

**REPUBLIC OF KENYA**



**COUNTY GOVERNMENT OF LAIKIPIA**

**DEPARTMENT OF FINANCE AND ECONOMIC PLANNING**

**COUNTY BUDGET REVIEW AND OUTLOOK PAPER  
(CBROP)**

**SEPTEMBER 2020**

# **COUNTY VISION, MISSION, AND CORE VALUES**

## **Vision Statement**

The greatest county with the best quality of life

## **Mission Statement**

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

## **Core Values**

People-centeredness

Equity

Accountability

Efficiency

Professionalism

Integrity

Innovativeness

Passion

## **FOREWORD**

The 2020 County Budget Review and Outlook Paper(C-BROP) has been prepared in accordance with the Public Finance Management (PFM) Act, 2012 and the PFM (County) Regulations 2014. The paper's main focus is enhancing efficiency in resource mobilization and budget implementation. This is achieved through the realistic review of the mobilization of county revenues, their allocation and utilization in order to ensure that such resources have greater impact in addressing the needs of the citizenry.

The 2020 Budget Review and Outlook Paper is set against the backdrop of a tough global and national economy occasioned by the outbreak and the rapid spread of the COVID-19 Pandemic. The pandemic has adversely impacted on global economy due to imposition of containment measures and disruption of businesses leading to loss of livelihoods for millions of people.

In Laikipia, COVID 19 pandemic has affected the wellbeing of citizens and increased the number of poor and vulnerable households. In particular, the pandemic has adversely affected the micro and small businesses leading to an estimated 50-60% loss in income and employment while agriculture and livestock markets have contracted by 20-30%. Other sectors adversely affected include tourism and hospitality, horticulture and floriculture, public transport and education sectors.

The extent of the adverse effects of COVID -19 pandemic on local enterprises is reflected in the 10.7 per cent reduction in Own Source Revenue collection in 2019/20 compared to the performance in 2018/19. The decline in revenues adversely affected the implementation of the 2019/20 budget and is likely to replicate in 2020/21 as the economy may take time to recover from the effects of the pandemic..

To cushion citizens and businesses from the adverse effects of Covid-19 Pandemic, the Government moved swiftly to implement a range of interventions as part of economic recovery. In the short term, through County COVID 19 Emergency Committee the government has distributed food staff to 27,910 vulnerable households translating to approximately 18.3% of households in Laikipia County. For the medium term the government has notably established the

Financing and Partnerships for Recovery Program that targets 3,000 business/ enterprises (200 businesses per ward) with affordable loans. Other post COVID 19 recovery intervention programmes includes: Agriculture and livestock inputs subsidies, micro and small enterprises capacity development, tourism promotion and marketing, irrigation development services, agriculture and livestock extension services, education empowerment through bursaries and scholarships, the labour based road improvement works targeting the youth and manufacturing and investment promotion support programs,

The County Government remains committed to enhancing economic growth and development in line with the needs and commitments made to the people of Laikipia. The Government will enhance all resource mobilization capabilities to safeguard against any downturn in local revenues with key strategies being the review of the valuation roll and the land value capture. Towards this end, the County Government will continue ensuring that there is transparency and accountability through engaging stakeholders in development planning, budget implementation, and monitoring as required by the Constitution and the Public Finance Management Act, 2012.



**Murungi Ndai**  
**County Executive Committee Member**  
**FINANCE AND ECONOMIC PLANNING**

## **ACKNOWLEDGEMENTS**

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The County Executive Committee Members played a key role by providing departmental support towards the finalization of this paper. The Finance and Economic Planning Department played a critical role by steering the process and providing technical inputs.

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## TABLE OF CONTENTS

COUNTY VISION, MISSION, AND CORE VALUES .....	ii
FOREWORD .....	iii
ACKNOWLEDGEMENTS.....	v
LIST OF TABLES .....	viii
ABBREVIATIONS .....	ix
EXECUTIVE SUMMARY.....	x
CHAPTER ONE: INTRODUCTION .....	1
1.1 Legal basis for the preparation of CBROP .....	1
1.2 Fiscal Responsibility Principles for the County Governments .....	1
1.3 Significance of the CBROP .....	2
1.4 Objectives of the CBROP .....	2
1.5 Structure of the CBROP .....	3
CHAPTER TWO: REVIEW OF FISCAL PERFORMANCE IN 2019/20.....	4
2.1 Performance Overview .....	4
2.2 Fiscal Performance in 2019/20 .....	4
2.3 Overall Balance and Financing .....	15
2.4 Implication of 2019/20 Fiscal Performance on Financial Objectives Contained in the 2020/21 Approved Budget.....	15
CHAPTER THREE: RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK .....	17
3.1 Introduction.....	17
3.2 Recent Economic Development.....	17
3.3 Progress Report on Budget Implementation.....	25
3.4 County Economic Outlook and Policies.....	26
3.5 Medium Term Fiscal Framework .....	28
3.6 Risks to the Outlook.....	29

CHAPTER FOUR: RESOURCE ALLOCATION FRAMEWORK .....	31
4.1 Introduction.....	31
4.2 Financial Outlook.....	31
4.3 Proposed Budget 2020/21 Framework .....	36
CHAPTER FIVE: KEY RECOMMENDATIONS AND CONCLUSION .....	39
5.1 Recommendations and Conclusion .....	39
ANNEX 1: COUNTY BUDGET CIRCULAR 2021/22 FY .....	40
ANNEX 2: ANALYSIS OF OWN SOURCE REVENUE FOR YEAR 2019/20-2020/21 .....	41
ANNEX 3: SUMMARY OF PROPOSED BUDGET BY PROGRAMME IN 2020/2021 ADP .....	43
ANNEX 4: SUMMARY OF PROPOSED BUDGET BY SECTOR/SUB-SECTOR .....	44

## LIST OF TABLES

Table 1: County Revenue Performance .....	5
Table 2: Analysis of Conditional Grants Performance .....	5
Table 3: County Expenditure Performance .....	6
Table 4: Performance of the Recurrent Budget in FY 2019/2020 .....	7
Table 5: Performance of the Development Budget in FY 2019/2020 .....	8
Table 6:Laikipia Gross County Product by Economic Activity at Current Prices, KShs Million 20	
Table 7: Rainfall in selected weather stations .....	23
Table 8: CFSP projections against actual performance for 2019/20 .....	31
Table 9: Total Sector Ceiling for the MTEF Period 2020/2021-2022/2023 .....	35

## LIST OF FIGURES

Figure 1: Allocated Recurrent budget against Actual performance.....	7
Figure 2: Allocated Development budget against Actual performance .....	8
Figure 3: Share of GDP by Economic Activity .....	22
Figure 4: Projected Revenue for FY 2020/21 .....	36
Figure 5: Recurrent and Development Expenditures for 2020/21 FY .....	37
Figure 6: Total Expenditures for the 2020/21 FY.....	38



## **ABBREVIATIONS**

<b>ADP</b>	Annual Development Plan
<b>AGPO</b>	Access to Government Procurement Opportunities
<b>CBROP</b>	County Budget Review and Outlook Paper
<b>CDMS</b>	County Debt Management Strategy
<b>CFSP</b>	County Fiscal Strategy Paper
<b>CIDP</b>	County Integrated Development Plan
<b>CRA</b>	Commission on Revenue Allocation
<b>CSWGs</b>	County Sector Working Groups
<b>EAC</b>	East Africa Community
<b>FY</b>	Financial Year
<b>GDP</b>	Gross Domestic Product
<b>HFIF</b>	Health Facility Improvement Fund
<b>ICT</b>	Information Communication Technology
<b>IEBC</b>	Independent Electoral and Boundaries commission
<b>IFMIS</b>	Integrated Financial Management Information System
<b>KRA</b>	Kenya Revenue Authority
<b>MTEF</b>	Medium Term Expenditure Framework
<b>NSE</b>	Nairobi Securities Exchange
<b>PFM</b>	Public Finance Management
<b>PFMA</b>	Public Finance Management Act

## EXECUTIVE SUMMARY

The County Budget Review and Outlook Paper (CBROP) is divided into five chapters and these are outlined as follows:

The first chapter provides the legal framework supporting the Preparation County Budget Review and Outlook Paper and the fiscal responsibility principles for the County Governments in line with the Constitution and the Public Finance Management (PFM) Act, 2012. The chapter also highlights the significance, objectives and structure of the CBROP.

The second chapter provides a review of the county fiscal performance in the FY 2019/20. In year 2019/20 the county realised total revenue of KShs. 5,811,416,972 against a budget of KShs. 7,341,698,783 representing seventy-nine (79) per cent revenue realization with the amount received from conditional grants being KShs. 1,295,548,363 against a budget of KShs 1,481,933,563 representing 87 percent realization. The total county expenditure amounted to KShs 5,534,405,624 representing seventy-five (75) per cent budget absorption rate.

The third chapter is divided into four subsections, namely recent economic development, county economic outlook and policies and medium term fiscal framework and risks to the outlook. In year 2019 Kenya's economy recorded a slower growth rate of 5.4 per cent compared to a 6.3 per cent in 2018. The global inflation rate stood at 2.0 per cent compared to 2.3 per cent in 2018 while the locally inflation rate stood at 5.2 from 4.7 per cent recorded in 2019 mainly attributable to rise in transportation, food and beverage prices arising. The Central Bank Rate (CBR) was reviewed downwards from 9.00 per cent in July 2018 to 8.50 per cent in November 2019. In the first quarter 2020, the rates were lowered to 7.25 per cent in March 2020 from 8.25 per cent in February 2020 mainly geared towards further stimulating economic activities amid the outbreak of the COVID-19 pandemic in the country. The inter-bank, savings and lending rates declined by 2.12, 1.11 and 0.27 points respectively, over the same period. In the year 2019 the Kenyan Shilling appreciated against the Euro, Pound Sterling, Chinese Yuan and Indian Rupee by 4.6, 3.8, 3.7 and 2.4 per cent, respectively. The Shilling weakened against the Japanese Yen (2.0%), the US Dollar (0.7%), UAE Dirham (0.7%) and Saudi Riyal (0.7%). Similarly, the Shilling appreciated against all the regional currencies, most notably against South African Rand at 6.4 per cent.

The 2019 Gross County Product (GCP) at market prices was estimated at KShs 97.8 billion up from KShs 88.8 billion recorded in 2018 representing a 10.1 per cent growth rate. Agriculture, forestry and fisheries sector continued to be the main contributor accounting for over 44 per cent the GCP.

The fourth chapter is on resource allocation framework and establishes the resource envelope the government expects to allocate across the departments in the FY 2020/2021 and in the medium term. It also highlights changes in the forecasts compared with the County Fiscal Strategy Paper 2019 and reasons for any deviation from the financial objectives together with proposals to address those deviations. In the year 2020/2021 the County government total expenditure is estimated at KShs 7,919,923,421 which includes conditional grants expenditures of KShs 811,762,849, Conditional grants b/f from 2019/20 of KShs 542,133,287 and pending bills for the financial year 2019/20 totalling to KShs 748,592,291. The expenditure represents an increase of 11.3 per cent compared to the approved expenditure in the 2019/20. The total county sectors ceiling excluding conditional grants for FY 2021/22 and 2022/23 are projected at KShs. 5,902,085,457 and KShs 5,992,106,328 respectively.

The risks to the medium-term framework include: Unpredictable and sporadic weather patterns, delayed in legislative processes both locally and nationally, external factors such as bank rates, exchange rates and inflation pressures, rapid growth of the county wage bill and adverse effects of COVID-19 pandemic on own source revenue collections.

To cushion businesses and households from the adverse effects of the Pandemic the government is implementing a host of measures including the Economic Stimulus Program geared towards economic recovery. The Government will also continue to implement policies and development programmes aimed at rejuvenating growth amongst priority sectors like agriculture, wholesale and retail trading, tourism, construction and transport industry.

## **CHAPTER ONE: INTRODUCTION**

### **1.1 Legal basis for the preparation of CBROP**

The County Budget Review and Outlook Paper (CBROP) is prepared in accordance with section 118 of the Public Financial Management Act, 2012 which states:

- 1) The County Treasury shall-
  - a) Prepare a County Budget Review and Outlook paper in respect of the County for each financial year; and
  - b) Submit the paper to the County Executive Committee by the 30<sup>th</sup> September of that year.
- 2) In preparing its County Budget Review and Outlook Paper, 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 most recent County Fiscal Strategy Paper.
  - c) Information on-
    - i. Any changes in the forecasts compared with the County Fiscal Strategy Paper or
    - ii. How actual fiscal performance for the previous financial year may have affected compliance with the County Fiscal Strategy Paper for that financial year.
  - d) Reason for deviation from the financial objectives in the County Fiscal Strategy Paper.
- 3) The County Executive Committee shall consider the County Budget Review and Outlook Paper with a view of 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 County Executive, the county Treasury shall-
  - a) Arrange for the paper to be laid before County Assembly and
  - b) Publish and publicize the paper not later than fifteen days after laying the paper before County Assembly.

