



## **COUNTY GOVERNMENT OF NYAMIRA**

### **COUNTY BUDGET REVIEW AND OUTLOOK PAPER 2020/2021**

**September 2021**

## **FORWARD**

The County Budget Review and Outlook Paper (CBROP) 2021 has been prepared in line with the Constitution of Kenya 2010 and Section 118 of the PFM Act, 2012. It presents the fiscal performance for 2020/2021 Financial Year and the outlook in the medium-term period. The updated macroeconomic outlook provides a basis to revise the 2021/2022 budget in the context of the supplementary estimates, as well as setting out the broad fiscal parameters for the next medium-term framework budget.

In terms of resources mobilization, the county realized Kshs.6,610,710,328, against a target of Kshs.6,800,247,602 in 2020/2021. This included locally generated revenue amounting to Kshs.168,276,586 a decrease from Kshs.187,324,098 raised in 2019/2020. Despite the bad performance in local revenue generation, it still fell short of the Kshs. 81,723,417 targets for the year. A number of measures have been put in place in order to address challenges of local revenue including automation of revenue collection as well as review of the Finance Act.

On expenditure, the County absorbed Ksh.5,672,662 against a target of Kshs. 6,800,247,602. The actual expenditure comprised of Ksh.1, 396,011,485 and Ksh.4,276,650,981 as development and recurrent expenditures respectively and represented an absorption rate of 65% for development while recurrent absorption rate was 92%. This is a challenge that will be addressed by ensuring timely procurement and strengthening monitoring of progress of development projects.

The County priority in the medium-term is completion of ongoing development projects. For new projects emphasis will be alignment to the objectives of the Nyamira County “Big Four” Agenda which include infrastructure; health care; food security and agriculture; and water and environment. Emerging issues like climate change and mitigation effect of the Covid 19 will also be mainstreamed in the activities of the various sectors.

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## **ACKNOWLEDGEMENT**

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Finally, I wish to thank anybody who contributed in one way or another ensuring the realization of this document.

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

ASDSP	Agricultural Sector Development Support Programme
CBK	Central Bank of Kenya
CBR	Central Bank Rate
CBROP	County Budget Review and Outlook Paper
CEC	County Executive Committee
CECM	County Executive Committee Member
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
ECDE	Early Childhood Development Education
FY	Financial Year
GCP	Gross County Product
GDP	Gross Domestic Product
GVA	Gross Value Added
HE	His Excellency
ICT	Information Communication Technology
IFMIS	Integrated Financial Management Information System
KDSP	Kenya Devolution Support Programme
KRA	Kenya Revenue Authority
KUSP	Kenya Urban Support Programme
LPG	Liquid Petroleum Gas
LREB	Lake Region Economic Block
MTEF	Medium Term Expenditure Framework
MTP	Medium-Term Plan
NAGRIP	National Agricultural and Rural Inclusive Growth Project
NFNF	Non-Food Non-Fuel
NHIF	National Health Insurance Fund
NITA	National Industrial Training Authority
NSSF	National Social Security Fund
PFM	Public Finance Management
RMLF	Road Maintenance Levy Fund
SBP	Single Business Permit
THS-UC	Transforming Healthcare System – Universal Care
WB-UDG	World Bank – Urban Development Grant



# CHAPTER ONE

## 1.0 INTRODUCTION

This chapter gives a brief overview of the County. It explains in details the background information, the County Budget Review Outlook Paper at a glance and the financial fiscal responsibility principles.

## 1.1 BACKGROUND INFORMATION

### 1.1.1 County Overview

Situated in the Western part of Kenya, Nyamira County has since evolved from different administrative creations and boundaries since independence. It is indeed formed part of one of the division of the larger Kisii district way back in 1970s. In 1987, the Nyamira as a divisional boundary was created a district which has since existed with four constituencies. The coming of the devolution in 2013, Nyamira forms part of the 47 County Governments with one extra Constituency created and 20 electoral wards. The Gusii Community predominantly occupies the county, however, the northern and eastern parts of the County has got some different ethnic significance being Luos and Kipsigis respectively. Agriculture is the County's economic backbone where 90% of its population is dependent on agricultural production and marketing directly and indirectly. It supports 80% of total employment opportunities in the county

### 1.1.2 County Position and size

Nyamira County is one of the forty seven Counties in Kenya. The County borders Homabay County to the north, Kisii County to the west, Bomet County to the south east and Kericho County to the east. The County covers an area of 899.4km<sup>2</sup>. It lies between latitude 00 30' and 00 45'south and between longitude 340 45' and 350 00' east. The County neither borders any international County nor does it have any major water bodies.

### 1.1.3 Physical and Natural Conditions

The County's topography is mostly hilly "*Gusii highlands*". The Kiabonyoru, Nyabisimba, Nkoora, Kemasare hills and the Manga ridge are the most predominant features in the county. The two topographic zones in the county lie between 1,250 m and 2,100 m above the sea level. The low zones comprise of swampy, wetlands and valley bottoms while the upper zones are dominated by the hills. The County is divided into two major agro-ecological zones. The

highland (LH1 and LH2) covers 82 per cent of the County while the upper midland zone (UM1, UM2 and UM3) covers the remaining 18 per cent. The county has a bimodal pattern of annual rainfall that is well distributed, reliable and adequate for a wide range of crops. Annual rainfall ranges between 1200 mm-2100 mm per annum. The maximum day and minimum night temperatures are normally between 28.7°C and 10.1°C respectively, resulting to an average normal temperature of 19.4°C which is favourable for both agricultural and livestock production.

#### **1.1.4 Administrative and Political Units**

The National and the County governments are a creation of the Constitution of Kenya 2010. Administratively both the governments are divided into 5 sub-counties. Under the national government, the County is further divided into 14 divisions with 43 locations, 108 sub locations and 1,555 villages while the County government has got its administrative units further divided into 20 wards. Politically, the County is an electoral unit with one elected Governor and his deputy being the Chief executive of the County Government. There are six elected Members of the National Assembly, Four representing the County's four constituencies. The other two elected members represent the County at the senate and as women representative. The County also has twenty County Assembly Wards represented by the Members of the County Assembly.

#### **1.1.5 Demographic Features**

Using the 2009 Population and Housing Census report, the inter census population growth rate is estimated at 1.83 percent annually which is below the national growth rate at 3 percent. Based on this therefore, the population was projected to 731,368 with males being 350,918 and females being 380,450 during 2020. At the end of the 2022, the population is expected to increase to 758,381 with 363,879 and 394,502 being males and females respectively.

## **1.2 THE COUNTY BUDGET REVIEW OUTLOOK PAPER AT A GLANCE**

### **1.2.1 Objective of the County Budget Review Outlook Paper**

The objectives of the County Budget Review and Outlook Paper (CBROP) are to offer insight of the previous fiscal performance and provide useful guidance on how this impacts the County fiscal responsibilities principles. It reviews performance of the immediate past year against the budget for the year. This year's CBROP analyses the actual fiscal performance for 2020-2021

against the set budget for the same year. It looks at actual performance on the realization of objectives in the County Fiscal Strategy Paper (CFSP) for the same year.

The CBROP seeks to establish the deviation of actual fiscal performance from set financial objectives. It outlines the reasons why actual performance has deviated from the set financial objectives included in the County Fiscal Strategy Paper for that year. In addition to establishing the deviation, it also comes up with a proposal to address the deviation and suggested time frame for bringing the tasks back to the objective path.

The CBROP discusses the recent economic and financial developments at national and county level. It illustrates the updated economic and financial forecasts giving appropriate evidence to show changes in comparison with the CFSP for that particular year. The current CBROP will continue to focus more on the sectoral priorities set out in the 2020 CFSP namely: -

- ***Infrastructure development:*** This will include interventions in roads, energy (street lighting) and ICT development.
- ***Agriculture, rural and urban development:*** Priority will be given to livestock, fisheries and agriculture, spatial planning and housing development.
- ***Water and environment:*** The priority will be given to spring protection, drilling of boreholes, wetlands conservation and promotion of bamboo tree planting.
- ***Health:*** Priorities in this sector will include funding healthcare infrastructure, communicable and non-communicable diseases and other medical supplies.
- ***Social sector:*** priority areas will be culture, sports, youth, security and opportunities for vulnerable members of our society.

### **1.2.2 Significance of the County Budget Review Outlook Paper**

The CBROP ensures that the County Government reviews its previous year's performance. It also guarantees that the County Government makes forecasts based on both the County and the national economic outlook and their likely impact on the level of future revenues and prompts the County Government to set preliminary sector ceilings in light of this review of revenue.

### **1.2.3 Legal Basis for the CBROP**

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 CECM shall consider the CBROP with a view to approving it, with or without amendments, within fourteen days after its submission.
- 4) Not later than seven days after the CBROP is approved by the CECM, the County Treasury shall:
  - (a) Arrange for the paper to be laid before the County Assembly; and
  - (b) As soon as practicable after having done so, publish and publicize the paper.

### **1.3 FINANCIAL FISCAL RESPONSIBILITY PRINCIPLES**

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
- 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.

## **CHAPTER TWO**

### **2.0 REVIEW OF COUNTY FISCAL PERFORMANCE IN 2020/2021**

#### **2.1 OVERVIEW**

In the 2020/2021 Financial Year, the County resource envelope was Ksh. 6,800,247,602 consisting of equitable share from the national government, unspent balances from 2019/2020 financial year, conditional transfers from the national government, conditional grants from development partners and locally generated revenue.

Compared to the previous years, locally generated revenue performed poor. In the FY 2018/2019, the County managed to raise Ksh, 165,447,570, collected Ksh.187,324,098 in 2019/2020 and Ksh. 168,276,586 in 2020/2021. The county local revenue annual target for the year under review was Ksh.250,000,000 and thus the performance was rated at 67%.

The total expenditure target during the same period was estimated at Ksh. 6,800,247,247,602, where Ksh.4,657,803,571 was recurrent and Ksh. 2,142,444,031 was development. The actualised total expenditure was Ksh. 5,672,662,829, comprising of Ksh. 4,276,650,981 recurrent and Ksh.1,396,011,485 development. Cumulatively, the total budget absorption rate was 83%, where development performance was 65% and recurrent at 92%.

#### **2.2 DEVELOPMENT OBJECTIVES 2020/2021**

In attaining the development objectives of the FY 2020/2021, prioritization of interventions and resource allocation was based on the County Integrated Development Plan 2018-2022, Annual development plan 2020/2021, County Fiscal Strategy Paper 2020 and the departmental strategic plans 2018-2022. The objectives seek to achieve the following;

- Infrastructure development through road opening, upgrading, maintaining and generally enhance road connectivity
- Agriculture, rural and urban development through extension services, commercialized farming and provision of subsidized farm inputs
- Water and environmental conservation through development and promotion of water supply schemes and pro-environmental preservation initiatives

- Healthy population through improvement of health infrastructure and enhancing of preventive and curative initiatives
- Social sector development through improvement of youth polytechnics, ECDE and sports infrastructure and service delivery.

## 2.3 FISCAL PERFORMANCE FOR 2020/2021

This section gives detailed analysis of revenue and expenditure performance.

### 2.3.1 Revenue Analysis

The total target revenue for the financial year 2020/2021 was Ksh.6,800,247,602 against actual revenue of Ksh. 6,610,710,328. The revenues included the unspent balances carried forward from the financial year 2019/2020. The revenue breakdown is as detailed in table 1 below:

**Table 1: Revenue outturn in 2020/2021 Financial Year**

GFS CODING	REVENUE SOURCES	BUDGET ESTIMATE	ACTUAL RECEIPTS	REVENUE PERFORMANCE
		2020/2021	2020/2021	
9910201	Unspent Balances	855,779,664	855,779,664	100%
9910201	Equitable share	4,810,800,000	4,810,800,000	100%
Various	Own Source Revenue	250,000,000	168,276,586	67%
	<b>TOTAL</b>	<b>5,916,579,664</b>	<b>5,834,856,250</b>	<b>99%</b>
<b>ADDITIONAL TRANSFERS FROM NATIONAL GOVERNMENT</b>				
1330301	Development of youth polytechnics Grant	60,409,894	60,409,894	100%
1330404	Compensation user fee forgone	13,175,221	13,175,221	100%
3111504	Roads maintenance levy fund	146,215,617	146,215,617	100%
	<b>TOTAL</b>	<b>219,800,732</b>	<b>219,800,732</b>	<b>100%</b>
<b>CAPITAL GRANTS FROM DEVELOPMENT PARTNERS</b>				
1320101	World Bank Loan for National and Rural inclusive growth project	198,509,110	175,682,713	89%
1320101	Kenya Urban Support Programme (KUSP UDG)	114,705,300	30,479,584	27%
1320101	World Bank grant (THSUC)	278,847,760	278,585,188	100%
1320101	World Bank grant (KDSP)	45,000,000	45,000,000	100%
1540701	DANIDA	13,680,000	13,680,000	100%
1320101	Agricultural Sector Development Support Programme II	13,125,036	12,625,861	96%
	<b>TOTAL</b>	<b>663,867,206</b>	<b>556,053,346</b>	<b>84%</b>
<b>TOTAL</b>	<b>GRAND TOTAL</b>	<b>6,800,247,602</b>	<b>6,610,710,328</b>	<b>97%</b>

*Source: Nyamira County Treasury 2021*

The overall deviation of the actual revenue from the targeted estimates amounted to Ksh. 189,537,274 representing -3% of the budget. The highest deviation was occasioned by grants that were partially received such as Kenya Urban Support Programme, World Bank Loan for National and Rural inclusive growth project (NARIGP) and Agricultural Sector Development Support Programme II. The other notable deviation was noted in Own Source Revenue, a situation that was accelerated by the Covid 19 pandemic.

