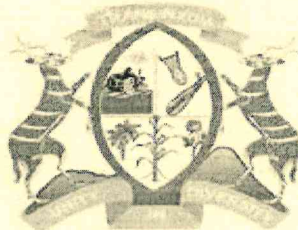


REPUBLIC OF KENYA



TEL: 054 – 30301

054 – 30302

Email: info@transnzoia.go.ke

P.O. BOX 4211 – 30200

KITALE

Website: www.transnzoia.go.ke

COUNTY GOVERNMENT OF TRANS NZOIA

OFFICE OF C.E.C.M.FINANCE & ECONOMIC PLANNING

Our Ref: CGTN/FIN/ 20

Date: 28th February, 2023

The Clerk,
COUNTY ASSEMBLY OF TRANS-NZOIA



Dear Sir,

RE: COUNTY FISCAL STRATEGY PAPER - 2023

In line with Sec. 117 of the Public Finance Management (PFM) Act, 2012, I hereby forward the above mentioned paper for your necessary action.

Thank you.

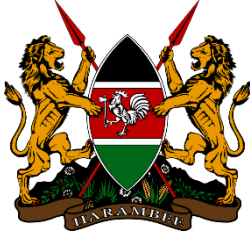
Sincerely Yours,

A handwritten signature in blue ink, appearing to be 'Bonface Wanyonyi', written over a horizontal line.

HON. BONFACE WANYONYI.
C.E.C.M. FINANCE & ECONOMIC PLANNING

C.C.

- H.E. the Governor
- H.E. the Deputy Governor
- Speaker to the County Assembly
- Controller of Budget
- County Secretary



COUNTY GOVERNMENT OF TRANS NZOIA

COUNTY FISCAL STRATEGY PAPER 2023

February 2023

Foreword

This County Fiscal Strategy Paper (CFSP 2023) has been formulated as per the Section 117 of the PFM Act 2012 and the PFM (County Government) Regulations 2015. The 2023 County Fiscal Strategy Paper is the first to be prepared under the new administration following the 2022 general election and sets out the administrations priority programmes, policies and reforms to be implemented in the Medium Term Expenditure Framework (MTEF). The CFSP provides a policy Framework that guides the resource allocation across the County departments as well as outlines the various sources of revenue which will finance the proposed expenditure for the MTEF period 2023/24-2025/26. The 2023 CFSP comes at a time when the County has finalized the preparation of the Third Generation County Integrated Development Plan (CIDP) 2023- 2027 that aims at implementing Transformative Agenda for accelerated growth and improved social welfare for the citizens of Trans Nzoia County.

The CFSP outlines the strategic priorities of the new Administration, highlights the current state of the economy, provides macro-fiscal outlook over the medium term together with a summary of County Government expenditure Ceilings as a basis for the FY 2023/24 budget. The publication of the 2023 CFSP aims to improve the understanding of the County's public finance management and guide debate on economic and development matters.

In the first half of FY 2022/23 the County experienced a marginal increase growth of 47% in actual own source revenue in comparison to the previous financial year 2021/2022. The Actual amount of the local revenue (OSR) collected amounted to Kshs. **189,611,629** in comparison to Ksh. **128,661,714** for the first half year 2021/22. In order to increase County local revenue as a proportion of total revenues, the County Government will take cognizance of the emerging issues and current constraints in local revenue administration during the formulation of Finance Bill 2022 and will extent automation of the revenue collection to cover all the revenue streams. The county will also undertake training and capacity building in addition to enhancing checks and controls to reduce revenue leakages.

The CIDP 2023-2027 outlines the County's development agenda. In line with the aspirations of this blue print this Fiscal policy is giving prominence to strategic areas which have been aligned to the national development agenda as articulated in the National Budget policy statement 2023. This strategy aims at carrying forward the ongoing gains realized in the implementation of the current CIDP 2018-2023 and has taken cognizance on the need for completion of the ongoing projects. In this regard the broader policy areas

of focus in this strategy include; Expansion of County social and physical Infrastructure; enhancing investment in key sectors of the County for broad based sustainable recovery by promoting agricultural production and value addition; environmental conservation and water supply and sustainable land use and management; increasing access to quality social services in health, education and provision of social safety nets for the County vulnerable population; creating an enabling conducive environment for business growth; policy formulation, implementation and undertaking institutional reforms to enhance efficiency of County public service delivery.

Budget estimates for FY 2023/24 are projected at Ksh. 8.12 billion (excluding grants). On the projected Revenue estimates, the equitable share will amount to Ksh. 7.49 billion while the anticipated Own Source Revenue is projected at Ksh 629 Million. To this effect the expenditure is projected to reach Kshs. 8.12 billion from County's Equitable Share and Own Sources Revenues. This will comprise recurrent expenditure of Kshs.5.51 billion and development expenditure of Kshs. 2.60 billion respectively.

Proper implementation of the budget is critical towards providing services that will promote sustainable growth. Sustainability requires greater effort from all the stakeholders including County Government Departments, Civil Society, Communities, County Assembly and development partners to get things done. This calls for providing for continuous consultation, finding solutions and encouraging innovation to build a sustainable County.



BONFACE WANYONYI

CECM FINANCE AND ECONOMIC PLANNING

Acknowledgement

This CFSP is culmination of collaborative effort of all the County Government Departments and Entities. During the formulation of this Plan, a consultative and participatory approach was adopted.

Special thanks go to His Excellency the Governor, George Natembeya for his overall leadership and stewardship of the County. I Appreciate the CECM Finance and Economic planning, Hon. Bonface Wanyonyi for the role in spearheading and coordination in the preparation of this paper.

The input from County departments through the leadership of the CECMS and COs have greatly contributed towards the development of this document. I appreciate all the County Departments for their input in the formulation of this policy document.

We are grateful to the teams from the Economic Planning and Budget Sections that coordinated the finalization of this document. The core participants under the guidance of the Director Budget CPA Telewa tirelessly put together this document and ensured it was produced in time and is of high-quality standard. I am particularly grateful to the Officers in the department of Finance and Economic planning including the Heads of Revenue, Accounting, Budget, Internal Audit and Economic Planning for execution of this task.



ASHTON MULUPI

CHIEF OFFICER FINANCE

Abbreviations and Acronyms

ASDSP	Agricultural Sector Support Project
BPS	Budget policy statement
CADP	County Annual Development Plan
CARA	County Allocation of Revenue Act
CECM	County Executive Committee Member
CFSP	County Fiscal strategy paper
CIDP	County Integrated Development Plan
CO	Chief Officer
COVID	Corona Virus Disease
CPSB	County Public service Board
ECDE	Early Childhood Development Education
ESP	Economic Stimulus Program
GDP	Gross Domestic Product
MTEF	Medium Term Expenditure Framework
NARIGP	National Agriculture and Rural Inclusive growth Project
OSR	Own Source Revenue
PFM	Public Finance Management Act
SDG	Sustainable Development Goals
SME	Small and Medium Enterprises
VCs	Value Chains
VTCs	Vocational Training Centres

Table of Contents

Foreword	i
Acknowledgement	iii
Abbreviations and Acronyms	iv
TABLES, FIGURES AND ANNEXES.....	vi
PART I: Recent Economic Development and Medium-Term Outlook	9
1.1 BACKGROUND.....	9
1.2 COUNTY FISCAL STRATEGY PAPER PREPARATION PROCESS	10
1.3 ORGANIZATION OF THE REPORT	11
1.4 RECENT ECONOMIC DEVELOPMENTS	11
1.4.1 OVERVIEW	11
1.4.2 GLOBAL AND REGIONAL ECONOMIC DEVELOPMENTS.....	13
1.4.3 INFLATION RATE	13
1.4.4 KENYA SHILLING EXCHANGE RATE.....	14
1.4.5 INTEREST RATES	14
1.5 FISCAL PERFORMANCE	14
1.6 REVENUE PERFORMANCE	15
1.7 EXPENDITURE PERFORMANCE.....	15
1.8 COUNTY FISCAL PERFORMANCE.....	16
1.8.1 ECONOMIC PERFORMANCE.....	16
1.8.2 AGRICULTURE	16
1.8.3 TRADE AND INDUSTRY.....	18
1.8.4 TOURISM.....	18
1.8.5 TRANSPORT AND INFRASTRUCTURE DEVELOPMENT	19
1.8.6 COUNTY RECEIPTS AND REVENUE PERFORMANCE	19
1.8.7 COUNTY OWN SOURCE REVENUE (OSR) FOR THE FIRST HALF FY 2022/2023	20
1.8.8 HALF YEAR REVENUE PERFORMANCE FOR FY2021/22 VS FY2022/23	21
1.8.9 EXPENDITURE PERFORMANCE.....	21
1.8.10 EXECUTION OF THE RECURRENT EXPENDITURE.....	23
1.8.11 EXECUTION OF DEVELOPMENT EXPENDITURE.....	24
1.9 ADHERENCE TO FISCAL PRINCIPLES	25
1.10 FISCAL POLICY	26
1.11 EXPENDITURE RATIONALIZATION.....	27
1.12 DOMESTIC GROWTH OUTLOOK.....	27
1.13 RISKS ASSOCIATED WITH THE OUTLOOK	28
PART II. STRATEGIC PRIORITIES AND INTERVENTIONS	28
2.0 ALIGNING THE COUNTY DEVELOPMENT FRAMEWORK WITH THE NATIONAL DEVELOPMENT AGENDA	28
2.1 OVERVIEW	28
2.2 COUNTY STRATEGIC PRIORITIES	31
2.2.1 AGRICULTURE, LIVESTOCK, FISHERIES AND CO-OPERATIVE DEVELOPMENT.....	31
2.2.2 WATER, ENVIRONMENT AND NATURAL RESOURCES	32

