY 2020/21 against the approved budgetary allocations for the said FY. From the analysis, overall absorption rate for FY 2020/21 was 79.8 percent. Absorption rate of development was 66.4 percent, personnel emolument and operations was 85.3 percent and 94.8 percent respectively. Local revenue collection realized 80.1 percent performance. The low rate of absorption for development expenditure was attributed to the prolonged effects of COVID 19. Besides, stringent conditionalities imposed by the national treasury to access funds slowed down implementation of key programmes and projects.

Going forward the County Government will focus on revenue enhancement measures; operationalization of completed facilities in all sectors; completion of on-going projects; fast-track implementation of development projects to minimize project roll-overs; implement Post Covid-19 Economic Recovery Strategy; scale down on micro green field projects in favour of macro- projects which have high impact on the citizenry and are transformative in nature.



Cleophas Ombogo

CECM-Finance and Economic Planning

Acknowledgement

The BROP not only presents government entities with an opportunity to review performance of a fiscal year but also sets in motion the process of preparing budget for the following year by providing an outlook for the coming year and setting departmental MTEF ceilings to guide budget making.

The preparation and subsequent submission of this document was made possible by a team of dedicated officers who traded off their invaluable time to ensure a quality production. I wish to salute all of them for a job well done.

It is my hope that lessons drawn from implementation of the 2020/21 budget will inform future programme budgeting and project implementation as we endeavor to ***“transform the County through enhanced Service and Development”***

Finally, I wish to reiterate the importance of public participation in FY 2022/23-2024/25 Medium Term Budget preparation process by calling on all Sector Working Groups to devise an engagement framework that will deepen open public and stakeholders’ participation and incorporation of the submitted memoranda.



CPA Hezbon K. Mariwa

Chief Officer- Finance and Economic Planning

Section One

1.0 Introduction

County Budget Review and Outlook Paper (C-BROP) is a key document that links policy, planning and budgeting for the County Government. It is a backward- and forward-looking document that provides a strong platform for sound planning and budgeting and conceptually divided into review and outlook sections.

1.1 Legal Basis for C-BROP

Preparation and subsequent approvals by both the County Executive Committee and County Assembly of C-BROP is anchored on the provisions of section 118 (1), (2), (3) and (4) of the Public Finance Management Act, 2012 and chapter 5 of County Budget Operation Manual 2014

1.2 Review and approval of C-BROP

- a) County Treasury is expected to prepare a County Budget Review and Outlook Paper in respect of the County for each financial year and submits the paper for approval to the County Executive Committee (CEC) by the **30th September** of that year.
- b) The County Executive Committee must review and then approve it with or without amendments within 14 days after its submission, that is by **14th October** of that year
- c) After approval by CEC, the County Treasury must arrange for the paper to be submitted to the County Assembly within 7 days, that is by **21st October** of that year
- d) After submission to County Assembly and as soon as practicable the County Treasury must publish and publicise the C-BROP.

1.3 Objectives of C-BROP

- i. It provides review of the actual fiscal performance in the previous year (FY 2021/22) compared to the budget appropriation for that year (Actual-Vs.-Budget)
- ii. It provides an updated economic and financial forecast with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper;
- iii. It provides information on any changes in the forecasts compared with the County Fiscal Strategy Paper and how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the

County Fiscal Strategy Paper for that financial year

- iv. It provides reasons for any deviation from the financial objectives in the County Fiscal Strategy Paper and proposes remedial actions to address such deviations in the current fiscal year and within the medium term. Such remedies may include revising the current annual budget estimates to reflect the prevailing fiscal environment.
- v. It provides provisional sector ceilings which will be firmed up in the Fiscal Strategy Paper setting in motion the preparation of the budget estimates for financial year 2023/24 and within the medium term.

1.4 Fiscal Responsibility Principles as per the PFMA, 2012

Section 107 (2) of PFMA, 2012 requires the County Treasury to enforce the following fiscal responsibility principles;

- i. County government's recurrent expenditure shall not exceed the county government's total revenue;
- ii. Within the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure
- iii. The county government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the county government's total revenue as prescribed by the County Executive Committee member for finance in regulations and approved by the County Assembly. Section 26(1) (a) of the Public Finance regulations 2015 caps the allocation to 35 percent of total County revenue.
- iv. Over the medium term, the Government's borrowing shall be used only for purpose of financing development expenditure and not for recurrent expenditure;
- v. The County debt shall be maintained at a sustainable level as approved by County Assembly;
- vi. The fiscal risks shall be managed prudently; and
- vii. 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

1.5 Organization of the Document

The document is organized around four (4) sections as follows: section I one gives an introduction; section II gives a review of County fiscal performance for the FY 2021/22; section II provides recent economic development and outlook and section IV provides resource allocation framework

Section Two

2.0: Review of Fiscal Performance for the FY 2021/22

The FY 2021/22 Budget was the fourth to implement the County Integrated Development Plan (CIDP 2018-2022) whose theme was ‘*transformation through service and development*. The estimated cost of implementing programs and projects in the 2020/21 budget was Kshs 10,157,257,717. This was revised downwards to Kshs 8,970,294,579 through a supplementary budget prepared in April 2022.

Total receipts for the period under review were Kshs. 8,749,830,513 inclusive of balance brought forward of Kshs 864,890,950 from FY 2020/2021 against projected revenue of Kshs. 8,970,294,579 creating a fiscal deficit of Kshs. 220,464,067. The deficit was due to non-receipt of equitable share of Kshs 65,004,855, conditional grants amounting to Kshs 156, 393,288 and under-collection of Own Source Revenue of Kshs 83,708,232.

Implementation of FY 2021/22 budget faced various challenges that include: These mainly included: inadequate technical skills in some departments; increase in rollover projects due to prolonged supplementary budgeting preparation process

2.1 Fiscal Performance in financial year 2021/22

2.1.1 Projected Revenues

The total revenue for FY 2021/22 was estimated at Kshs 10,157,257,717 comprising Kshs. 6,966,507,531 as equitable share, Kshs. 445,445,551 as Own Source Revenue (OSR), Kshs. 693,450,547 as conditional grants and Kshs. 2,051,854,088 as balances brought forward from 2020/21 Budget.

There was one supplementary budget prepared during the period under review that reduced the original estimates by 1,186,963,138 to Kshs 8,970,294,579. Supplementary estimates comprised of Kshs 6,966,507,531 as equitable share, Kshs. 445,445,551 as Own Source Revenue (OSR), Kshs. 693,450,547 as conditional grants and Kshs. 864,890,950 as balances brought forward from 2020/21 budget. Break down of individual revenue streams are as shown in the table below;

Table 1: Analysis of original estimates Vs supplementary estimates per revenue stream

Revenue Stream	Original Estimates	Supplementary Estimates	Variance
Single Business Permit	40,026,420	40,026,420	
Market Fees	35,000,000	35,000,000	
Boda-Boda	2,025,000	2,025,000	
Weights And Measures	1,000,000	1,000,000	

Revenue Stream	Original Estimates	Supplementary Estimates	Variance
Trade Income (Audit Fee)	749,250	749,250	
Advertisement Charges	5,000,000	5,000,000	
Liquor Charges	9,000,000	9,000,000	
Bus Park/Parking Fees	20,000,000	20,000,000	
Grader	2,200,000	2,200,000	
Fire Inspections Fees	100,000	100,000	
Plan Approval(Engineers)	10,000,000	10,000,000	
Parking Fees	5,000,000	5,000,000	
County Hall Hire	140,000	140,000	
Fish Cess	7,500,000	7,500,000	
Slaughter Fees	473,200	473,200	
Agricultural Income	5,380,290	5,380,290	
Sugar Cess	3,000,000	3,000,000	
Veterinary Services	2,395,235	2,395,235	
Tractor Hire Service (THS)	2,500,000	2,500,000	
Cattle Auction	3,500,000	3,500,000	
Plan Approvals (Physical Planning)	10,000,000	10,000,000	
Transfer Fees	600,000	600,000	
Plot Rates	10,000,000	10,000,000	
Plot Rents	9,155,575	9,155,575	
Ground Rents	1,000,000	1,000,000	
House Rent	1,600,000	1,600,000	
Kiosks/Stalls Rent	11,025,075	11,025,075	
Burial Fees/Signage	100,000	100,000	
Sand Cess/Quarry	500,000	500,000	
Clearance Certificate	500,000	500,000	
Site Fees	1,303,000	1,303,000	
Survey Fee	1,500,000	1,500,000	
Private Estate Fees	30,000	30,000	
FIF	126,607,445	126,607,445	
Public Health	2,160,909	2,160,909	
Public Health-Plan Approvals	3,000,000	3,000,000	
Linda Mama	60,578,536	60,578,536	
NHIF/Capitation	50,158,116	50,158,116	
NEMA	200,000	200,000	
Impounding Fees	100,000	100,000	
School Fees	337,500	337,500	
Sub-Total-Local Revenue (OSR)-A	445,445,551	445,445,551	
Equitable Share	6,966,507,531	6,966,507,531	
KDSP-Level 2 Grant	112,815,048	112,815,048	
Lease Of Medical Equipment	153,297,872	153,297,872	
Transforming Health Systems For Universal Health	76,115,752	76,115,752	
Kenya Climate Smart Agriculture Project (KCSAP)	314,639,880	314,639,880	
DANIDA	12,832,875	12,832,875	
Agricultural Sector Development Support Project	23,749,120	23,749,120	
Sub-Total-Conditional Grants-C	693,450,547	693,450,547	
Bf From FY 2020/21-D	2,051,854,088	864,890,950	(1,186,963,138)
Total Revenue For FY 2021/2022=(A+B+C+D)	10,157,257,717	8,970,294,579	(1,186,963,138)

Source: supplementary budget 20/21

The total projected revenue in the original and supplementary budgets was appropriated to the county government entities as shown in the table below;

Table 2: Comparative analysis of original and supplementary budget

Department	Original Estimates-A	Supplementary Estimates-B	Variance (B-A)
County Assembly	1,547,274,007	1,167,787,262	-379,486,745
Governance and Administration	653,541,092	589,756,397	-63,784,695
Finance and Economic Planning	709,298,983	1,349,854,749	640,555,766
Agriculture, Irrigation, Food, Livestock & Fisheries	684,673,645	625,330,887	-59,342,758
Water, Environment & Natural Resources	520,512,116	283,172,228	-237,339,888
Education, Youth Affairs, Gender & Social Services	959,475,416	692,663,178	-266,812,238
County Health Services	2,529,149,990	2,356,595,608	-172,554,382
Lands, Physical Planning, Housing and Urban Development	263,636,549	141,008,012	-122,628,537
Roads, Public Works, Energy and Transport	1,801,513,831	1,425,099,552	-376,414,279
Enterprise and Industrial Development	393,299,627	271,947,094	-121,352,533
Tourism, Culture, Sports, ICT and Arts	94,882,462	67,079,612	-27,802,850
Total	10,157,257,718	8,970,294,579	-1,186,963,139