**a) Unspent Balances**

The unspent balances included in the 2020/2021 financial year budget were the opening balances of the 2019/2020 financial year. The amount was then realised to attune of 100%. The opening balances comprised of the conditional grants from the CRF account, The Conditional Grants from the special purpose accounts and the exchequer releases which were then attached to pending bills and obligations appropriated in the first supplementary budget 2020/2021.

**b) Equitable share**

The performance of the expected equitable share was satisfactorily perfect to 100%. However it is important to note that the exchequer release for the last parchment amounting to an estimated amount of Ksh.410 Million was later received in July 2021.

**c) Additional Transfers from National Government**

Averagely all the conditional grants were received at 100% of the targeted transfers.

**d) Capital Grants from Development partners**

The performance of the Capital grants was averagely received at 84% an increase from 59% the previous year. This signifies a revenue shortfall at 16% which has already been appropriated as part of the opening balances for The F/Y 2021/2022.

**e) Local revenue**

A total of Ksh. 168,276,586 was realised against a target of Ksh.250,000,000, indicating a performance of 67%. This is decrease from the previous performance of 74% in the financial year 2019/2020 at Ksh. 187,324,098. Covid-19 pandemic adversely affected revenues collected from avenues such as markets and businesses licensing since most of them were shut down.



### 2.3.2 Details of Performance of Local Revenue

The total local revenue realized in the 2020/2021 financial year was Ksh.168,276,586 against a target of Ksh. 250,000,000, representing a 67% performance rate. Table 2 below provides the performance of County departments with regards to local revenue generation.

**Table 2: Local Revenue performance analysis**

	QUARTER	APRIL Totals	Totals	Q 3 Totals	Q 4 Totals	Actual 2020/2021	BUDGET	
GES CODES	SOURCE/DPTS						BUDGET 2020/2021	F/Y
	<b>FINANCE AND PLANNING</b>							
1420405	Market Dues	392,180	1,853,130	1,815,950	1,912,830.00	5,974,090	10,276,338.96	(4,302,248.96)
1420404	Matatu Park&reg fee/stickers	200,700	2,011,250	2,485,500	2,925,700.00	7,623,150	-	7,623,150.00
1550211	Daily Parking	906,300	903,250	1,383,500	449,900.00	3,642,950	15,009,614.00	(11,366,664.00)
1420404	Motor bike stickers	2,400	15,000	15,300	3,000.00	35,700	1,050,939.96	(1,015,239.96)
1550227	Storage charges	5,000	5,800	9,000	-	19,800	59,487.00	(39,687.00)
1530203	Impounding charges,penalties,fines	8,000	14,000	50,000	21,000.00	93,000	-	93,000.00
1550105	Market stall Rent	183,400	243,390	216,797	257,918.00	901,505	1,520,904.00	(619,399.00)
	General Services	592,380	400,990	83,840	5,417,316.00	6,494,526	154,357.20	6,340,168.80
	Imprest Surrender	-	24,591	124,970	-	149,561	-	149,561.00
	<b>Sub totals</b>	2,290,360	5,471,401	6,184,857	10,987,664.00	24,934,282	<b>28,071,641.12</b>	(3,137,359.12)
<b>LANDS,PHYSICAL PLANNING</b>								
1590111	Build Plan&Approval	864,400	620,000	585,400	588,000.00	2,657,800	827,846.28	1,829,953.72
1550102	I/Plot Rent	43,940	5,180	151,740	61,920.00	262,780	503,384.16	(240,604.16)

1550102	Plot Rent	339,187	193,040	444,469	499,842.50	1,476,539	736,103.52	740,434.98
1590102	Lands&Survey	166,180	78,000	200,000	171,000.00	615,180	421,608.00	193,572.00
1420102	Phys Planning	751,103	659,320	707,884	507,463.00	2,625,770	1,001,703.00	1,624,067.00
1520101	Land Rates	622,920	125,340	10,251,050	391,830.00	11,391,140	26,733,585.96	(15,342,445.96)
1590132	Advertisement Charges	143,650	88,950	2,315,945	5,120,700.00	7,669,245	19,624,962.00	(11,955,717.00)
	<b>Sub totals</b>	2,931,380	1,769,830	14,656,488	7,340,755.50	26,698,454	<b>49,849,192.92</b>	(23,150,739.42)
	<b>WATER, ENVIRONMENT</b>	-	-	-	-	-		-
1420403	Water,sanitation and irrigation fees	-	-	32,640	-	32,640	5,356,107.96	(5,323,467.96)
1530302	Building material cess	-	-	-	-	-	-	-
	<b>Sub totals</b>	-	-	32,640	-	32,640	<b>5,356,107.96</b>	(5,323,467.96)
	<b>GENDER,CULTURE,SPORTS</b>	-	-	-	-	-		-
1140501	Liquor	36,000	150,000	830,000	404,000.00	1,420,000	20,985,405.00	(19,565,405.00)
1140801	Registration fees for social services	-	-	-	1,000.00	1,000	-	1,000.00
	<b>Sub totals</b>	36,000	150,000	830,000	405,000.00	1,421,000	<b>20,985,405.00</b>	(19,564,405.00)
	<b>HEALTH SERVICES</b>	-	-	-	-	-		-
1580211	Public Health	470,100	379,450	848,800	503,630.00	2,201,980	17,000,000.04	(14,798,020.04)
1580211	Medical Services	23,797,821	24,296,469	11,977,921	18,809,015.00	78,881,226	58,273,640.08	20,607,585.92
	<b>Sub totals</b>	24,267,921	24,675,919	12,826,721	19,312,645.00	81,083,206	<b>75,273,640.12</b>	5,809,565.88
	<b>TRADE,TOURISM AND COOPERATIVES</b>	-	-	-	-	-		-
1420328	S.B.P	3,025,840	1,146,140	13,469,160	6,245,259.00	23,886,399	31,781,378.04	(7,894,979.04)
1420328	S.B.P Appl.	117,000	40,500	256,500	206,500.00	620,500	1,500,000.00	(879,500.00)
1530123	Trade, Weights & Msrs	205,800	215,330	255,660	69,690.00	746,480	999,999.96	(253,519.96)

	<b>Sub totals</b>	3,348,640	1,401,970	13,981,320	6,521,449.00	25,253,379	<b>34,281,378.00</b>	(9,027,999.00)
<b>DEPARTMENT OF ROADS, TRANSPORT AND PUBLIC WORKS</b>								
1530521	Hire of Machinery & Eqpmt	-	-	49,340	-	49,340	20,542,701.96	(20,493,361.96)
	Public Works approvals	103,500	56,500	153,500	120,000.00	433,500	-	433,500.00
	<b>Sub totals</b>	103,500	56,500	202,840	120,000.00	482,840	<b>20,542,701.96</b>	(20,059,861.96)
<b>DEPARTMENT OF AGRICULTURE, LIVESTOCK AND FISHERIES DEVELOPMENT</b>								
1520321	cattle movement permit	29,950	114,200	94,900	83,300.00	322,350	651,681.96	(329,331.96)
1520321	Cattle Fee	107,200	306,750	329,200	277,250.00	1,020,400	1,913,346.96	(892,946.96)
1450105	Slaughter Fee	7,600	5,600	11,600	-	24,800	69,716.04	(44,916.04)
1450105	Veterinary	262,950	340,580	272,500	310,005.00	1,186,035	1,251,140.04	(65,105.04)
1420345	Agricultural cess	1,562,850	1,598,950	1,451,850	1,203,550.00	5,817,200	11,754,050.04	(5,936,850.04)
1550121	fish permits	-	-	-	-	-	-	-
	<b>Sub totals</b>	1,970,550	2,366,080	2,160,050	1,874,105.00	8,370,785	<b>15,639,935.04</b>	(7,269,150.04)
	<b>GRAND TOTALS</b>	34,948,351	35,891,700	50,874,916	46,561,618.50	168,276,586	<b>250,000,002.12</b>	(81,723,416.62)

Source: County Treasury 2021

### 2.3.3 Revenue Shortfall Challenges and way forward

The major revenue streams in the county are land rates, agricultural produce cess, single business permits, plot rents, and parking fee.

NO.	CHALLENGE	PROPOSED WAY FORWARD
1.	Political interference in the operations of markets i.e. Miruka, Tinga, Ikonge, Kemera etc where traders have been incited not to pay taxes due to delayed or non-provision/delivery of basic services e.g opening of backstreets, provision of water and collection of garbage from the markets	Management is continually cooperating with the business community the various departments concerned
	Resistance from Boda Boda operators to pay taxes claiming that their demands have not been accomplished. This has persisted for the past 6 years.	Management has held consultative meetings with the BodaBoda leadership at the county and sub county levels. Currently the Boda Boda operators have started paying for the motorbike stickers .There will be enforcement to net on the defaulters.
3.	Outdated county Valuation roll as the one in use covers only a few parcels of land. Further, it is an old (obsolete) roll inherited from former councils.	There is Budget allocation for county valuation roll in the current financial year, and the county property and rating Act is in draft form, it is being processed and will be submitted to the county assembly for approval.
4.	Inadequate education and awareness to our tax payers on the general importance of endeavoring to, not only paying taxes/levies but also making the same promptly.	We have decentralized revenue collection to departments with more emphasis on 6 key departments namely; Trade, Health, Lands & physical planning, Public service management, gender and agriculture.  There has been ongoing sensitization through local radio stations, notices to the general public on need to pay taxes, cashless [payment modes and payment deadlines.
5.	Internet connectivity challenges	Management has engaged Safaricom Limited to provide internet services in the county which is more reliable.  There has been continuous training of our revenue collectors through the department of ICT to ensure improved efficiency
6.	COVID 19	Amid COVID 19, management has embarked on enforced of various revenue streams which has not

		been affected by this Pandemic.(plan approvals, Matatu and motorbike stickers, single business permits e.t.c)
7	Enforcement Challenges	<p>Management is in consultation with the department of Legal services to work on the possibility of establishing county courts to improve on compliance since defaulters will be dealt with effectively without delay.</p> <p>Mapping of all structured revenue sources is currently ongoing.</p> <p>Continuous rotation of officers in revenue collection to ensure that officers do not overstay in same collection points.</p>
8	Inadequate identification of revenue collectors	<p>Management has changed identification for revenue collectors from the previous yellow overcoats to current red overcoats.</p> <p>All revenue collectors have identification Tags and are required to be properly identified while on duty.</p>
9	Cash handling	<p>Management is embracing the cashless revenue collection modes( MpesaPaybill,(004646) ,Mpesa Xpress, USSD 8856#, &amp;Direct Bank Deposits</p> <p>This will minimize the risk associated with handling cash</p>

*County Treasury 2021*

## 2.4 EXPENDITURE ANALYSIS FOR FINANCIAL YEAR 2020/2021

### 2.4.1 Expenditure Performance

The target expenditure for 2020/2021 financial year was Ksh.6,800,247,602 comprising of Ksh. 4,657,803,571 (70%) and Ksh. 2,142,444,031 (30%) of recurrent and development expenditures respectively. The actual total expenditure during the same period was Ksh.5,672,662,829 comprising of Ksh.1,396,011,848 and Ksh.4,276,650,981 as development and recurrent expenditures respectively. Recurrent expenditures represented an absorption rate of 92% whereas development expenditures reported an absorption rate of 65%. The absorption rate of the entire budget was 83%. The table 3 below presents departmental expenditure performance for the 2020/2021 financial year.