2.2.3	EDUCATION AND VOCATIONAL TRAINING	32
2.2.4	TRADE, COMMERCE AND INDUSTRY	32
2.2.5	PUBLIC WORKS, TRANSPORT & ENERGY	33
2.2.6	HEALTH SERVICES	33
2.2.7	LANDS, HOUSING AND URBAN DEVELOPMENT	34
2.2.8	GENDER, YOUTH, CULTURE, SPORTS, WOMEN & TOURISM.....	34
2.2.9	GOVERNANCE, PUBLIC SERVICE MANAGEMENT	34
2.2.10	COUNTY PUBLIC SERVICE BOARD.....	35
2.2.11	FINANCE AND ECONOMIC PLANNING	35
2.2.12	COUNTY ASSEMBLY	36
2.2.13	KITALE MUNICIPAL BOARD	36
Part III: Fiscal Framework Summary		37
3.1	MEDIUM-TERM EXPENDITURE FRAMEWORK.....	37
3.2	REVENUE PROJECTIONS.....	37
3.3	EXPENDITURE FORECASTS.....	41
3.4	RESOURCE ALLOCATION CRITERIA	41
3.5	CONCLUSION AND THE NEXT STEPS	42
ANNEXES		43

TABLES, FIGURES AND ANNEXES

TABLE 1: 1 ST HALF YEAR COUNTY RECEIPTS FY 2022/23	20
TABLE 2: HALF YEAR (AS AT DEC.2022) OSR COLLECTION BY DEPARTMENT FY.2022/2023	20
TABLE 3; 1 ST HALF YEAR OSR FY 2020/21 VS 2021/22	21
TABLE 4: EXPENDITURE PERFORMANCE FY.2020/21 VS FY.2021/22	ERROR! BOOKMARK NOT DEFINED.
TABLE 5: 1 ST HALF EXPENDITURE FY.2021/22 BY ECONOMIC CLASSIFICATION.....	22
TABLE 6: 1 ST HALF FY.2022/23 RECURRENT EXPENDITURE	23
TABLE 7: 1 ST HALF DEVELOPMENT BUDGET EXECUTION FY.2022/23.....	24
TABLE 8: ANALYSIS OF PERSONAL EMOLUMENTS AGAINST THE COUNTY BUDGET.....	26
TABLE 9: PROJECTED COUNTY REVENUE FOR FY. 2023/24-2024/25	38
TABLE 10: COUNTY OSR PROJECTIONS BY DEPARTMENT FY.2022/23 AND MEDIUM TERM.....	40
FIGURE 1: PERCENTAGE CONTRIBUTION TO COUNTY RECEIPTS	ERROR! BOOKMARK NOT DEFINED.
FIGURE 2: 1ST HALF OSR FY.2021/22 VS. FY.2022/23.....	21
ANNEX 1: PROVISIONAL CEILINGS FOR FY 2023-2024.....	43
ANNEX 2: EQUITABLE SHARE GROWTH TREND	46
ANNEX 3: ANALYSIS OF LOCAL REVENUE PERFORMANCE FROM FY.2013/14 TO FY.2022/23	46

Legal Basis for the Publication of the County Fiscal Strategy Paper

The County fiscal strategy paper is prepared in accordance with Section 117 of the Public Financial Management Act, 2012. The law states that:

(1) The County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the county assembly, by the 28th February of each year.

(2) The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.

(3) In preparing the County Fiscal Strategy Paper, The County Treasury shall specify the broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year and over the medium term.

(4) The County Treasury shall include in its County Fiscal Strategy Paper the financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term.

(5) In preparing the County Fiscal Strategy Paper, the County Treasury shall seek and take into account the views of

(a) The Commission on Revenue Allocation;

(b) The public;

(c) Any interested persons or groups; and

(d) Any other forum that is established by legislation.

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

Responsibility Principles in the Public Financial Management Law

In line with the Constitution 2010, the Public Finance Management (PFM) Act, 2012, sets out the fiscal responsibility principles to ensure prudence and transparency in the management of public resources. The PFM law (Section 107(b)) states that:

- 1) The County Government's recurrent expenditure shall not exceed the county government's total revenue
- 2) Over the medium term, a minimum of 30% of the County budget shall be allocated to development expenditure
- 3) The County government's expenditure on wages and benefits for public officers shall not exceed a percentage of the County Government revenue as prescribed by the regulations.
- 4) Over the medium term, the County government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.
- 5) Public debt and obligations shall be maintained at a sustainable level as Approved by County Government (CG)
- 6) Fiscal risks shall be managed prudently
- 7) 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

PART I: Recent Economic Development and Medium-Term Outlook

1.1 Background.

This paper has been prepared in accordance with article 117 of the PFM Act and has taken cognizance of the fiscal responsibility principles as outlined in the PFMA and the Constitution of Kenya pertaining to the county budget process in terms of content, timelines, key players and stakeholder involvement. This County Fiscal strategy presents an overview of the current county socio economic setting of the county's economy in relation to the prevailing National scenario, outlines implication on current fiscal framework as well as providing insight for the financial year 2023/24 budget proposals and the MTEF period.

The County fiscal strategy paper links policy, planning and budgeting. This strategy has been informed and seeks to achieve the aspirations of the National development goals key among them the Vision 2030 (implemented through the MTPs), the County Integrated Development Plan 2023-2027, the national fiscal framework and the five core thematic areas identified in Budget Policy Statement 2023 that are expected to have the highest impact at the bottom of the economy namely; Agricultural Transformation; Micro, Small and Medium Enterprise (MSME) Economy; Housing and Settlement; Healthcare; and Digital Superhighway and Creative Economy. The county will continue with implementation of post Covid 19 Economic Recovery Strategy (ERS). The strategy is also informed by goals outlined in international commitment namely the SDGs.

This County Fiscal Strategy Paper 2023 provides; -

- (a) An overview of the prevailing state of the global, regional and national macroeconomic indicators and the implication on the county economy;
- (b) Financial outlook pertaining to the county revenues, expenditures and borrowing in the financial year 2021/22, 1st half of 2022/23 financial year and in the medium term in reference to the existing national fiscal framework;
- (c) Areas of adjustments in the 2022 fiscal framework in relation to the current outlook;
- (d) Proposed ceiling for county departments for 2023/24;

- (e) Statement of compliance of the proposed fiscal framework to the fiscal responsibility principles and financial objectives over the medium term; and
- (f) Statement of specific risks associated with the proposed fiscal framework.

The underlying principle of formulating this policy is stakeholder engagement. During crafting of this document, the County Government has undertaken broad consultations and made reference to important policy documents as required by the law. These include;

- (a) The Commission on Revenue Allocation;
- (b) The National Treasury Budget Policy statement;
- (c) The public;
- (d) Interested persons or groups; and
- (e) Forum established by the legislation
- (f) Recommendations from the county assembly once the paper has been submitted before the floor for discussion

1.2 County Fiscal Strategy Paper Preparation Process

The preparation of the CFSP is the fourth stage in the budget preparation process and has been developed in accordance with the PFM Act 2012. This document precedes the preparation of three other important documents, that is, the County Annual Development Plan (**CADP**), the County Budget Review and Outlook Paper (CBROP) and the MTEF sector Reports.

The preparation of the 2023 CFSP document has been a collaborative effort from all the County Departments whose sector input and forms the basis upon which the paper is based. The CADP presents the county development priorities which are then linked to the financial resources allocation process through the MTEF budget process.

The collaborative effort of the preparation of the CFSP contained officers from the department of Finance and Economic planning. In formulating the CFSP, the team of officers from both departments undertook extensive desktop review and relied on both primary and secondary data sources in preparation of the strategy. The draft was then enriched by views from the County Executive committee who coordinated the provision of sector specific input towards the formulation of the CFSP. The public were also invited to provide memoranda during the CFSP formulation process and public views were gathered through public participation forums held in

all the five sub-counties and Kitale municipality. Further the strategy was presented before the cabinet whose comments and inputs have been incorporated in the final strategy submitted to the County Assembly for discussion and approval.

1.3 Organization of the Report

This strategy paper has been organized into three parts;

- a) Part One provides the recent economic development and medium term outlook which include the background on preparation of CFSP, overview of the economic and half year fiscal performance for FY 2022/23.
- b) Part Two provides the Medium Term Strategic Priorities and Interventions.
- c) Part three presents the County's Fiscal Policy and Budget Framework in the Medium Term which provides the Resource Envelop (Departmental budget ceilings) and the Overall Spending Priorities.

1.4 Recent Economic Developments

1.4.1 Overview

Kenya's economy continued to rebound from the pandemic in 2022 with real gross domestic product (GDP) increasing by 6% year-on-year in the first half of 2022, driven by broad-based increases in services and industry. This recovery was dampened by global commodity price shocks, the long regional drought, and uncertainty in the run up to the 2022 general elections.

The 26th edition of the Kenya Economic Update (KEU) notes that the ongoing drought and the cost-of-living increases have affected households throughout the country. The agriculture sector contracted by 1.5% in the first half of 2022 and, with the sector contributing almost one fifth of GDP, its poor performance slowed GDP growth by 0.3%. A recent rapid response phone survey that monitors the impact of shocks on households shows a rise in food insecurity, most severely in rural areas where over half of households reduced their food consumption in June 2022. Most households reported an increase in prices of essential food items and with many being unable to access core staples, such as beans or maize. In response to the inflationary pressures, the Central

Bank of Kenya (CBK) has raised the bank rate thrice since May 2022 by a cumulative 175 basis points to reach 8.75%.

“Kenya can further leverage the agriculture sector to spur growth, poverty reduction, and food security,” said Keith Hansen, World Bank Country Director for Kenya. “Boosting food resilience through community interventions in arid and semi-arid lands while supporting farmer groups to link into sustainable value chains will help to better feed Kenya during periods of drought.”

Kenya’s medium term growth prospects remain positive with GDP projected to rebound to 6.1% on average in 2023–24 from the 5.5% in 2022 notwithstanding current global and domestic shocks. The baseline assumes robust growth of credit to the private sector, continued low COVID-19 infection rates, a near term recovery in agricultural production, and high commodity prices favorable to Kenyan exports. These developments are in turn expected to catalyze private investment to support economic growth over the medium term.

“Private sector led growth is critical to job creation and a steady increase in household living standards over time,” said Naomi Mathenge, World Bank Senior Economist for Kenya.

The government reduced the budget deficit in fiscal year (FY) 2021/22 from 8.2% to 6.2% through revenue measures and expenditure moderation. Total revenue increased to 17.3% of GDP in FY2021/22 from 15.7% in FY2020/21, reflecting the pick-up in domestic demand and a range of tax reforms as well as improvements in tax administration and the use of technology.

These have yielded a reduction in tax expenditures through harmonization of exemptions, enhanced compliance through voluntary disclosure programs for previously undeclared tax, and easier access to the Kenya Revenue Authority (KRA) web system. The reduction in the fiscal deficit has contributed to the stabilization of the debt-to-GDP ratio at about 67.3% in FY21/22, thereby underlying the importance of fiscal consolidation.