### **1.2 Fiscal Responsibility Principles for the County Governments**

In line with the Constitution, the Public Finance Management (PFM) Act, 2012, sets out the fiscal responsibility principles to ensure prudent and transparent management of public resources. The PFM act, 2012, (Section 107) states that:

- a. Over the medium term, a minimum of thirty per cent of the county budget shall be allocated to development expenditure.
- b. The County government's recurrent expenditure shall not exceed the County

- government's total revenue.
- c. The county government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the county government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly.
  - d. Over the medium term, the County government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.
  - e. Public debt and obligations shall be maintained at a sustainable level as approved by County Assemblies.
  - f. Fiscal risks shall be managed prudently; and
  - g. A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.

### **1.3 Significance of the CBROP**

The significance of the paper is to ensure that the government reviews its previous financial performance; outlook on the level of future revenues; and set preliminary sector ceilings in the light of reviewed performance and projected revenues. The C-BROP is also a key document in linking policy formulation, development of annual planning and budgeting.

The County Government and the National Government are in their fourth fiscal year of implementing the second County Integrated Development Plan (CIDP) and Third Medium Term Plan respectively with both guiding the budget preparation and implementation in the County. The C-BROP is embedded on the MTEF priorities and takes into account priority needs of the citizenry in the devolved system of government. The Sector Working Groups will formulate programmes for the Medium-Term Expenditure Framework period focusing on priority programmes.

### **1.4 Objectives of the CBROP**

The core objectives of CBROP are:

- (i) To provide details of the actual fiscal performance of the financial year 2019/20, and deviations from the approved budget of the same year.
- (ii) To specify the updated economic and financial forecasts in relation to the changes from the forecasts in the County Fiscal Strategy Paper of February, 2020.
- (iii) To provide information on any changes in the forecasts compared with the CFSP of February, 2020
- (iv) To specify how actual financial performance for the year 2019/20 may have affected compliance with the fiscal responsibility principles, or the financial objectives in the CFSP.

- (v) To give out the reasons for any deviation from the financial objectives in the CFSP of February, 2020 together with proposals and timelines to address the deviations.

### **1.5 Structure of the CBROP**

This paper is organized into five sections. Section one provides the introduction of the C-BROP, Section two provides a detailed review of the County fiscal performance for the year 2019/20 and its implications, Section three gives a brief highlight on the recent economic developments and the outlook for period 2020/2021 and the medium term. Section four sets out the resource allocation framework across county departments by setting preliminary expenditure limits or ceilings for each county department under the MTEF. Section five provides a conclusion on 2019/20 fiscal outcome, updated macroeconomic forecast that indicate changed circumstances and their implications on the financial objectives as elaborated in County Fiscal Strategy Paper of February, 2020. In addition, the annexure to this document contains relevant attachments that will guide county departments during the preparation and review of annual budgets.

## **CHAPTER TWO: REVIEW OF FISCAL PERFORMANCE IN 2019/20**

### **2.1 Performance Overview**

The county realised total revenue of KShs 5,811,416,972 in the year 2019/20 against a budget of KShs. 7,341,698,783 (including COVID-19 Grants amounting (Ksh 95,929,000 and medical equipment leasing of KShs 131,914,893) representing seventy-nine (79) per cent revenue realization. The revenue performance was adversely affected by reduced local revenues, non-receipt of equitable share and conditional grants.

The total expenditure for the County Executive amounted to Ksh 5,007,278,542 against a budget of KShs 6,784,414,724 representing Seventy-four (74) per cent utilization while the County Assembly expenditure amounted Ksh 527,127,081 against a budget of Ksh 557,284,058 representing ninety-five (95) per cent budget absorption. The expenditure performance was adversely affected by delayed approval of the budget, delayed procurement processes, reduced cash inflows, interruptions attributed to COVID 19 pandemic and adverse weather patterns that hampered timely implementation of projects especially in road construction, rehabilitation and excavation of water dams.

### **2.2 Fiscal Performance in 2019/20**

#### **2.2.1 County Revenue Performance**

In 2019/20 the overall county revenue receipts decreased by KShs 365,607,204 compared to the actual receipts in 2018/19 representing a negative six (-6) percent growth. Against the set targets for 2019/20 revenues received from equitable share decreased by ksh.359, 290,800. Conditional Grants 2019/20 also decreased by KShs. 179,748,460 while Conditional Grants B/F from 2018/19 decreased by KShs 97,980,740. Own source revenues reduced by KShs. 278,917,244. The revenue performance in 2019/20 is depicted in Table 1 and summarizes revenues and grants for the financial year 2019/20, the deviations from the approved revenue estimates and the growth realized against the previous year actuals. Annex 2 further details the local revenue collections for financial years 2018/19 and 2019/20.

**Table 1: County Revenue Performance**

Total Revenue and Grants	Financial year 2018/19 Actual (KShs)	Financial Year 2019/20		Deviation (KShs) (Actual – Target)	Growth (%) (From 2018/19- 2019/20 actuals)
		Targets (KShs)	Actuals (KShs)		
	A	B	C	D=B-C	E=(C-A)/A*100
Opening Balance	474,076,126	39,211,046	39,775,495	-564,449	-92
Equitable Share	4,113,400,000	4,177,800,000	3,818,509,200	359,290,800	-7
Own Source Revenue	815,770,156	1,006,875,000	727,957,756	278,917,244	-11
Conditional Grants 19/20	605,536,793	759,018,574	579,270,114	179,748,460	-4
Conditional Grants B/F 18/19	168,241,100	626,985,989	529,005,249	97,980,740	214
COVID 19 Grants		95,929,000	95,929,000	0	100
Over Collected revenue 18/19		15,770,157	15,770,157	0	100
Disposal of assets*		8,223,397	5,200,000	3,023,397	100
<b>Total Revenue</b>	<b>6,177,024,175</b>	<b>6,729,813,163</b>	<b>5,811,416,971</b>	<b>918,396,192</b>	<b>-6</b>

\* disposal of assets by County Assembly

The overall decline in revenue receipts for 2019/20 was mainly attributed to the negative effects of the Covid-19 pandemic that resulted into reduced own source revenue performance due to slow down in most sectors of the economy, non-receipt of some conditional grants and equitable share for the month of June 2020.

### Analysis of Conditional Grants Performance

In 2019/20 the total budget for grants amounted to KShs 1,481,933,563 comprising KShs 399,505,333 from National Government and KShs 1,082,428,230 from foreign development partners. The amount received was KShs 1,295,548,363 representing eight seven (87) percent realization. Outstanding grant balances amounted to KShs. 277,729,200. Table 2 summarizes the grants performance for the financial year 2019/20.

**Table 2: Analysis of Conditional Grants Performance**

Receipt	Total Budget FY 2019/20	Bank Balances 01.07.2020	Amounts received in FY 2019/20	Total amounts available in FY 2019/20	Amounts not received in FY 2019- 20
Domestic Grants	A	B	C	D = B+C	E = A-D
Vocational Training Grant	79,153,311	18,720,013	31,908,298	50,628,311	28,525,000
User Fee Forgone	9,968,208	-	9,968,208	9,968,208	-
Medical Leasing Equipment (non receivable)	131,914,894	-	131,914,894	131,914,894	-
MOH Covid-19 Grant	-	-	91,344,000	91,344,000	
Road Maintenance Levy Fund	178,468,920	59,879,295	118,589,625	178,468,920	-
<b>Total Amount</b>	<b>399,505,333</b>	<b>78,599,308</b>	<b>383,725,025</b>	<b>462,324,333</b>	<b>28,525,000</b>
Foreign Grants					
Kenya Urban Support Project (KUSP)	99,783,080	49,783,080	35,761,940	85,545,020	14,238,060
Kenya Urban Institutional Grant	50,000,000	41,200,000	8,800,000	50,000,000	-



Receipt	Total Budget FY 2019/20	Bank Balances 01.07.2020	Amounts received in FY 2019/20	Total amounts available in FY 2019/20	Amounts not received in FY 2019-20
(KUIG)					
Kenya Climate Smart Agriculture Project (KCSAP)	236,763,388	28,138,846	111,600,469	139,739,315	97,024,073
EU IDEAS LED	104,166,406	65,848,356	-	65,848,356	38,318,050
UNICEF Primary Health Care Grant	14,058,783	-	2,696,779	2,696,779	11,362,004
KDSP Level 1 - Capacity Building	71,121,027	-	30,000,000	30,000,000	41,121,027
KDSP Level 2 - Investment	272,699,190	272,699,190	-	272,699,190	-
Transforming Health Care	88,228,490	28,227,855	25,549,880	53,777,735	34,450,755
Agricultural Sector Development	37,397,616	8,436,366	16,271,019	24,707,385	12,690,231
DANIDA Grant	12,281,250	-	12,281,250	12,281,250	-
DANIDA Covid-19 grant	95,929,000	-	95,929,000	95,929,000	0
<b>Total Amount</b>	<b>1,082,428,230</b>	<b>494,333,693</b>	<b>338,890,337</b>	<b>833,224,030</b>	<b>249,204,200</b>
<b>GRAND TOTAL</b>	<b>1,481,933,563</b>	<b>572,933,001</b>	<b>722,615,362</b>	<b>1,295,548,363</b>	<b>277,729,200</b>

### 2.2.2 County Expenditure Performance

In 2019/20 the overall county expenditure was KShs 5,534,405,622 against a target of KShs 7,341,698,783 representing an under spending of Ksh 1,807,293,162 (25%). Departments recorded mixed expenditure performance in 2019/20 as compared to 2018/19. Absorption of the recurrent expenditure grew by 12 percent from KShs 3,931,667,589 to KShs 4,387,208,411 while development expenditure dropped significantly by 42 percent from KShs 1,983,185,588 to KShs 1,147,197,211, this was attributed to delayed approval of the budget, delayed procurement processes, reduced cash inflows from own resources, equitable share and grants.

The overall expenditure performance in 2019/20 is depicted in Table 3 that details growth in actual expenditure and the deviations from the approved estimates and specific expenditure items are as provided in annexes 2(a-d).