Source: supplementary budget 2021/2022

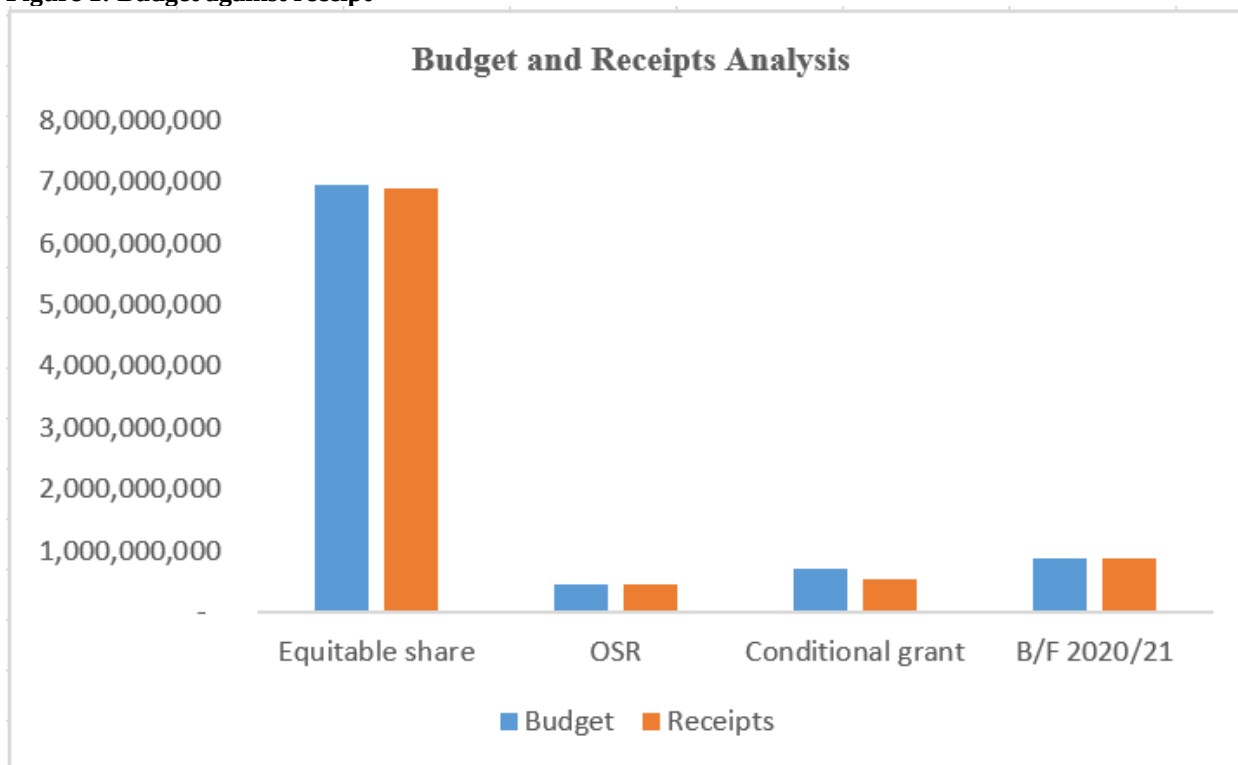
2.1.2: Receipts

During the period under review, the county government received a total of Kshs 8,749,830,511 comprising Kshs. 6,901,502,676 as equitable share, Kshs 446,379,627 own source revenue and 864,890,950 balance brought forward from FY 2020/21. The table 3 and graph below analyses receipts against budgeted figures and variances thereof;

Table 3: Performance of Revenue sources

Item	Budget	Receipt	Variance	Realization
Equitable share	6,966,507,531	6,901,502,676	(65,004,855)	99%
OSR	445,445,551	446,379,627	934,076	100%
Conditional grant	693,450,547	537,057,258	(156,393,289)	77%
B/F 2020/21	864,890,950	864,890,950	-	100%
Total	8,970,294,579	8,749,830,511	(220,464,068)	98%

Figure 1: Budget against receipt



2.1.3: Conditional Grants

Budgetary allocation for conditional grants was Kshs 693,450,547. Receipts for the period stood at Kshs, 537,057,258.75 consisting of Kshs 449,799,551.75 and Kshs 87,257,707 foreign grants and transfers from national other National entities. respectively as shown in table 4 below;

Table 4: Performance of conditional grants

Stream	Budget	Receipts	Variance	Remarks
Grants form National Government Ministries				
User Fee				
Road Maintenance Levy Fund		87,257,707	87,257,707	
Rehabilitation of Youth Polytechnic				
Sub-Total	0	87,257,707	87,257,707	
Grants from Development Partners				
Kenya Climate Smart Agriculture Project (KCSAP)	314,639,880	205,652,687	(108,987,193)	
Kenya Urban Support Programme (KUSP)		13,069,989	13,069,989	
Transforming Health Systems for Universal Care (THS)	76,115,752	99,972,443	23,856,691	
Kenya Devolution Support Project (KDSP)	112,815,048	112,815,048	-	
DANIDA	12,832,875	6,416,438	(6,416,437)	
Managed Equipment Services	153,297,872			
Water Tower Protection			-	
Agricultural Sector Development Support Program	23,749,120	11,872,947	(11,876,173)	
Sub-Total	693,450,547	449,799,552	(243,650,995)	
Total	693,450,547	537,057,259	(156,393,288)	

Source: County Treasury (Accounting services)

2.1.4: Own Source Revenue (OSR)

OSR target for the period under review was Kshs. 445,445,551 while actual collection was Kshs. 446,379,627 creating a surplus of Kshs. 934,076. Performance of individual streams is shown in table 5 below;

Table 5: Performance of Own Source Revenue

Revenue Stream	Estimates 2021/2022	Actual	Variance	Remarks
Single Business Permit	40,026,420	59,808,201	19,781,781	
Market Fees	35,000,000	37,452,522	2,452,522	
Boda-Boda	2,025,000		(2,025,000)	
Weights And Measures	1,000,000	764,810	(235,190)	
Trade Income (Audit Fee)	749,250	199,430	(549,820)	
Advertisement Charges	5,000,000	5,598,650	598,650	
Liquor Charges	9,000,000	644,675	(8,355,325)	
Bus Park/Parking Fees	20,000,000	11,582,898	(8,417,102)	
Grader	2,200,000		(2,200,000)	
Fire Inspections Fees	100,000	93,030	(6,970)	
Plan Approval(Engineers)	10,000,000	3,229,591	(6,770,409)	
Parking Fees	5,000,000	6,221,253	1,221,253	
County Hall Hire	140,000		(140,000)	
Fish Cess	7,500,000	2,554,059	(4,945,941)	
Slaughter Fees	473,200	562,640	89,440	
Agricultural Income	5,380,290	4,700	(5,375,590)	
Sugar Cess	3,000,000	1,207,213	(1,792,787)	
Veterinary Services	2,395,235	3,766,780	1,371,545	
Tractor Hire Service (THS)	2,500,000	119,330	(2,380,670)	
Cattle Auction	3,500,000	3,036,450	(463,550)	
Plan Approvals (Physical Planning)	10,000,000	4,692,550	(5,307,450)	
Transfer Fees	600,000	67,580	(532,420)	
Plot Rates	10,000,000	3,743,905	(6,256,095)	
Plot Rents	9,155,575	10,861,170	1,705,595	
Ground Rents	1,000,000	549,700	(450,300)	
House Rent	1,600,000	11,500	(1,588,500)	
Kiosks/Stalls Rent	11,025,075	2,811,562	(8,213,513)	
Burial Fees/Signage	100,000	10,000	(90,000)	
Sand Cess/Quarry	500,000	1,839,574	1,339,574	
Clearance Certificate	500,000	200,000	(300,000)	
Site Fees	1,303,000	3,000	(1,300,000)	
Survey Fee	1,500,000	826,600	(673,400)	
Private Estate Fees	30,000	4,000	(26,000)	
FIF	126,607,445	144,608,365	18,000,920	
Public Health	2,160,909	5,629,370	3,468,461	
PUBLIC HEALTH-Plan Approvals	3,000,000		(3,000,000)	
Linda Mama	60,578,536	72,078,803	11,500,267	
NHIF/Capitation	50,158,116	59,549,781	9,391,665	
NEMA	200,000	151,960	(48,040)	
Impounding Fees	100,000	199,220	99,220	
Miscellaneous		1,694,755		
School Fees	337,500		(337,500)	
Sub-Total-Local Revenue (OSR)-A	445,445,551	446,379,627	934,076	

Source: County Treasury (Revenue section)

Comparative analysis of own source revenue collection for FY 2020/2021 and FY 2021/2022 shows an improvement in collection of 110,087,860 (24.7percent) from Kshs 336,291,767 to Kshs. 446,379,627 as shown in table 6 below;

Table 6: Comparative analysis of Own Source collection in 2021/22 and 2020/21

Sector	Revenue stream	Actual collection 2021-22	Actual Collection 2020-21	Variance
Enterprise and Industrial Development	Single Business Permits	59,808,201	84,554,807	(24,746,606)
	Market Fees	37,452,522	31,677,794	5,774,728
	BodaBoda		188,400	(188,400)
	Weights & Measures	764,810	851,950	(87,140)
	Trade Income (Audit Fee)	199,430	242,550	(43,120)
	Advertisement Charges	5,598,650	15,000	5,583,650
	Liquor Licensing	644,675	7,000	637,675
	Sub Total	104,468,288	117,537,501	(13,069,213)
Roads, Public Works, Energy and Transport	Bus Park	11,582,898	16,081,319	(4,498,421)
	Plan Approval (Engineers)	3,229,591	3,737,956	(508,365)
	Grader		-	-
	Fire Inspection	93,030	55,400	37,630
	Parking	6,221,253	4,877,486	1,343,767
	County Hall Hire		28,590	(28,590)
	Sub Total	21,126,772	24,780,751	(3,653,979)
Agriculture, Food, Livestock and Fisheries	Fish Cess	2,554,059	5,510,128	(2,956,069)
	Slaughter Fees	562,640	764,090	(201,450)
	CILOR			-
	Sugar Cess	1,207,213	141,834	1,065,379
	Agriculture Income	4,700	60,700	(56,000)
	Veterinary Services	3,766,780	1,600,225	2,166,555
	Cattle Auction	3,036,550	4,211,350	(1,174,800)
	Tractor Hire Service	119,330	280,200	(160,870)
	Sales of Seed			
	Sales of Fertilizer			
	Sub Total	11,251,272	12,568,527	(1,317,255)
Lands, Physical Planning, Housing and Urban	Plan Approval (Physical planning)	4,692,550	4,754,504	(61,954)

Sector	Revenue stream	Actual collection 2021-22	Actual Collection 2020-21	Variance
Development	Transfer Fee	67,580	166,600	(99,020)
	Plot Rates	3,743,905	8,748,892	(5,004,987)
	Plot Rent	10,861,170	8,373,295	2,487,875
	Ground Rent	549,700	350,055	199,645
	House Rent	11,500	638,958	(627,458)
	Kiosk/Stall Rent	2,811,562	10,814,827	(8,003,265)
	Burial Fee	10,000	9,000	1,000
	Sand Cess/Quarry	1,839,574	428,600	1,410,974
	Clearance Certificate	200,000	296,000	(96,000)
	Site Fee	3,000	3,000	-
	Survey Fee	826,600	599,460	227,140
	Private Estate Fee	4,000	20,000	(16,000)
	Sub Total	25,621,141	35,203,191	(9,582,050)
County Health Services	Hospital Revenue	144,608,265	101,198,582	43,409,683
	Public Health	5,629,370	4,671,420	957,950
	Linda Mama	72,078,803	14,098,982	57,979,821
	NHIF/Capitation	59,549,781	19,156,810	40,392,971
	Sub Total	281,866,219	139,125,794	142,740,425
Water, Environment and Natural Resources	NEMA	151,960	35,200	116,760
	Sand Cess/Quarry			-
	Sub Total	151,960	35,200	116,760
Finance and Economic Planning	Miscellaneous (PMC Refunds and Under Banks)	1,694,755	7,025,803	(5,331,048)
	Sub Total	1,694,755	7,025,803	(5,331,048)
Governance and Administration	Impounding Fees	199,220	15,000	184,220
	Sub Total	199,220	15,000	184,220
Total		446,379,627	336,291,767	110,087,860

Source: County Treasury (Revenue section)

Although the revenue target was surpassed, the revenue unit experienced other challenges which include; Inadequate revenue related infrastructure; Weak enforcement and compliance mechanisms

and Incomplete database of potential revenue streams and Inadequate technical Staff in the department of Agriculture

The above challenges will be addressed through a revenue enhancement policy which has set out strategies such as;

1. Prioritization of projects that address infrastructural development in the budget e.g market shades, pit latrines, storm water management, solid waste management
2. Mapping and development of and/or domestication of all relevant revenue collection legislations
3. Strengthening of enforcement and compliance
4. Updating database of potential revenue streams
5. Providing adequate resources to address administrative challenges
6. Enhancing sensitization for both the public and departments on revenue obligations and responsibilities
7. Establishment of a revenue task force to ensure realization of OSR set targets.
8. Recruit additional technical staff

2.2: Expenditure

Total Budgeted expenditure for the period under review was Kshs 8,970,294,579 comprising Kshs 5,624,757,107 and Kshs 3,345,537,472 for recurrent and development expenditure respectively.