The report recognizes that responding to the rising cost of living and climate change shocks, amid limited fiscal space are some of the immediate challenges facing the government. The KEU recommends the need to prioritize policy options that help to raise both productivity and resilience, at the household, producer, and national levels. The special focus section of this edition delves into policy priorities to advance productivity improvements in agriculture where a

large number of Kenyans remain employed, spur economic transformation and job creation through the digital economy, while ensuring support for the most vulnerable households.

1.4.2 Global and Regional Economic Developments

The recently concluded general elections in Kenya have marked the beginning of the next development chapter for the country. Despite the significant political and economic reforms that have led to sustained economic growth, social development, and political stability, the country still faces several development challenges such as poverty, inequality, youth unemployment, transparency, and accountability. In 2010, Kenya introduced a new political and economic governance system with the passage of a new constitution, which included a bicameral legislative house, devolved county government, and a tenured judiciary and electoral body.

From 2015 to 2019, Kenya's economy experienced broad-based growth of 4.8% per year, reducing poverty levels. In 2021, the economy staged a strong recovery, growing at 7.5% and the poverty rate is projected to decline again in 2022. The new government aims to align the country's development agenda with Vision 2030, which aims to transform Kenya into a competitive and prosperous country. The government's bottom-up economic model prioritizes agriculture, healthcare, housing, and manufacturing. The World Bank has provided support to Kenya's pandemic response through emergency funding and budget support.

1.4.3 Inflation Rate

Inflation moderated for a second consecutive month in December 2022, easing to 9.1% from November's 9.5%. Looking at the details of the release, the moderation was chiefly due to prices for food and non-alcoholic beverages rising at a slower rate, which more than offset prices for transportation increasing at a stronger rate.

Still, the trend pointed up, with annual average inflation rising to 7.7% in December, up from November's 7.4%. The result marked the highest reading since January 2018.

Finally, consumer prices rose as seasonally adjusted 0.53% from the previous month in December 2023, coming in above the prior month's 0.35% increase.

Focus Economics Consensus Forecast panelists expect inflation to average 7.2% in 2023, which is down 0.1 percentage points from last month's forecast. For 2024, the panel sees inflation averaging 5.9%. The main contributors to inflation are the costs of food and fuel.

1.4.4 Kenya Shilling Exchange Rate

The foreign exchange market has largely remained stable despite the tight global financial conditions. The Kenya Shilling to the US Dollar exchanged at Khs 124.6 in October 2022 compared to Ksh 110.9 in October 2021.

In comparison to most Sub-Saharan Africa currencies the Kenya Shilling has remained relatively stable, weakening by 2.0 percent against the US Dollar in the year to October 2021. This depreciation of the Kenya Shilling was lower than that of Rwanda Franc, Nigeria Naira, Mauritius Rupee, Burundi Franc and Ghana Cedi. The stability in the Kenya Shilling was supported by increased remittances, adequate foreign exchange reserves and favorable horticultural exports.

1.4.5 Interest Rates

Short-term interest rates remained fairly low and stable. The Central Bank Rate was retained at 8.75 percent in December 2022 by the Monetary Policy Committee to signal lower lending rates in order to support credit access by borrowers especially the Small and Medium Enterprises.

In order to address the inflationary pressure caused by the elevated global risks and their potential impact on the domestic economy, the Central Bank Rate was raised from 8.25 percent to 8.75 percent in November 2022 and retained at the same rate on 30th January 2023.

Commercial banks' lending rates remained relatively stable in November 2022 supported by the prevailing monetary policy stance during the period. The average lending rate was at 12.6 percent in November 2022 from 12.2 percent in November 2021 while the average deposit rate increased to 7.1 percent from 6.4 percent over the same period. Consequently, the average interest rate spread declined to 5.5 percent in November 2022 from 5.7 percent in November 2021.

1.5 Fiscal Performance

At the National Level, the budget execution in the first half of FY 2022/23 progressed well. Despite performing below target, the revenues continued to record positive growth in performance and is expected to pick up in the second half of FY 2022/23 to reflect improvement

in business environment, tax policy measures and enhanced revenue administration by the Kenya Revenue Authority.

According to Budget Policy Statement 2023, overall National expenditures were above programme target underpinned by increased expenditure commitments on account of shortfalls recorded in revenue performance and inadequate liquidity in the Government securities market. However, ministerial development expenditure targets were not fully met partly due to low absorption of foreign and domestic financed projects. Disbursement to the counties was also short of the target for the period to December 2022 and by this period disbursement was behind schedule by 3 months in most counties.

1.6 Revenue Performance

The National revenue collection to December 2022 grew by 11.1 percent compared to a growth of 27.3 percent in December 2021. This decline in rate of growth is attributed to the fact that the previous FY's growth was anchored on a lower base – a contraction recorded in the FY 2019/20 reflecting the effects of COVID-19 pandemic. As at end December 2022, the cumulative total revenue inclusive of Ministerial Appropriation in Aid (A-i-A) was Ksh 1,147.0 billion against a target of Ksh 1,158.2 billion thus recording a shortfall of Ksh 11.2 billion below the set target.

As at December 2022, ordinary revenue recorded a growth of 9.1 percent compared to a growth of 24.2 percent in December 2021. This growth was also recorded in all broad categories of ordinary revenue. Specifically, Income tax grew by 11.2 percent, Value Added Tax (VAT) by 5.9 percent, Excise taxes by 5.4 percent, and Import duty by 18.2 percent. In nominal terms, ordinary revenue collection to December 2022 was Ksh 985.0 billion against a target of Ksh

1.7 Expenditure Performance

As per Budget Policy Statement 2023, total expenditure and net lending for the period ending December 2022 was Ksh 1,468.8 billion, against projected amount of Ksh 1,448.9 billion thus exceeding the target by Ksh 19.9 billion. Recurrent spending amounted to Ksh 1,121.4 billion; development expenditure was Ksh 206.3 billion while transfer to County Governments was Ksh 141.1 billion.

Fiscal operations of the Government by end of December 2022 resulted in an overall deficit including grants of Ksh 219.3 billion against a projected deficit of Ksh 285.1 billion. This deficit

was financed through net domestic borrowing of Ksh 124.1 billion and net foreign financing of Ksh 95.2 billion

1.8 County Fiscal Performance

1.8.1 Economic Performance

The fiscal performance in the 2021/2022 financial year was fairly satisfactory considering the prevailing macro-economic environment in the post Covid period. This strategy has been prepared against a background of global economic slowdown reflecting the impact of the ongoing Russia-Ukraine conflict, higher-than-expected inflation worldwide triggered by higher global oil and food prices and the impact of the global monetary policy that has created tighter financial conditions. The slowdown is as a result of domestic price pressures, partly induced by supply disruptions owing to the war in Ukraine reducing food affordability, and real incomes as well as surging fuel prices across the region.

Trans Nzoia outlook over the medium-term period will largely be informed by the developments at the national level and prevailing macro-economic trends in the county. The positive outlook of national macro-economic indicators will impact positively to the county outlook.

The previous financial period has seen sustained economic recovery due to improvement in county business environment. The county economy is majorly Agro-based and the favourable weather conditions experienced over time will contribute to adequate production from the sector. Budget performance in the first half has been inadequate due to the late commencement of the execution of the Annual Budget due to transition and the delay in the transfers from the National Government. The increasing cost of fertilizer, climatic change continue to present threat on Agriculture being the main economic activity for Transnzoia. The intervention of National Government and the County Government by provision of subsidized farm inputs will however mitigate on the adverse effect of increasing prices. A summary of sector performance is provided below.

1.8.2 Agriculture

Agriculture accounts for a significant share of economic activities in Trans Nzoia County. Over 58 per cent of households produce crops. However, the rising costs of inputs particularly fertiliser, overreliance on one crop maize, marketing challenges and post-harvest losses remains a big threat to the sector. The county has implemented several programmes/strategies towards addressing the challenges facing the sector and some of the programmes implemented towards this end are: Rolled out various initiatives as mitigation measures to cushion the farming community. These included the KCEP-CRAL PLUS programme, that supported 3675 (2075 CAT1,1600 CAT 11) farmers with farm inputs for cultivation of 1 acre of maize crop, 1 acre of

beans crop and half an acre Irish potato. A total of 2007 farmers both in Kwanza and Cherangany sub counties were also supported with post-harvest equipment namely 273 Tarpaulins and 1,734 hermetic bags under the same initiative. For the period under review, a total of 15,000 (50 kgs) bags of Mavuno fertilizers were distributed to vulnerable farmers under the fertilizer grant. Similarly other milestones achieved by the sub sector included distribution of 41,000 avocado seedlings, 25,000 coffee seedlings and 15,000 macadamia seedlings under the crop diversification initiative additionally, through the support of National government 900 litres of assorted pesticides was distributed to combat Fall Armyworm from the national government. Ten youth groups were also capacity build on spray service provider's use of chemicals. Under the NARIGP programme whose objective is "to increase agricultural productivity and profitability of the county communities, the 4 priority value chains implemented in the year under review included; Dairy cow milk, banana, Tomato & local chicken and 4 multi community projects; Chesucheki, Muroki, Chepkaitit and Amani. Consequently, the sub sector also implemented the ASDSP programme under which the value chain actors and value chain organizations database was developed. For the Livestock, Fisheries and Cooperative subsectors, the achievements in the year under review included improvement of Livestock Productivity through promotion and demonstrations on fodder bulking and conservation under which 432 farmers in groups were assisted in establishment of improved pastures and fodder namely the bracharia, Rhodes, Napier, maize and sorghum for silage. In promoting poultry production and productivity a total of 15 groups of 330 farmers were capacity built on various aspects of chicken production, marketing and value addition. The sub sector also facilitated for acquisition of 10,000 improved Kienyeji chicks from KALRO Naivasha which were distributed to 500 farmers in 25 groups in Bidii Ward. Other activities under taken included improvement of livestock breeding technology adoption by working with individual farmers on selection, breeding, upgrading and ensuring quality AI services to farmers by AI service providers through regular field supervisions and accreditation of qualified AI technicians to eliminate quacks. Technical advice was also given to 2,600 farmers using AI on selection, breeding and upgrading. During the year under review over 186,000 heads of cattle were vaccinated, 4 cattle dips were also renovated with the aim of reducing incidences of notifiable livestock diseases. Under fisheries promotion, 20 fish ponds were constructed and 59 existing ponds restocked with 86,750 tilapias and cut fish fingerlings

valued at Ksh.475,000. In addition, 113 ponds of surface area 37,350m² were harvested where a total of 4,971kg of fish was harvested

1.8.3 Trade and Industry

Trans Nzoia County has small and medium size mostly Agro-Based industries and the commonly referred to Jua Kali cottage industries. However there exists great potential for large scale industrialization, the trade and industry sector witnessed slowdown in trade related activities especially for the Jua kali sector, retail and wholesale trade, businesses in the fresh produce and open air markets.