**Table 3: County Expenditure Performance**

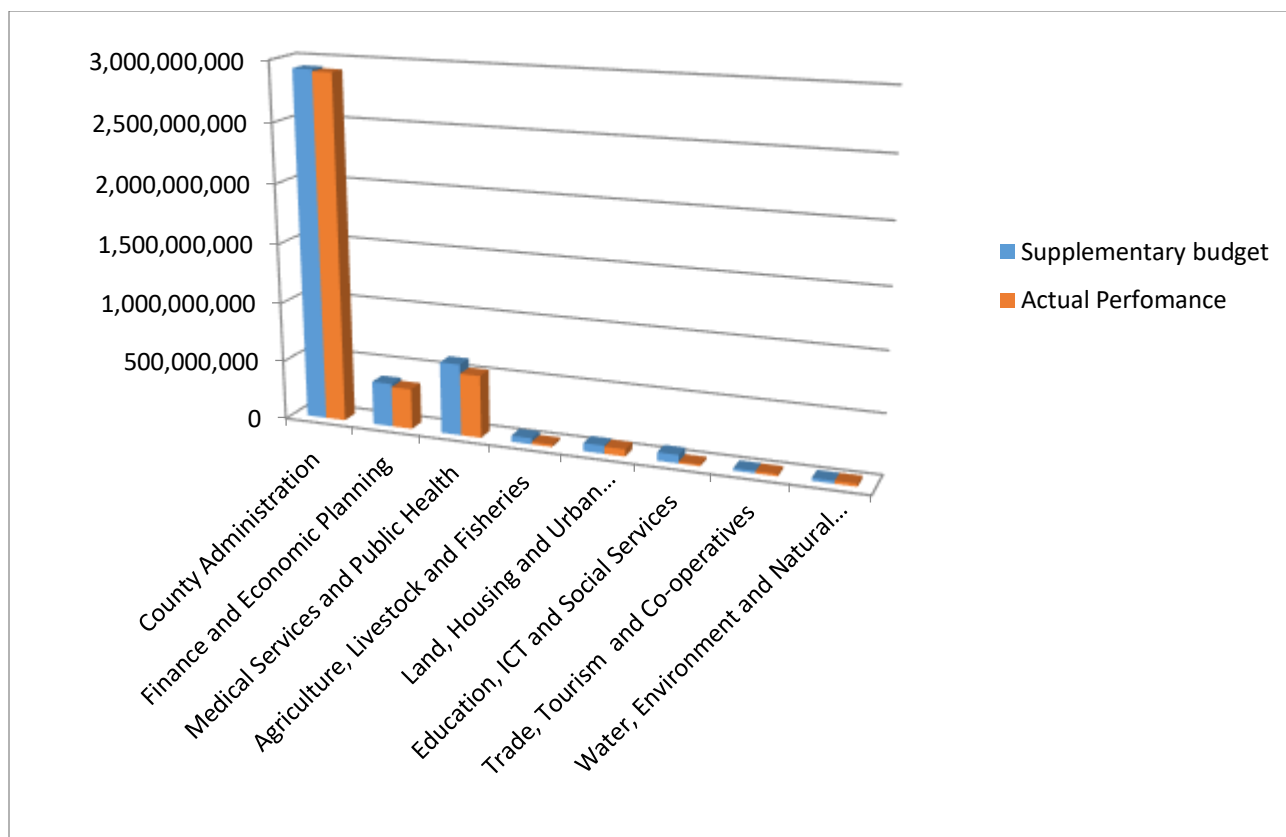
Expenditure	2018/19 Actual (KShs)	Financial year 2019/20		Deviation (KShs)	% Growth
		Target (KShs)	Actual (KShs)		
(1) Recurrent Expenditure					
County Executive Recurrent	3,462,464,294	4,131,970,863	3,914,821,242	-217,149,621	13
County Assembly	469,203,295	472,388,054	472,387,169	-885	1
<b>Total</b>	<b>3,931,667,589</b>	<b>4,604,358,917</b>	<b>4,387,208,411</b>	<b>-217,150,506</b>	<b>12</b>
(2) Development Expenditure					
County Executive	1,981,149,114	2,652,443,861	1,092,457,299	-1,559,986,562	(45)
County Assembly	2,036,474	84,896,004	54,739,912	-30,156,092	2,588
<b>Total</b>	<b>1,983,185,588</b>	<b>2,737,339,865</b>	<b>1,147,197,211</b>	<b>-1,590,142,654</b>	<b>(42)</b>
Total Expenditure	5,914,853,177	7,341,698,782	5,534,405,622	-1,807,293,160	(6)

The sectoral expenditures were utilized by the County Assembly as well as 8 departments of the County Executive. The sectoral expenditures performance in 2019/20 are depicted in Table 3 and Table 4 below;

**Table 4: Performance of the Recurrent Budget in FY 2019/2020**

Sector	Allocated Budget – Supplementary (KShs)	Actual Performance (KShs)	Deviation (KShs)	Percentage performance
	A	B	C=B-A	D=B/A*100
County Administration and Public Service	2,923,655,565	2,908,311,849	-15,343,716	99
Finance and Economic Planning	368,135,651	341,967,475	-26,168,176	93
Medical Services and Public Health	604,750,372	526,647,306	-78,103,066	87
Agriculture, Livestock and Fisheries	51,353,640	20,231,202	-31,122,438	39
Land, Housing and Urban Development	67,811,154	59,483,999	-8,327,155	88
Education, ICT and Social Services	70,343,666	14,654,510	-55,689,156	21
Trade, Tourism and Co-operatives	21,233,418	19,042,482	-2,190,936	90
Water, Environment and Natural Resources	24,687,397	24,482,418	-204,979	99
County Assembly	472,388,054	472,387,169	-885	100
<b>Total</b>	<b>4,604,358,917</b>	<b>4,387,208,410</b>	<b>-217,150,507</b>	<b>95</b>

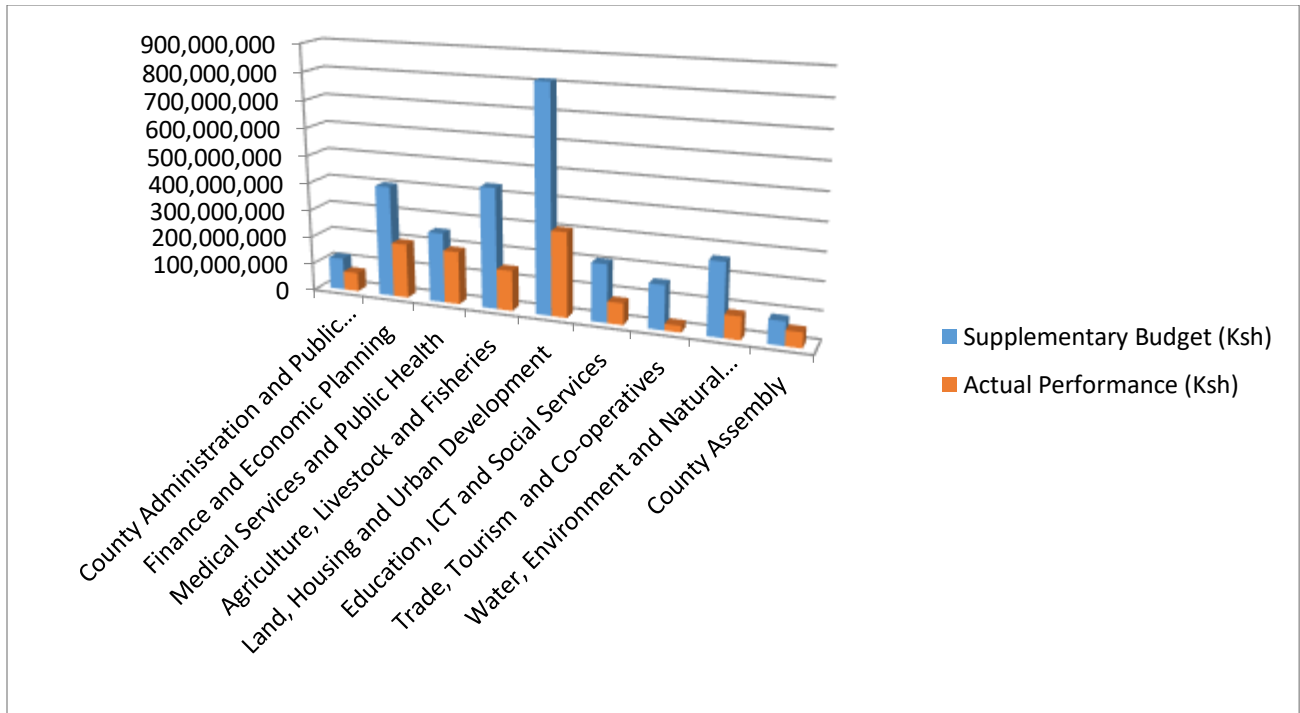
**Figure 1: Allocated Recurrent budget against Actual performance**



**Table 5: Performance of the Development Budget in FY 2019/2020**

Sector	Allocated Budget –Supplementary (KShs)	Actual Performance (KShs)	Deviation (KShs)	Percentage performance
	A	B	C=B-A	D=B/A*100
County Administration and Public Service	116,731,375	68,483,378	-48,247,997	59
Finance and Economic Planning	402,924,918	197,547,333	-205,377,585	49
Medical Services and Public Health(including leasing of medical equipment)	253,235,532	191,250,978	-61,984,554	76
Agriculture, Livestock and Fisheries	435,890,920	145,616,643	-290,274,277	33
Land, Housing and Urban Development	813,206,552	305,312,032	-507,894,520	38
Education, ICT and Social Services	208,626,913	77,737,419	-130,889,494	37
Trade, Tourism and Co-operatives	159,458,790	23,877,827	-135,580,963	15
Water, Environment and Natural Resources	262,368,861	82,631,689	-179,737,172	31
County Assembly	84,896,004	54,739,912	-30,156,092	64
<b>Total</b>	<b>2,737,339,865</b>	<b>1,147,197,211</b>	<b>-1,590,142,654</b>	<b>42</b>

**Figure 2: Allocated Development budget against Actual performance**



The departments recorded different rates of absorption of their recurrent expenditures in the year under review, with overall performance standing at 95%. The low absorption rates in the recurrent expenditure by the department of Education, ICT and Social Services was largely attributed to non-issuance of bursaries due to nationwide closure of learning institutions as a safety measure against Covid-19. The low absorption rate in recurrent expenditure by department of Agriculture, Livestock and Fisheries was largely as result of non-receipts of conditional grants.

On the development expenditure, most of the departments recorded below average performance with the overall absorption rate standing at 42%. The low absorption rates by majority of departments was attributed to non-payment of commitments as funds were reallocated toward Covid 19 interventions while the expected conditional grants were not received on time.

Some projects implemented during the financial year 2019-2020 include.



Mother Child Center–Nanyuki Referral hospital





Gachwero bridge construction in Umande ward



Marikiti market rehabilitation- Nanyuki ward



CMC- Kenol road tarmacking- Nanyuki town





Maternity- Nturukuma in Nanyuki ward



Bridge construction- Muramati



Cobblestone works- Rumuruti town



Assembly workshops- Nyahururu (innovation program)





Rehabilitation of Gatami water intake in Muhotetu



Road improvement under leasing program- Ol Moran Catholic - Kuki Galmann road (before and after)- Olmoran ward



Road improvement under leasing program- Before and After Kahuhu Primary Road-Githiga ward

### **2.3 Overall Balance and Financing**

In 2019/20 there was an under absorption of KShs 1,807,293,160 of the total County budget, which is the difference between the budgeted/ appropriated amounts and the actual total expenditure. This amount was partly committed into pending bills to be spent in the 2020-2021 financial year.

### **2.4 Implication of 2019/20 Fiscal Performance on Financial Objectives Contained in the 2020/21 Approved Budget.**

In the view of revenue performance in 2019/20 where the local revenue targets were not met, the county government through the semi-ouonomous revenue board expects to improve on its local revenue collection through various interventions in the year 2020/21. Of great importance is the updating of the land valuation roll and land value capture and continued program on smart towns which have already been rolled out and are at procurement stage . Further interventions to save on the recurrent expenditure will be adopted that include upscaling the use of the sytem based solutions to perfomance management. This will go along way in supplementing the National Government equitable share allocation hence timely provision of public goods and services. In

addition reforms in personnel and revenue administration are expected to continue in order to enhance efficiency and reduce revenue leakages.

In 2020/21 the County expects significance improvements in absorption of development budget. This will be ensured through timely preparation of Bills of Quantities where the county has employed additional technical staff, procuring of technical services, speedy conclusion of procurements procedures through use of e-procurement and timely exchequer requisitions, further the tightening of contract management through strict adherence to project timelines and conditions, exchequer management through setting aside finances for development purposes for every exchequer release and training of staff on project management through collaboration with Dedan Kimathi university (ongoing) to enhance development funds uptake. The County also expects improved performance of the conditional grants through targeted follow up for timely release of funds and expensing of the same.

## **CHAPTER THREE: RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK**

### **3.1 Introduction**

This section provides an analysis of recent economic developments and provides an outlook and the likely impacts on the county development. It further contains the Medium Term Fiscal Framework and the risks to the outlook. This will involve analysis of macroeconomic variables such as GDP growth rate, inflation among other variables and their impact on the implementation of 2020/21 County budget. It also discusses the prospects for growth given the recent economic events and circumstances.

### **3.2 Recent Economic Development**

Kenya reported mixed performances across various macroeconomic variables in the second half of the Financial Year 19/20 and the first quarter of 2020/21. The effects were adverse on the economic growth of the country and the county. The slowed performance in the country's economy is similar to other parts of the world where the world GDP growth rate stood at 2.9 % compared to 3.5% recorded in 2018. The performance of various macroeconomic variables and their impact on the country and county's growth is as follows:

#### **a) Macroeconomic Environment**

According to the Kenya National Bureau of Statistics (KNBS), Kenya's economy recorded a slower growth rate of 5.4 per cent in 2019 compared to a 6.3 per cent in 2018. The slowed growth was spread across all sectors of the economy but was more pronounced in Agriculture, Forestry and Fishing sector (which comprise more than a third of the GDP) which accounted for a sizeable proportion of the slowdown, moving from 6.0 per cent growth in 2018 to 3.6 per cent in 2019; manufacturing sector which grew by 3.2 per cent in 2019 compared to 4.3 per cent growth in 2018; Construction sector which grew by 6.4 per cent in 2019 compared to 6.9 per cent in 2018. Despite most sectors recording decelerated growths, the economy was supported by accelerated growths in Financial and Insurance (6.6 per cent) and Real Estate activities at 5.3 per cent.