**Table 3: Departmental Expenditure Performance for the period under review**

Department	Details	Printed Estimates	Actual Expenditures	Performance	Printed Estimates	Actual Expenditures	Performance
		2019/2020	2019/2020	2019/2020	2020/2021	2020/2021	2020/2021
County Assembly	Recurrent	616,107,510	616,084,405	100%	606,107,510	569,329,495	94%
	Development	97,000,000	63,321,794	65%	126,678,206	43,999,181	35%
	<b>Sub-total</b>	<b>713,107,510</b>	<b>679,406,199</b>	<b>95%</b>	<b>732,785,716</b>	<b>613,328,676</b>	<b>84%</b>
Executive	Recurrent	486,528,687	482,340,366	99%	469,162,525	384,862,174	82%
	Development	0	0	0%	0	0	0%
	<b>Sub-total</b>	<b>486,528,687</b>	<b>482,340,366</b>	<b>99%</b>	<b>469,162,525</b>	<b>384,862,174</b>	<b>82%</b>
Finance and Economic Planning	Recurrent	651,359,815	595,815,504	91%	473,081,943	389,142,789	82%
	Development	27,257,817	22,796,320	84%	24,969,149	24,335,634	97%
	<b>Sub-total</b>	<b>678,617,632</b>	<b>618,611,824</b>	<b>91%</b>	<b>498,051,092</b>	<b>413,478,423</b>	<b>83%</b>
Agriculture Livestock and Fisheries	Recurrent	167,805,323	166,672,010	99%	160,754,042	155,616,532	97%
	Development	483,445,147	258,178,534	53%	290,036,466	289,163,871	100%
	<b>Sub-total</b>	<b>651,250,470</b>	<b>424,850,544</b>	<b>65%</b>	<b>450,790,508</b>	<b>444,780,403</b>	<b>99%</b>
Environment Water Energy & Mineral Resources	Recurrent	87,106,870	81,734,294	94%	116,130,605	112,884,967	97%
	Development	128,036,597	67,327,308	53%	213,477,473	135,843,937	64%
	<b>Sub-total</b>	<b>215,143,467</b>	<b>149,061,602</b>	<b>69%</b>	<b>329,608,078</b>	<b>248,728,904</b>	<b>75%</b>
Education and Vocational Training	Recurrent	648,642,285	579,397,403	89%	317,462,238	297,077,313	94%
	Development	81,170,130	75,863,745	93%	191,566,245	173,471,592	91%
	<b>Sub-total</b>	<b>729,812,415</b>	<b>655,261,148</b>	<b>90%</b>	<b>509,028,483</b>	<b>470,548,905</b>	<b>92%</b>
Health Services	Recurrent	1,724,388,861	1,646,071,790	96%	1,757,994,705	1,678,378,343	95%
	Development	167,136,481	147,031,166	90%	351,815,497	155,128,377	44%

	<b>Sub-total</b>	<b>1,891,525,342</b>	<b>1,793,102,956</b>	<b>95%</b>	<b>2,109,810,202</b>	<b>1,833,506,720</b>	<b>87%</b>
Lands Housing and Physical Planning	Recurrent	69,618,131	67,446,500	97%	85,779,579	82,739,111	96%
	Development	177,709,129	151,329,847	85%	63,568,457	52,154,152	82%
	<b>Sub-total</b>	<b>247,327,260</b>	<b>218,776,347</b>	<b>88%</b>	<b>149,348,036</b>	<b>134,893,263</b>	<b>90%</b>
Roads Transport and Public Works	Recurrent	90,040,819	87,709,530	97%	138,198,631	123,199,712	89%
	Development	460,114,885	344,688,731	75%	476,967,698	365,963,049	77%
	<b>Sub-total</b>	<b>550,155,704</b>	<b>432,398,261</b>	<b>79%</b>	<b>615,166,329</b>	<b>489,162,761</b>	<b>80%</b>
Trade, Tourism and Cooperative development	Recurrent	47,137,690	45,954,206	97%	37,926,443	35,578,024	94%
	Development	39,759,239	15,273,038	38%	42,572,394	28,947,825	68%
	<b>Sub-total</b>	<b>86,896,929</b>	<b>61,227,244</b>	<b>70%</b>	<b>80,498,837</b>	<b>64,525,849</b>	<b>80%</b>
Gender Youth and Social services	Recurrent	50,194,199	48,897,479	97%	64,192,220	52,265,245	81%
	Development	69,719,879	68,483,373	98%	35,107,032	47,838,930	136%
	<b>Sub-total</b>	<b>119,914,078</b>	<b>117,380,852</b>	<b>98%</b>	<b>99,299,252</b>	<b>100,104,175</b>	<b>101%</b>
Public Service Board	Recurrent	52,646,929	49,464,019	94%	66,113,090	57,473,286	87%
	Development	0	0	0%	0	0	0%
	<b>Sub-total</b>	<b>52,646,929</b>	<b>49,464,019</b>	<b>94%</b>	<b>66,113,090</b>	<b>57,473,286</b>	<b>87%</b>
Public Service Management	Recurrent	287,900,739	286,394,033	99%	308,395,321	287,896,018	93%
	Development	0	0	0%	0	0	0%
	<b>Sub-total</b>	<b>287,900,739</b>	<b>286,394,033</b>	<b>99%</b>	<b>308,395,321</b>	<b>287,896,018</b>	<b>93%</b>
Nyamira Municipality	Recurrent	66,000,000	45,009,637	68%	56,504,719	50,207,972	89%
	Development	225,149,600	19,534,155	9%	325,685,414	79,165,300	24%
	<b>Sub-total</b>	<b>291,149,600</b>	<b>64,543,792</b>	<b>22%</b>	<b>382,190,133</b>	<b>129,373,272</b>	<b>34%</b>
County Totals	<b>Recurrent</b>	<b>5,045,477,858</b>	<b>4,798,991,176</b>	<b>95%</b>	<b>4,657,803,571</b>	<b>4,276,650,981</b>	<b>92%</b>
	<b>Development</b>	<b>1,956,498,904</b>	<b>1,233,828,011</b>	<b>63%</b>	<b>2,142,444,031</b>	<b>1,396,011,848</b>	<b>65%</b>
	<b>Totals</b>	<b>7,001,976,762</b>	<b>6,032,819,187</b>	<b>86%</b>	<b>6,800,247,602</b>	<b>5,672,662,829</b>	<b>83%</b>

*Source: County Treasury 2021*

From the analysis, it can be seen that the absorption rates for the recurrent and development expenditures for the year 2020/2021 have significantly varied from the previous year 2019/2020. Overall budget absorption rate also varied from 86% to 83%, indicating a 3% decrease.

**Table 4: Shows Budget Expenditure by Programmes and Sub-Programmes**

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance
<b>101005260</b>		<b>Policy planning, general administration and support services</b>	<b>1,033,953,226</b>	<b>862,559,042</b>	<b>171,394,184</b>
	101015260	General administration and support services	<b>953,246,194</b>	787,077,492	<b>166,168,702</b>
	101025260	Policy and planning	<b>80,707,032</b>	75,481,551	<b>5,225,482</b>
<b>102005260</b>		<b>Crop, agribusiness and land management services</b>	<b>273,229,881</b>	<b>272,862,376</b>	<b>367,505</b>
	102015260	CROP DEVELOPMENT SERVICES	<b>273,229,881</b>	272,862,376	<b>367,505</b>
<b>103005260</b>		<b>FISHERIES DEVELOPMENT AND PROMOTION SERVICES</b>	<b>24,908,549</b>	<b>24,901,613</b>	<b>6,936</b>
	103015260	AQUACULTURE PROMOTION SERVICES	<b>24,908,549</b>	24,901,613	<b>6,936</b>
<b>104005260</b>		<b>Livestock promotion and development</b>	<b>106,235,800</b>	<b>101,737,598</b>	<b>4,498,202</b>
	104015260	LIVESTOCK PRODUCTS VALUE ADDITION AND MARKETING	<b>71,363,416</b>	71,332,220	<b>31,196</b>
	104025260	ANIMAL HEALTH AND DISEASE MANAGEMENT	<b>34,872,384</b>	30,405,378	<b>4,467,006</b>
<b>105005260</b>		<b>Physical planning and surveying services</b>	<b>9,610,898</b>	<b>9,324,097</b>	<b>286,801</b>
	105015260	PHYSICAL PLANNING	<b>4,610,898</b>	4,411,897	<b>199,001</b>
	105025260	Surveying services	<b>5,000,000</b>	4,912,200	<b>87,800</b>
<b>106005260</b>		<b>Housing improvement development</b>	<b>20,127,378</b>	<b>17,527,020</b>	<b>2,600,358</b>
	106015260	HOUSING IMPROVEMENT SERVICES	<b>20,127,378</b>	17,527,020	<b>2,600,358</b>
<b>107005260</b>		<b>Management and development of towns</b>	<b>38,558,161</b>	<b>30,332,014</b>	<b>8,226,148</b>
	107015260	TOWN MANAGEMENT AND COORDINATION	<b>38,558,161</b>	30,332,014	<b>8,226,148</b>
<b>201005260</b>		<b>General administration, planning and support services</b>	<b>92,750,655</b>	<b>77,759,164</b>	<b>14,991,491</b>
	201055260	Administration and support services	<b>86,987,002</b>	73,996,774	<b>12,990,228</b>
	201065260	Policy and planning	<b>5,763,653</b>	3,762,390	<b>2,001,263</b>
<b>202005260</b>		<b>Roads development and management</b>	<b>522,415,674</b>	<b>421,403,597</b>	<b>101,012,077</b>
	202025260	Construction of roads and bridges	<b>220,994,082</b>	176,280,838	<b>44,713,244</b>
	202035260	Rehabilitation and maintenance of Roads	<b>281,538,958</b>	225,240,530	<b>56,298,428</b>
	202045260	Infrastructural development and fire safety	<b>19,882,634</b>	19,882,229	<b>405</b>



<b>301005260</b>		<b>Policy planning, general administration and support services</b>	<b>22,465,837</b>	<b>18,061,513</b>	<b>4,404,324</b>
	301015260	General administration and support services	<b>20,736,185</b>	16,489,813	<b>4,246,372</b>
	301025260	Policy and planning services	<b>1,729,652</b>	1,571,700	<b>157,952</b>
<b>302005260</b>		<b>Trade, cooperative and investment development and promotion</b>	<b>56,144,000</b>	<b>45,097,937</b>	<b>11,046,063</b>
	302015260	Cooperative promotion	<b>16,899,606</b>	16,449,672	<b>449,934</b>
	302025260	Trade promotion	<b>39,244,394</b>	28,648,265	<b>10,596,129</b>
<b>303005260</b>		<b>Tourism development and promotion</b>	<b>1,889,000</b>	<b>1,366,400</b>	<b>522,600</b>
	303015260	Tourism promotion and management	<b>1,889,000</b>	1,366,400	<b>522,600</b>
<b>401000000</b>		<b>Preventive &amp; Promotive Health Services</b>	<b>541,025,322</b>	<b>536,965,058</b>	<b>4,060,264</b>
	401019999	Health Promotion	<b>533,304,808</b>	530,795,656	<b>2,509,152</b>
	401059999	Communicable Disease Control	<b>7,720,514</b>	6,169,402	<b>1,551,112</b>
<b>401005260</b>		<b>General adm, planning &amp; support services</b>	<b>141,936,735</b>	<b>139,988,948</b>	<b>1,947,787</b>
	401015260	Administration support services	<b>141,936,735</b>	139,988,948	<b>1,947,787</b>
<b>402005260</b>		<b>Curative health services</b>	<b>1,426,848,145</b>	<b>1,156,552,714</b>	<b>270,295,431</b>
	402015260	Medical services	<b>1,426,848,145</b>	1,156,552,714	<b>270,295,431</b>
<b>501005260</b>		<b>General administration, policy planning &amp; support services</b>	<b>41,639,332</b>	<b>28,052,336</b>	<b>13,586,996</b>
	501015260	General administration	<b>34,226,832</b>	22,077,836	<b>12,148,996</b>
	501025260	Planning policy	<b>7,412,500</b>	5,974,500	<b>1,438,000</b>
<b>502005260</b>		<b>ECDE and CCC development services.</b>	<b>265,168,721</b>	<b>250,291,328</b>	<b>14,877,393</b>
	502015260	ECDE and CCC management services	<b>265,168,721</b>	250,291,328	<b>14,877,393</b>
<b>503005260</b>		<b>Vocational development and training services</b>	<b>193,720,430</b>	<b>192,205,240</b>	<b>1,515,190</b>
	503015260	Vocational management management services	<b>193,720,430</b>	192,205,240	<b>1,515,190</b>
<b>504005260</b>		<b>Information and communication technology services</b>	<b>86,357,675</b>	<b>81,743,983</b>	<b>4,613,692</b>
	504025260	ICT infrastructural services	<b>86,357,675</b>	81,743,983	<b>4,613,692</b>
<b>701005260</b>		<b>General Administration, Planning and Support Services</b>	<b>494,470,523</b>	<b>436,176,883</b>	<b>58,293,640</b>
	701015260	General administration support services	<b>289,678,478</b>	260,749,202	<b>28,929,276</b>
	701025260	Policy development and support services	<b>184,707,465</b>	156,834,050	<b>27,873,415</b>
	701035260	Supply chain management	<b>18,047,580</b>	16,794,581	<b>1,252,999</b>
	701075260	Communication services	<b>2,037,000</b>	1,799,050	<b>237,950</b>
<b>702005260</b>		<b>General Administration, Planning and Support Services</b>	<b>63,763,307</b>	<b>59,923,321</b>	<b>3,839,986</b>

