

REPUBLIC OF KENYA



COUNTY GOVERNMENT OF NAKURU

THE COUNTY TREASURY

COUNTY BUDGET REVIEW AND OUTLOOK PAPER 2021

OCTOBER 2021

© County Budget Review and Outlook Paper (CBROP) 2021

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FOREWORD

The 2021 County Budget Review and Outlook Paper (CBROP) has been prepared against a background of ongoing national and worldwide recovery effort following significant economic decline in 2020 occasioned by adverse effects of the COVID-19 pandemic and resultant containment measures to control the spread. The anticipated economic recovery, though amidst uncertainties relating to new COVID-19 mutations, is further enhanced by the rollout and increased coverage of vaccination programme, overarching fiscal support, and implementation of different policy response measures in the Country.

Pursuant to the Public Finance Management (PFM) Act 2012, and the PFM Regulations 2015, the CBROP presents recent economic developments and actual fiscal performance of the Financial Year 2020/2021 and makes comparison to budget appropriations for the same year. The CBROP further examines the current economic developments affecting the County and Country and the financial and non-financial forecast to show changes from projections espoused in County Fiscal Strategy Paper of 2021.

Overall domestic economic growth is expected to rebound to 6.2 percent in FY 2021/2022 and remain above 6.0 percent over the medium term. This improvement mirrors the lower base effect in 2020 when there was a severe economic slump due to closure of most service sectors. This is coming from a depressed economic performance of 5.3 percent in the first three quarters of the review period. However, the 10 percent annual economic growth envisaged in Kenya's vision 2030 remains adrift as the new plan period (MTP IV) approaches. This recovery will be reinforced by the prevailing stable macroeconomic environment and the ongoing implementation of the strategic medium term Government priorities espoused in the "Big Four" Agenda and the Post Covid-19 economic recovery strategy. Further, strong performance in economic indicators

in the agriculture, industry and service sectors is expected to strengthen the outlook in 2021.

Nakuru County fiscal analysis for FY 2020/2021 demonstrated a 5.6 percent growth in revenue performance (from 19.88 billion to 20.99 billion) compared to a similar period in 2019/2021. Receipts from County Own Source Revenue (OSR) also increased remarkably from Kshs 2.44 billion collected in FY 2019/2020 to Kshs 2.82 billion in FY 2020/2021 reflecting a 16 percent growth. This revitalisation in revenues was mainly due to easing of COVID-19 containment measures, enhanced efforts in revenue collection by Revenue Directorate, rollout of a new revenue management system, improved export market and increased private consumption and investments in the County.

Total County expenditure amounted to Kshs 14.33 billion against a target of Kshs 20.97 billion. A further analysis of the County budget performance depicted a budget absorption rate of approximately 68 percent. This below per performance on budget absorption was due to reinstatement of enhanced COVID-19 containment measures implemented in Nakuru County and four other Counties, and delayed disbursement of funds from National Treasury.

The FY 2022/2023 will mark the end of current integrated medium-term period espoused in the CIDP 2018-2022 and MTP III (2018-2022), as well as transition into a new political administration. Key focus in planning and budgeting will be conducting an End-of-Term Review for the current CIDP (2018-2022) and laying groundwork for the next integrated plan (CIDP 2023-2027), finalisation of key flagship/transformation projects contained in the current CIDP 2018-2022, promotion of the national vaccine programme and other Post COVID 19 Recovery Strategy as well as carrying forward implementation of ongoing programmes and projects.

In FY 2022/2023, the County Government intends to achieve a balanced budget in line with the PFM Act, 2012 recommendations. In this regard the County

Government total expenditure is projected at Ksh 16.858 billion. Compensation to employees will account for 40.7 percent of the total County budget at approximately Ksh 6.868 billion. Total County development expenditure will fall to Ksh 5.09 billion from Ksh 5.93 billion as per the CFSP 2021 projections. Reduction in anticipated donor funds is the chief reason for this forecasted downward trend in Development expenditure.