The slowdown in economy's performance continued in the first quarter of 2020 which recorded a subdued growth rate of real GDP at 4.9 per cent which is lower than 5.5 per cent recorded in

2019 for the same quarter. The slowdown in the first quarter of 2020 was compounded by 9.3 per cent contraction in accommodation and food service activities that were heavily weighed on by COVID-19 containment measures instituted that resulted in a steep decline in the volume of international visitor arrivals in March 2020. The trend was also reflected in manufacturing which reported 2.9 per cent growth compared to 3.5 per cent for a similar period in 2019; real estate recorded 5.3 per cent compared to 6.1 per cent in 2019, accommodation and food service activities contracted by 9.3 per cent in the first quarter of 2020 compared to a growth of 11.0 per cent in the first quarter of 2019; transport and storage sector were relatively slower, recording 6.2 per cent growth in the quarter under review compared to a growth of 6.4 per cent in the first quarter of 2019; electricity and water supply recorded a decelerated growth of 6.3 per cent in the review period compared to a growth of 7.8 per cent in the first quarter of 2019; construction sector registered a slowed growth of 5.3 per cent compared to a growth of 6.1 per cent registered in the first quarter of 2019 and finance and insurance sector grew by 6.0 per cent during the first quarter of 2020 compared to 6.3 per cent in 2019.

There was however improved performance in the first quarter of 2020 compared to similar period in 2019 for agriculture, forestry and fishing sectors which recorded a growth of 4.9 per cent in the first quarter compared to 4.7 per cent growth recorded in the corresponding quarter of 2019.

The global inflation rate stood at 2.0 per cent in 2019 compared to 2.3 per cent in 2018. The situation resulted from reduced energy, agricultural and food world trade prices. Locally, the inflation rate stood at 5.2 from 4.7 per cent recorded in 2019. The upsurge in inflation was mainly attributable to rise in transportation, food and beverage prices arising from constrained domestic supply due to less favourable weather conditions in first half of 2019. Weather conditions gradually improved over the remaining part of the year causing drops in food prices as well as the overall inflation. In aggregate terms, however the 2019 annual inflation ended up being slightly higher than that recorded in 2018. Prudent macroeconomic policies as well as a relatively stable Kenya Shilling against the major currencies especially the US Dollar also helped in containing the inflation.

The Central Bank of Kenya (CBK) reviewed the Central Bank Rate (CBR) downwards from 9.00 per cent in July 2018 to 8.50 per cent in November 2019 signalling an easing of monetary policy with the aim of boosting economic growth. In the first quarter 2020, the Monetary Policy Committee (MPC) lowered the Central Bank Rate (CBR) to 7.25 per cent in March 2020 from 8.25 per cent in February 2020. The CBR was lower in the first quarter compared to the similar period of 2019 (9.0 per cent). The easing of CBR was mainly geared towards further stimulating economic activities amid the outbreak of the COVID-19 pandemic in the country in mid-March 2020. Similarly, the inter-bank, savings and lending rates declined by 2.12, 1.11 and 0.27 points respectively, over the same period. However, the interest rate spread increased to 5.14 per cent as at December 2019 from 5.09 per cent as at December 2018.

According to the Economic Survey 2020, the local currency gained against currencies of key trading countries with the Kenyan Shilling appreciating against the Euro, Pound Sterling, Chinese Yuan and Indian Rupee by 4.6, 3.8, 3.7 and 2.4 per cent, respectively in 2019. However, during the period, the Kenyan Shilling weakened against the Japanese Yen (2.0%), the US Dollar (0.7%), UAE Dirham (0.7%) and Saudi Riyal (0.7%). Within the East Africa Community bloc, the Kenyan Shilling appreciated against the Rwanda Francs and the Tanzania Shilling by 3.7 per cent and 0.7 per cent, respectively, but depreciated against the Ugandan Shilling by 1.3 per cent. In the first quarter 2020 the Kenyan Shilling depreciated against the US Dollar and Japanese Yen, but gained ground against Euro and the Pound Sterling. Similarly, the Shilling appreciated against all the regional currencies, most notably against South African Rand at 6.4 per cent.

According to the quarterly Labour Force Report by KNBS, Unemployment Rate, increased to 10.4 per cent in the second quarter of 2020, compared to 5.2 per cent recorded in the first quarter of 2020. It was also higher than the 4.7 per cent registered in the same quarter of 2019. The highest proportion of the unemployed was recorded in the age groups 20-24 and 25-29, each registering over 20 per cent. The same age groups also had the highest increase of over 10 per cent each in Unemployment over the 3 months' reference period. The long-term unemployment rate was 3.1 per cent, which was higher than the 2.0 per cent rate recorded in the first quarter of 2020. The youth aged 20 - 24 had the highest rate of long-term unemployment at 7.9 per cent.

The proportion of persons outside the labour force stood at 35.6 per cent in the second quarter of 2020 up from 32.1 per cent in the first quarter of 2020.

Looking forward, the global growth is however projected to contract by 4.9 per cent in 2020 only to recover with a 5.4 per cent growth in 2021. The Kenyan economy is expected to grow at 2.6 per cent in 2020 with expectations to rebound back to 5.3 per cent in 2021. In terms of fiscal years, the economy is projected to grow by 4.0 percent in the FY 2020/21 and 5.9 percent over the medium term. Agriculture still remains the biggest support of the growth buoyed by favourable weather conditions and increased level of credit to the sector. The inflation rate will remain stable and within target supported by favourable weather conditions hence low prices of food, low international oil prices and reduction of VAT from 16 per cent to 14 per cent. In addition, stable monetary policy, stable external sector outlook and fiscal policy cognisant of the prevailing conditions for economic recovery will all gear towards realising the projected growth.

#### **b) County Response to Macroeconomic Environment**

The county's response to the various macroeconomic variables is reflected in the performance of the various economic sectors. The 2019 Gross County Product (GCP) at market prices was estimated to stand at KShs 97.8 billion up from KShs 88.8 billion recorded in 2018 representing a 10.1 per cent growth rate. This represented about 1.1 per cent of the national Gross Domestic Product. In 2019, the GCP at constant prices stood at KShs 46.1 billion up from KShs 43.6 billion in 2018. Agriculture, forestry and fisheries sector continued to be the main contributor accounting for over 44 per cent the GCP with Wholesale and retail trade, repair of motor vehicles sector and Transport and storage sector coming a distant second and third at 9.1 per cent and 8.4 per cent respectively.

The performance of various sectors is as presented in the following table:

**Table 6:Laikipia Gross County Product by Economic Activity at Current Prices, KShs Million**

<b>Economic Activities</b>	<b>2016</b>	<b>2017</b>	<b>2018**</b>	<b>2019**</b>
Agriculture forestry and fishing	32,358	35,489	39,417	43,242
Mining and quarrying	118	117	135	135
Manufacturing	714	706	691	735
Electricity supply	733	723	772	818
Water supply, waste collection	681	755	788	915
Construction	4,478	5,606	5,827	6,501

<b>Economic Activities</b>	<b>2016</b>	<b>2017</b>	<b>2018**</b>	<b>2019**</b>
Wholesale and retail trade, repair of motor vehicles	5,972	7,132	8,030	8,885
Transport and storage	5,599	5,904	7,232	8,306
Accommodation and food service activities	463	512	601	646
Information and communication	864	916	921	931
Financial and insurance activities	5,190	6,275	5,631	5,829
Real estate activities	4,551	4,913	6,259	6,753
Professional, technical and support services	568	605	602	652
Public administration and defence	5,535	6,006	5,388	6,351
Education	3,391	3,489	4,238	4,550
Human health and social work activities	1,412	1,697	1,742	1,943
Other service activities	932	1,014	1,135	1,250
FISIM1	-669	-763	-543	-592
<b>Total</b>	<b>72,890</b>	<b>81,096</b>	<b>88,864</b>	<b>97,849</b>

Source: Laikipia County Statistical Abstract

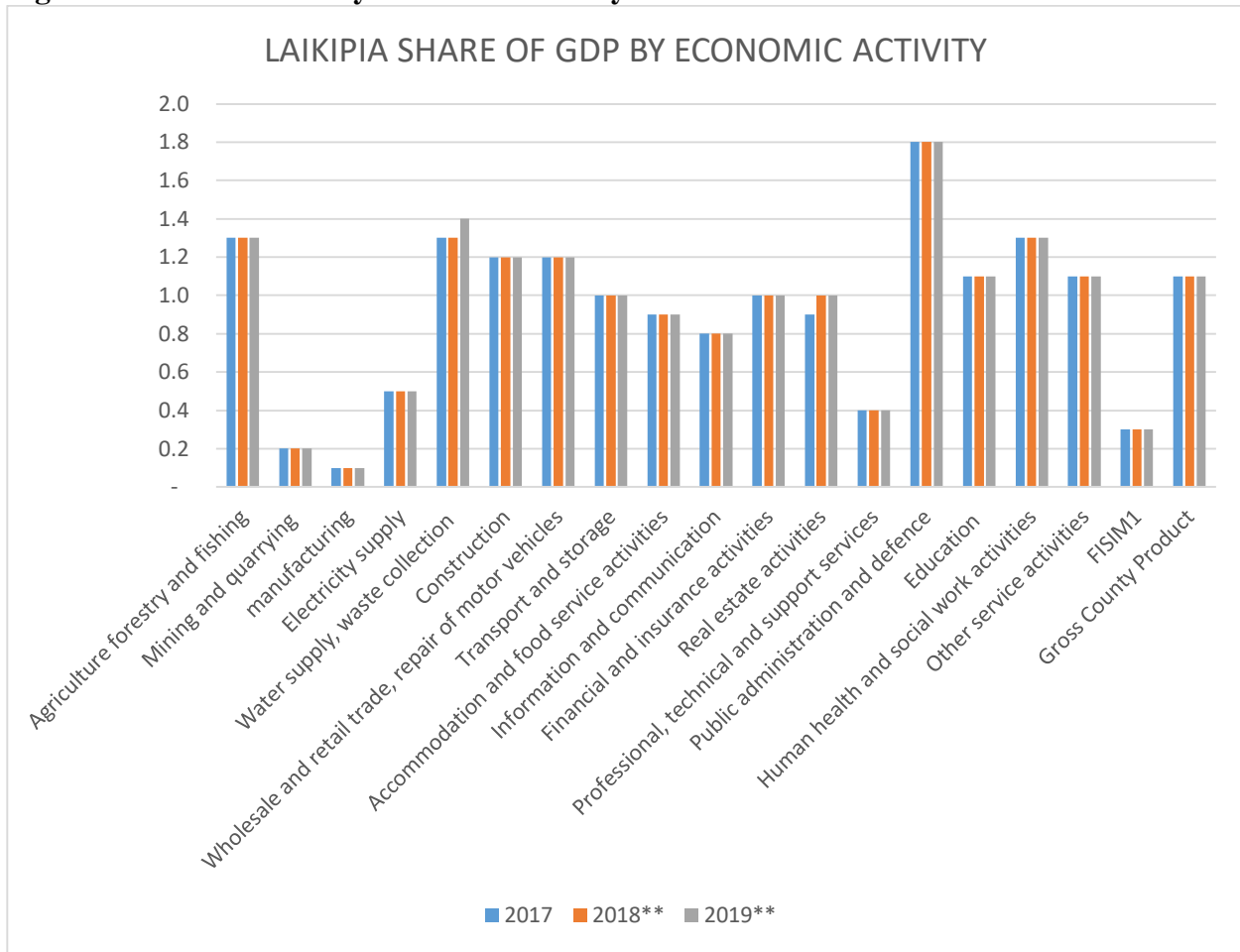
<sup>1</sup> FISIM - Financial Intermediation Indirectly measured - is a measure of production cost emanating from borrowing from financial institutions

\*\* County Estimates

Laikipia County's GCP contributed 1.1 per cent annually to the national GDP in the period 2016 to 2019 up from 1.0 per cent reported in 2015. The performances of various sectors to the national GDP vary across the sectors with agriculture, forestry and fishing sector and human health and social work activities sector recording the highest contribution to the GDP at 1.3 per cent each. Manufacturing together with mining and quarrying sectors had the lowest contribution to the GDP at 0.1 per cent and 0.2 per cent respectively. The share of GDP by economic activities for the period 2017-2019 for the various sectors sector is as presented in the following figure



**Figure 3: Share of GDP by Economic Activity**



During the first three quarters of 2020, the County’s economic performance recorded mixed trends with expected deterioration across some sectors due to the effects of COVID -19. Accommodation and food services sectors was worst hit due to the Ministry of Health regulations requiring closure of restaurants and hotels and the cessation of travel both air and road thus affecting the inflow of local and international tourists. Other sectors adversely affected were education due to closure of learning institutions, transport and storage due to reduced movements, wholesale and retail businesses due to reduced working hours, agriculture due to the reduced exportation of horticulture products. The net effect was loss of incomes and employment and a 10.7 per cent reduction in county own source revenue in 2019.