, the sector has witnessed return to normalcy with major county businesses picking up. The County is an economic hub and gateway to Turkana County, Southern Sudan and Eastern Uganda through the Suam border. This is potential for enhanced trade opportunities for the county.

County Trade and Exports Market Development, continue with markets infrastructure development. Other activities include alcoholic drinks control licensing, engage in Regional Economic Integration Initiatives, continue with consumer protection, fair trade practices, legal metrology and conformity assessment, enhance enterprise training and development, enhance business finance and incubation services and exchange visits, continue mapping of markets and trading centers, catalyze industrial development and investment promotion and facilitate industrial research, incubation and innovation.

1.8.4 Tourism

The Tourism sector remains one of the leading foreign exchange earners for Kenya and contributor in employment in the hospitality industry. It also provides a market for goods produced in other sectors. The County economy can tap from the open-air recovery of the tourism sector characterised by increasing number of local, international tourists and conference tourism in the County. The County has great potential for tourism and increasing earnings from this sector due the presence of Mt. Elgon National Park and Saiwa Swamp National Park. Continued investments in the hospitality industry will create employment opportunities and spur economic growth as this industry has direct linkages with tourism.

1.8.5 Transport and Infrastructure development

Trans Nzoia County has a total of 4,421.7 kilometers of road network out of which bitumen surface is 163.3 Kilometers, gravel surface is 2,165.4 Kilometers and earth surface roads is 2,093 Kilometres. The opening up of new road networks, grading and gravelling continues to be top priority of the department as it helps boost trade and commerce in the major trading centres in the county.

The county has a railway line covering 23 Kilometers that terminates at Kitale town which is however not functional. The County has one functional airstrip at Kambimiwa which has been expanded. Upgrading of Kiminini Township Road and road to referral hospital are programmed. County fire unit plays critical role in protection and rescue of properties and life against fire. The fire station has undergone transformation through construction of a modern fire station.

1.8.6 County Receipts and Revenue Performance

The County receipts amounted to **Ksh. 2,672,435,836** for the half year July-December 2022. Exchequer releases contributed to 67.2 percent of the receipts, while Other Revenues stood at 21.5 percent while Own Source Revenues stood at 7.1 percent of the total county receipts. This implies that the county is heavily reliant on the equitable share and grants as the major source of county project funding hence the need to grow own source revenue.

Table 1: 1st Half Year County Receipts FY 2022/23 - for 1st half of FY 2022/23

County Receipts Fy.2022/23				
	Q1 July to Sept 2022	Q2 Oct to Dec 2022	Cumulative	% Contribution to County Receipts
Equitable Share	1,185,716,016	610,823,401	1,796,539,417	67.2%
Grants	-	-	-	0.0%
Balance b/f	111,146,408	-	111,146,408	4.2%
Other Revenue Sources	574,892,612	-	574,892,612	21.5%
Own Source Revenue	101,942,165	87,915,234	189,857,399	7.1%
Total	1,973,697,201	698,738,635	2,672,435,836	100.0%

Source: County Treasury 2023

1.8.7 County Own Source Revenue (OSR) for the First Half FY 2022/2023

The total County Own Revenue (OSR) collected for the first half of the year amounted to Kshs. **189,857,399**, against an annual target of Ksh 629,500,000. This accounts for 30.2 percent of the annual targeted local revenue. The highest collection for the half year was realized under the Trade, Commerce & Industry department and this accounted for 37.5 percent of the half year OSR collection. Table 2 provides a summary of the first half own source revenue realized by department.

Table 2: Half Year (as at Dec.2022) OSR Collection by department Fy.2022/2023

Sector	Annual Budgeted	Half Year Actual	Dept. collection as % of Total
Agriculture, Livestock and Fisheries	10,650,000	1,691,420	15.9%
Trade, Commerce and Industry	44,950,000	16,869,052	37.5%
Water, Environment and Natural Resources	9,600,000	926,555	9.7%
Works, Transport and Infrastructure	8,500,000	624,200	7.3%
Health	301,100,000	104,558,711	34.7%
Lands, Physical Planning and Urban Development	24,100,000	5,878,352	24.4%
Gender, Youth Spots Culture and Tourism	200,000	18,000	9.0%
Education	100,000	-	0.0%
Finance and Economic planning	230,300,000	59,291,109	25.7%
Total	629,500,000	189,857,399	30.2%

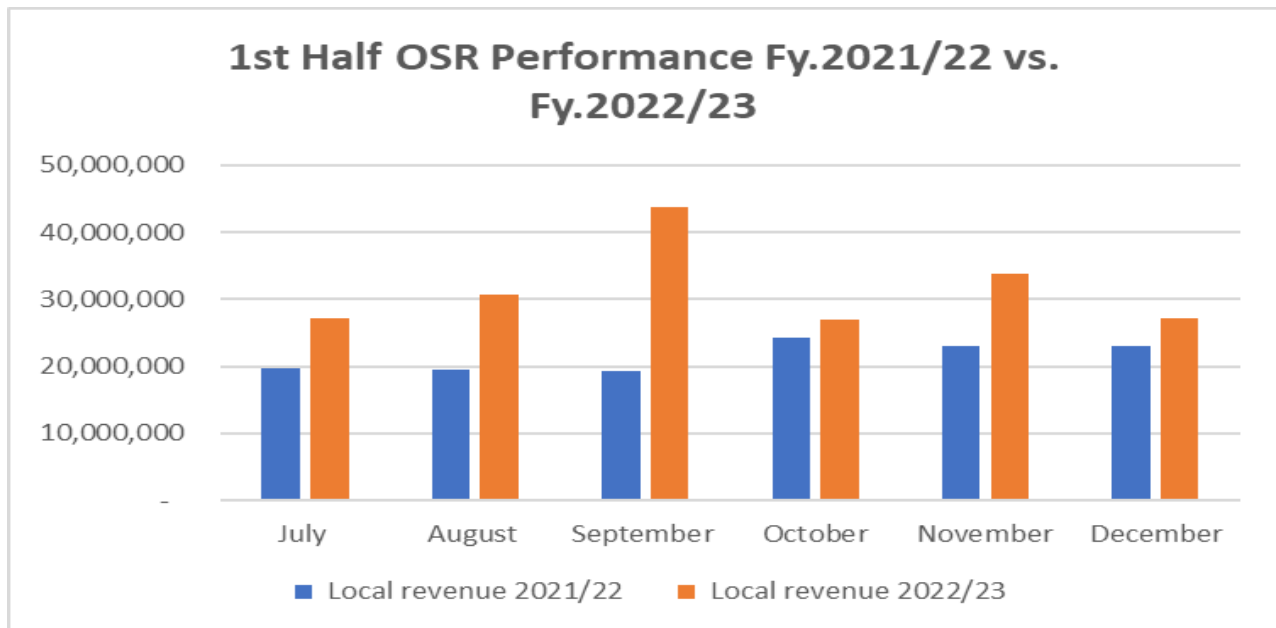
1.8.8 Half Year Revenue performance for FY2021/22 vs FY2022/23

The was a 47.4 percent increase in the overall OSR revenue collected in the first half of Fy.2022/23 in comparison to the previous financial year 2021/2022. In the six months under review, the months of August and September registered the highest growth in revenue with 127 percent and 57 percent respectively in relation to the previous financial year.

Table 3; 1st Half year OSR FY 2020/21 Vs 2021/22

Month	Local revenue 2021/22	Local revenue 2022/23	% Growth
July	19,669,996	27,198,112	38.3%
August	19,548,017	30,744,168	57.3%
September	19,208,192	43,754,115	127.8%
October	24,235,299	26,985,480	11.3%
November	23,012,807	33,781,769	46.8%
December	22,987,403	27,147,985	18.1%
Totals	128,661,714	189,611,629	47.4%

Figure 1: 1st Half OSR Fy.2021/22 vs. Fy.2022/23



1.8.9 Expenditure Performance

The total Expenditure for both recurrent and development budget for the financial year 2021/22 was **Ksh. 7,803,256,987** against an approved budget of **Ksh. 9,305,304,756** translating to 83% absorption rate as compared to previous FY 2020/21 in which the absorption rate was 83 percent.

For the previous financial year 2021/22 the absorption rates for the Recurrent and Development budgets were 99 percent and 64 percent respectively.

Vote	APPROVED BUDGET 2020/21	ACTUAL EXPENDITURE 2020/2021	Actual Expenditure Fy 2020/21 as % of Approved	APPROVED BUDGET 2021/22	ACTUAL EXPENDITURE 2021/22	Variance	Actual Expenditure Fy 2021/22 as % of Approved
Recurrent	4,908,121,634	4,346,516,494	88.6%	5,254,429,956	5,211,673,599	42,756,357	99.2%
Development	3,488,085,734	2,605,570,933	74.7%	4,050,874,800	2,591,583,388	1,459,291,412	64.0%
Total Expenditure	8,396,207,368	6,952,087,427	82.8%	9,305,304,756	7,803,256,987	1,502,047,769	83.9%

Source: IFMIS reports 2022

Half Year Expenditure Fy.2022/23

The County expended Ksh 2,285,393,393 against an approved budget of Kshs 9,293,454,362. This translates to an absorption rate of 24.6% of the annual budget. This compares negatively in absolute terms with a similar period last year, when execution stood at Ksh 3,177,329,605.