2.2.1: Actual Expenditure by economic classification

Total actual expenditure for the period under review amounted to Kshs 8,006,426,817 against a planned budget of Kshs. 8,970,294,579. This expenditure comprised Kshs 3,392,432,597 for personnel emoluments, Kshs 2,288,477,415 for operations and Kshs 2,325,516,805 for development expenditure.

The table below 7 below shows actual expenditure by economic classification

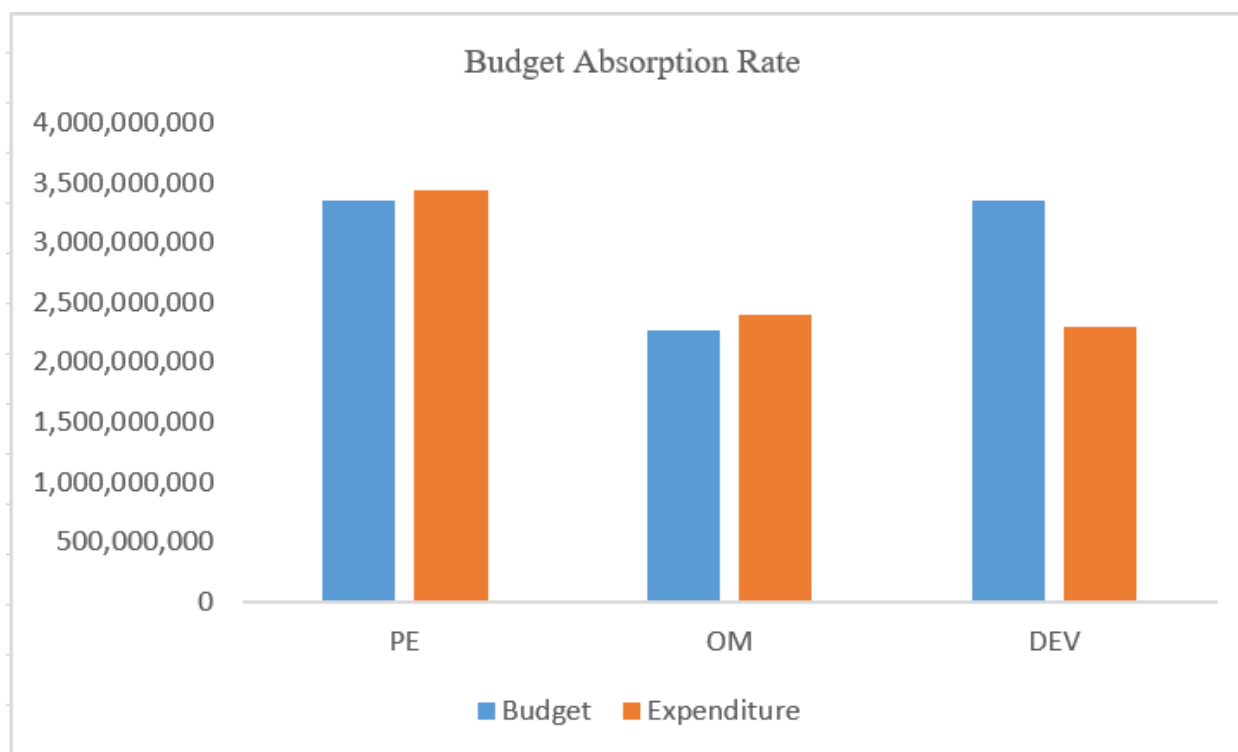
Table 7: Actual expenditure by economic classification

	Budget	Expenditure	Variance	Absorption
PE	3,354,477,547	3,392,432,597	-37,955,050	101%
OM	2,270,279,560	2,288,477,415	-18,197,855	101%
Total Rec	5,624,757,107	5,680,910,012	-56,152,905	101%
DEV	3,345,537,472	2,325,516,805	1,020,020,667	70%
Total	8,970,294,579	8,006,426,817	963,867,762	89%

Source: County Treasury (Accounting services)

The figure 2 below shows analysis of budget estimates versus actual expenditure by economic classification

Figure 2: Expenditure analysis by economic classification



2.2.1.1: Expenditure per department

Total budgeted expenditure was Kshs 8,970,294,580 against an actual spending of Kshs. 8,130,171,067 representing an absorption rate of 91%. The Table and figure below shows a comparative analysis between departmental budgeted and actual expenditure for the period under review

Table 8: Expenditure per department

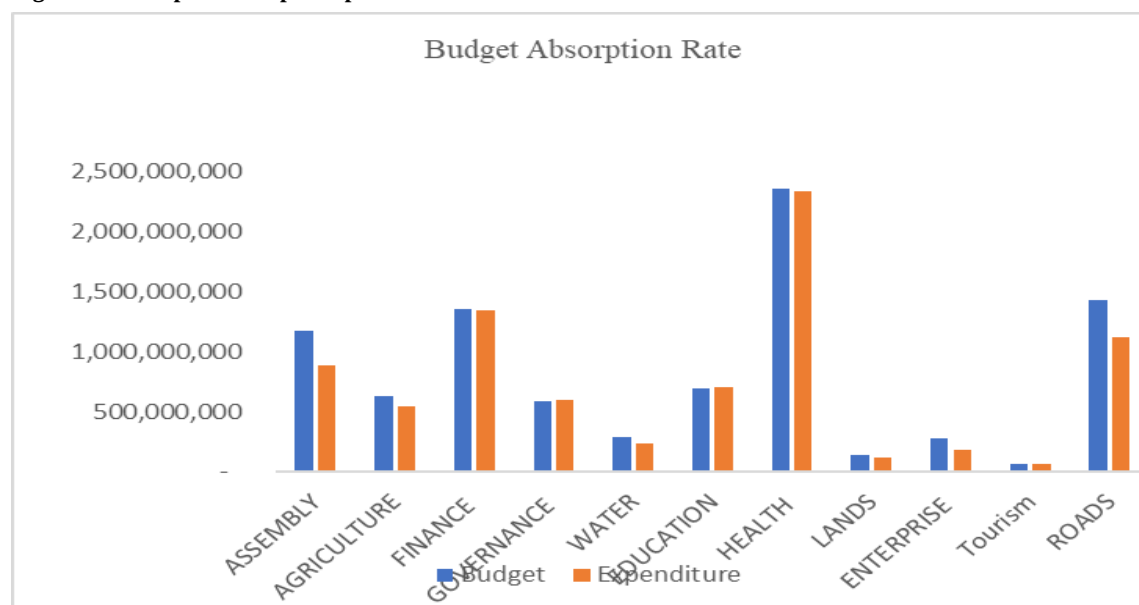
Vote No.	Departments	Final Supp. Budget 2020/21	Actual on comparable basis	Budget utilization difference	Absorption Rate
Vote: 5011	ASSEMBLY	1,167,787,263	889,010,940	278,776,323	76%
Vote:5022	AGRICULTURE	625,330,887	546,137,806	79,193,081	87%
Vote:5013	FINANCE	1,349,854,749	1,346,662,928	3,191,821	100%
Vote:5022	GOVERNANCE				101%

Vote No.	Departments	Final Supp. Budget 2020/21	Actual on comparable basis	Budget utilization difference	Absorption Rate
		589,756,397	597,560,970	(7,804,573)	
Vote-5024	WATER	283,172,228	231,687,595	51,484,633	82%
Vote:5025	EDUCATION	692,663,178	699,795,542	(7,132,364)	101%
Vote:007	HEALTH	2,356,595,608	2,337,535,874	19,059,734	99%
Vote:5026	LANDS	141,008,012	115,860,013	25,147,999	82%
Vote:5028	ENTERPRISE	271,947,094	184,082,374	87,864,720	68%
	Tourism	67,079,612	60,189,000	6,890,612	90%
Vote:5027	ROADS	1,425,099,552	1,121,648,025	303,451,527	79%
	Total	8,970,294,580	8,130,171,067	840,123,513	91%

Source: County Treasury (Accounting services)

The figure 3 below shows the absorption rate per department;

Figure 3: Absorption rate per department



2.2.1.2: Development Expenditure

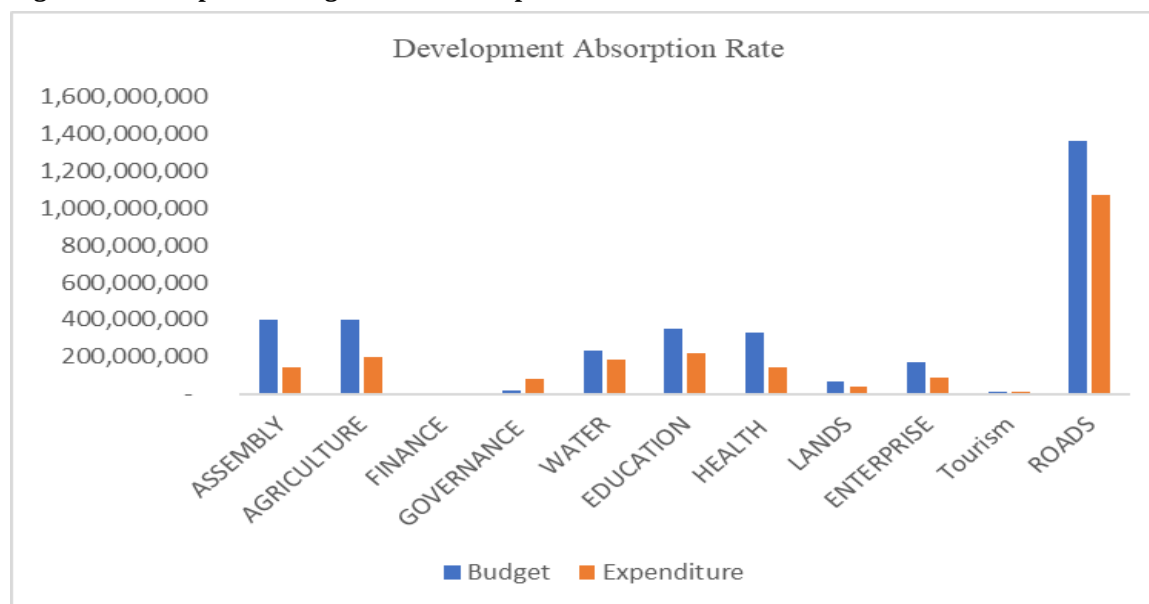
Total Budgetary provision for development was Kshs. 3,345,537,472 against the actual expenditure of Kshs. 2,180,358,559 representing an absorption rate of 65%. As shown in table 9 below

Table 9: Development expenditure per department

Vote	Programme/Sub-programme	Final Supp. Budget 2020/21	Actual on comparable basis	Budget utilization difference	Absorption Rate
Vote: 5011	ASSEMBLY	401,135,538	145,831,883	255,303,655	36%
Vote:5022	AGRICULTURE	397,532,549	196,474,000	201,058,549	49%
Vote:5013	FINANCE	5,000,000	5,500,000	(500,000)	110%
Vote:5022	GOVERNANCE	19,969,380	81,500,420	(61,531,040)	408%
Vote-5024	WATER	234,619,849	184,471,095	50,148,754	79%
Vote:5025	EDUCATION	347,795,225	220,512,358	127,282,867	63%
Vote:007	HEALTH	328,053,996	140,826,452	187,227,544	43%
Vote:5026	LANDS	69,197,934	40,060,217	29,137,717	58%
Vote:5028	ENTERPRISE	168,146,291	85,146,290	83,000,001	51%
Vote:5029	Tourism	14,269,568	12,202,900	2,066,668	86%
Vote:5027	ROADS	1,359,817,142	1,067,832,944	291,984,198	79%
	Main Total	3,345,537,472	2,180,358,559	1,165,178,913	65%