DR. PETER KETYENYA
COUNTY EXECUTIVE COMMITTEE MEMBER,
FINANCE AND ECONOMIC PLANNING

ACKNOWLEDGEMENT

The CBROP 2021 has been prepared in accordance with the PFM Act, 2012 and the PFM (County) Regulations, 2015. The preparation of the 2021 CBROP was a collaborative effort of all the County Government Departments and Entities, with stakeholders drawn from all sectors, Departments and agencies. The whole process was guided by the Department of Economic Planning and could not have been accomplished without the commitment, dedication, sacrifice and determination of all the members of the Macro Working Group.

Special appreciation is hereby extended to the County Executive Committee Member for Finance and Economic Planning who played a key role in guiding and providing overall leadership for the preparation of this Paper. Additionally, special recognition goes to all Chief Officers, Secretary to the CPSB and Municipal Managers for leading their staff in providing information and real time data towards preparation of this document. The Finance and Economic Planning Department played a critical role in steering the process and providing technical assistance to Departments and Entities which allowed for the timely provision of data and inputs used to compile the CBROP 2021. The finalization of this document was made possible with the inputs from the Departmental SWGs.

Recognition is accorded to the Officers in the Finance and Economic Planning Directorate including the Head of Accounting Unit, Directorate of Internal Audit, Directorate of Revenue, Directorate of Finance and Directorate of Economic Planning specifically the Budget Unit for execution of this task. Finally, I take this opportunity to thank the entire staff of the County Treasury for their tireless effort in executing their duties in the County Government.

HUSSEIN MOHAMED
CHIEF OFFICER
ECONOMIC PLANNING

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ABBREVIATIONS AND ACRONYMS

ADP	Annual Development Plan
AiA	Appropriation in Aid
CARA	County Revenue Allocation Act
CARPS	Capacity Assessment and Rationalization Programme
CBROP	County Budget Review and Outlook Paper
CDMS	County Debt Management strategy
CFSP	County Fiscal Strategy paper
CG	County Government
CIDP	County Integrated Development Plan
CIFOM	County Integrated financial Management Systems
COB	Controller of Budget
COFOG	Classification of Functions of Government
COVID	Corona Virus Disease
CPSB	County Public Service Board
CRA	Commission on Revenue Allocation
CRF	County Revenue Fund
DANIDA	Danish International Development Agency
DAs	Department and Agencies
DORB	Division of Revenue Bill
FIF	Facility Improvement Fund
FMD	Foot and Mouth Disease
FY	Financial Year
IFMIS	Integrated Financial Management Information Systems
KDSP	Kenya Devolution Support programme
KUSP	Kenya Urban Support Programme
MDAs	Ministries Departments and Agencies
MTEF	Medium Term Expenditure Framework
NARIGP	National Agriculture Rural Inclusive Growth Projects

OSR	Own Source Revenue
PBB	Program Based Budget
PFM	Public Finance Management
RMFLF	Road Maintenance Fuel Levy Fund
SMEs	Small Microenterprises
SRC	Salaries and Remuneration Commission
SWGs	Sector Working Groups
THS- UC	Transforming Health Systems for Universal Care
WHO	World Health Organisation

Legal Basis for the Preparation and Publication of the County Budget Review and Outlook Paper

The County Budget Review and Outlook Paper is prepared in accordance with Section 118 of the Public Financial Management Act, 2012. The law states that:

1. The County Treasury shall prepare and submit to County Executive committee for approval, by 30th September in each financial year, a County Budget Review and Outlook Paper which shall include:
 - a) Actual fiscal performance in the previous financial year compared to the budget
Appropriation for that year;
 - b) Updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal strategy paper
 - c) Information on how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles or the financial objectives in the latest County Fiscal Strategy Paper; and
 - d) The reasons for any deviation from the financial objectives together with proposals to address the deviation and the time estimated to do so.
2. County Executive committee shall consider the County Budget Review and Outlook Paper with a view to approving it with or without amendments, not later than fourteen days after its submission.
3. Not later than seven days after the CBROP has been approved by Executive committee, the County Treasury shall:
 - a) Submit the paper to the Budget and appropriation Committee of the County Assembly to be laid before the County assembly; and
 - b) Publish and publicise the paper not later than fifteen days after laying the Paper before County Assembly.