Table 4: 1st Half Expenditure Fy.2021/22 by Economic Classification

County Expenditure in First Half FY 2021/22 vs FY2022/2023					
Economic Classification	Q1 (July-Sept 2022)	Q2 (Oct-Dec 2022)	First Half 21/22	First Half 22/23	% Contribution to Expenditure
Compensation to employees	764,478,810	817,678,457	1,443,398,421	1,582,157,267	69.2%
Use of goods and services	178,054,435	85,137,127	610,768,678	263,191,562	11.5%
Transfers to the County Assembly	123,338,836	233,073,635	516,776,763	356,412,471	15.6%
Other grants and transfers (bursaries)	12,010,913	42,648,544	88,957,838	54,659,457	2.4%
Acquisition of assets (Development Expenditure)	-	28,972,636	517,427,905	28,972,636	1.3%
Totals	1,077,882,994	1,207,510,399	3,177,329,605	2,285,393,393	100.0%

Source: IFMIS Reports 2023

Out of the half year expenditure of 2,285,393,393, the development expenditure was 83,632,093 representing 5.0 percent of the Half year expenditure. On the other hand, compensation to employees and use of goods and services expended 69.2 percent and 11.5 percent respectively.

1.8.10 Execution of the Recurrent Expenditure.

The actual half year recurrent (operations and Maintenance) expenditure was Ksh. 2,171,217,956 against annual target of Ksh. 5,474,130,937 accounting for 39.7% of the total expected recurrent expenditure. The departments of Agriculture, Water, Env and Natural Resources, Governance, Gender, Sports and Culture and Finance expended more than half their recurrent allocation with absorption rates of 61.0 percent, 58.3 percent, 56.7 percent, 79.0 percent, and 60.7% percent absorption respectively. The rest of the departments were between 0.7 percent and 45.6 percent with the Municipal Board of Kitale recording the least absorption of 0.0 of the allocated recurrent Budget.

The execution of the recurrent Budget by department is summarized in Table 6.

Table 5: 1st Half Fy.2022/23 Recurrent Expenditure

Department	Compensation to Employees July-Dec 2022	Operation and Maintenance July-Dec 2022	Total Recurrent July-Dec 2022	Approved Estimates 2022/23 (Recurrent)	Rate of absorption
Agriculture	147,955,748	224,900	148,180,648	242,783,251	61.0%
Livestock	-	-	-	17,590,000	0.0%
Trade, Commerce	9,706,645	1,501,560	11,208,205	51,762,489	21.7%
Water, Env and Natural Resources	49,193,273	-	49,193,273	84,359,564	58.3%
Public Works, Transport and Infrastructure	28,821,892	7,377,198	36,199,090	174,139,869	20.8%
Health Services	-	-	-	-	0.0%
Health Corporate	786,231,465	82,003,421	868,234,885	1,902,963,263	45.6%
Lands, Housing	11,452,699	1,038,329	12,491,028	73,543,816	17.0%

Department	Compensation to Employees July-Dec 2022	Operation and Maintenance July-Dec 2022	Total Recurrent July-Dec 2022	Approved Estimates 2022/23 (Recurrent)	Rate of absorption
Municipality Board of Kitale	-	-	-	67,630,000	0.0%
Gender, Sports, Culture	39,635,100	2,105,450	41,740,550	52,862,882	79.0%
Governance	65,669,397	32,821,860	98,491,257	173,758,719	56.7%
PSM	73,976,431	8,075,250	82,051,681	602,832,901	13.6%
CPSB	-	7,655,898	7,655,898	73,150,170	10.5%
Education, ICT	167,843,659	720,450	168,564,109	588,833,145	28.6%
Finance	201,670,959	116,522,857	318,193,816	523,945,542	60.7%
Economic Planning	-	2,675,700	2,675,700	46,694,733	5.7%
County Attorney	-	468,690	468,690	65,630,000	0.7%
County Assembly	146,976,865	178,892,262	325,869,127	731,650,593	44.5%
Totals	1,729,134,132	442,083,824	2,171,217,956	5,474,130,937	39.7%

Source: IFMIS Reports 2023

1.8.11 Execution of Development Expenditure

The department's budget execution rate stood between 4.6 percent and 11.8 percent with the overall absorption rate of the half year development expenditure being 3.0 percent as illustrated in table 7.

Table 6: 1st Half Development Budget execution FY.2022/23

Department	Expenditure July-Dec 2022	Approved Estimates 2022/23	Rate of absorption
Agriculture	54,659,457	581,416,276	9.4%
Livestock	-	86,465,079	0.0%
Trade, Commerce	-	154,000,000	0.0%
Water, Env and Natural Resources	-	288,086,871	0.0%
Public Works, Transport and Infrastructure	-	439,266,580	0.0%

Department	Expenditure 2022	July-Dec	Approved 2022/23	Estimates	Rate of absorption
Health Services		-		10,000,000	0.0%
Health Corporate		-		390,227,415	0.0%
Lands, Housing		-		289,433,340	0.0%
Municipality Board of Kitale		-		59,255,000	0.0%
Gender, Sports, Culture		-		205,082,445	0.0%
Governance		-		25,000,000	0.0%
PSM		-		246,868,227	0.0%
CPSB		-		13,465,000	0.0%
Education, ICT		-		113,900,000	0.0%
Finance		28,972,636		635,407,192	4.6%
Economic Planning		-		21,800,000	0.0%
County Attorney		-		-	0.0%
County Assembly		30,543,344		259,650,000	11.8%
Totals		996,989,885		4,020,706,073	24.8%

Source: IFMIS Reports 2023

1.9 Adherence to Fiscal Principles

The County approved budget for FY 2021/2022 complied with the fiscal responsibility principles as outlined in the PFM Act 2012. The Development Budget of **Ksh. 4,050,874,800** which is 43.5 % of the total budget of Ksh. **9,305,304,756** in the FY 2021/22 was over and above the minimum requirement of 30%. Comparatively, the Capital Expenditures budget for the fy.2022/23 of **Kshs. 3,819,323,425** is 41.1% of the total budget. The County Government share of wages and benefits to revenues was 33 percent in the FY 2021/22 while compensation for employees for the financial year 2022/23 stands at approximately **35%**. The Capital Expenditures Budget of 41% is over and above the required minimum threshold.

Table 8 presents an analysis for the personal emoluments against the county budget for Fiscal years 2013/14 to 2022/23.

Table 7: Analysis of personal emoluments against the County budget.

Financial Year	Personnel Expenditure	Approved Budget	PE as % of Total Budget
2013/2014	1,331,772,619	4,424,513,086	30.1%
2014/2015	1,825,867,635	5,374,097,481	34.0%
2015/2016	1,599,246,132	6,154,867,114	26.0%
2016/2017	1,944,062,488	6,875,000,761	28.3%
2017/2018	2,667,942,552	6,628,528,220	40.2%
2018/2019	2,390,559,373	8,042,560,324	29.7%
2019/2020	2,429,057,373	7,974,595,274	30.5%
2020/2021	2,663,904,368	8,396,207,368	31.7%
2021/2022	3,200,142,358	9,253,170,349	34.6%
2022/2023 Half Year	1,729,134,132	9,293,454,362	18.6%

1.10 Fiscal Policy

Going forward into the medium term, the National Government will continue with its revenue mobilization and expenditure prioritization policy geared towards economic recovery. This will support sustained, rapid and inclusive economic growth, safeguard livelihoods and continue the fiscal consolidation programme, thus creating a fiscal space for the implementation of the core thematic areas of Agricultural Transformation; Micro, Small and Medium Enterprise (MSME) Economy; Housing and Settlement; Healthcare; and Digital Superhighway and Creative Industry and other priority programmes in the medium term. This will curtail growth in public expenditures to ensure it attains its fiscal consolidation path over the medium term and strengthen management of public debt to minimize cost and risks of the portfolio, while accessing external concessional funding to finance development projects. The fiscal deficit is projected to decline from 8.2 percent of GDP in FY 2022/23 to 6.0 percent of GDP in FY 2023/24 and further to 3.9 percent of GDP by FY 2025/26.

To achieve this target, the Government will continue to restrict growth in recurrent spending and double its effort in domestic resource mobilization. The County Government has also been cutting down on non-priority expenditures such as hospitality, training, travel and freezing of

employment in non-priority sectors in order to manage the public wage bill and increase the funds for development.

1.11 Expenditure Rationalization

The County Government will adopt expenditure rationalization approach; sustain the improvement in budget credibility through realistic OSR estimates and prudent financial management. The Government will also Review the OSR base and undertake initiatives that will enhance local revenues key among them scaling the revenue automation process to cover all the revenue streams. The County Government will also improve compliance through enhanced administrative measures. County expenditure for the intervening budget period has focused on the completion of on-going programs and projects in order to carry forward the accruing gains in the implementation of CIDP II into the under development CIDP III programming over the medium term.

1.12 Domestic Growth Outlook

The National Government is currently focusing on the implementation of the Economic Recovery Strategies that aims at restoring the economy to a strong growth path, creating jobs and economic opportunities across all regions of the country with a view to tackling social and income inequalities. It is expected that the successful implementation of the Economic Recovery Strategy which is also aligned to the core pillars, in which the Government seeks to increase investments in five sectors envisaged to have the biggest impact on the economy as well as on household welfare. These include: Agricultural Transformation; Micro, Small and Medium Enterprise (MSME) Economy; Housing and Settlement; Healthcare; and Digital Superhighway and Creative Industry.

The business environment at the County level is expected to stabilize. This will lead to better revenue collection from trade licenses among other revenue sources. Agriculture continues to be the main contributor to the county economy. The favorable weather conditions coupled with county investment initiatives for the sector will lead sustained production and subsequently improved livelihoods for the County residents.

1.13 Risks Associated with the Outlook

There are risks to this macroeconomic outlook emanating from domestic as well as external sources. There are down side risks to this macroeconomic outlook emanating from domestic as well as external sources. On the domestic front, risks emanate from climate change resulting in unfavourable weather conditions. This could affect agricultural production and result to domestic inflationary pressures.

On the external front, uncertainties in the global economic outlook have also increased which could impact on the domestic economy. These risks include: the possible worsening of the Russia - Ukraine conflict which could heighten the risk of oil and commodity price volatility and elevated inflationary pressures global monetary policy tightening, especially in the United States, could increase volatility in the financial markets.

The upside risk to the domestic economy relate to faster than projected rebound in economic activities that would result in higher Government revenues providing fiscal space that would support fiscal consolidation. The Kenyan Government continues to monitor the domestic and external environment and will take appropriate policy measures to safeguard the economy against the adverse effects of the risks if they were to materialize.