Source: County Treasury (Accounting services)

Figure 3: Development Budget Vs Actual Expenditure



2.1.1.2: Recurrent Expenditure

a) Personnel Emolument

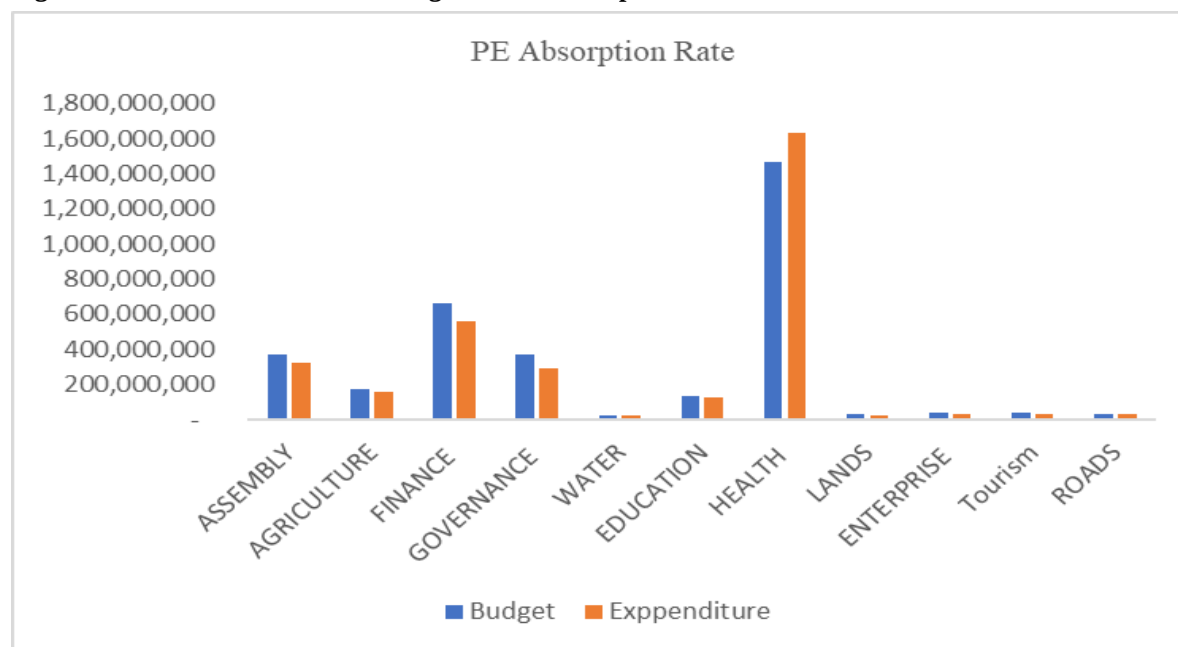
Budgetary provision for personnel emolument expenditure in FY 2021/22 was Kshs. 3,354,477,547 against the actual expenditure of Kshs 3,242,432,596. The table and figure below show a comparative analysis of the departmental budgeted and actual expenditures on recurrent.

Table 10 : Personnel Emolument

Vote	Programme/Sub-programme	Final Supp. Budget 2020/21	Actual on comparable basis	Budget utilization difference	%Absorption
Vote: 5011	ASSEMBLY	368,963,917	323,683,351	45,280,566	88%
Vote:5022	AGRICULTURE	177,041,401	155,538,554	21,502,847	88%
Vote:5013	FINANCE	664,977,407	561,500,503	103,476,904	84%
Vote:5022	GOVERNANCE	371,007,616	289,377,350	81,630,266	78%
Vote:5024	WATER	26,450,652	23,560,425	2,890,227	89%
Vote:5025	EDUCATION	136,931,326	128,900,520	8,030,806	94%
Vote:007	HEALTH	1,467,808,805	1,633,672,038	(165,863,233)	111%
Vote:5026	LANDS	32,249,234	27,073,200	5,176,034	84%
Vote:5028	ENTERPRISE	38,125,697	35,125,600	3,000,097	92%
Vote:5029	Tourism	36,995,494	34,500,450	2,495,044	93%
Vote:5027	ROADS	33,925,998	29,500,605	4,425,393	87%
	Total	3,354,477,547	3,242,432,596	112,044,951	97%

Source: County Treasury (Accounting services)

Figure 4: Personnel Emolument Budget Vs Actual Expenditure



b) Operations and Maintenance

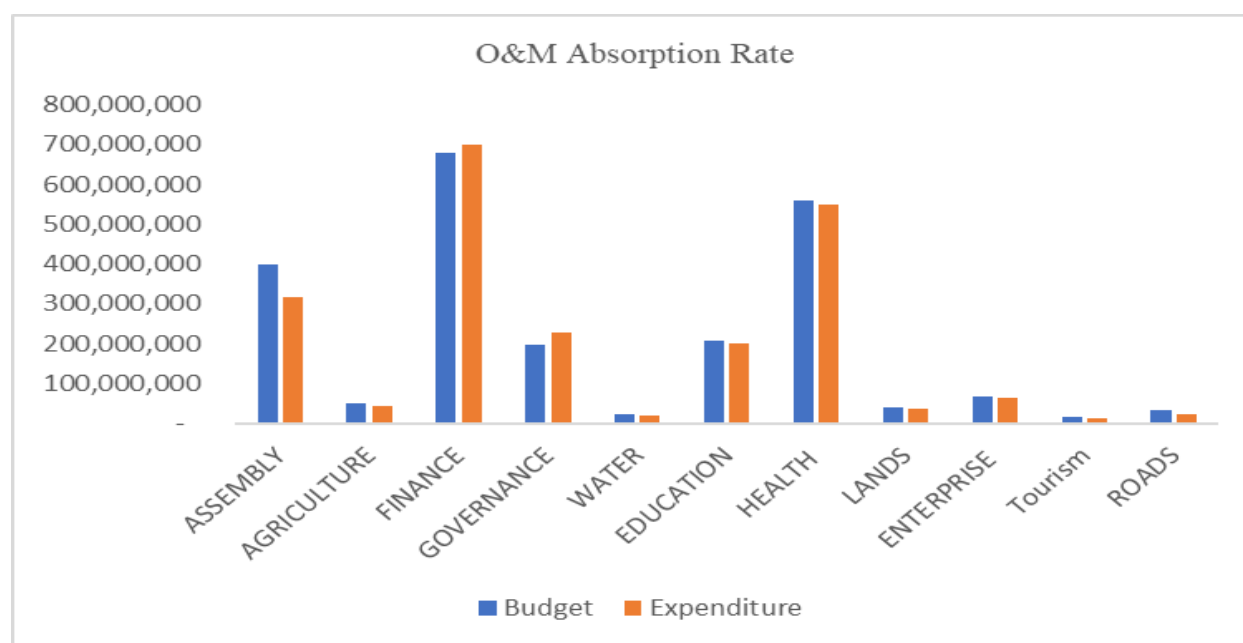
Budgetary provision for personnel emolument expenditure in FY 2021/22 was Kshs. 2,270,279,560 against the actual expenditure of Kshs 2,189,242,134 creating a balance of Ksh. 81,037,426. The table and figure below show a comparative analysis of the departmental budgeted and actual expenditures on recurrent

Table 10: Operations and maintenance expenditure

	Department	Final Supp. Budget 2020/21	Actual on comparable basis	Budget utilization difference
Vote: 5011	ASSEMBLY	397,687,807	315,327,295	82,360,512
Vote:5022	AGRICULTURE	50,756,937	42,164,048	8,592,889
Vote:5013	FINANCE	679,877,342	699,361,376	(19,484,034)
Vote:5022	GOVERNANCE	198,779,401	226,683,200	(27,903,799)
Vote:5024	WATER	22,101,727	20,018,950	2,082,777
Vote:5025	EDUCATION	207,936,627	200,382,664	7,553,963
Vote:007	HEALTH	560,732,807	548,037,384	12,695,423
Vote:5026	LANDS	39,560,844	35,656,607	3,904,237
Vote:5028	ENTERPRISE	65,675,106	63,810,484	1,864,622
Vote:5029	Tourism	15,814,550	13,485,650	2,328,900
Vote:5027	ROADS	31,356,412	24,314,476	7,041,936
	Total	2,270,279,560	2,189,242,134	81,037,426

The figure below shows absorption rate of operations and maintenance per department

Figure 5: O&M budget vs Expenditure



Implications of Performance on FY 2022/23 Budget

From the analysis above, the Treasury needs to roll-over projects worth Kshs. 840,123,513 from FY 2021/22 to FY 2022/23. According to the financial statement, the total cash available is Kshs. 713,945,660.97 comprising Kshs. 383,169,902.05 in the CRF and Kshs. 330,775,758.92 as balances from other CBK and commercial banks. This therefore creates a deficit of Kshs. 126,177,852.03. The deficit was due to unremitted of OSR to the CRF accounts. The implication of the above is that the budget for FY 2021/22 needs to be adjusted to reflect the prevailing fiscal environment through a supplementary budget.

Section Three

3.0: Recent Economic Developments and Outlook

The chapter outlines recent economic development focusing on the international, domestic and county scenes. Additionally, the chapter gives a summary of macroeconomic outlook expected to positively or negatively affect national and county socio-economic performance in the foreseeable future.

3.1: Recent Economic Development

3.1.1: International Scene

This BROP has been prepared against a background of global economic slowdown reflecting the impact of the ongoing Russia-Ukraine conflict, effects of COVID-19 containment measures in China; higher-than-expected inflation worldwide triggered by higher global oil and food prices and the impact of the global monetary policy that has created tighter financial conditions. As a result, the IMF global growth is projected to slow down to 3.2 percent in 2022 from 6.1 percent in 2021 (WEO July 2022).

Advanced economies are projected to slow down to 2.5 percent in 2022 from 5.2 percent in 2021 reflecting weaker-than-expected growth in the United States and the Euro area. Growth in the United States slowed down due to significantly less momentum in private consumption while the slowdown in growth in the euro area reflected spill-overs from the war in Ukraine as well as the assumption of tighter financial conditions. For emerging market and developing economies, growth is also projected to slow down to 3.6 percent in 2022 from 6.8 percent in 2021 reflecting mainly the sharp slowdown of China's economy and the moderation in India's economic growth.

In sub-Saharan Africa region, growth is projected to slow down by 3.8 percent in 2022 from a growth of 4.6 percent in 2021. The slowdown is as a result of domestic price pressures, partly induced by supply disruptions owing to the war in Ukraine reducing food affordability, and real incomes as well as surging fuel prices across the region.

3.1.2: Domestic Economy

GDP Growth

The Kenyan economy demonstrated remarkable resilience and recovery to the COVID-19 shock due to the diversified nature of the economy and the proactive measures by the Government to support businesses. The economy expanded by 7.5 percent in 2021, a much stronger level from a contraction of 0.3 percent in 2020. This economic recovery was mainly supported by the recovery in the service and industry sectors despite the subdued performance in the agricultural sector.

Inflation Rate

The year-on-year inflation rate increased to 8.5 percent in August 2022 (above the 7.5 percent upper bound) from 6.6 percent in August 2021 mainly due to higher food and fuel prices. This increase was moderated by Government measures to stabilize fuel prices, lower electricity tariffs and subsidies on fertilizer prices. Additionally, the waiver of import duties and 33 levies on white maize and the reduction in VAT on LPG will further moderate domestic prices. Overall annual average inflation remained within Government target range at 6.6 percent in August 2022 compared to the 5.7 percent recorded in August 2021.