The economic performance has been influenced by other factors outside the macroeconomic variables. These include:

### **i. Weather Patterns**

Laikipia County has distinct climatic zones receiving different amounts of rainfall which determines the economic activities in each zone. In 2019, the county received improved rainfalls as shown in the following table.

**Table 7: Rainfall in selected weather stations**

<b>Station</b>	<b>2017</b>	<b>2018</b>	<b>2019*</b>	<b>Average</b>
Dol dol (Ol Daiga station)	571.3	551.4	918.1	680.3
Rumuruti	685	723.3	774.8	727.7
Nyahururu	1316.5	951.6	1490	1252.7
Nanyuki(Laikipia airbase)	614.3	755.4	1011.3	793.7
Lamuria	590	721.2	1347.7	886.3

Source: Laikipia County Statistical Abstract 2020

\*Provisional

The result of higher rainfall was well reflected in the increase in agricultural production across the major crops planted in the county, for example maize (1.5 %), Irish potatoes (2.4%) and wheat at 5.9%. The rains have continued to do well especially in the western side and are expected to result to improved agricultural production during the year 2020.

The climate outlook for the short rain season during October to December 2020 projects a generally above normal rainfall (enhanced rainfall) in most parts of the county. The rainfall is expected to be well distributed both in time and space, throughout the season thus maintaining agricultural production and pasture restoration.

### **ii) Tourism**

Laikipia County being part of the northern circuit receives a large number of tourists due to its attraction sites such as scenic view of Mt. Kenya peaks, Thompson Falls in Nyahururu, proximity to Mt. Kenya Game Park, expansive savannah landscape, game lodges and restaurants, conservancies and a rich Maasai culture.

The sector, despite enhanced security and concerted efforts instituted by the national government to market Kenya as a favourite tourist destination has been adversely affected by the effects of COVID-19. In 2019, the number of visitors to Thomson Falls grew by 33.3 per cent from 2018. However, there was poor performance in first and second quarters of 2020 with the facility

receiving a monthly average of 8,132 and 1,795 visitors respectively compared to 15,659 in 2019.

The county government has put in place measures towards marketing and promotion of Laikipia as a leading wildlife tourism destination. Some of these measures include use of online marketing platforms (Destination Laikipia), development of tourist sites and infrastructures, investment in film production and strengthening of collaborations with the stakeholders in tourism sector.

### **iii) Trade and Investment**

Laikipia County Development Authority which is the key investment vehicle for the county government through her various programmes has continued to promote the county as an investment destination. The brand Laikipia programme which gears towards creating strong Laikipia brands; the competitive business environment programme for improving ease of doing business in the county through removing barriers, reducing procedures and costs of doing business, promotion of pyrethrum farming and land banking; and flagship investment projects like business development services to Sipili and Ng'arua Cereals Co-operatives and the Rural and Ng'arua Millers, support to innovations and enterprise development programme and investment management services and value addition to social investments e.g. the Ajiry centres in Nyahururu and Nanyuki social halls.

The County has several diverse investment opportunities worth pursuing especially in mining and quarrying, industrialization and manufacturing, generation and supply of renewable energy, water supply, waste collection and recycling, value addition on agricultural produce, contract farming, eco-tourism and conservancies, tours and travel services, artefacts and sports tourism among others.

To promote and facilitate trade and investment in the county the government has continued to invest in promotion and development of Micro, Small and Medium Enterprises (MSMEs); co-operative development and marketing; market infrastructure development, favourable policy and legal framework; enhanced stakeholders' engagement and participation; capacity building and information sharing.

### **3.3 Progress Report on Budget Implementation**

The implementation of the County Budget 2020/21 has been marked by slow progress during the first quarter of the year. This is attributed to delays in disbursement of funds to the counties from the National Government largely compounded by the stalemate on approval of counties funds sharing formula by the Senate. The delayed release of funds has greatly affected county operations, procurement and delivery of essential services and implementation of development programmes and projects.

The local revenue collection estimates by 8<sup>th</sup> September 2020, recorded KShs. 108,754,149 representing 10.80 per cent realization of the projected annual target of KShs.1,006,875,000. The low business environment in the county largely as a result of COVID 19 pandemics has adversely affected own source revenue collections in the second quarter of 2020/21. Revenue performance in streams such as game and nature park fees, liquor licenses, bus pack fees, livestock fees and cess, land rates and market/trade centre fees have been adversely affected resulting into below targets collections. This will negatively impact budget implementation and delivery of services.

As at 8<sup>th</sup> September 2020, exchequer releases amounting to KShs. 597,701,571.00 had been received comprising of KShs. 527,857,866.00 for recurrent expenditure and KShs. 69,843,705.00 for development expenditure. The recurrent expenditure comprised of KShs 477,290,087 for the County Executive and KShs. 50,567,779.00 for County Assembly while development expenditure comprised of KShs. 62,964,956.00 for county executive and KShs. 6,878,749.00 for County Assembly.

The recurrent expenditure was largely on personal emolument services, county operations/administrative services and funding for hospital services. Low implementation of development vote in the budget was occasioned by delayed disbursement of revenues from the National Government. Increased budget implementation is expected in the coming months as revenue flows both from the National Government and own sources picks up.

The County Annual Procurement Plan 2019/20- and two-year prequalification plan (2019/20-20/21) are in place and uploaded to the IFMIS .The county needs therefore to set up mechanisms

to recover the lost time in operations by ensuring that all prerequisite for projects implementation are in place. Formulation of designs and bills of quantities for development projects kicked off in the first quarter and are expected to be finalized early enough to pave way for timely procurement and implementation processes.

### **3.4 County Economic Outlook and Policies**

The national economic performance is expected to face challenges arising from the effects of the COVID-19 epidemic and other macroeconomic challenges like the high public wage bill, high public debt among others. The county will equally face challenges due to the COVID-19 and is therefore expected to record a lower economic performance.

However, the County Government will continue to implement policies aimed at economic recovery, enhancement of productivity amongst priority sectors like agriculture, wholesale and retail trading, tourism, construction and transport industry. This will be achieved through implementation of programmes and sub programmes across the 8 departments. The sub programmes include infrastructure improvement targeting roads; urban planning and development through smart town initiatives, marketing of Laikipia County as a tourist destination, Innovation, investment and industrialization promotion, expansion of health delivery services and universal health coverage , rural water and sanitation programmes, crops and horticulture production, livestock production, animal health and disease management, performance management systems, public participation and citizen engagements, promotion of intra and intergovernmental relations and provision of social services.

In particular, the county will prioritize economic stimulus interventions to revive trade through financial and capacity building support to micro, small and medium enterprises by enhancing the Co-operative and Enterprise Development Funds through linkages with other Financial Institutions like KCB, Cooperative and ABSA banks ; increased productivity in agriculture through increasing the area under irrigation, better seed varieties, improved animal husbandry, embracing and encouraging of feedlots and promotion of contract farming of high value crops; improved access to and quality of health facilities; promotion of Universal Health Cover (UHC); improved access to and conditions of markets and easier movement of people and goods through roads improvement, urban development under the smart towns initiative and development of the county spatial plan; harnessing innovation with the aim of incubating industries, supporting

manufacturing and capacity building enterprise development; promotion of mining exploration; enhancement of rural water supply through development of dams and boreholes and promotion of VTCs for skills development and employment creation. All these programmes will require efficient and effective implementation in order to realise the intended development objectives

Due to inadequacy of resources against high development needs, the County Government aims at increased revenue generation across all sources of the own revenue, enhance role of the National Government MDAs, private sector, development partners and civil societies in meeting the economy's resource requirements. This will be in addition to making the county a leading destination for investments through developing a conducive environment for investment.

The local revenue collection in the year is projected at KShs 1.006 billion and the County Finance Bill 2020/21 is expected to be fully implemented. The revenue generation will be boosted by the development of a valuation roll, value land capture, automation of revenue collection, expansion of the revenue base targeting areas that were not previously been taxed and enhancing other alternative financing mechanisms like leasing programme. The Laikipia County Development Authority (LCDA) will play a crucial role in supplementing government's efforts in resource (financial and technical) mobilization and development implementation. The county will further relook at the expenditure mix and work towards reduction of recurrent expenditures from the current 64% in 2020/21 budget in order to release more resources to development.

Key national government development initiatives will continue to boost the county's economic growth. The complete and proposed revival of the Nairobi –Nanyuki and Nairobi-Nyahururu railway lines will attract both public and private investment opportunities in the county. The building of warehouses, the improved transport of goods and people and the launch of key investments like petroleum transport to the wider northern and central regions will support employment creation, revenue generation and enhance the county's GCP position.

Key policies expected to support development process in the medium term include: Annual Development Plan, County Spatial Plan, County Climate Change Policy and Act, County Water Master Plan, County Valuation Roll and Rating Act, monitoring and evaluation policy among others. These policies will mirror the priorities stipulated in the Third Medium Term Plan of Kenya Vision 2030.

### **3.5 Medium Term Fiscal Framework**

Over the medium term, the County Government will continue to pursue prudent fiscal policy to assure economic stability and promote economic recovery. In addition, the county fiscal policy objectives will provide an avenue to support economic activities while allowing for implementation of the programmes within sustainable public financing.

The county will also ensure full compliance with the national standards and existing legislations to avoid litigations touching on financial administration and management that may delay development and generate possible sanctions impacting negatively on the county financial systems. Moderation in county expenditures will help assure equity and value for money in line with the Constitution of Kenya, 2010 and the fiscal responsibility principles in the PFM Act, 2012.

Despite the challenges posed by Covid-19, the county government fiscal policy will focus government spending in support of revival of businesses and enterprises to assist them to get back from the devastating effects. The county government has identified, trade and enterprise development, manufacturing, agriculture, tourism, mining, infrastructure development and health as priority sectors to jumpstart the economy in the medium term.

With respect to revenue, the County Government hopes to maintain strong revenue collection mechanisms that will realize at least the estimated revenue targets in 2020/2021 and in subsequent years. Measures in place to enhance local collections include; Continuous automation of revenue collection processes , formulation of land valuation roll and land value capture for appropriate land rating, enhanced follow ups on debts payment and use of debt collector for debts relating to land rates, diversification of revenue sources, improved tax compliance, strengthening operations of Laikipia County Revenue Board, capacity building of revenue collection staff, awareness creation and taxpayers education, sustained enforcement in the implementation of the finance bill and adoption of best practises in revenue collection and administration.

To supplement government efforts in resources mobilization external revenue raising measures will be strengthened. Some of these measures includes: Investment in annuities and other financing instruments to fund infrastructural development, strengthening collaborations and partnerships with development partners, private sector and non-state actors to support core programmes and strengthening of the Laikipia County Development Authority whose core mandate is resource mobilization and county development.

On expenditure, the County Government will continue with rationalization of expenditures to improve efficiency and reduce wastages. Expenditure management will be strengthened with enhanced use of the Integrated Financial Management Information System (IFMIS), e-procurement and the County Operations Management System (COMS). The various provisions in PFM Act, 2012 and its regulations shall continue to be entrenched towards accelerating reforms in expenditure management system. Joint initiatives with development partners will be pursued to support increased public expenditure on capital projects. In a bid to cut cost and achieve higher value for money in the implementation of capital projects, the government will upscale the leasing program for heavy machinery and equipment.

To address the issue of high wage bill, the county will limit recruitments to only areas with critical needs. Further the existing staff will be rationalized in order to improve productivity. Early and voluntary retirement will be encouraged to staff above 50 years of age. The County Government will continue to provide capacity building to the county personnel on performance management, area of specialization, financial management and prudence.

Citizens' engagement and public participation will be improved to accelerate good working relations and minimize conflicts in county taxation and revenue collection, legislation, development planning, budgeting and development implementation.

### **3.6 Risks to the Outlook**

Agriculture, which is the main economic activity in the County, remains vulnerable to unpredictable and sporadic weather patterns. The short rain season during October to December 2020 predicts generally above normal rainfall in all parts of the county. However, rainfall amounts and distribution may vary across various parts of the county. This may pose risks in the



production sector such as agriculture that is heavily dependent on rain water. Greater attention needs to be taken and structures put in place to address overreliance on rain fed production for example dams and water pans to improve water for production.