PART II. STRATEGIC PRIORITIES AND INTERVENTIONS

2.0 Aligning the County Development Framework with the National Development Agenda

2.1 Overview

The County Fiscal strategy is being informed by the National Government Budget Policy Statement (BPS) 2023, in which the national Government is focusing on the implementation of the Economic Recovery Strategies that aims at restoring the economy to a strong growth path, creating jobs and economic opportunities across all regions of the country with a view to tackling social and income inequalities. From the outset of the pandemic, the National Government took decisive actions to respond to the adverse effects of the pandemic by implementing the Economic Stimulus Programme (ESP) whose objective was to cushion businesses and vulnerable Kenyans, increase demand for local goods and services, and create employment and increase incomes. The ESP created over 200,000 jobs for the youth, enhanced liquidity by supporting credit access to businesses and enhanced cash transfers to the vulnerable and the emerging urban vulnerable as a result of the pandemic. Building on the gains made, the 2023 BPS articulates

priority economic policies and structural reforms as well as sectoral expenditure programs to be implemented under the MTEF for FY 2023/24 - 2025/26.

Going forward, this CFSP seeks to create an enabling environment critical to accelerating County economic recovery and return the County economy back to long term growth for improved livelihoods. In this regard the Strategy focuses on consolidating and furthering the gains from the implementation of the CIDP which has been rolled out through successive Annual Development plans. The interventions of the CIDP seek to contribute to the attainment of the 5 core thematic areas identified in the budget policy statement and which is tailored towards the realization of the social and economic pillars of the Vision 2030 and the development goals enshrined in the Kenyan Constitution.

Towards this end, the Government will undertake the following strategic interventions anchored in CIDP 2023-2027:

- i. Expansion of County social and physical Infrastructure
- ii. Enhance investment in key sectors of the County for broad based sustainable recovery by promoting agricultural production and value addition, environmental conservation and water supply and sustainable land use and management;
- iii. Expand access to quality social services in health, education and appropriate social safety nets for the County vulnerable population;
- iv. Creating an enabling conducive business environment for growth;
- v. Policy formulation, implementation and undertaking institutional reforms to enhance efficiency of County public service delivery.

Investment in the above key areas will create jobs, enhance access to the basic needs of the county residents, improve their quality of life, lower the cost of living and reduce poverty and inequality. These development aspirations are in tandem with the County's medium term development agenda of reducing poverty, raising household incomes and reducing

unemployment among the county's youth population as outlined in the County development blue print (CIDP).

In specific key County interventions are geared towards; -

- Completion and operationalization of the Masinde Muliro Business Centre
- Refurbishment of the Kenyatta Stadium
- Construction of the Tom Mboya Mother and Child Hospital
- Enhancement of the Bursary Kitty
- Completion and operationalization of the new County Teaching and Referral hospital;
- Promoting adoption of modern agriculture practices;
- Enhancing the crop diversification programme and agricultural productivity.
- Enhancing post-harvest management and promoting value addition for agricultural produce;
- Construction and equipping ECDE classrooms in the 25 wards;
- Construction of administration block and twin workshop in VTCs
- Development of market infrastructure;
- Promoting access to credit by SMES and Jua Kali sector;
- Expansion and improvement of the County roads network;
- Expansion, rehabilitation and equipping and construction of existing health facilities;
- Upscaling the social welfare safety net to cover health sector;
- Provision of more healthcare personnel.
- Implementing the integrated urban development and County Spatial Plans;
- Environmental conservation and increasing county tree cover;
- Increasing access to safe water
- Solid waste management;
- Promoting women and youth empowerment programmes;
- Promoting sports, culture and performing arts
- Enhancing County own revenue through completion of automation of all revenue streams and strengthening revenue administration.
- Embrace information technology in all the county operations

2.2 County Strategic Priorities

The County Integrated Development Plan 2023-2027 articulates the development priorities the County Government is implementing in order to respond to the county residents felt needs. The strategic interventions are aimed at improvement of the quality of life of the county residents through increased incomes, food security and employment creation as encapsulated in the CIDP themed; transformative agenda for accelerated economic growth and improved social welfare.

The strategic priorities being implemented towards the achievement of County Development goals are provided by sector as below;

2.2.1 Agriculture, Livestock, Fisheries and Co-operative Development

This sector is the mainstay of the County's economy, and the development objective in the medium term is *“To promote a competitive and sustainable agriculture, livestock, fisheries and a vibrant co-operative movement”*. The priorities for the sector include; support farmers secure subsidized farm inputs for increased production. expansion of the crop diversification programme, promotion of conservation agriculture techniques by increasing appropriate equipment, revival of the cooperative societies, enhancing markets and marketing channels for the agricultural produce, reduction of post-harvest losses by installation of grain driers and provision of storage materials such as Hermetic bags, and promotion of value addition for coffee, milk, maize and horticultural crops including bananas and Avocado.

In addition, the sector is also implementing the NARIGP programme whose objective is *“to increase agricultural productivity and profitability of the county communities’* plans through funding micro projects and supporting value chains across the county. Under ASDSP programme the sectors plans to identify 45 opportunities per value chains; promote 20 innovations on identified VCs and also develop a database.

In livestock, the sub sector county will continue to expand the AI programme, increase the number of milk coolers, and rehabilitate the communal cattle dips, promote disease control by working jointly with the neighboring counties, and promote fish farming and value addition.

2.2.2 Water, Environment and Natural Resources

The sector objective in the medium term is; *“To be the leading agency in the integrated conservation, protection, management and utilization of water, environment, natural resources and climate change management for sustainable development in the county”*. To deliver on the objective, priority and ongoing projects include extension of Water Gravity Schemes, sinking more Boreholes, spring protection and hand dug wells, rehabilitation of water dams, establishment of new Solid Waste Management site, procurement of skip loaders and side loaders and refuse containers, construct sanitation blocks and exhaustible public toilets for the various market centres. The sector is also increasing the county Forest cover through tree planting initiatives. Through donor funded programme Financing of Locally Led Climate Change Actions (Flocca), the county will undertake a number of initiative to mitigate against climate change.

2.2.3 Education and Vocational Training

This Sector is comprised of Early Childhood Education and Vocational Training. The sectors development objective in the medium term is; *“To provide quality education training and research for empowerment of individuals to become competent and responsible citizens who meet the global labor market demands*. The priority projects in the sector for the financial year 2023/24 and the medium term include; construction and equipping of ECDE classrooms; rehabilitation of existing Village polytechnics; equipping all the VTCs with modern equipment and instructional materials and provision of specific startup kit for VTC graduates in respective courses. In addition, the sector has targeted to construct administration blocks and twin workshops as well as computer labs in 25 VTCs.

2.2.4 Trade, Commerce and Industry

The sectors development objective in the medium term is *“To facilitate trade, investments and industrial development by championing an enabling and sustainable environment”*. The priorities for the sector in the medium term include: completion and operational of the Masinde Muliro Business Centre flagship project, commence the construction of Kaplamai, Kapkarwa and Kolongolo market; rehabilitate Kapkoi fresh produce market; complete 4 ongoing markets namely Gitwamba, Makutano, Kesogon and Tuigoin; construct 10 model kiosks and undertake 2 trade fairs and exhibitions. The sector will also undertake mapping of markets and trading

centres; engage in Regional Economic Integration Initiatives in addition to undertaking routine activities on consumer protection and enhancing fair trade practices.

2.2.5 Public Works, Transport & Energy

The sector objective is *“To provide an efficient, affordable and reliable infrastructure for sustainable economic growth to Trans-Nzoia residents and development through construction, modernization, rehabilitation and effective management of all infrastructural facilities”*. The priority projects for the sector in the medium term include; opening up of more roads in the rural parts of the county and undertaking routine maintenance of county roads. In addition, the sector will continue improvement of key roads in the Kitale Municipality through upgrading to bitumen standards in addition to opening of drainage channels, culvert installation and construction of footbridges at strategic points across the county. The sector will continue the street lighting programme for Kitale town and other major urban centres besides routine maintenance of the existing street lightings and high mast installations. Similarly, the County Fire and emergency units will continually be equipped and maintained to enhance the capacity to respond to fire emergencies and disasters.

2.2.6 Health Services

The objective of the sector in the medium term is *“To systematically build a progressive, responsive, sustainable, technology-driven, evidence-based and client-centered healthcare system; for accelerated attainment of the highest standard of health to all the residents of Trans Nzoia County*. In order to consolidate the achievements realised by the sector, the priorities for the upcoming financial year and the medium term will include rehabilitation and equipping of existing health facilities, increase annual investment in the procurement of pharmaceuticals and non-pharmaceuticals, complete, equip and Operationalise the County Teaching and Referral Hospital to enhance provision of specialised services.

2.2.7 Lands, Housing and Urban Development

The development objective of the sector in the medium term is *“To improve the livelihoods of Trans Nzoia citizenry through efficient administration, management of the land resource for equitable access to secure land tenure, affordable, decent housing and organized urban development in a sustainable environment.* The key priority projects for the sector include develop County Spatial Plans for major towns and market centres. In addition, the government will acquire land for public utilities such for development of markets and fast track issuance of title deeds for the residents and all government properties. The department will also seek partnership with the National Government in development of affordable houses for the residents, ensure all major urban centres are properly planned and plans enforced and control development.

2.2.8 Gender, Youth, Culture, Sports, Women & Tourism

The Sector development objective for the financial year 2022/23 and in the medium term is *“To mobilize the community to preserve culture, promote sports and tourism development, support social welfare and child protection and identify and nurture youth talents in Trans Nzoia County.* The key priorities for implementation during the period include; completion of renovation of Bahati home for the elderly in Tuwan ward; construction of perimeter wall of Bahati children’s home; completion of construction of hostel in kwanza rehabilitation centre; completion of Kenyatta stadium and renovation of Kitale National Museum. The sector will also support performing artists and promote tourism by identifying new tourism attraction sites and marketing the sites.

2.2.9 Governance, Public Service Management

The Sector mandate is *“To provide overall leadership and policy direction in resource mobilization, management and accountability for effective county public service delivery.* For the upcoming period 2023/24 the sector will focus on completion of ongoing programs. The key priorities for the sector in Fy.2023/24 and over the medium term will include construction of 2 sub county offices, construction of county office complex, construction of Governors residence among other sector projects.