County Government Fiscal Responsibility Principles

In line with chapter 12 of the Constitution of Kenya, Section 107 of the Public Financial Management (PFM) Act, 2012

- 1) The County Government's recurrent expenditure shall not exceed the county government's total revenue
- 2) Over the medium term, a minimum of 30% of the County budget shall be allocated to development expenditure
- 3) The County Government's expenditure on wages and benefits for public officers shall not exceed a percentage of the County government revenue as prescribed by the regulations.
- 4) Over the medium term, the County government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.
- 5) Public debt and obligations shall be maintained at a sustainable level as approved by County Government (CG)
- 6) Fiscal risks shall be managed prudently
- 7) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future

I. INTRODUCTION

Background

This County Budget Review and Outlook Paper (CBROP) is the fourth to be prepared under the current administration and takes into account the County Government functions thereon as envisaged in PFM Regulation 2015. In line with the law, the CBROP contains a review of fiscal performance for the financial year 2020/2021 and deviations from the Approved Budget Estimates for FY 2020/2021.

Objectives of the County Budget Review and Outlook Paper (CBROP) 2021

1. The 2021 CBROP aims to provide a review of the fiscal performance for the FY 2020/2021 and how the outcomes impact the County's financial objectives as detailed in the County Fiscal Strategy Paper 2021 and fiscal responsibility principles as envisaged in the PFM Act 2012. This information together with the updated economic outlook provides a basis for revision of the current budget in the context of supplementary estimates and the broad fiscal parameters underpinning the next budget and the medium-term expenditure framework. Details of the fiscal framework, budget performance, medium term projections, priorities and sector ceilings will be firmed up in the CFSP 2022.
2. The CBROP is a vital document that provides linkage between policy, planning and budgeting. The County is at the final stages of implementing the 2nd CIDP which continues to provide a backdrop for budgetary preparation. The preparation of this paper falls well within the period in which the County is evaluating its medium-term performance of the CIDP 2018-2022.
3. With the establishment of the Nakuru County Revenue Authority and Office of the County Attorney, the County has aligned its resource allocations in consideration of these new entities. Further, this paper will provide preliminary ceiling for budget preparation purposes.

4. The PFM Act 2012 and PFM Regulations 2015 have set clear standards to be met during the MTEF budgeting process. It is expected that sector ceilings as per the approved CFSP of 2022 will firm up ceilings for the next budget of 2022/23 to 2024/2025 MTEF period. These sector ceilings have been modified to reflect reorganization of County Government functions as indicated in **Annex IV and V** of CBROP and will set off the budget preparation process for the fiscal year 2022/2023.
5. The updated National economic outlook will be firmed up in the 2022 CFSP to reflect any changes in economic and financial conditions. The County Treasury will align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement as per the PFM Act 2012, Section 117. Next year being a general election year the CFSP will be submitted to the County Assembly by mid December 2021 as per the revised Nakuru County Budget Calendar for the FY2022/2023.
6. The paper has been categorised into four sections:
 - ❖ Section II provides a review of fiscal performance in FY 2020/2021 with reference to fiscal performance, debt management and conformity to fiscal discipline and responsibility principles
 - ❖ Section III expounds on the recent economic developments and fiscal outlook
 - ❖ Section IV gives detail resource allocation framework with tentative projected sector budget ceilings
 - ❖ Section V provides the conclusion and next step

II. REVIEW OF FISCAL PERFORMANCE IN FY2020/2021

FY 2020/21 Fiscal Performance

Performance of the fiscal year 2020/21, (the fourth year in the current administration) was affected by the social economic effects of COVID-19 pandemic. The outbreak of the pandemic had far-reaching impacts on the business activities and operations, thereby affecting the revenues and expenditure performance.

During the year under review, the County Government was implementing a revised budget estimate worth Ksh 20.97 billion. Notable improvements were observed on the revenue performance (especially the OSR), while there was a slight reduction in cumulative expenditure compared to the previous FY 2019/20. Own Source Revenues recorded a 16 percent improvement from to the previous fiscal year. However, OSR collections of Ksh. 2.82 billion underperformed by 12 percent based on Ksh. 3.2 billion annual target. Ksh 10.47 billion Equitable share releases as projected thereby attained a 100 percent performance rate. All expected conditional grants were also received, though with slight variations. An amount of Ksh. 550 million (for KUSP and KDSP Level II) was received during the year, though had not been budgeted at the start of the fiscal year under review. The County spent a total of Ksh 14.33 billion during the year, against a revised target of Ksh 21.97 billion. In absolute terms, this represents a 2 percent reduction in expenditure, compared to Ksh 14.59 billion spent in the FY 2019/20.