The full implementation of the budget may be affected by the flow of county revenues for the year 2020/21 both in timing and amount due to the prevailing economic challenges associated with the effects of COVID-19. The Kenya Revenue Authority has already announced the failure to meet the revenue target for the first quarter which may affect budget execution. The level of economic activity in the county maybe subdued and may have adverse effects on revenue generation. The county will exploit the wide revenue base including exploring all other possible sources of budget support like engagement with other partners.

Budget Implementation could also be affected by delay in legislative processes both locally and nationally. The passage of critical legislations and policies like the Finance Act could delay the implementation. In addition, competing political interests may adversely affect timely realization of development programmes and related outcomes. Public expenditure pressures, especially recurrent expenditures, continue to pose a threat to the finance management principles and fiscal risk to the County Government. The county government will continue mitigating internal risks that include delays in passage of the finance related bills, court cases and weak implementation framework of development projects.

External factors such as bank rates, exchange rates and inflation pressures may contribute adversely on the performance of the economy. However, the national government will undertake appropriate measures to minimize negative variances thereby safeguarding macroeconomic stability.

The rapid growth of the county wage bill, driven by high salaries and allowances for staff and recruitment of new staff, could impact negatively on the amount of resources available for development spending. The County will continue engaging the staff unions and entrenching performance management for better outcomes.

## CHAPTER FOUR: RESOURCE ALLOCATION FRAMEWORK

### 4.1 Introduction

This section highlights the 2019/20 resource envelope. It further highlights changes in the forecasts compared with the County Fiscal Strategy Paper 2019, how actual financial performance for the 2019/20 may have affected compliance with the fiscal responsibility principles or the financial objectives in the County Fiscal Strategy Paper 2019 and reasons for any deviation from the financial objectives in the County Fiscal Strategy Paper together with proposals to address the deviation and the time estimated for doing so.

### 4.2 Financial Outlook

In the financial year 2019/20 the CFSP estimated the county revenues at KShs. 5,943,693,574 comprising of KShs. 4,177,800,000 from equitable share, KShs 1,006,875,000 from own source revenue collections and conditional grants of KShs. 759,018,574.

The County however received total revenues amounting to KShs 5,811,416,971 comprising of equitable share allocation of KShs 3,818,509,200; County own revenue collection of KShs 727,957,756; County own revenues b/f of KShs 15,770,157; CRF opening balances of KShs 39,775,495; proceeds from sale of assets of KShs 5,200,000 and conditional grants of KShs 1,204,204,363 (comprising of KShs 579,270,114 for 2019/20; KShs 529,005,249 conditional grants balances for 2018/19 and KShs 95,929,000 as Covid-19 Grants).

In summary, the following table shows the CFSP projections against the actual performances for the equitable share, Local Revenue and the Conditional grants for 2019/20.

**Table 8: CFSP projections against actual performance for 2019/20**

Source of Revenue	CFSP Projection 2019/20 (KShs)	Actual Performance 2019/2020	Deviation	Realization (%)
Equitable share	4,177,800,000	3,818,509,200	-359,290,800	91.4
Local Revenue	1,006,875,000	727,957,756	-278,917,244	72.3
Conditional grants	759,018,574	579,270,114	-179,748,460	76.3
<b>Total</b>	<b>5,943,693,574</b>	<b>5,125,737,070</b>	<b>-817,956,504</b>	<b>86.2</b>

From the foregoing, the county under performed in all the three sources of projected revenue with equitable share realization falling short by 8.6 per cent; Own revenue collections by 27.7 per cent and conditional grants realization by 23.7 per cent.

CFSP 2019 anticipated a GCP growth rate of 10 per cent in 2019/20 FY supported by Sustained growth in agriculture and livestock; growth of urbanization driven by the Smart Towns

Initiative; increased road construction and public works, improved manufacturing driven by the Laikipia Innovation Program and development of serviced industrial parks in polytechnics and towns/commercial centres in partnership with private sector; Launching of 'Product of Laikipia' brands platform, and preferential procurement of 'Made in Laikipia' products and services; Recovery and growth of accommodation and food service activities driven by improved security, Destination Laikipia, and sustained promotion of tourism, including product diversification; Start of significant mining activities starting with iron and titanium; Enhanced allocation to the development budget and undertaking business reforms to improve the business climate to retain and grow existing businesses, and to attract new investments.

GCP projections in the 2020 County Statistical Abstract indicated a growth rate of 10.1 per cent from 2018 to 2019 calendar years which was consistent with the CFSP 2019 projections. However, growth in the 2<sup>nd</sup> half of 2019/20 was hugely affected by the effects of Covid-19 pandemic. This affected both revenue targets realization and implementation of the county government development projects.

In FY2019/20 the total expenditure figures for both recurrent and development stood at KShs. 5,007,278,542 against budget estimates of KShs. 6,784,414,724 for the county government executive, translating to 73.8% budget utilisation. Recurrent actual expenditure amounted to KShs. 3,914,821,242 against budget estimate of KShs 4,131,970,863 translating to 94.7% budget utilisation while the actual development expenditure was KShs 1,092,457,299 against a budget estimate of KShs 2,652,443,861 which translates to 41.2% budget utilisation.

Overall, the recurrent actual expenditure represented 78.2 per cent of the total expenditure while development expenditure accounted for 21.8 per cent. However, under the budgeted estimates, recurrent expenditure estimates stood at 60.9 per cent while the development expenditure estimates stood at 39.1 per cent which was consistent with the requirement of at least 30 per cent of the total expenditures being on development.

An amount equivalent to KShs 2,579,487,027 was spent on compensation of employees against budget estimate of KShs 2,584,348,741 which translates to 99.8 per cent utilization. This

expenditure on compensation of employees represents 51.5 per cent of the actual total expenditure which is way above the PFM Act Regulations 2015 requiring the same not exceed 35 per cent of the equitable revenue share.

Based on the performance in 2019/20 of the allocated budget against the actual expenditure, the following risks need to be addressed going forward;

- Low absorption of the development budget- the year under review witnessed below average utilization of development expenditures, hence the county government needs to take immediate measures to ensure timely preparation of BQs, conclusion of procurement procedures and timely requisitions from the exchequer.
- Recurrent expenditure pressures- compensation to employees continues to be the biggest spending item hence needs to be relooked upon through appropriate measures to ensure more resources are freed to support development expenditure.
- Covid-19 pandemic continues to affect the major sectors of the county economy negatively hence adequate resources needs to be allocated towards mitigation measures and especially support to enterprise development and growth.
- County own source revenue collection projections for the 2020/21 FY needs to be reviewed and re-aligned with the updated macro-economic environment.

#### **4.2 Medium Term Expenditure Framework**

The County Integrated Development Plan, Annual Development Plans and Annual Procurement Plans will continue to guide resource allocations in the medium term. The County Sector Working Groups will work closely with the County Budget and Economic Forum in prioritizing core areas of financing and public investment. Focus will be towards optimal funding of infrastructure development, social services, productive sectors, and supportive services.

The CFSP 2020 lays the framework for resource allocation in the 2020/21 financial year and the medium term. Based on the recent developments and the economic outlook, the CFSP identified key priority areas across the county sectors. With increased budgetary allocations, these priority areas are expected to support economic development and growth recovery for sectors adversely affected by the Covid-19 pandemic. Specific interventions across the key sectors are as highlighted below;

**Lands, Housing and Urban Development;** the focus will be on sustaining and expanding cost-effective public utility infrastructure facilities and services in the areas of road transport infrastructure, roads maintenance, spatial planning, survey and mapping, town planning, land governance management and urban development.

**Water, Environment and Natural Resources Sector;** Dominant rural areas have been prioritized through rehabilitation of water supply sources (dams, boreholes, springs, storage tanks) as well as establishment of new water schemes in identified clusters; human/wildlife conflict mitigation through installation of electric fences, community patrols and strengthening resource user associations; enhanced solid waste and drainage management to ensure safe and secure environment through acquisition of dumpsites, cemeteries and garbage collection trucks. Interventions on climate change adaptation and mitigation, disaster reduction, increasing community resilience and livelihoods will also be addressed in 2020/21 and the medium term.

**Trade, Tourism, Enterprise Development and Co-operative Sector;** The sector aims at creating an enabling environment for business, mobilization of resources for investments and promotion of sustainable tourism. The county government prioritizes strengthening Enterprise and Co-operative revolving funds, construction and expansion of market structures and business parks, boosting the business capacity of co-operative societies, expanding financial inclusion through SACCOs, and marketing of Laikipia as a tourist destination and promoting investments in the County. Promotion of industrialization is also expected through harnessing innovation.

**Education and Social Services;** the focus is on school infrastructural development at ECDE Centres and vocational training centres; capacity building of ECDE teachers and vocational trainers; provision of specialized equipment, training materials and increased water access to learning institutions; scholarships and bursaries to the needy learners to ensure seamless transition of primary to secondary education and beyond. To ensure sustainable livelihoods business incubation and innovation projects will be initiated at the vocational centres.

**Agriculture, Livestock, Irrigation and Fisheries Development;** the priorities are on enhancing food security, market access and value addition initiatives, disease control and surveillance, breed improvement, fodder production and storage, subsidized farm inputs, contract farming,

vector control, farm water harvesting, expansion of irrigation dams, enhanced extension services, water and soil conservation and fisheries.

**Medical Services and Public Health;** this sector focuses on improved scope of health service delivery at all levels, essential medical supplies and healthcare infrastructure. Increased health insurance coverage (universal health coverage - UHC) is also prioritised.

The sectoral ceilings targeting various county departments in the year 2020/21 and the medium term are detailed in the following Table 4.2

**Table 9: Total Sector Ceiling for the MTEF Period 2020/2021-2022/2023**

Total Expenditure (KShs)			Projections		% Share of Total Expenditure		
County Sector	Estimates 2020/2021	CFSP Ceilings 2020/21			Estimates	Projections	Projections
			2021/2022 (KShs)	2022/2023 (KShs)	2020/2021	2021/2022	2022/2023
County Assembly	566,193,750	566,193,750	515,712,413	523,830,310	9.7	8.7	8.7
Agriculture Livestock and Fisheries	85,947,258	85,947,258	93,606,583	101,985,071	1.5	1.6	1.7
Education, Youth and Social Services	181,279,986	181,279,986	195,849,095	211,697,171	3.1	3.3	3.5
Public Service and County Administration	3,295,356,533	3,303,356,533	3,246,028,580	3,147,512,262	56.6	55.0	52.5
Lands, Housing and Urban Planning	573,185,779	613,185,779	640,602,543	703,715,893	9.9	10.9	11.7
Trade, Tourism and Co-operatives	147,055,721	147,055,721	160,090,050	174,737,744	2.5	2.7	2.9
Health	163,401,742	163,401,742	184,775,269	196,987,815	2.8	3.1	3.3
Nanyuki Teaching and Referral Hospital	113,695,465	113,695,465	119,977,155	126,632,621	2.0	2.0	2.1
Nyahururu Teaching and Referral Hospital	97,765,174	97,765,174	103,256,738	109,083,210	1.7	1.7	1.8
Water Environment and Natural Resources	259,642,931	259,642,931	263,907,101	289,351,783	4.5	4.5	4.8
Public Service Board	19,781,629	19,781,629	27,894,408	29,922,599	0.3	0.5	0.5
Revenue Board	64,759,542	64,759,542	80,285,496	86,266,546	1.1	1.4	1.4
County Development Authority	13,663,022	13,663,022	25,504,324	27,503,507	0.2	0.4	0.5
Finance and Economic Planning	207,706,462	207,706,462	244,595,702	262,879,796	3.6	4.1	4.4
Rumuruti Municipality	28,000,000				0.5		
<b>Total</b>	<b>5,817,434,994</b>	<b>5,837,434,994</b>	<b>5,902,085,457</b>	<b>5,992,106,328</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