In addition, the sector will continue strengthening county public service delivery through human resource management and development, development of policies to enhance effective sector

operations, review and development of schemes of services, coordination of county performance management, civic education and public participation among other governance delivery services.

2.2.10 County Public Service Board

The Sector development objective in the medium term is *“To provide policy guidance, regulatory framework and develop institutional and human resource capacity for effective delivery of services to the public.* The key projects for the sector include completion of Construction County Public service Board building; staff recruitment and selection; Establish modern systems for record and information management; sensitize 4,000 county staff on values and principles of articles 10 and 232 of COK.

The Board also oversees human resource development and management, enforces adherence to principles of governance and national values among other interventions.

2.2.11 Finance and Economic Planning

The Sector development objective in the medium term is *“To provide general guidance and policy direction in resource mobilization, financial management, accountability and transparency in resource utilization for quality public service delivery.*

This Sector is responsible with ensuring prudent management of financial resources, formulating economic and fiscal policies to facilitate socio economic development, resource mobilization and facilitation of payments to the county internal and external customers for effective service delivery.

The key priorities include; refurbishment of the County planning unit, End term review of the 2nd generation CIDP and coordination of development of the 3rd generation CIDP, establishment of county statistics/documentation unit, formulation of county development plans, preparation of budget policy documents and financial reporting

In addition, the sector intends to install backup generator in the revenue office, acquisition of 6 utility vehicles and 10 motor cycles to enhance revenue collection and management. Further the sector plans to enhance revenue automation to cover more revenue streams and geographical coverage to sub county level.

2.2.12 County Assembly

The development objective of the sector in the medium term is “*To offer quality services to the society through oversight, representation and legislation by ensuring autonomy and impartiality of the County Assembly.*” The key priority projects for the sector include completion of renovation of the county assembly administration block; completion of speaker residential house and procurement of 2 vehicles.

2.2.13 Kitale Municipal Board

The sub sector development objective in the medium term is “*To be an effective Municipality in provision of infrastructure and service delivery.*” The priority projects in the sector for the financial year 2022/23 and in the medium term include; Improvement of roads and associated infrastructure (parking, drainage works, non-motorist transport etc.) within the municipality; finalization of the integrated Urban Development Plan for Kitale Municipality and other plans; in addition to provision of firefighting infrastructure and services within the municipality. The sub sector will also strengthen policy and legislative framework through the development of appropriate Municipal by-laws, solid waste Management policy among other legislations for smooth service delivery in the Kitale Municipality.

Part III: Fiscal Framework Summary

3.1 Medium-Term Expenditure Framework

In light of the recent macroeconomic developments, growth prospects and limited resources, the FY2023/24 budget and the Medium-Term Budget Framework will be done by prioritizing implementation of programs outlined in the 3rd generation CIDP. The resource allocation in 2023/2024 financial year is based on sector priorities as outlined in the Annual development Plan. The County Government will also continue with the fiscal consolidation plan by rationalizing expenditures and enhancing local revenue mobilization. In this regard, the County sectors will be encouraged to adopt efficiency in allocation of resources to reduce non-priority spending. This will be achieved through budget costing, and reviewing the county development projects to re-align with the Government policy priorities.

As a policy tool, the county fiscal framework targets to enhance growth and productivity across all sectors of the County. The projected growth assumes normal weather pattern during the year, stable national and international economic environment, and local investors responding to the development initiatives outlined in the CIDP and ADP, and low international oil prices.

3.2 Revenue Projections

In the FY 2023/24 Revenue receipts for equitable share and Own source Revenue collection is projected at Ksh 8.12 billion. This will comprise of projected equitable share and OSR of Kshs 7.49 billion and Kshs. 629 million respectively. Own source revenue targets will be underpinned by the on-going measures to enhance local revenue collection that include continued automation of all the OSR revenue streams and enhancing revenue administration.

Table 8: Projected County Revenue for Fy. 2023/24-2024/25 - County Revenues projections for Fy.2023/24 and the medium term.

Classification	Approved 2022/23 Ksh.	Projected 2023/24 Ksh.	Projected 2024/25 Ksh.	Projected 2025/26 Ksh.
Equitable share	7,186,157,670	7,491,188,345	7,600,000,000	8,000,000,000
Local Revenue Projection	629,500,000	629,500,000	629,500,000	629,500,000
Other grants and transfers	902,904,080		800,000,000	850,000,000
Unspent Balances brought forward	574,892,612		-	-
Total Projected Revenue	9,293,454,362	8,120,688,345	9,029,500,000	9,479,500,000

Source: County Treasury and BPS 2023.

The Revenue projections have been based on equitable share and OSR. The loans and grants will be additional funds allocated once these are determined.

From the budget policy statement additional Allocations, the National Treasury proposes to allocate Ksh 11.1 billion as additional allocations (Conditional and Unconditional) from the National Government share of revenue and Ksh 33.2 billion as additional allocations from proceeds of loans and grants to County Governments in FY 2023/2024. In order to operationalize the national government's programme on aggregated industrial parks, each county government has been allocated Ksh 100 million as a conditional grant in FY 2023/24. This new conditional grant from the National Government's share of revenue translates to Ksh. 4.7 billion to all the 47 County Governments. The additional conditional allocations are meant to support specific national policy objectives to be implemented by County Governments. Transzoia County will benefit from the following programmes whose aggregated allocation for all the counties are shown next:

Additional Unconditional Allocations from the National Government Share of revenue

Additional allocation	Amount in Ksh	Department
Court Fines from County Legislations	108,660,979	Finance/Governance
Additional Conditional Allocations from the National Government Share of revenue		
Additional Allocation	Amount in Ksh	Department
Leasing of Medical Equipment	5,862,000,000	Health
Aggregated Industrial Parks Programme	4,700,000,000	Trade
Additional Conditional Allocations Financed from proceeds of loans and grants from Development Partners for Financial Year 2023/24		
Additional Allocation	Amount in Ksh	Department
IDA (World Bank) credit (National Agricultural and Rural Inclusive Growth Project (NARIGP)	3,150,000,000	Agriculture
IDA (World Bank) credit National Agricultural Value Chain Development Project (NAVCDP)	8,250,000,000	Agriculture
DANIDA Grant - Primary Health Care in Devolved Context	577,500,000	Health
IDA (World Bank) Credit (Financing Locally- Led Climate Action (FLLoCA) Program -County Climate Institutional Support (CCIS) Grants	517,000,000	Environment and Climate Change
IDA (World Bank) Credit (Financing Locally- Led Climate Action (FLLoCA) Program – County Climate Resilience Investment Grant	6,187,500,000	Environment and Climate Change
Sweden- Agricultural Sector Development Support Programme (ASDSP) II	72,797,253	Agriculture
World bank - Kenya Informal Settlement Improvement Project (KISIP II)	3,269,530,746	Lands and Urban Development
Kenya Livestock Commercialization Project (KELCLOP)	344,300,000	Livestock

Source: Budget Policy Statement 2023

The additional allocations will be additional to funds allocated from equitable share and OSR and will be assigned to respective departments once disaggregated in the County Government Additional Allocation Act.

The summary of projected County own source revenue for the coming financial year 2023/24 and the MTEF period is summarised in the table below.

Table 9: County OSR projections by department Fy.2022/23 and Medium Term

Sector/Department	Approved Revenue 2022/23	Revenue 2023/24	Revenue 2024/25	Revenue 2025/26
Agriculture, Livestock, Fisheries and Cooperative Development	10,650,000	10,650,000	11,750,000	12,300,000
Trade, Commerce & Industry	44,950,000	44,950,000	45,050,000	45,100,000
Water Environment and Natural Resources	9,600,000	9,600,000	9,560,000	9,540,000
Works, Transport & Infrastructure	8,500,000	8,500,000	8,700,000	8,800,000
Education, ICT and Vocational Training	100,000	100,000	110,000	115,000
Health Services	301,100,000	301,100,000	306,900,000	309,800,000
Lands, Housing and Urban Development	24,100,000	24,100,000	26,510,000	27,715,000
Gender, Youth, Culture, Sports, Women & Tourism	200,000	200,000	220,000	230,000
Governance and Public Service Management	-	-	-	-
Office of the County Attorney	-	-	-	-
CPSB	-	-	-	-
Finance and Economic Planning	230,300,000	230,300,000	241,700,000	247,400,000
County assembly	-	-	-	-
Total	629,500,000	629,500,000	650,500,000	661,000,000

Source: County Revenue section

3.3 Expenditure Forecasts

In FY 2023/2024, the projected expenditure is Ksh. 8,120,688,345 out of which the projected recurrent expenditure is Ksh. 5,515,027,292 and a development expenditure target of Ksh. 2,605,661,053 as summarised in table 11.

Table 11: Summary of Proposed Expenditure by Vote for MTEF period 2023/24- 2025/26 Ksh.

Vote	Approved Budget	Projected Expenditures		
	22/23	23/24	24/25	25/26
Recurrent	5,474,130,937	5,515,027,292	5,810,235,719	5,985,989,932
Development	3,819,323,425	2,605,661,053	3,117,369,083	3,210,890,156
Total	9,293,454,362	8,120,688,345	8,927,604,802	9,196,880,088

Source: County Treasury

**Expenditure projections for the outer MTEF years based on equitable share & OSR

3.4 Resource Allocation Criteria

The Resource allocation by Sector will be based on the following: -

- Linkages with the CIDP and ADP and other County Plans;
- Initiatives that address the social economic development agenda and transformation;
- Degree to which the programme addresses the key mandate of the department;
- Provision of services as contained in schedule 14 of the constitution and
- Degree to which the programme addresses constitutional obligations.

Consequently, the focus in resource allocation will be geared towards;

- Improving public services delivery;
- Completion of ongoing Projects/programs
- Enhancing Human resource capacity;
- Creating enabling environment for trade and investment;
- Fast tracking the implementation of the CIDP;
- Promoting agricultural production and resilience;
- Promoting value addition and
- Ensuring easy access to basic social services including water, education and health care.