	702015260	Economic planning and coordination	49,469,552	46,699,211	2,770,341
	702025260	Budget formulation and management	14,293,755	13,224,110	1,069,645
<b>704005260</b>		<b>General Administration, Planning and Support Services</b>	<b>105,658,642</b>	<b>85,359,870</b>	<b>20,298,772</b>
	704015260	Accounting and financial services	90,323,155	71,725,720	18,597,435
	704025260	Audit services	15,335,487	13,634,150	1,701,337
<b>705005260</b>		<b>General Administration, Planning and Support Services</b>	<b>226,622,975</b>	<b>151,684,708</b>	<b>74,938,267</b>
	705015260	external Resource mobilization	75,000,000	573,200	74,426,800
	705025260	internal Resource mobilization	151,622,975	151,111,508	511,467
<b>706005260</b>		<b>General Administration, Planning and Support Services</b>	<b>20,850,000</b>	<b>16,833,701</b>	<b>4,016,299</b>
	706025260	Executive management and liason services	20,850,000	16,833,701	4,016,299
<b>708005260</b>		<b>General Administration, Planning and Support Services</b>	<b>41,504,000</b>	<b>36,999,940</b>	<b>4,504,060</b>
	708015260	Committees management services	41,504,000	36,999,940	4,504,060
<b>709005260</b>		<b>General Administration, Planning and Support Services</b>	<b>396,974,475</b>	<b>304,339,658</b>	<b>92,634,817</b>
	709015260	Legislation	270,296,269	260,340,477	9,955,792
	709025260	Representation and infrastructural development	126,678,206	43,999,181	82,679,025
<b>710005260</b>		<b>General Administration, Planning and Support Services</b>	<b>67,870,346</b>	<b>60,049,524</b>	<b>7,820,822</b>
	710015260	Field coordination and administration	28,419,718	26,040,458	2,379,260
	710025260	Policy development and support services	8,555,000	3,767,584	4,787,416
	710035260	Human resource management	30,729,628	30,085,482	644,146
	710045260	Human resource development	166,000	156,000	10,000
<b>902005260</b>		<b>Sports</b>	<b>67,826,747</b>	<b>57,246,674</b>	<b>10,580,073</b>
	902015260	Community Development	48,384,710	48,116,099	268,611
	902035260	Cultural promotion heritage	19,442,037	9,130,575	10,311,462
<b>1001005260</b>		<b>General Administration, Planning and Support Services</b>	<b>147,372,626</b>	<b>136,089,083</b>	<b>11,283,543</b>
	1001015260	General administration and support services	128,175,336	120,003,235	8,172,101
	1001025260	Policy and planning	19,197,290	16,085,848	3,111,442
<b>1002005260</b>		<b>Natural Resources and Conservation Management</b>	<b>13,275,460</b>	<b>2,948,660</b>	<b>10,326,800</b>
	1002035260	Other energy sources promotion	13,275,460	2,948,660	10,326,800
<b>1003005260</b>		<b>Natural Resources and Conservation Management</b>	<b>238,552,993</b>	<b>148,509,689</b>	<b>90,043,304</b>

	1003025260	Rural water services	<b>238,552,993</b>	148,509,689	<b>90,043,304</b>
<b>1004005260</b>		<b>Water Resources Management</b>	<b>16,520,089</b>	<b>16,520,088</b>	<b>1</b>
	1004025260	Agroforestry promotion	<b>16,520,089</b>	16,520,088	<b>1</b>
		<b>Grand Total</b>	<b>6,800,247,602</b>	<b>5,781,413,775</b>	<b>1,018,833,827</b>

*Source: County treasury 2021*

## CHAPTER THREE

### 3.0 RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

#### 3.1 Overview

In 2020/2021, the Kenyan economy was adversely affected by the outbreak of Covid-19 Pandemic and the swift containment measures, which did not only disrupt the normal lives and livelihoods, but also to a greater extent businesses and economic activities. As a result, the economy contracted by 5.7 percent in the second quarter of 2020/2021 from a growth of 4.9 percent in the first quarter in 2020/2021. The economy was therefore estimated to slow down to a growth of around 0.6 percent in 2020/2021 from the earlier projection of 2.6 percent in the 2020 Budget Review and Outlook Paper (BROP). Economic growth is projected to recover to 6.4 percent in 2021 due to in part, the lower base effect in 2020.

The economy continues to register macroeconomic stability with low and stable interest rates and a competitive exchange rate that support exports. Year-on-year overall inflation remained within the Government target range of  $5\pm 2.5$  percent in December 2020 at 5.6 percent from 5.8 percent in December 2019. This lower inflation was mainly supported by a reduction in food prices.

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

#### 3.2 Recent Economic Developments and Outlook

##### 3.2.1 Global and Regional Economic Developments

The outbreak and spread of the Covid-19 Pandemic and the ensuing containment measures have devastated global economies. As a result, the global economy was projected to contract by 4.4 percent in 2020 from a growth of 2.8 percent in 2019 (**Table 1**). This economic outlook is worse than the growth reported during the 2008 - 2009 global financial crisis.

Advanced economies are projected to contract by 5.8 percent in 2020 from a growth of 1.7 percent in 2019. Significant contraction of the economy is projected in the United States (-4.3

percent), Japan (-5.3 percent) and the United Kingdom (9.8 percent). Growth in the Euro area is expected to contract by 8.3 percent in 2020 from a growth of 1.3 percent in 2019.

The emerging markets and developing economies were also projected to contract by 3.3 percent in 2020 from a growth of 3.7 percent in 2019. All major economies are projected to contract in 2020 except China which is projected to grow by 1.9 percent, a slowdown from a growth of 6.1 percent in 2019.

- **Global Economic Growth, Percent**

<b>Economy</b>	<b>2019</b>	<b>2020*</b>	<b>2021**</b>
World	2.8	(4.4)	5.2
Advanced Economies	1.7	(5.8)	3.9
Of which: USA	2.2	(4.3)	3.1
Emerging and Developing Economies	3.7	(3.3)	6.0
Of which: China	6.1	1.9	8.2
India	4.2	(10.3)	8.8
Sub-Saharan Africa	3.2	(3.0)	3.1
Of which: South Africa	0.2	(8.0)	3.0
Nigeria	2.2	(4.3)	1.7
EAC-5	6.2	1.0	4.5
Of which: Kenya***	5.4	0.6	6.4
<i>* Estimate    ** Projected</i>			
<i>EAC-5: Burundi, Kenya, Rwanda, Tanzania and Uganda</i>			

- **Source of Data: October 2020 WEO; \*\*\*Projections by the National Treasury**

The Sub-Saharan African region has not been spared the negative impact of the pandemic with the region projected to contract by 3.0 percent in 2020 from a growth of 3.2 percent in 2019. The largest impact of the crisis on growth has been for tourism-dependent economies, while commodity-exporting countries have also been hit hard. Growth in more diversified economies will slow significantly, but in many cases will still be positive in 2020.

Growth in the East African Community (EAC) region is estimated to slow down to 1.0 percent in 2020 compared to a growth of 6.2 percent in 2019. This growth will be supported by positive growths in Kenya, Tanzania and Rwanda. Economic activities in Burundi and Uganda are expected to contract in 2020.

### **3.2.2 National Performance review and Outlook**

Prior to the outbreak of Covid-19 pandemic, Kenya's economy was strong and resilient despite the challenging global environment. The broad-based economic growth for 2018 and 2019 averaged 5.9 percent outperforming the 5.5 percent for the previous 5 years (2013 to 2017) and the average growth rate of 4.7 percent in the period 2008 to 2012.

According to the Economic Survey 2021, Real Gross Domestic Product (GDP) is estimated to have contracted by 0.3 per cent in 2020 compared to a growth of 5.0 per cent in 2019. The contraction was spread across all sectors of the economy but was more dismal in accommodation and food serving activities, education, professional and administrative service activities. Agriculture, Forestry and Fishing activities were however more vibrant in 2020 despite a contraction in global demand in 2020. The sector grew by 4.6 per cent in 2020 compared to 2.3 per cent growth in 2019. Manufacturing sector growth slowed down from 2.8 per cent in 2019 to 0.2 percent in 2020. Despite most sectors recording contraction in growths, the economy was somewhat supported by accelerated growths in agricultural production (4.8 per cent), construction activities (11.8 per cent), financial and insurance activities (5.6 per cent) and health services activities (6.7 per cent).

In the review period, monetary policy was premised on the need to cushion the economy from the adverse effects of the COVID-19 pandemic containment measures, supporting liquidity and credit access. Central Bank Rate (CBR) was reviewed downwards from 8.50 per cent in November 2019 to 8.25 per cent in January 2020 and maintained 7.00 per cent until the end of 2020. The weighted average interest rates for commercial bank loans and advances declined from 12.24 per cent in 2019 to 12.02 percent in 2020.

Agriculture remained the dominant sector, accounting for 23.0 per cent of the total value of the economy in 2020. Industry related activities accounted for 17.1 per cent of the total contribution in GDP growth in the same period. Nominal GDP increased from KSh 10,255.7 billion in 2019 to KSh 10,753.0 billion in 2020. Similarly, gross domestic expenditure at current prices increased from KSh 11,123.0 billion in 2019 to KSh 11,667.7 billion in 2020. Gross National Disposable Income increased from KSh 10,630.4 billion in 2019 to KSh 11,100.4 billion in 2020. Gross domestic product per capita in constant prices however declined from KSh 183,664.1 in 2019 to KSh 179,021.6 in 2020.

## Sectoral Real GDP Growth rates, Percent

Sectors	Sector Growth (%)									
	2018				2019				2020	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>Primary Industry</b>	6.6	5.8	6.6	3.7	4.6	3.0	2.5	3.8	5.1	6.5
Agriculture, Forestry and Fishing	6.7	5.9	6.8	3.9	4.7	2.9	2.4	4.0	4.9	6.4
Mining and Quarrying	3.1	3.5	3.2	1.2	1.4	5.0	3.4	0.3	9.5	10.0
<b>Secondary Sector (Industry)</b>	4.6	5.1	6.2	6.7	4.9	5.4	4.7	4.0	4.1	(1.0)
Manufacturing	3.2	3.9	5.1	5.2	3.5	4.0	3.2	2.3	2.9	(3.9)
Electricity and Water supply	6.1	8.3	8.1	9.5	7.8	7.3	6.4	6.4	6.3	(0.6)
Construction	6.7	5.6	7.3	7.7	6.1	7.2	6.6	5.7	5.3	3.9
<b>Tertiary sector (Services)</b>	6.2	6.0	6.6	8.0	6.4	6.8	6.7	6.8	5.4	(11.0)
Wholesale and Retail trade	5.6	6.5	7.3	7.9	6.3	7.8	6.1	6.4	6.4	(6.9)
Accommodation and Restaurant	13.3	15.1	15.5	21.5	11.0	12.1	9.9	9.0	(9.3)	(83.3)
Transport and Storage	6.5	6.6	8.5	11.8	6.4	7.6	7.6	9.2	6.1	(11.6)
Information and Communication	13.2	11.7	9.8	10.6	10.2	7.8	8.1	9.4	9.7	4.3
Financial and Insurance	4.0	3.5	5.1	8.5	6.3	5.2	8.1	6.6	6.2	4.2
Public Administration	5.5	6.1	7.1	8.1	8.9	8.7	8.4	6.2	6.7	5.7
Others	5.1	5.0	4.9	4.8	4.8	5.8	5.6	5.2	4.6	(19.2)
of which Real Estate	5.2	4.5	3.8	3.1	4.8	6.0	5.5	5.1	4.3	2.2
Education	5.3	5.2	5.5	7.0	4.3	6.0	6.0	5.5	5.3	(56.2)
Health	4.1	3.4	5.3	4.5	5.4	6.2	5.5	6.2	5.8	10.3
Taxes less subsidies	6.1	6.0	6.2	4.3	4.7	4.0	4.2	4.5	3.4	(14.2)
<b>Real GDP</b>	6.2	6.0	6.6	6.5	5.5	5.3	5.2	5.5	4.9	(5.7)
of which Non-Agriculture	6.0	6.0	6.6	7.5	5.9	6.4	6.2	6.0	5.2	(8.5)

4 *Source of Data: Kenya National Bureau of Statistics*

The agriculture sector recorded an improved growth of 6.4 percent in the second quarter of 2020 compared to a growth of 2.9 percent in the corresponding quarter of 2019. The sector's performance was supported by a notable increase in tea production, cane deliveries, milk intake and fruit exports. The sector's contribution to GDP growth was at 1.5 percentage points in the second quarter of 2020 compared to 0.7 percentage points over the same period in 2019.