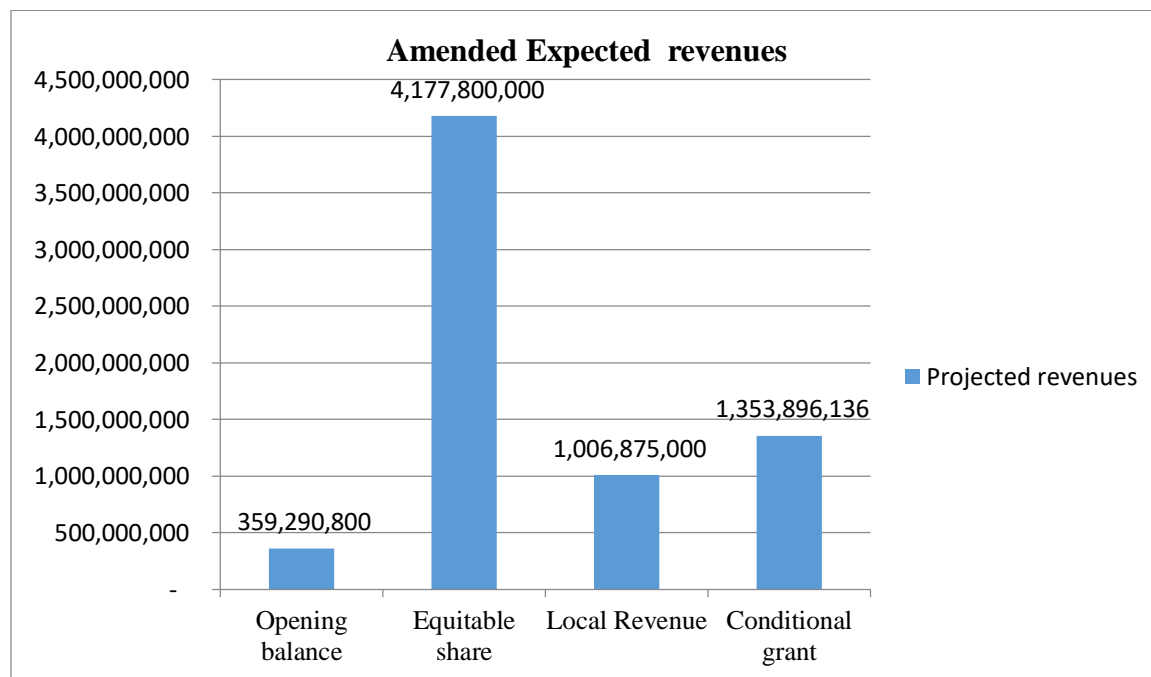
**NB:** Conditional grants for 2020/21, 2021/22 and 2022/23 are excluded

### 4.3 Proposed Budget 2020/21 Framework

#### (a) Revenue Projections

In the FY 2020/2021, the County government planned to receive equitable share allocation of KShs 4,830,560,000 as per the budget policy statement of February 2020 **however the final approved and gazetted county allocation of revenue act of 2020 released in October 2020 has allocated Laikipia County kshs 4,177,800,000 as equitable share. A supplementary budget will be required to reduce the county budget 2020/2021 and align it with the new expected revenues.** Other revenues will include the approved projects remain the same and include : Own source revenue projected at KShs 1,006,875,000 and conditional grants to the tune of KShs.1,353,896,136 (comprising of KShs 9,968,208 for compensation of user fees foregone; KShs 132,021,277 for lease of medical equipment; KShs. 143,385,638 for fuel levy fund; KShs 18,319,894 for rehabilitation of village polytechnics; kshs 90,610,649 for transforming health systems, kshs 236,105,200 for Climate smart project, kshs 45,000,000 for Kdsp capacity building, kshs 11,880,000 for Danida, kshs 15,626,168 for EU ideas, kshs 12,916,815 for Agriculture sector support, COVID-19 emergency grants received in 2019-20 totalling KShs 95,929,000 and grants b/f of kshs 542,133,287). This is as captured in the following figure.

**Figure 4: Expected Revenue for FY 2020/21**

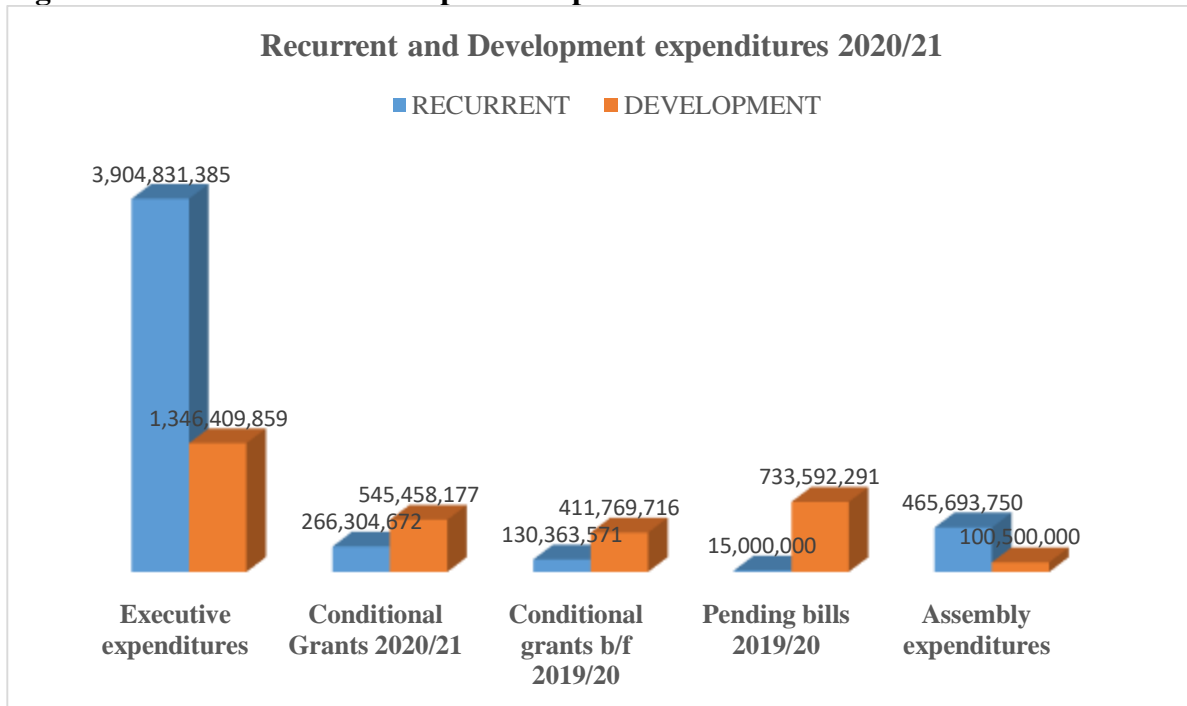


key sources of local revenue include: land rates, business permits, cess, parking fees, natural resource exploitation, garbage dumping fees, lease charges, market fees, and technical services and building approvals. Hospital collections will also be channelled towards health service delivery. The respective contributions on own sources revenue are detailed in annex 2.

**(b) Expenditure Forecast**

In the financial year 2020/21 the approved budget’s total expenditure is estimated at KShs 7,919,923,421 which includes conditional grants expenditures of KShs 811,762,849, Conditional grants b/f from 2019/20 of KShs 542,133,287 and pending bills for the financial year 2019/20 totalling to KShs 748,592,291 this was based on projected equitable share of KShs 4.85 billion which has now been revised downwards to KShs 4,177 billion. **This expenditure however needs to be revised downwards to align with the current expected revenues of KShs 6,897,861,936.**

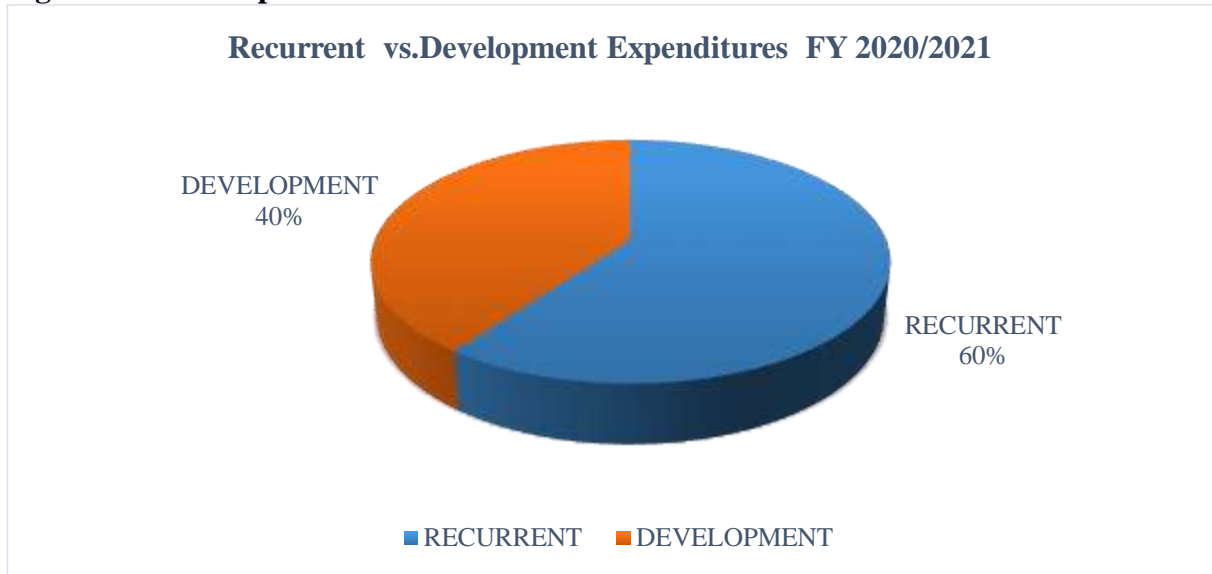
**Figure 5: Recurrent and Development Expenditures for 2020/21 FY**



In FY 2020/21, the county recurrent expenditure is projected at KShs 4,782,193,378 from KShs 4,604,358,917 in 2019/20 representing a 3.9 per cent growth. This recurrent expenditure represents 60 per cent of the total expenditure.



**Figure 6: Total Expenditures for the 2020/21 FY**



Pending bills for the financial year 2019/20 amounting to KShs 15,000,000 will be spent on recurrent expenditure while KShs 733,592,291 will be spent on development expenditure. The major spending departments in the recurrent expenditure include: County Administration and Public Service (69.5%); Health (11.7%); Finance and Economic Planning (2.8%) and the County Assembly (9.7%).

In FY 2020/2021, overall development expenditures are expected at KShs 3,137,730,043 representing 14.6 per cent growth compared to KShs 2,737,339,865 in 2019/20 budget. The major spending departments in the development expenditure include: Finance and Economic Planning (26.5%); Lands Housing and Urban Development (23.8%); Agriculture, Livestock and Fisheries (17.7%); Water, Environment and Natural Resources (7.7%) and Health (6.4%).

## **CHAPTER FIVE: KEY RECOMMENDATIONS AND CONCLUSION**

### **5.1 Recommendations and Conclusion**

The set of policies outlined in this C-BROP reflect the changed circumstances and are broadly in line with the County Integrated Development Plan, Annual Development Plan and the fiscal responsibility principles outlined in the PFM Act 2012. They are also consistent with the national and international strategic objectives pursued by the County Government as a basis of allocation of public resources. Details of the strategic objectives are provided in the second generation CIDP 2018-2022. This is further guided by the provisions in the ADP 2020/21 whose summary expenditure is detailed in Annexes 4.

With the shrinking resource envelop particularly the equitable share there is need to urgently re-prioritise government expenditure through a supplementary budget.

As budgetary resources are finite, it is critical that County Sector Working Groups and county departments prioritize their programmes within the available ceilings to ensure that use of public funds is in line with county government priorities. Towards minimizing increase in pending bills, all departments will be required to clear outstanding liabilities that are largely creditors. There is also need to ensure that resources are utilised efficiently and effectively. County Sector Working Groups need to carefully consider detailed costing of projects, strategic significance, deliverables (output and outcomes), alternative interventions, administration and implementation plans in allocation resources. The budget calendar in Annex 1 therefore requires to be adhered to in line with the Budget Circular of August 2020.

In pursuit of this, effective budget implementation at the county level will be facilitated through capacity building e.g the Project management course that is currently on course and the development of systems for close monitoring and evaluation of spending entities to ensure that resource application bears maximum benefits to the taxpayer. The involvement of all stakeholders in budget execution is also key in enhancing overall budget implementation. The prioritization of public needs will be key in shaping the final budget policies and allocations for the 2020/21 financial year.

The county will also strengthen its revenue collection and management systems with the goal of generating more revenues while ensuring the stability of the fiscal framework and financial health of the County. This way, the various projections for revenue streams provided in Annex 3 will be realized.