During the fiscal year under review, Overall budget execution rate was 68 percent with an absorption rate of 92 percent and 43 percent for recurrent expenditure and development respectively.

Performance Of County Revenues

During the fiscal year 2020/21, total revenues amounted Ksh. 20.99 billion, against a target of Ksh. 20.97 billion. An amount of Ksh 550 million was also received (as

part of KUSP and KDSP Level II grants) beyond forecasted County receipts. Total revenue received comprised of Ksh. 10.47 billion from Equitable share of nationally raised revenue; Ksh. 1.2 billion from conditional grants; Ksh. 2.82 billion the County Own Source revenue; Ksh. 14.8 million from work injury claims benefits and Ksh. 5.88 billion fiscal balances from previous fiscal year in the in the CRF. Table 1 below illustrate disaggregated receipts for the year under review.

Total receipts for FY 2021/2021 increased marginally by six percent (Ksh. 1.17 billion) from collections reported in FY 2019/20. Highest improvements were registered in local sources (20 percent) and FIF (10 percent); while Equitable share remained stagnant compared to the previous financial year. There was a significant decline (41 percent) in conditional grants mainly on account of reduction (50 percent) in the Road Maintenance Fuel Levy, reduction in the KUSP funding from Ksh1.084 billion to Ksh 160M.