3.5 Conclusion and the Next Steps

The policies outlined in this CFSP aim at striking a balance between circumstances which keep changing and the emerging issues and are broadly in line with the CIDP and the fiscal responsibility principles outlined in the PFM law. They are also consistent with the national strategic objectives which set a basis for County Government allocation of public resources. Details of these strategic objectives are contained in the County Integrated Development Plan (2023-2027). The policies and sector ceilings annexed herein will guide the Sectors/Departments in final adjustments of the 2023/24 MTEF budget. Budgetary resources are usually limited thus it is imperative that departments prioritize their programmes within the available resources to ensure that utilization of public funds are in line with County Government priorities. Departments need to carefully consider detailed costing of projects, strategic significance, deliverables (output and outcomes), alternative interventions, administration and implementation plans in allocating resources. There is also need to ensure that recurrent resources are being utilized efficiently and effectively before funding is considered for programmes.

Proper implementation of the budget is critical towards providing services that will promote sustainable growth. Sustainability requires greater effort from all the stakeholders including County Government Departments, Civil Society, Communities, County Assembly and development partners to get things done. This means providing for continuous consultation, finding solutions and encouraging innovation to build a sustainable County.

The tentative expenditure ceilings for the various sectors are appended in the Annex 1.

ANNEXES

Annex 1: CFSP Ceilings for FY 2023-2024

Sector	Vote	Approved Supp Budget – 2022/23 (Current)	Total Departmental Ceilings	Projection	Projection	Projection	% Proporti on to Total Budget	% Proporti on to Total Budget	% Proportion to Total Budget	% Proportion to Total Budget
Financial Year		2022/23	2023/24	2024/25	2025/26	2026/27	2022/23	2023/24	2024/25	2025/26
Agriculture	Subtotal	394,416,372	404,416,372	418,436,329	430,989,419	452,538,890	4.7%	5.0%	4.8%	4.9%
	Recurrent	242,783,251	252,783,251	257,568,751	265,295,814	278,560,605				
	Development	151,633,121	151,633,121	160,867,578	165,693,605	173,978,285				
Livestock	Subtotal	104,055,079	104,113,079	110,392,033	113,703,794	119,388,984	1.2%	1.3%	1.3%	1.3%
	Recurrent	17,590,000	17,648,000	18,661,231	19,221,068	20,182,121				
	Development	86,465,079	86,465,079	91,730,802	94,482,726	99,206,862				
Trade, Commerce & Industry	Subtotal	205,762,489	213,974,496	218,293,425	224,842,227	236,084,338	2.4%	2.6%	2.5%	2.6%
	Recurrent	51,762,489	59,974,496	54,914,825	56,562,269	59,390,382				
	Development	154,000,000	154,000,000	163,378,600	168,279,958	176,693,956				
Water Environment and Natural Resources	Subtotal	372,446,435	372,446,435	395,128,423	406,982,276	427,331,390	4.4%	4.6%	4.6%	4.7%
	Recurrent	84,359,564	84,359,564	89,497,061	92,181,973	96,791,072				
	Development	288,086,871	288,086,871	305,631,361	314,800,302	330,540,317				
Works, Transport & Infrastructure	Subtotal	613,406,449	615,958,742	650,762,902	670,285,789	703,800,078	7.3%	7.6%	7.5%	7.7%
	Recurrent	174,139,869	176,692,162	184,744,987	190,287,337	199,801,704				
	Development	439,266,580	439,266,580	466,017,915	479,998,452	503,998,375				
Education, ICT and Vocational Training	Subtotal	702,733,145	742,937,822	745,529,594	767,895,481	806,290,255	8.4%	9.1%	8.6%	8.8%
	Recurrent	588,833,145	629,037,822	624,693,084	643,433,876	675,605,570				
	Development	113,900,000	113,900,000	120,836,510	124,461,605	130,684,685				

Sector	Vote	Approved Supp Budget – 2022/23 (Current)	Total Departmental Ceilings	Projection	Projection	Projection	% Proportion to Total Budget	% Proportion to Total Budget	% Proportion to Total Budget	% Proportion to Total Budget
Financial Year		2022/23	2023/24	2024/25	2025/26	2026/27	2022/23	2023/24	2024/25	2025/26
Health Corporate	Subtotal	2,170,412,980	2,180,412,980	2,302,591,130	2,371,668,864	2,490,252,307	25.8%	26.9%	26.7%	27.2%
	Recurrent	1,902,963,263	1,912,963,263	2,018,853,726	2,079,419,337	2,183,390,304				
	Development	267,449,717	267,449,717	283,737,405	292,249,527	306,862,003				
Lands, Housing and Urban Development	Subtotal	162,977,156	169,977,156	172,902,465	178,089,539	186,994,016	1.9%	2.1%	2.0%	2.0%
	Recurrent	73,543,816	80,543,816	78,022,634	80,363,313	84,381,479				
	Development	89,433,340	89,433,340	94,879,830	97,726,225	102,612,536				
Kitale Municipal Board	Subtotal	126,885,000	82,828,705	134,612,297	138,650,665	145,583,198	1.5%	1.0%	1.6%	1.6%
	Recurrent	67,630,000	40,217,705	71,748,667	73,901,127	77,596,183				
	Development	59,255,000	42,611,000	62,863,630	64,749,538	67,987,015				
Gender, Youth, Sports, Culture & Tourism	Subtotal	257,945,327	257,945,327	273,654,197	281,863,823	295,957,014	3.1%	3.2%	3.2%	3.2%
	Recurrent	52,862,882	52,862,882	56,082,232	57,764,698	60,652,933				
	Development	205,082,445	205,082,445	217,571,966	224,099,125	235,304,081				
Governance	Subtotal	198,758,719	201,758,719	210,863,125	217,189,019	228,048,470	2.4%	2.5%	2.4%	2.5%
	Recurrent	173,758,719	176,758,719	184,340,625	189,870,844	199,364,386				
	Development	25,000,000	25,000,000	26,522,500	27,318,175	28,684,084				
Public Service Management	Subtotal	721,357,901	702,580,178	765,288,597	788,247,255	827,659,618	8.6%	8.7%	8.9%	9.0%
	Recurrent	602,832,901	584,055,178	639,545,425	658,731,787	691,668,376				
	Development	118,525,000	118,525,000	125,743,173	129,515,468	135,991,241				
CPSB	Subtotal	86,615,170	91,655,299	91,890,034	94,646,735	99,379,072	1.0%	1.1%	1.1%	1.1%
	Recurrent	73,150,170	75,660,299	77,605,015	79,933,166	83,929,824				

Sector	Vote	Approved Supp Budget – 2022/23 (Current)	Total Departmental Ceilings	Projection	Projection	Projection	% Proporti on to Total Budget	% Proporti on to Total Budget	% Proportion to Total Budget	% Proportion to Total Budget
Financial Year		2022/23	2023/24	2024/25	2025/26	2026/27	2022/23	2023/24	2024/25	2025/26
	Development	13,465,000	15,995,000	14,285,019	14,713,569	15,449,247				
Finance	Subtotal	1,159,352,734	850,708,442	1,229,957,316	1,266,856,035	1,330,198,837	13.8%	10.5%	14.2%	14.5%
	Recurrent	523,945,542	523,945,542	555,853,826	572,529,440	601,155,912				
	Development	635,407,192	326,762,900	343,101,045	360,256,097	378,268,902				
Economic Planning	Subtotal	68,494,733	57,930,000	72,666,062	74,846,044	78,588,346	0.8%	0.7%	0.8%	0.9%
	Recurrent	46,694,733	36,130,000	49,538,442	51,024,596	53,575,826				
	Development	21,800,000	21,800,000	23,127,620	23,821,449	25,012,521				
County Attorney	Subtotal	65,630,000	79,744,000	72,357,075	75,974,929	79,773,675	0.8%	1.0%	0.8%	0.9%
	Recurrent	65,630,000	79,744,000	72,357,075	75,974,929	79,773,675				
	Development									
County Assembly	Subtotal	991,300,593	991,300,593	1,051,670,799	1,083,220,923	1,137,381,969	11.8%	12.2%	12.2%	12.4%
	Recurrent	731,650,593	731,650,593	768,233,123	806,644,779	846,977,018				
	Development	259,650,000	259,650,000	275,462,685	283,726,566	297,912,894				
Total	Total	8,412,550,282	8,120,688,345	8,632,396,375	8,725,917,448	8,886,461,956	100.0%	100.0%	100.0%	100.0%
	Recurrent	5,474,130,937	5,515,027,292	5,810,235,719	5,985,989,932	6,285,289,429	68.0%	68.0%	68.0%	68.0%
	Development	2,938,419,345	2,605,661,053	3,117,369,083	3,210,890,156	3,371,434,664	32.0%	32.0%	32.0%	32.0%

Departmental Budget ceiling for MTEF Period 2023/24-2025/26****The ceilings are based on the equitable share and own source revenue. The loans and grants will be additional funds allocated to the departments where they are applicable.*

Annex 2: Public Participation**Annex 3: Equitable Share growth trend**

Exchequer Receipts Trend	Allocation	Growth	Percentage Growth
2013/2014 (Base year)	3,356,022,973	3,356,022,973	100%
2014/2015	4,013,445,218	657,422,245	16%
2015/2016	5,099,612,701	1,086,167,483	21%
2016/2017	5,502,547,171	402,934,470	7%
2017/2018	5,647,400,000	144,852,829	3%
2018/2019	5,620,600,000	- 26,800,000	0%
2019/2020	5,264,914,200	- 355,685,800	-7%
2020/2021	5,760,300,000	495,385,800	9%
2021/2022	7,186,157,670	1,425,857,670	20%
2022/2023	7,186,157,670	-	0%
2023/2024 (BPS 2023)	7,491,188,345	203,353,975	3%

Annex 4: Analysis of Local Revenue Performance from Fy.2013/14 to Fy.2022/23

Financial Year	Target	Actual	Percentage Achievement
2013/2014	500,000,000	202,266,615	40.5%
2014/2015	385,000,000	301,267,105	78.3%
2015/2016	389,026,513	311,586,973	80.1%
2016/2017	500,000,000	241,193,609	48.2%
2017/2018	500,000,000	248,724,083	49.7%
2018/2019	500,000,000	372,555,742	74.5%
2019/2020	500,000,000	356,077,068	71.2%
2020/2021	493,799,500	340,453,746	68.9%
2021/2022	529,500,000	379,991,105	71.8%
2022/2023	629,500,000	189,611,629	30.2%

SOURCEs

BPS February 2023

CIDP 3rd Gen.

ADP 2022-2023