Kenya's rate of inflation compares favourably with the rest of Sub-Saharan Africa countries. In August 2022, Kenya recorded a lower inflation rate than Ghana, Rwanda, Nigeria, Burundi, Zambia and Uganda

Kenya Shilling Exchange Rate

The foreign exchange market has largely remained stable despite the tight global financial conditions and the high demand for the US Dollar in the international market. The Kenya Shilling to the US Dollar exchanged at Kshs 119.4 in August 2022 compared to Kshs 109.2 in August 2021. Over the same period, the Kenyan Shilling strengthened against other major international currencies. The Euro exchanged at Kshs 121.0 in August 2022 compared to Kshs. 128.6 in August 2021 while the Sterling Pound exchanged at Kshs 143.5 compared to Kshs 150.9 over the same period.

In comparison to most Sub-Saharan Africa currencies, the Kenya Shilling has remained relatively stable weakening by 9.3 percent against the US Dollar in the year to August 2022 (Figure 12). The depreciation rate of the Kenya Shilling was lower than that of Namibian 35 Dollar, Botswana pula, South African Rand and Malawi Kwacha. The stability in the Kenya Shilling was supported by increased remittances, adequate foreign exchange reserves and improved exports.

Interest Rates

Short-term interest rates remained fairly low and stable supported by ample liquidity in the money market. The Central Bank Rate was raised from 7.0 percent to 7.5 percent on 30th May 2022. The tightening of the monetary policy stance was to anchor inflation expectations due to the elevated risks to the inflation outlook as a result of increased global commodity prices and supply chain disruptions. The interbank rate increased to 5.4 percent in August 2022 compared 3.1 percent in August 2021.

Interest rates on the Treasury bills remained relatively low (below 10 percent) in August 2022. The 91-day Treasury Bills rate was at 8.6 percent in August 2022 compared to 6.6 percent in August 2021. Over the same period, the 182-day Treasury Bills rate increased to 9.5 percent from 7.1 percent while the 364-day also increased to 9.9 percent from 7.4 percent.

Commercial banks' lending rates remained relatively stable in July 2022 supported by the prevailing monetary policy stance during the period and liquidity conditions in the market. The average lending rate was at 12.3 percent in July 2022 from 12.1 percent in July 2021 while the average deposit rate increased to 6.7 percent from 6.3 percent over the same period. Consequently, the average interest rate spread declined to 5.6 percent in July 2022 compared to 5.8 percent in July 2021.

Money and Credit

Broad money supply, M3, improved to a growth of 7.6 percent in the year to July 2022 compared to a growth of 6.9 percent in the year to July 2021. The pickup was mainly due to an increase in domestic credit particularly net lending to the private sector despite the decline in the Net Foreign Assets (NFA).

Net Foreign Assets (NFA) of the banking system in the year to July 2022 contracted by 46.8 percent, compared to a contraction of 10.7 percent in the year to July 2021. The decline in NFA was partly due to the Central Bank payments of Government external obligations, and increased banks' borrowings from foreign sources and reduction in foreign deposit assets to support lending to customers.

Net Domestic Assets (NDA) registered a growth of 19.5 percent in the year to July 2022, an improvement compared to a growth of 11.7 percent over a similar period in 2021. The growth in NDA was supported by net lending to Government, and resilient growth in credit to the private sector as business activities improved. Other public sector lending improved to a growth of 0.1 percent in the

year to July 2022 from a contraction of 6.5 percent in a similar period in 2021, mainly reflecting borrowings by county governments and parastatals.

Private Sector Credit

Private sector credit improved to a growth of 14.2 percent in the 12 months to July 2022 compared to a growth of 6.1 percent in the year to July 2021. All economic sectors registered positive growth rates reflecting improved demand as economic activities picked up. Strong credit growth was observed in the following sectors: transport and communication, business services, manufacturing, trade, building and construction and agriculture. The Credit Guarantee Scheme for the vulnerable Micro, Small and Medium Enterprises (MSMEs), continues to de-risk lending by commercial banks hence remains critical to increasing credit flow to the private sector.

External Sector Developments

The overall balance of payments position improved to a surplus of USD 1,790.4 million (1.6 percent of GDP) in July 2022 from a surplus of USD 119.4 million (0.1 percent of GDP) in July 2021. This was mainly due to an improvement in the capital and financial account and increased receipts in net services and net secondary income despite a decline in the merchandise account and net primary income.

The current account deficit was at USD 5,876.6 million (5.2 percent of GDP) in July 2022 compared to USD 5,494.7 million (4.9 percent of GDP) in July 2021. The current account balance was supported by an improvement in the net receipts on the services account and the net secondary income balance despite a deterioration in the net primary income balance and merchandise account.

The balance in the merchandise account widened by USD 2,572.1 million to a deficit of USD 12,403.2 million in July 2022 reflecting increased imports of petroleum products owing to high international crude oil prices in spite of an improvement in the export earnings (Table 16). In the year to July 2022, exports grew by 11.3 percent primarily driven by improved receipts from tea and manufactured goods despite a decline in receipts from horticulture. Tea exports increased owing to improved tea prices reflecting increased demand from our traditional markets. On the other hand, imports of goods increased by 20.3 percent in the year to July 2022 mainly due to increases in imports of oil and other intermediate goods.

Net receipts on the services account improved by USD 1,627.8 million to USD 1,839.6 million in July 2022 compared to a similar period in 2021. This was mainly on account of an increase in receipts from transport and tourism as economies re-opened following the relaxation of COVID-19 containment measures. Net Secondary income remained resilient and increased by USD 882.4 million during the review period owing to an increase in remittances. The balance on the primary account widened by USD 320 million to a deficit of USD 1,701.8 million in July 2022, from a deficit of USD 1,381.8 million in the same period last year, reflecting higher outflows of direct and other investments.

The capital account balance improved by USD 40.8 million to register a surplus of USD 246.4 million in July 2022 compared to a surplus of USD 205.6 million in the same period in 2021. Net financial inflows improved to USD 5,745.5 million in July 2022 compared to USD 5,159.7 million in July 2021. The net financial inflows were mainly in the form of other investments, financial derivatives and direct investments. Portfolio investments registered a net outflow during the period.

Foreign Exchange Reserves

The banking system's foreign exchange holdings remained strong at USD 12,222.5 million in July 2022 from USD 14,196.3 million in July 2021. The official foreign exchange reserves held by the Central Bank stood at USD 8,267.8 million (4.7 months of import cover) in July 2022 compared to USD 9,651.7 million (5.9 months of import cover) in July 2021 (Figure 18). 80. The official reserves fulfil the requirement to maintain it at minimum of 4.0 months of imports cover to provide adequate buffer against short term shocks in the foreign exchange market. Commercial banks holdings decreased to USD 3,954.6 million in July 2022 from USD 4,544.6 million in July 2021.

Capital Markets Developments

Activity in the capital markets slowed down in August 2022 due to the outflow of investors as advanced economies tightened their monetary policy amid recession fears. The NSE 20 Share Index declined to 1,751 points in August 2022 compared to 2,020 points in August 2021 while Market capitalization also declined to Ksh 2,142 billion from Ksh 2,841 billion over the same period.

3.1.3: County Economy

Siaya County operates within the global and national economic framework. The global and national economic dynamics impact both directly and indirectly on county fiscal decisions and operations. Economic growth is a parameter that influences national government transfer to the counties. Therefore, the higher the GDP growth, the more allocation is expected to go to counties.

Siaya County's Contribution to the National GDP is estimated at 1.2% with a recorded annual growth rate of 5.6%. the key drivers of the County's economic growth are Agriculture (45%), Manufacturing (5%), Jua Kali (10%), Wholesale and retail Trade (14.7%), Transport and storage (12.4%), Real Estate (1.8%) Construction (1.7%) and Financial services (3.6%). (*Source: C-GDP Report 2019*)

3.2: Medium Term Economic Outlook

3.2.1: Global Growth Outlook

The global economic outlook remains highly uncertain with growth projected to moderate to 2.9 percent in 2023 from 3.2 percent in 2022 largely reflecting a slowdown in advanced economies despite a gradual pick up in the emerging market and developing economies. Advanced economies are projected to slow down by 1.0 percent in 2023 from 2.3 percent in 2022 mainly due to a slowdown in growth in the United States and the Euro area. Growth in the United States is projected to slow down due to the expected impact of a steeper tightening in monetary policy. Growth in the euro area is expected to be adversely affected by the spill overs from the war in Ukraine as well as the assumption of tighter financial conditions. 83. The emerging market and developing economies are projected to pick up to a growth of 3.9 percent in 2023 from a growth of 3.6 percent in 2022 albeit with varying performance across countries. The emerging and developing Asia is projected to pick up as a result of a more robust recovery in china despite a slowdown in India, while growth in the Latin America and the Caribbean and the Middle East and Central Asia are expected to slow down. 84. The Sub-Saharan African region is projected to pick up to a growth of 4.0 percent in 2023 from 3.8 percent in 2022 with the East and Southern African sub-region showing a sustained recovery from the recession. The DRC and Zambia are expected to benefit from rising metal prices in the short-and medium term and gain from the transition away from fossil fuels in the long term.

3.2.2: Domestic Growth Outlook

Domestically, leading indicators of economic activity show continued strong performance in the second quarter of 2022, supported by strong activity in transport and storage, wholesale and retail trade, construction, information and communication, and accommodation and food services. As such, the economy is expected to remain robust at 5.5 percent in 2022, with continued strong performance of the services sector despite the downside risks to global growth.

Growth is expected to remain resilient growing by 5.8 percent in FY 2022/23 and averaging 6.2 percent over the medium term. This will be supported by a broad-based private sector growth, including recoveries in agriculture while the public sector consolidates. This outlook will be reinforced by the ongoing implementation of the strategic priorities of the Government under the “Big Four” Agenda and the Economic Recovery Strategy. Additionally, the Government is implementing the third phase of the Economic Stimulus Programs that target strategic interventions in agriculture, health, education, drought response, policy, infrastructure, financial inclusion, energy, and environmental conservation. The economic growth projections over the medium term are aligned to those of the Third Medium Term Plan (2018-2022) of the Vision 2030.

Monetary Policy Outlook

The main objective of monetary policy, over the medium term will be to maintain price stability. Overall inflation is expected to moderate to 6.0 percent in FY 2022/23 and remain within the target range of 5±2.5 percent as international commodity prices, particularly oil, wheat and edible oils, have begun to moderate. Additionally, the waiver of import duties and levies on white maize and the reduction in VAT on LPG will further moderate domestic prices. 88. The foreign exchange market is expected to remain stable supported by, resilient export receipts, buoyant remittances, and a gradual pick up in receipts from services exports. The continued coordination of monetary and fiscal policies is expected to sustain macroeconomic stability and support economic activity.

Fiscal Policy Outlook

Fiscal policy over the medium-term aims at enhancing revenue mobilisation, expenditure rationalization and strengthening management of public debt to minimize cost and risks of the portfolio, while accessing external concessional funding to finance development projects. This is geared towards economic recovery to support sustained, rapid and inclusive economic growth, safeguard livelihoods and continue the fiscal consolidation programme to create fiscal space for the implementation of the “Big Four” Agenda.

3.2.3: County Growth Outlook

The County is organized in ten sectors with specific mandates to deliver services to the people. To spur development every sector will work aggressively in the FY 2022/2023 and the medium term to achieve the developmental objectives outlined in the CIDP 2023-2027.

a) Budget Deficit

The fiscal deficit for the FY 2021/22 was attributed to low internal revenues and insufficient equitable share from National government have contributed to increased budget deficits in the county. Fiscal deficit have had and will continue to have an impact on county capital investment and savings. With fiscal deficit the county capital investments and savings will be reduced and this will lead to low provisions of quality service delivery.