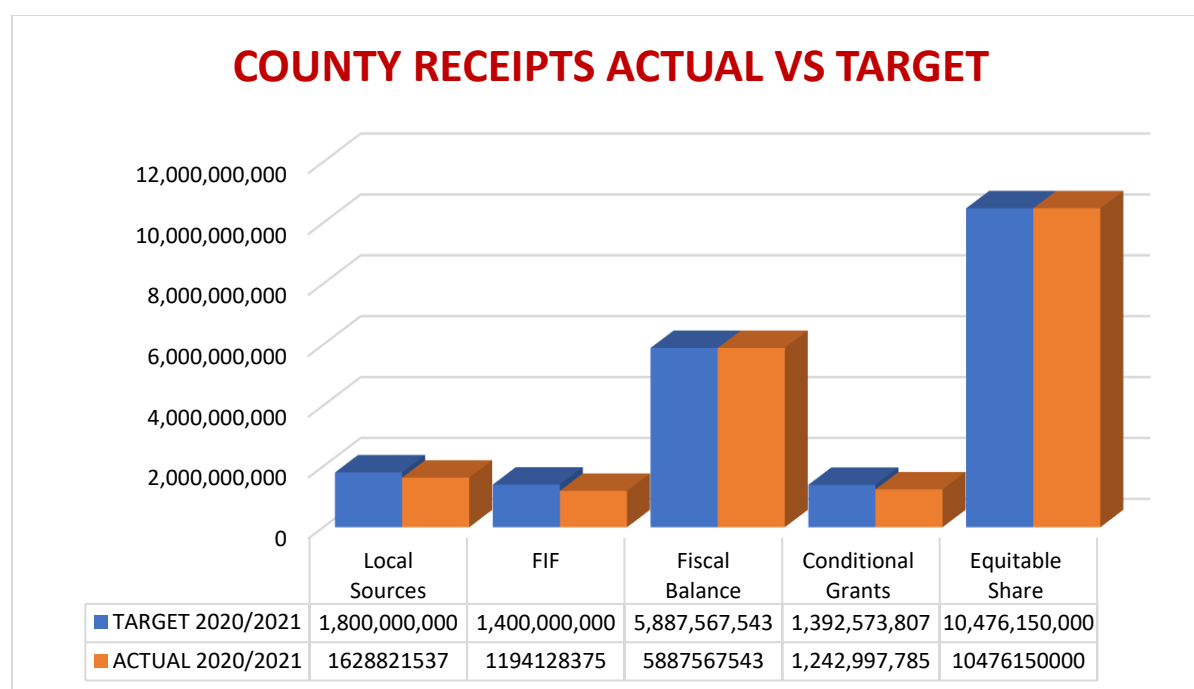


Figure 1: County Receipts Actual vs Target

Table 1: County Government Total Revenues FY 2020/21

No	REVENUE SOURCE	ACTUAL 2019/2020	TARGET 2020/2021	ACTUAL 2020/2021	VARIANCE	ANNUAL GROWTH	ANNUAL GROWTH (%)	PERCENT OF ACHIEVEMENT (%)	PERCENT OF TOTAL REVENUE
1	Local Sources	1,354,763,813	1,800,000,000	1,628,821,537	(171,178,463)	274,057,724	20%	90%	8%
2	Facility Improvement Fund	1,085,902,884	1,400,000,000	1,194,128,375	(205,871,625)	108,225,491	10%	85%	6%
	Own Source Revenue Sub Total	2,440,666,697	3,200,000,000	2,822,949,912	(377,050,088)	382,283,215	16%	88%	13%
3	Balance in County Revenue Fund (Fiscal Balance)	5,677,405,446	5,887,567,543	5,887,567,543	-	210,162,097	4%	100%	28%
4	Conditional Grants	2,109,426,964	1,392,573,807	1,242,997,785	(149,576,022)	(866,429,179)	-41%	89%	6%
5	C.R.A Equitable Share	9,575,201,100	10,476,150,000	10,476,150,000	-	900,948,900	9%	100%	50%
	Transfers & Grants Sub Total	17,362,033,510	17,756,291,350	17,606,715,328	(149,576,022)	244,681,818	1%	99%	84%
6	Work injury claims benefits		14,877,704	14,877,704					
	EXTRA BUDGETED								
7	KSDP Level II			120,374,189	120,374,189	120,374,189			1%
8	KUSP			429,739,100	429,739,100	429,739,100			2%
9	Allowances for Health Workers	80,505,000							
	TOTAL	19,883,205,207	20,971,169,054	20,994,656,233	23,487,179	1,177,078,322	6%	100%	100%

Source: Draft Nakuru County Financial Statements Sept, 2021

County Revenue by Main Sources

Figures I and II below illustrate the total County receipts by source. Receipt from Equitable share of nationally raised revenues accounted for half of the total receipts (50 percent). Fiscal balance from previous FY accounted for 28 percent while County OSR accounted for 13 percent.