The non-agriculture (service and industry) sectors was adversely affected by the Covid-19 pandemic during the second quarter of 2020. As a result, the sector contracted by 8.5 percent in the second quarter of 2020 down from a growth of 6.4 percent in a similar quarter in 2019. The sector's contribution to real GDP was 5.6 percentage points in the second quarter of 2020 compared to a contribution of 4.3 percentage points in the same quarter of 2019.

Services sector contracted by 11.0 percent in the second quarter of 2020 compared to a growth of 6.8 percent in the same quarter in 2019. The decline was largely characterized by substantial contractions in Accommodation and Food Services (83.3 percent), Education (56.2 percent), and Transportation and Storage (11.6 percent). Growth in the service sub-sector was mainly supported by financial and Insurance, Information and communication and Public Administration. The Services sub-sector contributed -5.4 percentage point to real GDP growth

in the second quarter of 2020 compared to the 3.3 percentage point contribution in the same quarter of 2019.

**Core inflation (Non-Food-Non-Fuel)** contribution to inflation remain low at 0.8 percent in December 2020 compared to 0.4 percent in December 2019 reflecting muted demand pressures in the economy on account of prudent monetary policies. However, the contribution of fuel inflation to overall year-on-year inflation rose to 1.7 percent in December 2020 from 0.6 percent in December 2019 on account of increasing international fuel prices.

The major driver of the overall inflation has been food inflation, but its contribution to overall inflation has declined from 4.5 percent in December 2019 to 2.9 percent in December 2020 on account of a reduction in food prices.

## **5 Kenya Shilling Exchange Rate**

The foreign exchange market has largely remained stable but was partly affected by a significant strengthening of the US Dollar in the global markets and uncertainty with regard to the Covid-19 pandemic. In this regard, the Kenya Shilling to the dollar exchanged at Ksh 110.6 in December 2020 compared to Ksh 101.5 in December 2019.

## **6 Interest Rates**

Short-term interest rates remained fairly low and stable. The Central Bank Rate was retained at 7.00 percent on November 26, 2020 same as in April 2020 to signal lower lending rates in order to support credit access by borrowers especially the Small and Medium Enterprises, distressed by COVID-19 pandemic. The interbank rate declined to 5.1 percent in December 2020 from 6.0 percent in December 2019 in line with the easing of the monetary policy and adequate liquidity in the money market.

The 91-day Treasury Bills rate was at 6.9 percent in December 2020 from 7.2 percent in December 2019. Over the same period, the 182-day Treasury Bills rate declined to 7.4 percent from 8.2 percent while the 364-day decreased to 8.3 percent from 9.8 percent.

## **7 Fiscal Performance**

Budget execution in the first half for the FY 2020/21 was hampered by revenue shortfalls and rising expenditure pressures. The shortfalls in revenues reflect the weak business environment and the impact of the tax reliefs implemented in April 2020 to support people and businesses from the adverse effect of Covid-19 Pandemic. Revenues are expected to progressively improve



in the second half of the fiscal year following the gradual reopening of the economy and the increased demand for imports as well as improved domestic sales. Revenue performance is also expected to get a boost from reversal of tax reliefs, introduced in April 2020, effective January 2021.

The Government has embarked on expenditure rationalization and prioritization to ensure that expenditures are on the most impactful programmes that yield the highest welfare benefits to Kenyans.

## **8 Revenue Performance**

Revenue collection to December 2020 declined by 14.0 percent compared to a growth of 17.1 percent in December 2019. This decline is attributed to the difficult operating environment due to the Covid-19 pandemic which has been adversely affecting revenue performance from March 2020. The cumulative total revenue - inclusive of Ministerial Appropriation in Aid (AiA) amounted to Ksh 800.1 billion against a target of Ksh 907.7 billion, with shortfalls recorded in both ordinary revenues (Ksh 75.8 billion) and Ministerial A-I-A (Ksh 31.8 billion).

Ordinary revenue collection to December 2020 amounted to Ksh 726.4 billion which was a contraction of 15.3 percent compared to a growth of 18.8 percent over the same period in 2019. The contraction was due to a decline in growth of all broad categories of ordinary revenues except import duty which grew by 0.5 percent during the review period. Specifically; Income tax declined by 15.8 percent, Value Added Tax (VAT) declined by 15.3 percent and Excise taxes declined by 0.6 percent.

## **9 Expenditure Performance**

Total expenditure and net lending for the period ending December 2020 amounted to Ksh 1,191.0 billion which was below the projected amount by Ksh 67.9 billion. Recurrent spending amounted to Ksh 798.7 billion while development expenditures amounted to Ksh 262.8 billion. Transfer to County Governments amounted to Ksh. 129.5 billion of which the equitable share amounted to Ksh. 115.0 billion.

Recurrent spending was below the projected target by Ksh 44.3 billion mainly on account of lower than targeted expenditure on operation and maintenance, attributed to scaled down operations of the National Government in first quarter of the FY 2020/21 due to Covid-19 Pandemic and lower than projected payments in compensation of employees, pension and

foreign interest. Development expenditure was also below target by Ksh 6.8 billion on account of below target disbursement of foreign financed payments by Ksh 48.8 billion. Disbursement to domestically financed programmes was above target by Ksh 44.7 billion.

Fiscal operations of the Government by end of December 2020 resulted in an overall deficit, including grants of Ksh 362.6 billion against a projected deficit of Ksh 371.8 billion. This deficit was financed through net domestic borrowing of Ksh 345.4 billion and net foreign financing of Ksh 17.2 billion.

### **3.3 ECONOMIC OUTLOOK**

Globally, most of the developing economies are projected to experience a more challenging recovery from the COVID-19 pandemic compared to their developed economies counterpart. This is largely so because of the uneven access to COVID-19 vaccine which is therefore likely to impact negatively on the full resumption of economic activities in the developing economies. The global economic growth is expected to rebound to 5.6 per cent in 2021. Consequently, the volume of world merchandise trade is projected to expand by 8.0 per cent in 2021 after a contraction of 5.3 per cent in 2020. The growth in the world trade is expected to boost external demand for Kenya's products and thereby likely to augment the country's economic growth.

Domestically, oil prices have been rising significantly in response to the global price rise. On average, the international oil prices are likely to be higher by over 50 per cent in 2021 compared to 2020. Effectively then, oil prices in Kenya will probably remain high and therefore counterproductive to economic growth. On average, inflation was lower in the first quarter of 2021 compared to a similar quarter of 2020. However, there was a significant rise in the inflation rate during the second quarter and it is likely that this trend will continue in the second half of 2021 partly due to higher energy and transportation prices.

The country has so far experienced below normal rainfall in the first half of 2021. However, the weather forecast points to the possibility of the short rains being better in most parts of the country later in the year. Output of the agriculture sector, which is largely rain fed, is therefore likely to be lower than the 2020 level. Full resumption of activities in the education sector and the hotel industry that were almost halted for the better part of 2020, is likely to significantly boost the growth. To a lesser extent, other key sectors like manufacturing and transportation are

likely to rebound and support the country's economic growth. Given that most of the key macroeconomic indicators will most probably remain stable and supportive of growth in 2021, the economy is therefore expected to record a significant rebound in 2021.

The economy grew by 4.9 percent in the first quarter of 2020 compared to a growth of 5.5 percent in the first quarter of 2019. The slowdown in quarter one was as a result of the decline in economic activities in most of the country's major trading partners due to the uncertainty associated with the Covid-19 pandemic.

### **3.4 OUTLOOK FISCAL POLICY**

Going forward into the medium term, the Government will continue with its expenditure prioritization policy 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, creation of employment opportunities and improving the general welfare of the people. This will curtail growth in public expenditures to ensure it attains its fiscal consolidation path over the medium term and it will ensure debt is maintained within sustainable levels. The fiscal deficit is expected to decline from 7.8 percent of GDP in FY 2019/20 to around 3.6 percent of GDP by FY 2024/25.

To achieve this target, the Government will continue to restrict growth in recurrent spending and double its effort in domestic resource mobilization. In the FY 2019/20, the Government is implementing a raft of tax policy measures through the Tax Amendment Law and the Finance Act, 2020. Revenue performance will be underpinned by the on-going reforms in tax policy and revenue administration and boosted by economic recovery occasioned by the Economic Stimulus Programme and the planned Post Covid-19 Economic Recovery Strategy.

Further, Public Investment Management (PIM) Unit at the National Treasury continues to play a great role in enhancing efficiency in identification and implementation of priority social and investment projects. This takes into account the Government's efforts to increase efficiency, effectiveness, transparency and accountability of public spending. In particular, the implementation of PIM regulations under the PFM Act, 2012 will streamline the initiation, execution and delivery of public investment projects. It will also curtail runaway project costs, eliminate duplications and improve working synergy among implementation actors for timely delivery of development projects.

In this regard, expenditures as a share of GDP are projected to decline from 25.2 percent in the FY 2019/20 to 25.9 percent in the FY 2020/21 and further to 21.6 percent in the FY 2024/25. On the other hand, revenues as a share of GDP are projected at 17.0 percent in FY 2019/20, 16.4 percent in FY 2020/21 and 17.7 percent in FY 2024/25.

The Government continues to implement initiatives to boost revenue performance and enhance tax compliance. These revenue supporting initiatives will over the medium to long term help in revenue recovery and drive revenue performance. The initiatives include:

- i. Reversal of tax cut measures put in place in April 2020 to cushion the economy from the impact of the COVID-19 pandemic. The reversal takes effect from January 2021;
- ii. Strengthening Audit function in the Domestic Taxes Department;
- iii. Enhanced Debt collection Programme that will leverage on the iTax debt module to reconcile and facilitate collection of debt;
- iv. Compliance level reviews with a focus on enforcement risk framework to support targeted enforcement;
- v. Enhanced Scanning through strengthening staff capacity in the scanner management unit;
- vi. Aiding the resolution of tax disputes through the Alternative Dispute Resolution (ADR);
- vii. Fast track conclusion cases before Tax Appeals Tribunal and Court Tax Appeals Tribunal & Court.

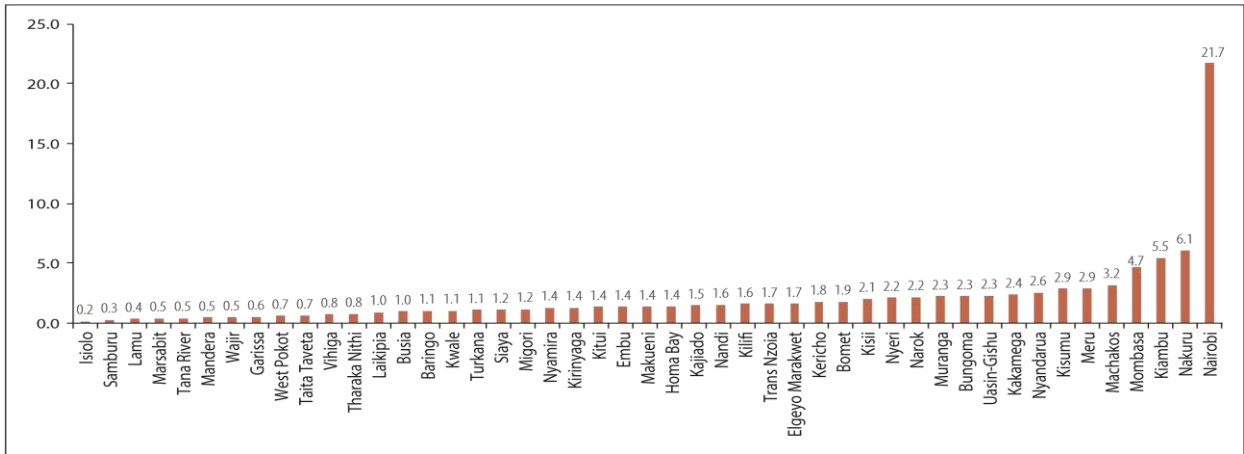
Looking ahead, economic growth is projected to slow down to 5.5 percent in 2022 (due to in part the uncertainty associated with the 2022 general elections) and recover to 6.1 percent by 2024. In terms of fiscal years, economic growth is projected to grow by 3.5 percent in FY 2020/21 and further to 6.2 percent over the medium term.