In the medium-term period, the government will seek to reduce its budget deficit by undertaking revenue administration reforms and seeking development partner assistance in financing key infrastructure development. Borrowing in the medium term is not envisaged. Further, the government will seek to reduce recurrent expenditure (O&M) by scaling non-core expenditures.

b) Wage Bill

In 2019/20, the ratio of the wage bill to total revenues was about 42%. The effect of this overall is that the fiscal space for development expenditure is crowded with recurrent expenses. The policy suggestions that can be implemented in the short to medium term, in order to tame the rising wage bill, include: review of recruitment practices and streamlining payroll and control systems (cleaning of payroll) in the county.

c) Population Growth

The county had a population of nine hundred and ninety-three thousand one eighty three (993,183) people (*KNBS Census Report 2019*). High population growth rate has and will continue to put a great deal of pressure on county government to increase current expenditures rapidly to create jobs for the unemployed. At the same time county government is faced with demands on its capital budgets to spend more for development purposes.

In addition, increasing urban population in Ugunja, Siaya and Bondo creates demands for social services: water, housing, education, sewerage, public lighting, roads, health, and fire protection among others. A large mass of unemployed or under-employed who live in these areas do not generate the output or tax revenues which are needed to provide these services. In the medium and long term, the county government will endeavour to create a balance in recurrent and development expenditure to address the issues of population pressure. In addressing labour demands, the government will make investment in labour intensive activities rather than those which are capital intensive.

Further, increase in population growth experienced in the county has put pressure on food security more so in urban areas. The county government will invest some of its resources in food and nutrition programmes to address issues of malnutrition and food safety.

3.3 Risks to the Domestic Economic Outlook

There are down side risks to this macroeconomic outlook emanating from domestic as well as external sources. On the domestic front, the emergence of new Omicron COVID-19 variants may occasion restrictive measures. Other risks relate to lower agricultural output due to potential adverse weather conditions. Additionally, increased public expenditure pressures, particularly wage and other recurrent expenditures, would put a strain to the fiscal space.

On the external front, the key downside risks include: uncertainty about the global outlook, reflecting adverse effects of the war in Ukraine, inflationary risks (from rising prices of food and oil), continuing COVID-19 pandemic related disruptions, and supply chain constraints as well as increased global financial markets volatility amid the tightening of monetary policy in advanced economies.

The Government has faced difficult policy trade-offs to secure economic recovery and navigate existing macroeconomic challenges amidst diminishing fiscal space. Among the fiscal measures implemented by Government to minimize the adverse impact of these emerging issues to the Kenyan economy include, among others:

- Subsidizing pump prices through the Petroleum Development Levy Fund;
- Reduction in electricity tariff by 15 percent to lower cost of power;
- Granting waiver of import duty on 540,000 metric tonnes of white non-genetically modified (non-GMO) imported into the country; and waived for a period of 3 months, the Railway Development Levy and the Import Declaration Fee on the importation of the gazetted white maize;
- Implemented Fertilizer Subsidy - to farmers during the April planting season (Kshs 3.0 billion) and a further Kshs 2.7 billion for the next planting season in October 2022;
- Reduced the VAT rate on LPG from 16% to 8% in the Finance Act, 2022;
- Increased the minimum wage for low earners by 12 percent with effect from 1st May, 2022.

Section Four

4.0: Review of Fiscal Performance against Fiscal Strategy Paper 2021/22

The County Fiscal Strategy Paper (CFSP)-2021 informed the preparation of the 2021/22 budget as required by the provisions of Public Finance Management Act (PFMA), 2012. Strategic priorities in the budget are therefore drawn from the County Fiscal Strategy Paper with minimal variations across all sectors to address emerging issues. These priorities are anchored on three broad pillars namely: Enablers Pillar, Social Pillar and Economic Pillar

4.1: Enablers Pillar

This pillar consisted of Governance and Administration; Public Works, Energy, Roads and Transport; Lands, Physical Planning, Housing and Urban Development and the County Assembly sectors. To implement the priorities in this pillar in the CFSP-2021, it was allocated Kshs. 2,692,782,459 while in the budget the allocation was Kshs. 3,139,860,275 resulting into a **positive variance of Kshs. 447,077,816**. This variance has been attributed to emerging priority areas in County Assembly and Roads, Public Works, Energy and Transport sectors and ceiling set by County Allocation on Revenue Act (CARA)-2021 on recurrent expenditures for Governance and Administration sector. The sectoral priorities and changes in allocations in CFSP and budgetary estimates are as captured below

4.1.1: County Assembly

The sector executes its mandate around the following programmes; Legislation and Representation, Legislative Oversight and General administration, planning and support services.

In the CFSP 2020, the sector's key priority areas were; construction of Assembly complex, Speaker's residence and ward offices; acquisition and installation of Hansard technology system and equipment (including laptops and desktops); purchase of additional vehicles for committees and leadership; construction of an armoury and acquisition of more fire arms for security purposes; continuous maintenance of the County Assembly buildings and infrastructure; and purchase of mace.

To implement the above priorities, the sector was allocated Kshs. 908,692,584 comprising Kshs. 746,308,584 and Kshs. 162,384,000 for recurrent and development expenditures respectively. During budgeting, the sector was allocated Kshs. 1,280,496,084 comprising Kshs. 706,663,318 and Kshs.

573,805,766 for recurrent and development expenditures respectively, leading to a **positive variance of Kshs. 371,803,500** attributed to additional development priorities which emerged during budgeting.

4.1.2: Governance and Administration

The sector executes its mandate around the following programmes namely; County Executive Administration, County Public Service Board, Coordination of devolved units, Human Capital Management. Monitoring and Evaluation, Office of the County Attorney; Communication & Public Relation.

The key priority areas for the sector in the CFSP 2021 were; Completion of Ugunja sub county office and Sifuyo administrative center; construction of 4 ward offices and public service board office; enhance human resource capacity through recruitment, promotion and training and routine operations, maintenance and repair of buildings, equipment and machinery.

To implement the above priorities in the CFSP, the sector was allocated Kshs. 656,571,711 comprising Kshs. 569,787,016 and Kshs. 86,784,695 for recurrent and development respectively while during budgeting the allocation was Kshs. 650,541,092 comprising Kshs. 569,787,017 and Kshs. 80,754,075 for recurrent and development expenditure respectively, leading to a **negative variance of Kshs. 6,030,619** which is attributed to the reorganization and costing of the sectoral priorities.

4.1.3: Lands, Physical Planning, Housing and Urban Development

The sector coordinates implementation of the following programmes; General Administration, Planning and Support Services; Physical planning; Land surveying and mapping; Housing and Urban Development

The sector's key priority areas in the CFSP 2021 were; Preparation and approval of valuation rolls for 40 markets; completion of public land records automation; purchase and fencing of 40 hectares of land for investment; construction of 1km storm drainage in Bondo township; extension of sewer line in Siaya town; survey of Aram and Pap Otere markets; preparation of a municipal spatial plan; purchase of a project motor vehicle for Siaya Municipality; purchase of land for Usenge bus park, dumping site in South Gem, Usenge stadium and Olengo health centre; Non-motorized Transport(NMT) facilities; Enhance human resource capacity through recruitment, promotion and training and routine operations, maintenance and repair of buildings, equipment and machinery.

To implement the above priorities in the CFSP 2021, the sector was allocated Kshs. 231,647,117 comprising Kshs. 78,181,626 and Kshs. 153,465,491 for recurrent and development respectively.

During budgeting, the sector was allocated Kshs. 195,193,811 comprising Kshs. 73,328,320 and Kshs. 121,865,4 for recurrent and development expenditures respectively, leading to a **negative variance of Kshs. 36,453,306** which has been attributed to priority shift to other sectors.

4.1.4: Public Works, Energy, Roads and Transport

The sector is mandated to: Construct and Maintain County Roads and Bridges; offer technical supervision of all County Public Works; regulate County Public Transport including ferries, jetties, airstrips, harbours; offer quality assurance in the built environment; put in place strategies to provide environment friendly sources of energy; Standards Control and Maintenance of County Buildings.

The sector's key priorities in the CFSP 2021 were; construction of parking lanes at Segla, Ugunja and Yala townships; completion of bus parks Siaya and Bondo towns; construction of Governor's residence (phase 1 and 2); construction of Deputy Governor's residence(phase 1); completion of Kalkada bridge (phase 1); completion of Bondo township-Opoda road (bitumen road); Road maintenance under fuel levy fund; Road maintenance under Scope based approach; construction of 7 box culverts across the county; maintenance of various within the county; enhance human resource capacity through recruitment, promotion and training; routine operations and maintenance of buildings, equipment and machinery.

To implement the above priorities in the CFSP, the sector was allocated Kshs. 895,871,047 comprising Kshs. 92,264,340 and Kshs. 803,606,707 for recurrent and development expenditures respectively. During budgeting, the sector was allocated Kshs. 1,013,629,288 comprising Kshs. 77,810,690 and Kshs. 935,818,598 for recurrent and development expenditures respectively, leading to a **positive variance of 117,758,241** attributed to development priorities which emerged within the sector during budgeting.

4.2: Economic Pillar:

This pillar consisted of Enterprise and Industrial Development; Financial Services; Tourism, Culture and Sports and Agriculture, Irrigation, Food, Livestock and Fisheries sectors. To implement the priorities in this pillar in CFSP-2021, it was allocated Kshs. 2,001,676,362 while in the budget the allocation was Kshs. 1,723,721,516 leading to a **negative variance of Kshs. 277,954,846**. This variance has been attributed to transfer of sports function from Tourism, Culture and Arts sector in economic pillar to social pillar during budgeting; overstatement of some recurrent items specifically

the personnel emolument in CFSP and reorganizations and costings of priorities. The sectoral priorities and changes in allocations in CFSP and budgetary estimates are as captured below

4.2.1: Finance and Economic Planning

The sector implements the following programmes; Financial Services; Economic Planning Services and General Administration, Planning and Support Services.

The sectoral key priority areas in the CFSP 2021 were; construction of County Treasury office annex-phased; implementation of Enterprise Resource Planning (ERP)-phase II; enhancing human resource capacity through recruitment and promotion and continuous training; routine operations, maintenance and repair of buildings, equipment and machinery; strengthening supply chain management, accounting services and internal audit services to ensure compliance with the law and order and prepare all statutory planning and budgeting documents as prescribed in the Public Finance Management Act (PFMA), 2012

To implement the above priorities in CFSP-2021, the sector was allocated Kshs. 710,389,516 which comprises Kshs. 663,561,388 and Kshs. 46,828,128 for recurrent and development expenditures respectively in the fiscal strategy paper. The allocation in the budget was Kshs. 709,298,983 comprising Kshs. 685,470,855 and Kshs. 23,828,128 for recurrent and development expenditures respectively leading to a **negative variance of Kshs. 1,090,533**. This variance has been attributed to reorganization of the priorities and costings within the sector.

4.2.2: Agriculture, Irrigation, Livestock and Fisheries

The sector is organised around the following programmes namely; crop and land management; livestock management and development; fisheries development and animal health.

The sector's key priority in the CFSP 2021 were; Kenya Climate Smart agriculture Program project (KCSAP); Agriculture Sector Development Support Project (ASDSP); Maintenance of Siaya slaughter house; completion of Bondo slaughter house; purchase of laboratory equipment; supply of fish caging and provision of fish feeds to all the beaches in South Uyoma ward; completion of diagnostic agricultural laboratory; purchase of 15 water pumps /pipes for 15 groups within West Uyoma beaches; completion of fencing of Kowange beach; completion of rice drying floor at Mulwa siriwo; Rehabilitation of micro irrigation schemes in the county; completion of cereal store in North Alego; Provision of poultry chicks to youth groups and women groups; crush pen construction filled with acaricide at Gangu, Mwer, Ohande and Rabar; provision of dairy cows and poultry; construction of

fish storage facility at Usenge beach; purchase of incubator for women and youth groups; construction of toilet at Kowange beach; construction of fish banda at Kokech beach; modern crush pen at Pap Cada and provision of pesticides; construction of crush pens at Nyangera, Ugingo and Lul otok; construction of a cereal store at Sirembe chief's camp; provision of egg hatching incubators to registered groups (solar powered); tissue culture bananas and fertilizers provision; purchase of chemicals for cotton development; invest in dairy goat project; enhance human resource capacity through recruitment, promotion and training; routine operations, maintenance and repair of buildings, equipment and machinery.