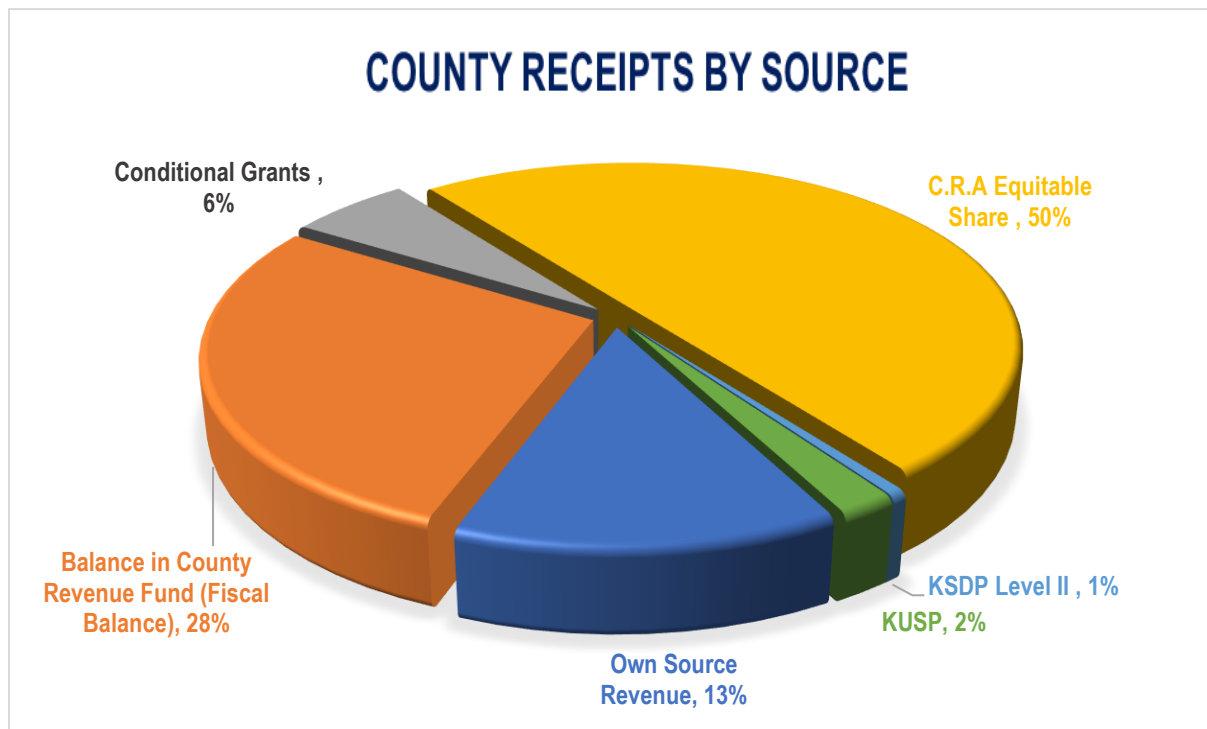


Figure 2: County Total Receipts by Source

EXCHEQUER RELEASES

The actual exchequer releases from the National Government amounted to Ksh. 12.27 billion against the projected amount of Ksh. 11.87 billion, a performance rate of 103 percent. This comprised of equitable share of Ksh. 10.476 billion, grants worth Ksh 1.24 billion, and an amount of Ksh 550 million received outside the budget towards Kenya Urban Support Programme (KUSP- Ksh. 429.7m) and Kenya Devolution Support Programme Level II (KDSP- Ksh. 120m). Further details are found in Table 2. Proceeds from loans and grants comprised of conditional grants from National Ministries, Departments and Agencies (MDAs) under the Roads and

Health sector, and other donor grants majorly from the World Bank (KUSP, KSDP, NARIG-P, THS-UC among others.

Table 2: Nakuru County Exchequer Releases FY 2020/2021

REVENUE SOURCE	ACTUAL 2019/2020	TARGET 2020/2021	ACTUAL 2020/2021	VARIANCE	ANNUAL GROWTH	ANNUAL GROWTH (%)	PERCENTAGE OF ACHIEVEMENT
C.R.A Equitable Share	9,575,201,100	10,476,150,000	10,476,150,000	-	900,948,900	9%	100%
Donor Grants (DANIDA)	38,901,162	29,790,000	29,790,000	-	(9,111,162)	-23%	100%
Kenya Devolution Support Program (KDSP) Level I	30,000,000	45,000,000	45,000,000	-	-	0%	100%
Kenya Devolution Support Program (KDSP) Level II		-	120,374,189	-	120,374,189		
World bank National Agricultural and Rural Inclusive Growth Projects (NARIGP)	170,536,334	201,868,449	201,067,363	(801,086)	30,531,029	18%	100%
Agricultural Sector Development Support Projects (ASDSP)	17,229,699	14,171,667	13,672,572	(499,095)	(3,557,127)	-21%	96%
Conditional Allocation to compensate Forgone user fees	38,723,265	38,723,265	38,723,265	-	-	0%	100%
Conditional Fund -Kenya Urban Support Project (KUSP)	775,922,013	160,211,842	589,950,942	429,739,100	(185,971,071)	-24%	368%
Conditional Fund -Leasing of Medical Equipment	131,914,894	132,021,277	132,021,277	-	106,383	0%	100%
Conditional Fund -Free Maternal Health				-			
Road Maintenance Fuel Levy Fund (RMFLF)	223,029,352	290,544,581	145,272,291	(145,272,290)	(77,757,061)	-35%	50%
Conditional Allocation For Level- 5 Hospital	373,872,832	373,872,832	373,872,832	-	-	0%	100%
Conditional Health Grant For Covid-19 Emergency Response	201,073,000			-	(201,073,000)	-	-
World Bank THS-UC Conditional allocation	36,361,115	40,080,000	37,076,450	(3,003,550)	715,335	2%	93%
Conditional Allocation for Rehabilitation of Youth Polytechnics	63,063,298	66,289,894	66,289,894	-	3,226,596	5%	100%
GRAND TOTAL	11,675,828,064	11,868,723,807	12,269,261,074	400,537,267	593,433,010	5%	103%

Source: Draft Nakuru County Financial Statement September, 2021

OWN SOURCE REVENUE PERFORMANCE

During the 2020/2021 fiscal year, Own Source Revenues amounting to Kshs. 2.82 billion was collected against a target of Kshs. 3.2 billion depicting 88 percent achievement. This comprised of Kshs. 1.628 billion local revenues against a Kshs 1.8 billion target translating to an achievement of 90 percent. Collections from FIF amounted to Kshs 1.19 billion FIF against a Kshs 1.4 billion projection. This translated to an achievement rate of 85 percent.