This growth outlook for the calendar year 2020 and the FY 2020/21 and the medium term, will be supported by the stable macroeconomic environment, ongoing investments in strategic priorities of the Government under the “Big Four” Agenda, the ongoing public investments in infrastructure projects, the Economic Stimulus Program being implemented and the planned Post Covid-19 Economic Recovery Strategy, turn around in trade as economies recover from Covid-19 Pandemic and expected favourable weather that will support agricultural output. These factors will push up consumer demand and increase both public and private sector investment reinforcing the projected growth. The economic growth projections over the medium term are aligned to those of the Third Medium Term Plan (2018-2022) which is implementing Vision 2030.

### 3.5 NYAMIRA COUNTY REVIEW AND OUTLOOK

Nyamira County contributes 1.4 per cent of the national GDP annually according to the Gross County Product (GCP) 2019 report. The GCP provides a benchmark for evaluating the growth of county economies over time.

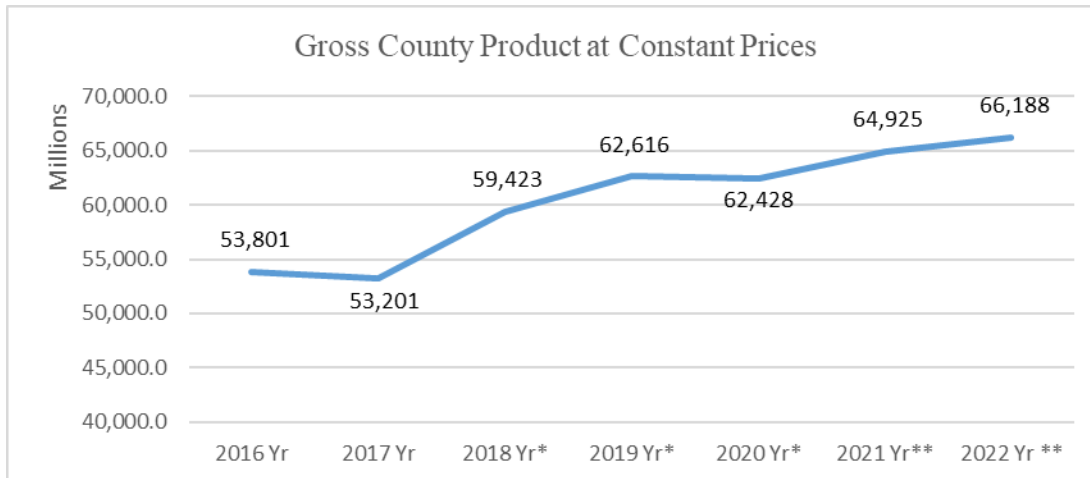
Share of Counties in GDP (2013-2017)



Source: KNBS Gross County Product (GCP) 2019 report

The agriculture sector remained afloat due to the bumper harvest experienced in the county in for various food and non-food products. Agricultural production is expected to increase due to the high rainfall being experienced. Implementing the post Covid-19 Economic Recovery Strategy, availability of favorable weather conditions and full reopening of the economy will spur grow of the county economy at a sustainable growth rate.

In 2021 and 2022, the county economy is expected to grow at a faster rate due to the stepwise resumption of normalcy and uptake of the COVID – 19 vaccines. Revamping and boosting agricultural production and value addition through government and private investment will accelerate economic growth.



***Nyamira GCP Projections at Constant Prices***

Source: KNBS

According to the Gross County Product (GCP) survey undertaken by KNBS and the pilot report shows that the average contribution per county to Gross Value Added (GVA) over the period 2013-2017 is approximately 2.1 percent. Nairobi takes the lead, contributing approximately 21.7 percent of GDP over the period, followed by Nakuru (6.1%), Kiambu (5.5%) and Mombasa (4.7%).

Nyamira County Government contributes 1.4 percent to the National real GDP. This ranks Nyamira County the fourth contributor to the National GDP in the Nyanza region with Kisumu being the biggest contributor with 2.9% followed by Kisii and Homa Bay at 2.1 and 1.4 percent respectively as shown in table below.

**Contribution of Nyanza Region Counties to National GDP**

Rank	Counties	% Share of Counties in GDP
1	Kisumu	2.9
2	Kisii	2.1
3	Homabay	1.4
4	Nyamira	1.4
5	Migori	1.2
6	Siaya	1.2

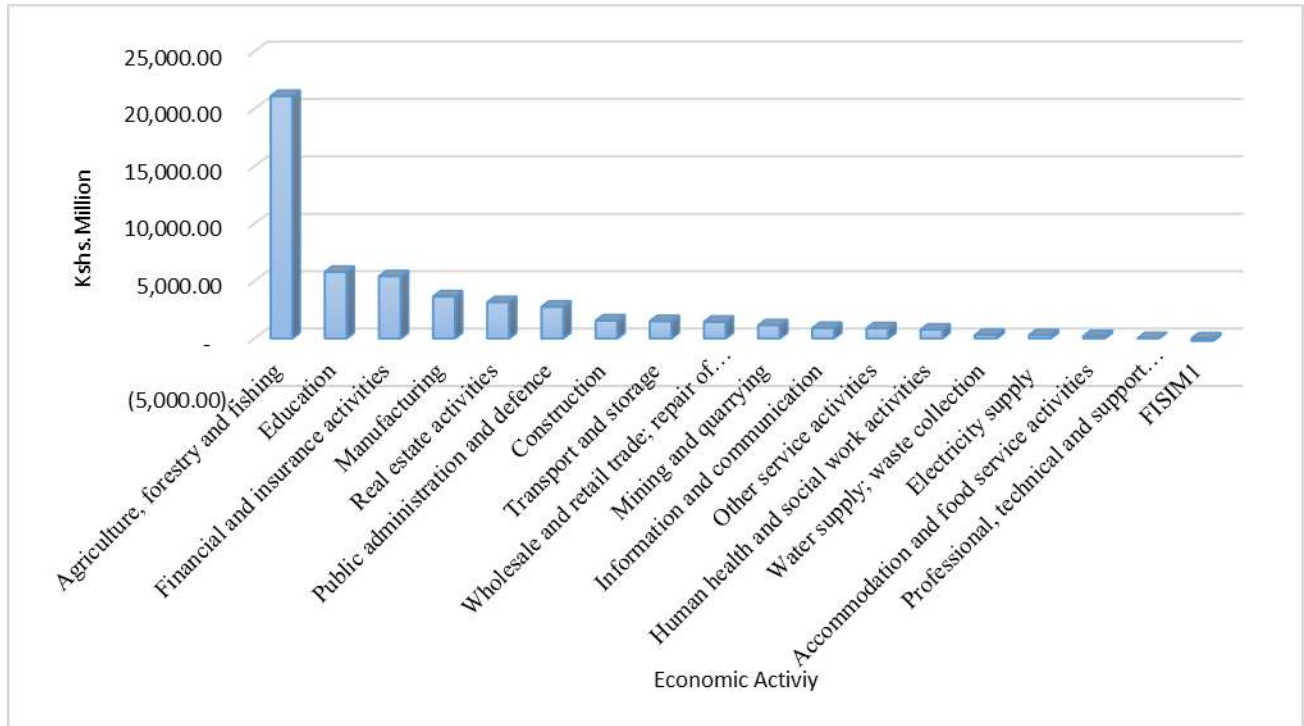
*Source: Kenya National Bureau of Statistics*

**3.5.1 Economic Activities performance**

According to the KNBS report, agriculture, forestry and fishing economic activities and was the highest contributor to Nyamira Gross county Product (GCP) and national Gross value added

(GVA) at Kshs.21.10 billion of Kshs. 957.58 billion contributed by all counties to the national GDP representing 2.2 percent.

### Nyamira Gross County Product by Economic Activities



*Source: Kenya National Bureau of Statistics*

From this data, it is evident that the investment that the county has done in agriculture is paying off. However, other economic activities require more attention to improve the people’s wellbeing.

### 3.6 NYAMIRA GROWTH OUTLOOK

Nyamira County is currently implementing the County Integrated Development Plan (CIDP) 2018-2022 with the objective to address the “Big Four” agenda. The outlook for the County is envisaged to invest in strategic areas over the medium term so as to maintain this socio-economic growth. These include health, agriculture and food security, infrastructure and environment. Other key areas that County will invest in are provision of water, trade, education and vocational training.

Over the medium-term, Nyamira County intends to foster development through the following interventions.

### **3.6.1 Agriculture, Livestock and Fisheries**

- 4 Adoption of modern and appropriate technologies
- 5 Setting up of demonstration centers for effective land use management.
- 6 Provision of subsidized farm inputs and certified seeds to boost production
- 7 Livestock improvement technologies through construction of value-addition chains
- 8 Management and stocking of fish ponds/dams

Additionally, through the World-Bank Grant-National Agricultural and Rural Inclusive Growth Project (NARIGP), the County will coordinate and implement these programmes to increase productivity and profitability.

### **3.6.2 Trade, Tourism and industry**

The County will endeavor to increase access to market opportunities that will promote competitiveness of Nyamira products. In order to establish a favorable environment for trading, the County will focus on following: -

- 9 Construction and upgrading of new market infrastructure. Social amenities infrastructure should be revamped for the benefit of the citizens and the county government
- 10 Protection and promotion of Tourism sites for revenue generation
- 11 Construction and revival of coffee milling plants, milk cooler units and banana processors. This touches on value addition initiatives
- 12 Organizing and supporting trade fairs and exhibitions for knowledge exchange

### **3.6.3 Infrastructural development and connectivity**

Infrastructure development is the key foundation to achieving economic posterity as it supports economic growth, improves the quality of life, and is necessary for county security. Sectors that are directly correlated to infrastructure development include transportation, power and communication facilities and social infrastructures. Under infrastructure, the County Government intends to;

- 13 Open, upgrade and manage road networks
- 14 Construction of Golan Heights – Nyamira High School – Nyabite Market Road (WB -UDG)
- 15 Improve drainage systems, street lighting of market centers,
- 16 Establish and management of mechanical asset systems,
- 17 Establish of disaster response and management unit,
- 18 Strengthen of public works i.e. Completion of County Headquarters, County Assembly offices and sports facilities.
- 19 Support and install Information, Communication Technology infrastructure

The County Government will further continue to open up new roads and improve the existing ones through the Roads Maintenance Levy Fund (RMLF).



### **3.6.4 Health Services**

Kenya aspires to have Universal Health Care (UHC) by the year 2022. This will be done by scaling up the National Health Insurance Fund (NHIF) and increasing 100% insurance coverage to the poor. As a result, Kenyans will be guaranteed access to medical care at minimal cost. Nyamira County Government will invest in enhancing access to essential health services through;

- 20 Provision of adequate infrastructure in the health facilities
- 21 Continuous recruitment, deployment and retention of qualified health professional's i.e. doctors, nurses and medical specialists
- 22 Establishment of additional well-equipped specialized units
- 23 Expanded training of adequate human resources for health.

The County applied the conditional grants and other resources from the National Government and development partners to improving access to quality health care. In addition, the county will avail resources towards the completion of the Nyamira County doctor's plaza and amenity wing to attract medical specialist.

### **3.6.5 Financial Management**

The County Government of Nyamira shall continue exercising macroeconomic stability through provision of a conducive environment to economic activities. Adoption and full utilization of the e-procurement platform would solve the delays in project execution and thus improve the development expenditure absorption rate.

In order to seal off local revenue leakages and enhance revenue administration, the county government has is in the process of finalizing revenue automation, which would in-turn cap the local revenue deficit. These efforts together with the full compliance of the Finance Management Amendment Act 2015 will lead to an expanded revenue base for the county.

On the expenditure side, the County Government will continue with optimization of development expenditures which has seen lower absorption rates compared to the recurrent expenditure. Efforts would be made to make sure the aggregate absorption rate moves from the current 86% to 90% and above. Adherence to the program based expenditure framework shall be done at all periods in project execution.