To implement the above priorities in the CFSP, the sector was allocated Kshs. 659,734,738 comprising Kshs. 269,421,327 and Kshs. 390,313,411 for recurrent and development expenditures respectively. During budgeting, the sector was allocated Kshs. 631,905,447 comprising Kshs. 240,414,365 and Kshs. 391,491,082 for recurrent and development expenditures respectively, leading to a **negative variance of Kshs. 27,829,291** attributed to over statement of some recurrent items specifically the personnel emolument in CFSP.

4.2.3: Enterprise and Industrial Development

The sector implements the following programmes; Trade Development and Promotion; Fair Trade Practices and Consumer Protection; Cooperative Governance and Accountability; Alcoholic Drinks Control; Waste management; General Administration, Planning and Support Services.

The sector's key priorities in the CFSP 2021 were; completion of modern market shades, maintenance, repairs and rehabilitation market infrastructure, pit latrines and boda-boda shades in various markets within the county; construction of 3 new modern market shades in Boro, Nyadorera and Misori modern markets; installation of high mast floodlights across the county; settlement of pending bills; cooperative development fund; construction of modern washrooms; improvement of market infrastructure; enhance human resource capacity through recruitment, promotion and training; routine operations, maintenance and repair of buildings, equipment and machinery

To implement the above priorities in the CFSP, the sector was allocated Kshs. 287,459,648 comprising Kshs. 103,105,612 and Kshs. 184,354,036 for recurrent and development expenditures respectively. During budgeting, the sector was allocated Kshs. 288,816,592 comprising Kshs 97,404,720 and Kshs. 191,411,872 for recurrent and development expenditures respectively, leading to a **positive variance of Kshs. 1,356,944** attributed to reorganization and costing of priorities within the sector.

4.2.4: Tourism, Culture, Sports, Arts and ICT

The sector executes its mandate around the following programmes; Tourism infrastructure development; Cultural performances and exhibitions; Talent Promotion and Training of tourism industry stakeholders, Sports Development and ICT.

The sectoral priorities in the CFSP were; Completion of the on-going construction of Siaya Stadium-phase 2; completion of Got Ramogi Forest Heritage centre; development of design and BoQs for proposed construction of Migwena sport stadium and talent academy; establishment of Enterprise Resource Planning (ERP);branding of key entry points and tourist sites; construction of pavilion at Nyangera stadium; establishment of information centres; establishment of Odera Akang'o heritage centre, enhance human resource through recruitment, promotion and training and routine operations, maintenance and repairs of buildings, equipment and machinery

To implement the above priorities, the sector was allocated Kshs. 344,092,460 in the CFSP comprising Kshs. 80,576,152 and Kshs. 263,516,308 for recurrent and development expenditures respectively. During budgeting, the sector was allocated Kshs. 93,700,494 comprising Kshs. 60,900,494 and Kshs.32,800,000 for recurrent and development expenditures respectively leading to a **negative variance of Kshs. 250,391,966** attributed to transfer of sports function to Education, Youth Affairs, Gender, Sports and Social Services sector during budgeting and also shifting of resources to other priorities areas in other sectors in enabler pillar specifically County Assembly

4.3: Social Pillar

This pillar constituted Health and sanitation; Education, Youth Affairs, Gender and Social Service, and Water, Environment and Natural Resources. To implement the priorities in this pillar in the CFSP-2021, it was allocated Kshs. 3,410,944,808 while in the budget the allocation was Kshs. 3,241,848,838 leading to a **negative variance of Kshs. 169,095,970**. This variance is attributed to priority shift from Water, Environment and Natural Resources and Health sectors to Roads, Public Works, Energy and Transport in enabler pillar. The sectoral priorities and changes in allocations in CFSP and budgetary estimates are as captured below

4.3.1: Water, Environment and Natural Resources

The sector is organized around three programmes of Water resources development and management, Natural resources conservation and management and general administration, planning and support services.

The strategic priorities for the sector in the CFSP-2021 were; completion of on-going water supply schemes; environment and natural resource management; development support to SIBOWASCO and community managed water supply schemes, co-funding of Siaya water and sanitation project for West Uyoma and Got Matar water supplies; pipeline extensions; rehabilitation of existing water supply systems; enhancement of human resource capacity through recruitment, promotion and training and routine operation, maintenance and repairs of buildings, equipment and machinery

To implement the above priorities in the CFSP-2021, the sector was allocated Kshs. 478,763,062 comprising Kshs 53,927,957 and Kshs 424,835,105 for recurrent and development expenditures respectively. During budgeting the sector was allocated Kshs. 293,206,755 comprising Kshs. 52,702,167 and Kshs. 240,504,588 for recurrent and development expenditures respectively leading to a **negative variance of Kshs. 185,556,307** attributed to shift of development priorities to other sectors in enabler pillar specifically County Assembly

4.3.2: Education Youth Affairs, Gender and Social Services

The sector's mandate is anchored on the following programmes; County Pre-Primary Education, Vocational Education, Youth Training and Development, County Social Security and Services; General Administration, Planning and Support Services.

The key priority areas for the sector in the CFSP were; completion of on-going EDCE and VTCs centres; equipping constructed EDCE and VTCs centres with equipment and learning materials ; registration of VTCs; establishment of mentorship programmes and Empowerment Fund for Youths, Women and PWDs; provision of Bursary to bright and needy students in learning institutions; completion and equipping of sheltered workshops for PLWDs; enhancement of human resource capacity through recruitment, promotion and training and routine operation, maintenance of buildings, equipment and machinery.

To implement the above priorities in CFSP, the sector was allocated Kshs 574,188,556 comprising Kshs. 360,448,811 and Kshs. 213,739,745 for recurrent and development expenditures respectively. During budgeting, the sector was allocated Kshs. 623,651,786 comprising Kshs. 289,657,638 and

Kshs. 333,994,148 for recurrent and development expenditures respectively leading to a **positive variance of Kshs. 49,463,230** attributed to reorganization of recurrent expenditures and development priorities which emerged during budgeting.

4.3.3: County Health Services

The sector executes its mandate around three programmes namely; Curative and Rehabilitative services, Preventive and Promotive health care services, General Administration, Planning, Monitoring and Evaluation.

The priority areas for the sector in the CFSP were; strengthening information and EMR systems, completion and equipping of blood bank; purchase of land for Biotech centre; completion and /or equipping of various health facilities; renovation, fencing, construction of pit latrines in various health centres; strengthening human resource through recruitment, promotion and training; routine operation, maintenance of buildings, equipment and machinery; development of policies and sector master plans to operationalize pieces of legislation by County Assembly and procurement of pharmaceutical and non-pharmaceutical to health facilities.

To implement the above priorities in the CFSP, the sector was allocated Kshs. 2,357,993,190 comprising Kshs. 2,149,543,190 and Kshs. 208,450,000 for recurrent and development expenditures respectively. During budgeting, the sector was allocated Kshs. 2,324,990,227 comprising Kshs. 2,107,542,967 and Kshs. 217,447,330 for recurrent and development expenditures respectively leading to a **negative variance of Kshs. 33,002,893** attributed to reorganization of both recurrent and development priorities within the sector with a slight shift of resources to other sectors

Section Five

5.0: Resource Allocation Framework

5.1: Adjustments to the FY 2022/23 Budget

The Medium-Term Fiscal Framework for the FY 2022/2023 emphasized on efficiency in public spending; improvement of revenue collection to ensure full budgetary funding; deliberate allocations towards pending bills, all on-going and stalled projects and operationalization of complete projects. In addition, funding will also be directed towards restricted development programmes and projects geared towards realization of the economic agenda of the County

The underperformance in both revenue collection and expenditure in the FY 2021/22 has implications on the financial objectives outlined in the 2022 CFSP and by extension, the 2022/23 Budget. The basis for supplementary budget for FY 2022/2023 shall be determined by the CBROP 2021-22 and the outcome of first quarter of FY 2022/23. Expenditure projections for FY 2022/23 shall also be revised to accommodate the weak revenue performance and deficits through reallocations of the existing budgetary provisions and additional expenditure on emerging priority areas across all sectors.

The approved cumulative estimated revenue for FY 2022/23 was Kshs 8,815,939,414 comprising Kshs. 8,118,896,286 being total revenue for FY 2022/23 and Kshs. 697,043,128 (comprising Kshs. 98,400,000 as recurrent and Kshs. 598,643,128 development) as balances carried forward from FY 2021/22. The revenue for the FY 2022/23 is Kshs 8,118,896,286 comprising Kshs. 6,966,507,531 as equitable share, Kshs. 580,998,234 as Own Source Revenue (OSR) and Kshs. 571,390,521 as conditional grants.

The Conditional allocations comprised of Kshs. 110,638,298 for Lease of Medical Equipment; Kshs.; Kshs. 8,906,243 for Agriculture Sector Development Support Programme (ASDSP) II; Kshs. 314,639,880 for Kenya Climate Smart Agriculture Programme (KCSAP); Kshs. 12,832,875 for DANIDA and Kshs. 125,000,00 for Finance for Locally Climate Action Project (FCLoCAP).

5.2: Budget Framework for FY 2023/2024

As preparation of the FY 2023/2024 Medium-Term Budget commences, there is need to review the projected revenues in order to take into account the lower-than-expected revenue performance in the

base year. As such the revenue forecasts for FY 2023/24 have been reviewed to reflect outcome in FY 2021/22 and also taking into account the fiscal developments through end of September 2022.

The FY 2023/24 will be the first year of implementation of the 3rd generation CIDP that will run between 2023-2027. The budget framework for FY 2023/24 will therefore focus on the need to complete and operationalise all ongoing projects; reduce pending bills, implement the Post Covid-19 Economic Recovery Strategy to stimulate and sustain economic activities and implementation of a paradigm shift from micro projects to macro projects with high impact to the citizenry and economy as envisaged in the ‘Nyalore’ manifesto. In addition, the county government will optimize on expenditure, improve own source collection to boost the revenue base and explore public private partnership where necessary. Consequently, sectors will be required to adopt the culture of doing more with constrained resource envelop with a view to promote sustainability and optimality.