OSR increased in absolute terms by Ksh. 382 million translating to 16 percent growth rate from the FY 2019/20. Local sources registered a growth rate of 20 percent while FIF grew by 10 percent.

The Facility Improvement Fund (FIF) had the highest single contribution at 42 percent of Own Source Revenue collected; Property tax at Ksh 401 million (25 percent), Trading licenses Ksh 316 million (19 percent) and Royalties at Ksh 223 million (14%) formed the major contributors of revenue from local sources while County Park fees Ksh 0 (0 percent) and slaughter house fees Ksh 8.4 million (1 percent) formed the least contributors to local source revenue.

In regard to performance of individual OSR streams against the target, highest performance was registered in Property tax (Plot and Land rates) (139 percent), Royalties (121 percent) and Advertisements (109 percent) which achieved more than the targeted amount. On the contrary, house rent (29 percent), slaughter house fees (34 percent), cess revenue (45 percent) and market fees (46 percent) were the least performing streams.

An analysis of OSR by sources against the baseline performance (FY 2019/20) reveal that the Property tax (Plot and Land rates) stream had the highest growth by Ksh 204.5 million, translating to 104 percent annual growth. House rent on the other hand had a decline in growth by 29 percent an amount of Ksh 5.95 million compared collections made during the previous period.

During the period under review, the County adopted a new revenue management system (County Integrated Financial Management System-CIFOMS).

Despite of the improved performance in OSR, several challenges were experienced including;

- Teething problems of the new revenue system (CIFOMS) which included; Lack of a robust monitoring capabilities by the advertisement module within the revenue system; delay in launch and use of the building plan module; delay in provision of payment module for cashless payment for parking
- Closure of business-related activities which affected various streams such as liquor, markets, cess, health fees, trade licenses as a result of COVID -19 containment measures
- Inadequate legislations to support collection of flower cess; and delayed passage of the Tea act;
- Outdated valuation roll and lack of requisite legislation to support collection of property tax
- Political interference on collection of house rent from County estates, among others.

Table 3 shows the performance of the various revenue streams.

Table 3: Own Source Revenue Streams

Revenue Source	Actual 2019/2020	Target 2020/2021	Actual 2020/2021	Variance	Annual Growth	Annual Growth (%)	Percentage Of Achievement	Percentage To Local Sources
Advertisements	95,703,056	100,000,000	108,618,320	8,618,320	12,915,264	13%	109%	7%
Alcoholics Drinks/Liquor	39,345,240	72,150,000	39,783,231	(32,366,769)	437,991	1%	55%	2%
Approval for Building Plans	66,833,353	90,000,000	62,731,124	(27,268,876)	(4,102,229)	-6%	70%	4%
Cess Revenue	22,245,563	50,000,000	22,284,895	(27,715,105)	39,332	0%	45%	1%
County Park Fees	17,000	750,000	-	-	-	-	-	-
Health Fees	59,454,302	100,350,000	54,858,105	(45,491,895)	(4,596,197)	-8%	55%	3%
House rent	20,306,877	50,000,000	14,351,317	(35,648,683)	(5,955,560)	-29%	29%	1%
Markets	50,046,240	87,220,000	40,093,432	(47,126,568)	(9,952,808)	-20%	46%	2%
Property tax (Plot & Land rates)	196,945,122	289,390,000	401,518,169	112,128,169	204,573,047	104%	139%	25%
Royalties	188,948,337	184,460,000	223,995,891	39,535,891	35,047,554	19%	121%	14%
Slaughter House Fees	11,235,679	25,000,000	8,431,939	(16,568,061)	(2,803,740)	-25%	34%	1%
Trade Licenses	260,490,430	330,000,000	316,448,065	(13,551,935)	55,957,635	21%	96%	19%
Vehicle Parking Fees	253,340,376	300,000,000	219,378,664	(80,621,336)	(33,961,712)	-13%	73%	13%
Miscellaneous Income	89,852,238	120,680,000	116,328,385	(4,351,615)	26,476,147	29%	96%	7%
Sub Total Local Sources	1,354,763,813	1,800,000,000	1,628,821,537	(171,178,463)	274,057,724	20%	90%	100%
Facility Improvement Fund	1,085,902,884	1,400,000,000	1,194,128,375	(205,871,625)	108,225,491	10%	85%	
SUB TOTAL (AIA & Local Sources)	2,440,666,697	3,200,000,000	2,822,949,912	(377,050,088)	382,283,216	16%	88%	