### ANNEX 1: COUNTY BUDGET CIRCULAR 2021/22 FY

<b>S/No</b>	<b>Activity</b>	<b>Due Date</b>
1	Issue County Treasury Budget Circular	17th August 2020
2	Submit County Annual Development Plan to the County Executive Committee	20th August, 2020
3	Submit County Annual Development Plan to the County Assembly	28th August, 2020
4	Submit the County Budget Outlook Paper (CBROP) to the County Executive Committee	22nd September, 2020
5	Submit the County Budget Outlook Paper (CBROP) to the County Assembly	28th September, 2020
6	Launch/Convene Sector Working Groups	6th November, 2020
7	Submit Sector Working Groups Reports to the County Treasury	30th November, 2020
8	Submission of Budget Proposals and Feasibility Study data by County Sectors to County Treasury	12th January, 2021
9	Public Participation Meetings on CFSP	19th -28th January, 2021
10	Submit the County Fiscal Strategy Paper (CFSP) to the County Executive Committee	12th February 2021
11	Submit the County Debt Management Strategy (CDMS) to the County Executive Committee	12th February, 2021
12	Review and Analysis of Annual Budget Proposals by County Budget Team	15th January, 2021 up to 13th April, 2021
13	Submit the County Fiscal Strategy Paper (CFSP) to the County Assembly	22nd February 2021
14	Submit the County Debt Management Strategy (CDMSP) to the County Assembly	22nd February 2021
15	Conduct Public Participation Fora on Annual Budget Estimates	22nd- 26th March, 2021
16	Submission of final sector budget estimates, itemized budgets and procurement plans to County treasury	2nd April 2021
17	Submit Finalized County Annual Budget Estimates to the County Executive Committee	15th April, 2021
18	Submit Finalized County Annual Estimates, itemized budget and public participation reports to the County Assembly	23rd April, 2021
19	Submit Proposed Annual Procurement Plans to the Supply Chain Unit	23rd April, 2021
20	Submit County Annual Cash Flow Projections to CRA and copied to IBEC and National Treasury	14th June, 2021
21	Approval of County Annual Budget Estimates	30th June,2021
22	Submission of Finance Bill to the County Assembly	30th August,2021
23	Approval of Finance Bill by the County Assembly	30th September,2021
24	Submission of Quarterly /Cumulative Compliance Reports of Revenue and Expenditure	Within two weeks after the end of every quarter

**ANNEX 2: ANALYSIS OF OWN SOURCE REVENUE FOR YEAR 2019/20-2020/21**

	<b>REVENUE CLASS</b>	<b>TARGETS 2019/2020</b>	<b>ACTUALS 2019/2020</b>	<b>TARGET 2020/2021</b>
<b>1</b>	<b>1520100 LAND RATES</b>			
2	1520101 Land Rates Current Year	70,000,000	75,541,547	70,000,000
3	1520102 Land Rate Penalties	10,000,000	434,098	10,000,000
4	1520103 Land Rates Other Years	13,000,000		7,000,000
5	1520104 Other Property Charges	3,000,000	572,100	3,000,000
<b>6</b>	<b>1520200 BUSINESS PERMITS</b>			
7	1520201 Business Permits, Current Year(2)	95,000,000	78,910,612	95,000,000
8	1520202 Business Permits Late Payment Penalties, Current Year	4,000,000	1,234,217	4,000,000
9	1520203 Business Permits, Other Years (Including Penalties)	1,000,000	74,915	1,000,000
<b>10</b>	<b>1520300 CESSES</b>			
11	1520304 Wheat & Maize Cess	6,000,000	5,213,680	7,000,000
12	1520311 Fruits & Vegetables / Produce Cess	7,000,000	6,677,095	7,700,000
13	1520314 Log Cess	800,000	263,200	800,000
14	1520315 Charcoal Cess	200,000	14,300	200,000
15	1520321 Livestock Cess	21,000,000	9,989,920	22,000,000
16	1520322 Goat Cess	-	761,420	
17	1520500 PLOT RENTS		-	
18	1520501 Ground/Plot Rent - Current Year	8,000,000	924,070	7,000,000
19	1520502 Ground Rent - Other Years	5,500,000	1,800	5,000,000
21	1520504 Temporary Occupation License (TOL)? TOP	500,000	743,000	1,000,000
<b>22</b>	<b>1530100 ADMINISTRATIVE SERVICES FEES</b>		-	
23	1530101 Debts Clearance Certificate Fee	1,500,000	774,000	1,500,000
24	1530102 Application Fee	3,500,000	3,669,913	5,700,000
25	1530103 Plot Transfer Fee	500,000	538,800	600,000
26	1530104 Plot Subdivision Fee	500,000	321,000	500,000
27	1530105 Business Subletting / Transfer Fee	2,000,000	1,409,000	2,000,000
28	1530106 Isolation Fee (Surcharge on Business Permit)	-	2,000	
29	1530107 Document Search Fee	-	11,450	
<b>30</b>	<b>1530200 VARIOUS FEES</b>			
31	1-2901 encroachment	5,000,000	1,746,949	4,000,000
32	1530203 Impounding Charges	-	349,150	
33	1530202 Court Fines	-	283,000	
34	Liquor licenses	10,000,000	13,064,800	15,500,000
35	1530221 Telephone Calls Reimbursement/Salary recovery(income)	-	20,892	
<b>36</b>	<b>1530300 COUNTY'S NATURAL RESOURCES EXPLOITATION</b>		-	
37	1530301 Sand, Gravel, and Ballast Extraction Fees	60,000,000	53,334,530	60,000,000
38	1530302 Quarry Extraction Fees	675,000	778,070	675,000
39	1530321 Garbage Dumping/Conservancy Fee	18,000,000	24,149,963	24,000,000
40	1530331 Game and Nature Park Fee	14,000,000	10,638,788	14,000,000
<b>41</b>	<b>1550100 MARKET/TRADE CENTRE FEE</b>		-	
42	1550101 Market Entrance / Gate Fee	12,500,000	6,702,440	12,500,000
43	1550102 Market Plots Rent	500,000	3,660	500,000
44	1550103 Market Shops Rent	3,000,000	1,484,551	3,000,000
45	1550104 Market Kiosks Rent	800,000	36,450	800,000
46	1550105 Market Stalls Rent	1,200,000	1,062,705	1,200,000
<b>47</b>	<b>1550200 VEHICLE PARKING FEES</b>		-	
48	1550201 Enclosed Bus Park Fee	45,000,000	30,628,220	45,000,000

	REVENUE CLASS	TARGETS 2019/2020	ACTUALS 2019/2020	TARGET 2020/2021
49	1550211 Other Vehicles Enclosed Park/Reserved Fees (Cars, Lorries, etc.)	5,000,000	1,750,000	4,000,000
50	1550221 Street Parking/ motorbike Fee	38,000,000	24,196,500	36,000,000
51	1550225 Clamping Fee	7,000,000	7,254,100	7,000,000
52	1550228 Clamping Tampering Fee	-	40,000	
53	Boda boda Fees			4,000,000
<b>54</b>	<b>1560000 HOUSING &amp; SOCIAL PREMISES USE</b>		-	
55	1560101 Housing Estates Monthly Rent	20,000,000	17,907,773	22,000,000
<b>56</b>	<b>1560200 SOCIAL PREMISES USE CHARGES</b>		-	
57	1560201 Social Hall Hire	50,000	59,900	50,000
58	1560211 Stadium Hire	150,000	161,500	150,000
<b>59</b>	<b>1570000 EDUCATION FEES</b>		-	
60	1570131 Vocational/Training School Fee	65,000,000	3,146,456	30,000,000
<b>61</b>	<b>1580200 PUBLIC HEALTH FACILITIES OPERATIONS</b>		-	
62	Public health license	19,000,000	10,788,699	19,000,000
63	1580211 Health Centers Services/Hospital fee	350,000,000	268,032,152	350,000,000
64	Medical Examination Certificate	1,000,000	779,550	1,000,000
65	Annual Renewal Certificates	-	41,000	
66	1580241 Burial Fees	-	189,100	
<b>67</b>	<b>1580400 SLAUGHTER HOUSES ADMINISTRATION</b>		-	
68	1580401 Slaughtering Fee	10,000,000	9,631,111	10,000,000
69	1580402 Hides & Skins Fee	-	46,800	
70	1580403 Manure Sale	4,000,000	1,183,060	4,000,000
71	1580411 Slaughter Houses Inspection Fee	13,000,000	3,845,410	13,000,000
72	AI Services			3,000,000
73	1580311 Disinfestation Fee (Insects, Worms, Rodents, etc.)		626,519	500,000
<b>74</b>	<b>1590000 TECHNICAL ASSISTANCE FEES</b>		-	
75	1590101 Beacon Search Pointing Fee	500,000	1,500	500,000
76	1590102 Survey Fee	8,500,000	11,837,460	15,500,000
77	Allotment Fee	-	10,100	
78	1590111 Buildings Plan Preparation Fee	1,500,000	1,765,630	2,500,000
79	1590112 Buildings Plan Approval Fee	8,000,000	12,642,670	13,000,000
80	1590113 Buildings Inspection Fee	2,500,000	1,167,506	2,500,000
81	1590121 Right-of-Way / Way-Leave Fee (KPLN, Telkom, etc.)	2,000,000	99,100	2,000,000
82	1590132 Sign Boards & Advertisement/promotion Fee	20,000,000	14,730,358	17,000,000
<b>83</b>	<b>1590200 EXTERNAL SERVICES FEES</b>		-	
84	1590201 Fire-Fighting Services	4,000,000	2,786,397	4,000,000
85	1590202 weight &measures	4,000,000	871,100	4,000,000
86	Disposal of Assets			10,000,000
	<b>TOTALS</b>	<b>1,006,875,000</b>	<b>727,957,756</b>	<b>1,006,875,000</b>

**ANNEX 3: SUMMARY OF PROPOSED BUDGET BY PROGRAMME IN 2020/2021 ADP**

<b>DEPARTMENT</b>	<b>PROGRAMME</b>	<b>AMOUNT (KSH.)</b>	<b>SECTOR TOTAL</b>
Water, Environment and Natural Resources	General Administration, Planning and Support Services	30,000,000	305,600,000
	Water development	163,700,000	
	Environment and natural resources	111,900,000	
Agriculture, Livestock and Fisheries Development	General Administration, Planning and Support Services	56,000,000	582,450,000
	Crop Development and Management	137,500,000	
	Irrigation Development and Management	65,000,000	
	Livestock Resource Development and Management	121,950,000	
	Veterinary Services Management	150,000,000	
	Fisheries Development and Management	52,000,000	
Finance Economic Planning and County Development	Administration and Personnel Services	118,000,000	304,600,000
	Public Finance Management Services	84,600,000	
	Development Planning Services	56,000,000	
	Revenue Management Services	46,000,000	
Infrastructure, Lands, Housing and Urban Development	Road network improvement	430,000,000	555,900,000
	Housing Improvement and Urban Development	29,400,000	
	Physical planning and Survey	60,500,000	
	Public Works	6,000,000	
	Renewable / Green energy services	7,000,000	
	Administration planning and support services	23,000,000	
Trade, Tourism, Cooperatives, and Industrial Development	Administration, Planning and Support Services	13,500,000	352,700,000
	Trade Development and Promotion	168,500,000	
	Industrial Development and Investment Promotion	81,000,000	
	Tourism Development and Promotion	40,700,000	
	Cooperative Development and Marketing	49,000,000	
County Administration and Public Service Management	Administration, Planning and Support Services	187,000,000	3,164,000,000
	County Administration	93,000,000	
	County Executive Committee Support Services	40,000,000	
	Human Resource Management and Development	2,700,000,000	
	Security and Policing Support Services	80,000,000	
	Public Safety, Enforcement and Disaster Management	44,000,000	
	Public Participation and Civic Education	15,000,000	
	ICT	5,000,000	
Education, ICT and Social Development	Administration, Planning and support services	15,000,000	253,000,620
	Vocational Education and Training	182,000,620	
	Sports, Talent Development and Social Services	56,000,000	
Medical Services and Public Health	General Administrative and Planning Services	274,000,000	1,798,500,000
	Preventive and Promotive	614,500,000	
	Curative and rehabilitative	910,000,000	
<b>TOTAL</b>			<b>7,316,750,620</b>

**ANNEX 4: SUMMARY OF PROPOSED BUDGET BY SECTOR/SUB-SECTOR**

Sector/Sub-sector Name	Amount (KShs.)	As a percentage (%) of the total Budget
Water, Environment and Natural Resources	305,600,000	4.18%
Agriculture, Livestock and Fisheries Development	582,450,000	7.96%
Finance Economic Planning and County Development	304,600,000	4.16%
Infrastructure, Lands, Housing and Urban Development	555,900,000	7.60%
Trade, Tourism, Cooperatives, and Industrial Development	352,700,000	4.82%
County Administration and Public Service Management	3,164,000,000	43.24%
Education, ICT and Social Development	253,000,620	3.46%
Medical Services and Public Health	1,798,500,000	24.58%
<b>TOTAL</b>	<b>7,315,750,620</b>	<b>100 %</b>