5.2.1 Medium Term Fiscal Projections

The FY 2023/24 budget estimates will be financed by revenue from equitable share, OSR and conditional grants from development partners. Equitable share has been projected by 10 percent to stand at Kshs. 6,966,507,531 in FY 2023/24 and further increase to Kshs. 7,663,158,284 and Kshs. 8,429,474,113 in the FYs 2024/2025 and 2025/2026 respectively. OSR has been projected by 10 percent to stand at Kshs 639,098,057 in FY 2023/24 and further increase to Kshs 703,007,863 and Kshs. 773,308,649 in the FYs 2024/25 and 2025/26 respectively. Conditional allocation is projected to stagnate at Kshs. 571,390,521 in 2023/24 which is the current (FY 2022/23) rate and the increase to Kshs. 628,529,573 in FY 2024/25 and further increase to Kshs. 691,382,530 in FY 2025/26 as summarised in the table below:

Table 11: Projected Revenue for FY 2023/24-2025/26

Revenue Stream	Baseline 2022-23	Projected Estimates 2023-24	Projected Estimates 2024-25	Projected Estimates 2025-26
SINGLE BUSINESS PERMIT	94,580,869	104,038,956	114,442,851	125,887,137
MARKET FEES	40,000,000	44,000,000	48,400,000	53,240,000
BODA-BODA	12,025,000	13,227,500	14,550,250	16,005,275
WEIGHTS AND MEASURES	1,000,000	1,100,000	1,210,000	1,331,000
TRADE INCOME (AUDIT FEE)	749,250	824,175	906,593	997,252
ADVERTISEMENT CHARGES	10,000,000	11,000,000	12,100,000	13,310,000
LIQUOR CHARGES	15,000,000	16,500,000	18,150,000	19,965,000
BUS PARK/PARKING FEES	25,998,234	28,598,057	31,457,863	34,603,649
GRADER	9,200,000	10,120,000	11,132,000	12,245,200
FIRE INSPECTIONS FEES	1,000,000	1,100,000	1,210,000	1,331,000
PLAN APPROVAL(Engineers)	15,000,000	16,500,000	18,150,000	19,965,000
PARKING FEES	6,000,000	6,600,000	7,260,000	7,986,000
COUNTY HALL HIRE	140,000	154,000	169,400	186,340
FISH CESS	10,000,000	11,000,000	12,100,000	13,310,000
SLAUGHTER FEES	1,473,200	1,620,520	1,782,572	1,960,829
AGRICULTURAL INCOME	5,380,290	5,918,319	6,510,151	7,161,166
SUGAR CESS	11,000,000	12,100,000	13,310,000	14,641,000

Revenue Stream	Baseline 2022-23	Projected Estimates 2023-24	Projected Estimates 2024-25	Projected Estimates 2025-26
VETERENARY SERVICES	2,395,235	2,634,759	2,898,234	3,188,058
TRACTOR HIRE SERVICE (THS)	2,500,000	2,750,000	3,025,000	3,327,500
CATTLE AUCTION	5,000,000	5,500,000	6,050,000	6,655,000
PLAN APPROVALS (Physical Planning)	15,000,000	16,500,000	18,150,000	19,965,000
TRANSFER FEES	2,600,000	2,860,000	3,146,000	3,460,600
PLOT RATES	13,000,000	14,300,000	15,730,000	17,303,000
PLOT RENTS	14,155,575	15,571,133	17,128,246	18,841,070
GROUND RENTS	1,000,000	1,100,000	1,210,000	1,331,000
HOUSE RENT	4,600,000	5,060,000	5,566,000	6,122,600
KIOSKS/STALLS RENT/T.O.L	13,025,075	14,327,583	15,760,341	17,336,375
BURIAL FEES/SYNAGE	100,000	110,000	121,000	133,100
SAND CESS/QUARRY	500,000	550,000	605,000	665,500
CLEARANCE CERTIFICATE	1,500,000	1,650,000	1,815,000	1,996,500
SITE FEES	1,303,000	1,433,300	1,576,630	1,734,293
SURVEY FEE	1,500,000	1,650,000	1,815,000	1,996,500
PRIVATE ESTATE FEES	130,000	143,000	157,300	173,030
FIF	126,607,445	139,268,190	153,195,008	168,514,509
PUBLIC HEALTH	2,160,909	2,377,000	2,614,700	2,876,170
PUBLIC HEALTH-Plan approvals	3,000,000	3,300,000	3,630,000	3,993,000
LINDA MAMA	60,578,536	66,636,390	73,300,029	80,630,031
NHIF/CAPITATION	50,158,116	55,173,928	60,691,320	66,760,452
NEMA	200,000	220,000	242,000	266,200
IMPOUNDING FEES	1,100,000	1,210,000	1,331,000	1,464,100
SCHOOL FEES	337,500	371,250	408,375	449,213
SUB-TOTAL-LOCAL REVENUE (OSR)-A	580,998,234	639,098,057	703,007,863	773,308,649
Equitable Share-B	6,966,507,531	7,663,158,284	8,429,474,113	9,272,421,524
Conditional Grant-C	571,390,521	571,390,521	628,529,573	691,382,530
Kenya Climate Smart Agriculture Project (KCSAP)	314,639,880	314,639,880	346,103,868	380,714,255
Agricultural Sector Development Support Project (ASDSP)	8,906,243	8,906,243	9,796,867	10,776,554
Finance for Locally Climate Action Plan (FLoCAP)	125,000,000	125,000,000	137,500,000	151,250,000
DANIDA	12,206,100	12,206,100	13,426,710	14,769,381
Managed Equipment Services(MES)	110,638,298	110,638,298	121,702,128	133,872,341
Balances brought forward (BF)-D	697,043,128			
Total Revenue=(A+B+C+D)	8,815,939,414	8,873,646,863	9,761,011,549	10,737,112,704

5.2.2 Medium-Term Expenditure Framework

The Government will continue with its policy of expenditure prioritization with a view to achieving the transformative development agenda which is anchored on provision of core services, ensuring equity and minimizing costs through the elimination of duplication and inefficiencies, implementation of the constitution, creation of employment opportunities and improving the general welfare of the people. Realization of these objectives will have implications in the budget ceilings to be provided in this Budget Review and Outlook Paper. The following criteria will serve as a guide for allocating resources:

- (i) Provision for non-discretionary expenditures like personnel emoluments and health commodities
- (ii) Provision for Pending bills both recurrent and development
- (iii) Provision for completion of ongoing and stalled projects

- (iv) Provision for operationalization of completed facilities
- (v) Provision for departmental priorities which are linked to programmes in the CIDP 2023-2027 and ADP 2023-24 and which address the core mandates of the various departments.
- (vi) Departmental absorption rate for the previous budget

The budget plays a central role in transformation by promoting redistribution and directing scarce resources towards catalytic investments in human and physical capital. But the budget depends on the economy to generate the resources to finance these investments. Resources will be channelled to priority areas through programme-based budgeting underpinned with transparency and efficient county government institutions.

Projected Recurrent Expenditure

Recurrent expenditure is projected at Kshs. 6,059,093,711 which is 68 percent of the total projected revenues for the FY 2023/24. Personnel Emolument (PE) is at Kshs. 3,336,472,971 at 22.4 percent and Operation and maintenance at Kshs. 2,722,620,740 at 22.4 percent.

Table 12: Projected Recurrent Expenditure

Department	Baseline PE-A	Projected PE	Baseline O&M-B	Projected O&M	Baseline Recurrent	Projected Rec	% of Total Recurrent
County Assembly	367,062,806	389,086,574	541,206,074	347,699,081	908,268,880	736,785,656	12.2
Governance and Administration	356,847,664	378,258,524	250,201,865	275,222,052	607,049,529	653,480,575	10.8
Finance and Economic Planning	328,001,852	347,681,963	450,623,814	973,686,195	758,625,666	1,321,368,159	21.8
Agriculture, Irrigation, Food, Livestock & Fisheries	209,720,196	222,303,408	47,647,357	52,412,093	257,367,553	274,715,500	4.5
Water, Environment & Natural Resources	27,244,172	28,878,822	44,306,480	48,737,128	71,550,652	77,615,950	1.3
Education, Youth Affairs, Gender, Sports & Social Services	141,039,265	149,501,621	169,463,049	186,409,354	310,502,314	335,910,975	5.5
County Health Services	1,511,843,069	1,602,553,653	531,167,425	500,244,168	1,964,610,494	2,102,797,821	34.7
Lands, Physical Planning, Housing and Urban Development	44,038,382	46,680,685	123,171,091	135,488,200	167,209,473	182,168,885	3.0
Roads, Public Works, Energy and Transport	34,943,777	37,040,404	43,647,981	48,012,779	78,591,758	85,053,183	1.4
Enterprise and Industrial Development	87,269,468	92,505,636	86,250,532	94,875,585	173,520,000	187,381,221	3.1
Tourism, Culture, ICT and Arts	39,605,359	41,981,681	54,394,641	59,834,105	94,000,000	101,815,786	1.7
Total	3,147,616,010	3,336,472,971	2,342,080,309	2,722,620,740	5,391,296,319	6,059,093,711	100.0

Explanatory notes on table 12 above

- ❖ PE across all departments County Assembly included has been projected by 6 percent to cater for annual increment, promotions and restricted recruitment at 2 percent each
- ❖ O&M for all executive departments have also been projected by 10 percent
- ❖ O&M for County Assembly has been reduced from current (FY 2022/23) allocation by Kshs. 225,116,000- non- ceiling items then projected by 10 percent
- ❖ There is provision of Kshs. 500million under Finance recurrent to cater for pending bills. The provision will be spread in other departments after cabinet shall have approved the bills.

Projected Development Expenditure

Development expenditure is projected at Kshs. 2,814,553,152 which is 32 percent of the total projected revenues for the FY 2023/24.

Table 13: Projected development expenditures for FY 2023/24

Department	Baseline Development	Projected Development	% of Total Development
County Assembly	499,850,221	160,415,071	5.7
Governance and Administration	9,500,000	10,450,000	0.4
Finance and Economic Planning	8,795,045	269,206,352	9.6
Agriculture, Irrigation, Food, Livestock & Fisheries	416,812,758	426,139,422	15.1
Water, Environment & Natural Resources	364,469,859	388,416,845	13.8
Education, Youth Affairs, Gender, Sports & Social Services	337,633,619	371,396,980	13.2
County Health Services	188,927,780	196,756,728	7.0
Lands, Physical Planning, Housing and Urban Development	97,755,263	107,530,789	3.8
Roads, Public Works, Energy and Transport	556,617,007	612,278,707	21.8
Enterprise and Industrial Development	197,456,807	217,202,487	7.7
Tourism, Culture, ICT and Arts	49,781,609	54,759,770	1.9
Total	2,727,599,967	2,814,553,152	100.0

Explanatory notes on table 13 above

- ❖ Departmental development ceilings for executive departments have been projected at 10 percent with the current (FY 2022/23) allocation less grants and roll-overs being the baseline figure
- ❖ County Assembly development has been projected by 10 percent with the base figure being the absorption figure in FY 2021/22

- ❖ There is provision of Kshs. 259,531,802 in Finance development to cater for pending bills. This figure will be spread in departments after County Executive Committee (CEC) shall have approved the bills.

From table 14 below, provisional departmental ceilings for the FY 2023/24 and within the medium term have been proposed as shown.

Table 14: Projected Departmental ceilings for FY 2023/24-2025/26

Department	Base Year Recurrent	Projected Recurrent	Base Year Development	Projected Development	Base Year Total	Projected Total	% of Total
County Assembly	908,268,880	736,785,656	499,850,221	160,415,071	1,408,119,101	897,200,727	10.1
Governance and Administration	607,049,529	653,480,575	9,500,000	10,450,000	616,549,529	663,930,575	7.5
Finance and Economic Planning	758,625,666	1,321,368,159	8,795,045	269,206,352	767,420,711	1,590,574,510	17.9
Agriculture, Irrigation, Food, Livestock & Fisheries	257,367,553	274,715,500	416,812,758	426,139,422	674,180,311	700,854,922	7.9
Water, Environment & Natural Resources	71,550,652	77,615,950	364,469,859	388,416,845	436,020,511	466,032,795	5.3
Education, Youth Affairs, Gender, Sports & Social Services	310,502,314	335,910,975	337,633,619	371,396,980	648,135,933	707,307,955	8.0
County Health Services	1,964,610,494	2,102,797,821	188,927,780	196,756,728	2,153,538,274	2,299,554,549	25.9
Lands, Physical Planning, Housing and Urban Development	167,209,473	182,168,885	97,755,263	107,530,789	264,964,736	289,699,674	3.3
Roads, Public Works, Energy and Transport	78,591,758	85,053,183	556,617,007	612,278,707	635,208,765	697,331,890	7.9
Enterprise and Industrial Development	173,520,000	187,381,221	197,456,807	217,202,487	370,976,807	404,583,709	4.6
Tourism, Culture, ICT and Arts	94,000,000	101,815,786	49,781,609	54,759,770	143,781,609	156,575,556	1.8
Total	5,391,296,319	6,059,093,711	2,727,599,967	2,814,553,152	8,118,896,286	8,873,646,863	100.0

From above table, the total resource envelop is expected to increase from Kshs. 8,118,896,286 in FY 2022/23 to Kshs. 8,873,646,863 in FY 2023/2024.