### **3.7 RISKS TO THE OUTLOOK**

- Risks from the global economies relate to persistence of the Covid-19 pandemic and required lockdowns, voluntary social distancing and its effect on consumption, the ability of laid off workers securing employment in other sectors, rising operating cost to make work places more hygienic and safe, reconfiguration of disrupted global supply chains, extent of cross-border spill overs occasioned by weaker external demand and funding shortfalls.
- On the domestic front, risks will emanate from weaker external demand, reduced tourist arrivals due the Covid-19 fears and restrictions and further restrictions of movement should they become necessary to control the surge in infections. In addition, the economy will continue to be exposed to risks arising from public expenditure pressures, particularly wage related recurrent expenditures and the erratic weather related shocks that could have negative impact on energy generation and agricultural output leading to higher inflation that could slow down growth.
- The wage bill ratio is currently high accounting at 49 percent of the budget against the recommended ceiling of 35 percent. The continued rise of the wage bill will have a negative impact on county operations and affect implementation of development projects.
- Effects of climate change affects agriculture which is the main driver of the county economy. Agriculture is negatively impacted by unreliable weather patterns and exposure to pest and disease as a result of climate change.
- Unmet revenue targets leading to budget deficits. This affects county operations and budget implementation.
- The Government is continually monitoring these risks and taking appropriate monetary and fiscal policy measures to preserve macroeconomic stability and strengthen resilience in the economy. To cushion the country against the downsides of the risks, the Government is implementing an Economic Stimulus Package to protect lives and livelihoods. Implementation of the “Big Four” Agenda will unlock better growth, and positively impact on the lives of people through jobs creation and poverty reduction. The

Government is also planning a Post Covid-19 Economic Recovery Strategy to return the economy on a stable growth path. Additionally, the diversified nature of our economy continues to offer resilience to any global challenges.

## **CHAPTER FOUR**

### **4.0 RESOURCE MOBILIZATION AND ALLOCATION FRAMEWORK**

#### **4.1 ADJUSTMENT TO 2021/2022 BUDGET ESTIMATES**

Formulation of the Nyamira County Fiscal structure was guided by the need to address various development issues affecting the County as a whole. Success of the development agenda could only be achieved through prudence in allocation and utilization of the available public resources, both external and internally generated. The budget process is linked to the County Integrated Development Plan 2018-2022, Annual Development Plan 2021/2022 and County Fiscal Strategy Paper 2021. In actualization of the articulated development objectives, there is need to augment the county resource mobilization to avoid budget deficits which in turn affect budget implementation.

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

- Any salary related deficiencies
- Pending Bills and Obligations for both recurrent and development expenditures
- Any foreseen or experienced revenue adjustments
- Interventions considered for other priority shifts

#### **4.2 DEVELOPMENT PRIORITY**

Priority would be given to:

- Clearing outstanding payments/retention towards completed development projects which were not provided for
- Payments to on-going projects to enable their completion
- Alignment of the development objectives to the Nyamira County Big Four Agenda which include: infrastructure, health, food security and agriculture and environment

For the county to achieve sustainable development, the above issues necessitate the review of the 2021/2022 budget estimates.

The PFM Act provisions guiding this planning and budgeting process are: The PFM Act Section 107(2) (a), stating that, “*the county government’s recurrent expenditure shall not exceed the county government’s total revenue*”, and Section 107(2) (b), stating that, “*over the medium term a minimum of thirty percent of the county government’s budget shall be allocated to the development expenditure*”.

#### **4.3 MEDIUM-TERM EXPENDITURE FRAMEWORK**

In actualizing medium-term expenditure framework, county priorities set in the CIDP 2018-2022 and the Annual Development Plan 2022/2023 shall take precedence as this form the basis of all resource allocations.

For the success of the MTEF framework, continuous improvement and up-scaling of Integrated Financial Management Information System (IFMIS) shall be done. To improve on efficiency in resource management, e-procurement shall also be widely disseminated and applied, with extreme employment of internal risk controls for checks and balances being fully observed.

As a mandatory requirement, stakeholder involvement and engagement shall duly be acknowledged. Such stakeholders include the citizenry, non-state actors, vulnerable groups, religious organizations, development partners, donors, private sector and national government among others. Collaboration with important institutions such as the National Treasury, the County Assembly, the Office of the Controller of Budget, Commission on Revenue Allocation, the Council of Governors, the Central Bank, and the Kenya School of Government among others shall be emphasized.

#### **4.4 BUDGET FRAMEWORK FOR FY 2022/2023**

The 2022/2023 budget framework is set against various policies set in the Kenya Constitution 2010, the PFM Act 2012, and the County Government Act 2012 among other legislations and County Planning Documents.

#### 4.4.1 Revenue projections 2022/2023

In the 2022/2023 financial year, the County projects to mobilize resources amounting to Kshs. 6,425,563,728 as detailed in table 6 below.

**Table 5: revenue Projections by Source**

GFS CODING	REVENUE SOURCES	Printed Estimate	Actual Received	Printed Estimate	Target Estimate	Projections	
		2020/2021	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
9910201	Unspent Balances	855,779,664	855,779,664	838,910,105	-	-	-
9910201	Equitable share	4,810,800,000	4,810,800,000	5,135,340,036	5,648,923,589	6,213,815,948	6,835,197,543
Various	Own Source Revenue	250,000,000	168,276,586	400,000,000	185,104,245	203,614,669	223,976,136
	<b>TOTAL</b>	<b>5,916,579,664</b>	<b>5,834,856,250</b>	<b>6,374,250,141</b>	<b>5,834,027,834</b>	<b>6,417,430,617</b>	<b>7,059,173,679</b>
<b>ADDITIONAL TRANSFERS FROM NATIONAL GOVERNMENT</b>						-	-
1330301	Development of youth polytechnics Grant	60,409,894	60,409,894	0	0	-	-
1330404	Compensation user fee forgone	13,175,221	13,175,221	0	0	-	-
3111504	Roads maintenance levy fund	146,215,617	146,215,617	0	0	-	-
	<b>TOTAL</b>	<b>219,800,732</b>	<b>219,800,732</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>
<b>CAPITAL GRANTS FROM DEVELOPMENT PARTNERS</b>						-	-
1320101	World Bank Loan for National and Rural inclusive growth project	198,509,110	175,682,713	275,417,324	289,188,190	318,107,009	349,917,710
1320101	Kenya Urban Support Programme (KUSP UDG)	114,705,300	30,479,584	0	-	-	-
1320101	World Bank grant (THSUC)	278,847,760	278,585,188	90,226,074	94,737,378	104,211,115	114,632,227
1320101	World Bank grant (KDSP) I	45,000,000	45,000,000	0	-	-	-
1320101	World Bank grant (KDSP) II	0	0	112,815,048	118,455,800	130,301,380	143,331,518
1540701	DANIDA	13,680,000	13,680,000	10,659,000	11,191,950	12,311,145	13,542,260
1320101	Agricultural Sector Development Support Programme II	13,125,036	12,625,861	24,250,072	25,462,576	28,008,833	30,809,716
154701	Kenya Second Informal Settlement Improvement (KISIP 2)	0	0	50,000,000	52,500,000	57,750,000	63,525,000
	<b>TOTAL</b>	<b>663,867,206</b>	<b>556,053,346</b>	<b>563,367,518</b>	<b>591,535,894</b>	<b>650,689,483</b>	<b>715,758,432</b>
<b>TOTAL</b>	<b>GRAND TOTAL</b>	<b>6,800,247,602</b>	<b>6,610,710,328</b>	<b>6,937,617,659</b>	<b>6,425,563,728</b>	<b>7,068,120,100</b>	<b>7,774,932,110</b>

Source: County Treasury 2021

The above estimates were made on assumption that the current development partners would continue supporting the county progressively. Thus, the resource envelop of the county would be financed through exchequer, grants and locally collected revenues.

### Local revenue projections 2022/2023

The County Government intends to collect a total of Ksh. 185,104,245 internally as indicated below. The revenue streams performance in the 2020/2021 financial year was used to make the revenue projections.

**Table 6: Summary Of Projected County Local Revenue 2022/2023**

QUARTER	APRIL Totals	Totals	Q 3 Totals	Q 4 Totals	Baseline Estimate2020/2021	Printed 2021/2022	Estimate	Target 2022/2023	Estimate	Projections	
										2020/2021	2021/2022
<b>DEPARTMENT OF FINANCE, ICT AND ECONOMIC PLANNING</b>											
Market Dues	392,180	1,853,130	1,815,950	1,912,830	5,974,090	15,893,889		6,571,499		7,228,649	7,951,514
Matatu fee/stickers	200,700	2,011,250	2,485,500	2,925,700	7,623,150	1,367,819		8,385,465		9,224,012	10,146,413
Daily Parking	906,300	903,250	1,383,500	449,900	3,642,950	17,031,622		4,007,245		4,407,970	4,848,766
Motor bike stickers	2,400	15,000	15,300	3,000	35,700	355,571		39,270		43,197	47,517
Storage charges	5,000	5,800	9,000	-	19,800	0		21,780		23,958	26,354
Impounding charges,penalties,finest	8,000	14,000	50,000	21,000	93,000	7,043,479		102,300		112,530	123,783
Market stall Rent	183,400	243,390	216,797	257,918	901,505	0		991,656		1,090,821	1,199,903
General Services/Periodick stickers	592,380	400,990	83,840	5,417,316	6,494,526	15,554,039		7,143,979		7,858,376	8,644,214

Miscellanoius	-	24,591	124,970	-	149,561	808,832	164,517	180,969	199,066
<b>Sub totals</b>	<b>2,290,360</b>	<b>5,471,401</b>	<b>6,184,857</b>	<b>10,987,664</b>	<b>24,934,282</b>	<b>58,055,251</b>	<b>27,427,710</b>	<b>30,170,481</b>	<b>33,187,529</b>
<b>DEPARTMENT OF LANDS,PHYSICAL PLANNING</b>									
Build Plan&Approval	864,400	620,000	585,400	588,000	2,657,800	8,183,925	2,923,580	3,215,938	3,537,532
I/Plot Rent	43,940	5,180	151,740	61,920	262,780	49,566	289,058	317,964	349,760
Plot Rent	339,187	193,040	444,469	499,843	1,476,539	258,288	1,624,193	1,786,612	1,965,273
Lands&Survey	166,180	78,000	200,000	171,000	615,180	648,186	676,698	744,368	818,805
Phys Planning	751,103	659,320	707,884	507,463	2,625,770	6,851,148	2,888,347	3,177,182	3,494,900
Land Rates	622,920	125,340	10,251,050	391,830	11,391,140	32,817,524	12,530,254	13,783,279	15,161,607
Advertisement Charges	143,650	88,950	2,315,945	5,120,700	7,669,245	813,180	8,436,170	9,279,786	10,207,765
<b>Sub totals</b>	<b>2,931,380</b>	<b>1,769,830</b>	<b>14,656,488</b>	<b>7,340,756</b>	<b>26,698,454</b>	<b>49,621,817</b>	<b>29,368,299</b>	<b>32,305,129</b>	<b>35,535,642</b>
<b>DEPARTMENT OF WATER, ENVIRONMENT AND NATURAL RESOURCES</b>									
Water, sanitation and irrigation fees	-	-	32,640	-	32,640	16,594,983	35,904	39,494	43,444
Building material cess	-	-	-	-	-	0	-	-	-
<b>Sub totals</b>	<b>-</b>	<b>-</b>	<b>32,640</b>	<b>-</b>	<b>32,640</b>	<b>16,594,983</b>	<b>35,904</b>	<b>39,494</b>	<b>43,444</b>
<b>DEPARTMENT OF YOUTH, GENDER,CULTURE,SPORTS AND SOCIAL SERVICES</b>									
Liquor Licsensing	36,000	150,000	830,000	404,000	1,420,000	3,256,033	1,562,000	1,718,200	1,890,020
Registration fees for social services	-	-	-	1,000	1,000	0	1,100	1,210	1,331
<b>Sub totals</b>	<b>36,000</b>	<b>150,000</b>	<b>830,000</b>	<b>405,000</b>	<b>1,421,000</b>	<b>3,256,033</b>	<b>1,563,100</b>	<b>1,719,410</b>	<b>1,891,351</b>
<b>DEPARTMENT OF HEALTH SERVICES</b>									
Public Health	470,100	379,450	848,800	503,630	2,201,980	5,711,249	2,422,178	2,664,396	2,930,835
Medical Services	23,797,821	24,296,469	11,977,921	18,809,015	78,881,226	198,135,682	86,769,349	95,446,283	104,990,912
<b>Sub totals</b>	<b>24,267,921</b>	<b>24,675,919</b>	<b>12,826,721</b>	<b>19,312,645</b>	<b>81,083,206</b>	<b>203,846,931</b>	<b>89,191,527</b>	<b>98,110,679</b>	<b>107,921,747</b>
<b>DEPARTMENT OF TRADE,TOURISM AND COOPERATIVES</b>									



S.B.P	3,025,840	1,146,140	13,469,160	6,245,259	23,886,399	28,525,180	26,275,039	28,902,543	31,792,797
S.B.P Appl.	117,000	40,500	256,500	206,500	620,500	10,133,422	682,550	750,805	825,886
Trade, Weights & Msrs	205,800	215,330	255,660	69,690	746,480	818,147	821,128	903,241	993,565
<b>Sub totals</b>	<b>3,348,640</b>	<b>1,401,970</b>	<b>13,981,320</b>	<b>6,521,449</b>	<b>25,253,379</b>	<b>39,476,749</b>	<b>27,778,717</b>	<b>30,556,589</b>	<b>33,612,247</b>
<b>DEPARTMENT OF ROADS, TRANSPORT AND PUBLIC WORKS</b>									
Hire of Machinery & Eqpmt	-	-	49,340	-	49,340	9,514	54,274	59,701	65,672
Public Works approvals	103,500	56,500	153,500	120,000	433,500	7,083,362	476,850	524,535	576,989
<b>Sub totals</b>	<b>103,500</b>	<b>56,500</b>	<b>202,840</b>	<b>120,000</b>	<b>482,840</b>	<b>7,092,876</b>	<b>531,124</b>	<b>584,236</b>	<b>642,660</b>
<b>DEPARTMENT OF AGRICULTURE, LIVESTOCK AND FISHERIES DEVELOPMENT</b>									
cattle movement permit	29,950	114,200	94,900	83,300	322,350	351,528	354,585	390,044	429,048
Cattle Fee	107,200	306,750	329,200	277,250	1,020,400	1,222,975	1,122,440	1,234,684	1,358,152
Slaughter Fee	7,600	5,600	11,600	-	24,800	29,778	27,280	30,008	33,009
Veterinary	262,950	340,580	272,500	310,005	1,186,035	4,255,466	1,304,639	1,435,102	1,578,613
Agricultural cess	1,562,850	1,598,950	1,451,850	1,203,550	5,817,200	16,195,613	6,398,920	7,038,812	7,742,693
fish permits	-	-	-	-	-	0	-	-	-
<b>Sub totals</b>	<b>1,970,550</b>	<b>2,366,080</b>	<b>2,160,050</b>	<b>1,874,105</b>	<b>8,370,785</b>	<b>22,055,360</b>	<b>9,207,864</b>	<b>10,128,650</b>	<b>11,141,515</b>
<b>GRAND TOTALS</b>	<b>34,948,351</b>	<b>35,891,700</b>	<b>50,874,916</b>	<b>46,561,619</b>	<b>168,276,586</b>	<b>400,000,000</b>	<b>185,104,245</b>	<b>203,614,669</b>	<b>223,976,136</b>

*Source: County treasury 2021*

#### 4.5 EXPENDITURE FORECASTS

In the next MTEF period, County total expenditures for FY 2022/2023 are expected to be Ksh. 6,425,563,728. The County wage bill is currently stands at 49%, which is above the recommended rate of 35%. The ongoing reforms in the human resources management are expected to stabilize the wage bill. Further the CEC Finance should then institute measures to avert this trend by committing the responsibility statement to the County Assembly. In 2022/2023, the overall development and recurrent expenditures are projected to Kshs. 1,927,669,119 and Kshs. 4,497,894,609 respectively. This translates to 30% and 70% development and recurrent expenditures respectively.

**Table 7: Expenditure Projections for the Period 2022/2023-2024/2025**

Department	Details	Printed Estimates	Actual Expenditures	Printed Estimates	Target Estimates	Projections	
		2020/2021	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
County Assembly	Recurrent	606,107,510	569,329,495	612,444,433	612,444,433	673,688,876	741,057,764
	Development	126,678,206	43,999,181	193,678,206	143,999,181	158,399,099	174,239,009
	<b>Sub-total</b>	<b>732,785,716</b>	<b>613,328,676</b>	<b>806,122,639</b>	<b>756,443,614</b>	<b>832,087,975</b>	<b>915,296,773</b>
Executive	Recurrent	469,162,525	384,862,174	469,162,325	469,162,525	516,078,778	567,686,655
	Development	0	0	0	0	0	0
	<b>Sub-total</b>	<b>469,162,525</b>	<b>384,862,174</b>	<b>469,162,325</b>	<b>469,162,525</b>	<b>516,078,778</b>	<b>567,686,655</b>
Finance and Economic Planning	Recurrent	473,081,943	389,142,789	351,066,631	429,142,789	472,057,068	519,262,775
	Development	24,969,149	24,335,634	200,784,197	314,455,600	345,901,160	380,491,276
	<b>Sub-total</b>	<b>498,051,092</b>	<b>413,478,423</b>	<b>551,850,828</b>	<b>743,598,389</b>	<b>817,958,228</b>	<b>899,754,051</b>
Agriculture Livestock and Fisheries	Recurrent	160,754,042	155,616,532	156,552,700	160,616,532	176,678,185	194,346,004
	Development	290,036,466	289,163,871	325,392,845	344,662,766	379,129,043	417,041,947
	<b>Sub-total</b>	<b>450,790,508</b>	<b>444,780,403</b>	<b>481,945,545</b>	<b>505,279,298</b>	<b>555,807,228</b>	<b>611,387,951</b>
Environment Water Energy & Mineral Resources	Recurrent	116,130,605	112,884,967	92,647,959	116,130,605	127,743,666	140,518,032
	Development	213,477,473	135,843,937	196,700,000	235,843,937	259,428,331	285,371,164
	<b>Sub-total</b>	<b>329,608,078</b>	<b>248,728,904</b>	<b>289,347,959</b>	<b>351,974,542</b>	<b>387,171,996</b>	<b>425,889,196</b>
Education and Vocational Training	Recurrent	317,462,238	297,077,313	405,715,398	317,462,238	349,208,462	384,129,308
	Development	191,566,245	173,471,592	78,817,351	141,815,497	155,997,047	171,596,751
	<b>Sub-total</b>	<b>509,028,483</b>	<b>470,548,905</b>	<b>484,532,749</b>	<b>459,277,735</b>	<b>505,205,509</b>	<b>555,726,059</b>
Health Services	Recurrent	1,757,994,705	1,678,378,343	1,681,431,312	1,689,570,293	1,858,527,322	2,044,380,055
	Development	351,815,497	155,128,377	509,776,147	167,967,687	184,764,456	203,240,901
	<b>Sub-total</b>	<b>2,109,810,202</b>	<b>1,833,506,720</b>	<b>2,191,207,459</b>	<b>1,857,537,980</b>	<b>2,043,291,778</b>	<b>2,247,620,956</b>
Lands	Recurrent	85,779,579	82,739,111	68,210,790	85,779,579	94,357,537	103,793,291

Housing and Physical Planning	Development	63,568,457	52,154,152	230,554,023	104,654,152	115,119,567	126,631,524
	<b>Sub-total</b>	<b>149,348,036</b>	<b>134,893,263</b>	<b>298,764,813</b>	<b>190,433,731</b>	<b>209,477,104</b>	<b>230,424,815</b>
Roads Transport and Public Works	Recurrent	138,198,631	123,199,712	110,629,190	123,191,712	135,510,883	149,061,972
	Development	476,967,698	365,963,049	374,199,206	330,752,081	363,827,289	400,210,018
	<b>Sub-total</b>	<b>615,166,329</b>	<b>489,162,761</b>	<b>484,828,396</b>	<b>453,943,793</b>	<b>499,338,172</b>	<b>549,271,990</b>
Trade, Tourism and Cooperative development	Recurrent	37,926,443	35,578,024	32,806,994	37,926,443	41,719,087	45,890,996
	Development	42,572,394	28,947,825	37,684,952	28,947,825	31,842,608	35,026,868
	<b>Sub-total</b>	<b>80,498,837</b>	<b>64,525,849</b>	<b>70,491,946</b>	<b>66,874,268</b>	<b>73,561,695</b>	<b>80,917,864</b>
Gender Youth and Social services	Recurrent	64,192,220	52,265,245	49,137,356	52,265,245	57,491,770	63,240,946
	Development	35,107,032	47,838,930	107,078,070	35,107,032	38,617,735	42,479,509
	<b>Sub-total</b>	<b>99,299,252</b>	<b>100,104,175</b>	<b>156,215,426</b>	<b>87,372,277</b>	<b>96,109,505</b>	<b>105,720,455</b>
Public Service Board	Recurrent	66,113,090	57,473,286	66,113,290	66,113,090	72,724,399	79,996,839
	Development	0	0	0	0	0	0
	<b>Sub-total</b>	<b>66,113,090</b>	<b>57,473,286</b>	<b>66,113,290</b>	<b>66,113,090</b>	<b>72,724,399</b>	<b>79,996,839</b>
Public Service Management	Recurrent	308,395,321	287,896,018	321,168,878	287,896,018	316,685,620	348,354,182
	Development	0	0	60,000,000	0	0	0
	<b>Sub-total</b>	<b>308,395,321</b>	<b>287,896,018</b>	<b>381,168,878</b>	<b>287,896,018</b>	<b>316,685,620</b>	<b>348,354,182</b>
Nyamira Municipality	Recurrent	56,504,719	50,207,972	41,405,052	50,193,107	55,212,418	60,733,659
	Development	325,685,414	79,165,300	164,460,354	79,463,361	87,409,697	96,150,667
	<b>Sub-total</b>	<b>382,190,133</b>	<b>129,373,272</b>	<b>205,865,406</b>	<b>129,656,468</b>	<b>142,622,115</b>	<b>156,884,326</b>
<b>County Totals</b>	<b>Recurrent</b>	<b>4,657,803,571</b>	<b>4,276,650,981</b>	<b>4,458,492,308</b>	<b>4,497,894,609</b>	<b>4,947,684,070</b>	<b>5,442,452,477</b>
	<b>Development</b>	<b>2,142,444,031</b>	<b>1,396,011,848</b>	<b>2,479,125,351</b>	<b>1,927,669,119</b>	<b>2,120,436,031</b>	<b>2,332,479,634</b>
	<b>Totals</b>	<b>6,800,247,602</b>	<b>5,672,662,829</b>	<b>6,937,617,659</b>	<b>6,425,563,728</b>	<b>7,068,120,101</b>	<b>7,774,932,111</b>

The expenditure framework for the 2021/2022 was made with focus on the anticipated recurrent and development grants from the national government and other development partners, where the grants for the current financial year have been projected with 5% increment.

The recurrent expenditures have been projected with 5% increment from the current financial year.

Flagship, ongoing projects and other priority areas including:

- The eighty-bed amenity wing and doctor's plaza
- Construction of county headquarters
- Construction of H.E. The Governor's and Deputy Governor's residence
- Construction of Hon. Speaker's residence
- Completion of County Assembly office blocks and parking slots
- Completion of Manga, Nyamaiya and other stadiums across the county
- Drainage management and garbage collection
- Spatial Development Planning and municipality operations
- Interventions in road networking and infrastructural development
- ECDE and Youth Polytechnic infrastructural development and management
- Development and management of market

#### **4.6 CONCLUSION AND WAY FORWARD**

The 2021 CBROP has been prepared at a time when it is becoming more difficult to match financial resources to the needs of the people due to low revenues both from the National Government and locally generated. The decisions made in this MTEF period 2020/2021 – 2022/2023 has largely relied on the lessons learnt in budget execution in 2020/2021. One of the lessons learnt is that expenditure on personnel emoluments is high and unsustainable in the long run. Also, it has become very clear that the absorption of development funds has been very low thus affecting the pace of development. Finally, local revenue is still low thus negatively impacting on the budget implementation.

Measures should be put in place to tame the rising cost of personnel emoluments to bring it closer to the 35 percent of total revenue as stipulated under the fiscal responsibility principles set out in the Public Finance Management Act 2012. The absorption of development funds has been low due to slow procurement process. To address this challenge, it is recommended that procurement process for development projects should begin in the first quarter and be concluded in time to give ample time for project implementation.

The County Integrated Development Plan (CIDP 2018-2022), the Annual Development Plan 2020/2021 and the sectoral strategic plans should continue to guide the priorities in resource allocation. Reference will be made to the sector ceiling outlined herein while drafting sector budget proposals for FY 2021/2022. The next County Fiscal Strategy Paper due in February 2021 further review the baseline expenditure ceilings proposed in this CBROP. The County Government should also continue to pursue prudent fiscal policy through reorienting expenditure towards priority programmes of the County Government