Source: Draft Nakuru County Financial Statement September, 2021

Table 4: Analysis of Local Revenue Performance from 2012/13-2020/21

FY	TARGET	ACTUAL	VARIANCE	PERCENTAGE OF ACHIEVEMENT
2012/2013	998,164,474	1,301,084,388	302,919,914	130%
2013/2014	2,554,738,273	1,372,049,460	-1,182,688,813	54%
2014/2015	2,059,164,349	1,600,420,288	-458,744,061	78%
2015/2016	2,361,149,689	1,780,654,967	-580,494,722	75%
2016/2017	2,597,264,258	1,555,180,152	-1,042,084,106	60%
2017/2018	2,500,000,000	1,682,970,850	-817,029,150	67%
2018/2019	2,000,000,000	1,853,568,733	-146,431,267	93%
2019/2020	2,100,000,000	1,354,763,813	-745,236,187	65%
2020/2021	1,800,000,000	1,628,821,537	-171,178,463	90%
TOTAL	18,970,481,043	14,129,514,188	-4,840,966,855	74%

Source: County Treasury

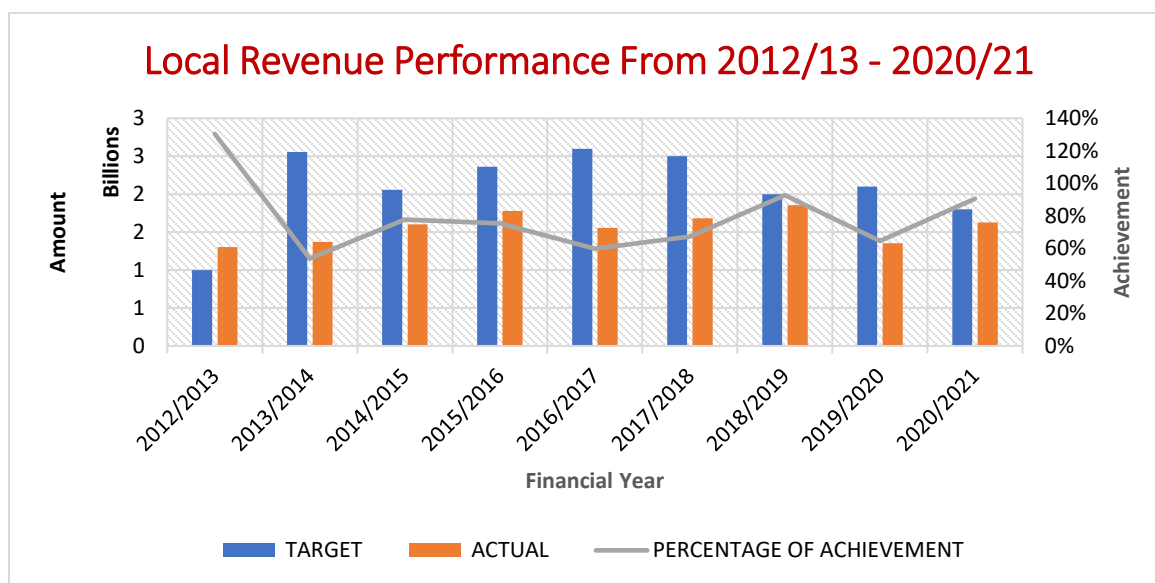


Figure 3: Local Revenue Performance from 2012/13-2020/21

Table 4 and Figure 3 illustrate the performance trends of revenue from local sources excluding FIF. Although there was a dip during FY 2019/20 where only 60 percent of revenue from local sources was achieved, a steady recovery is witnessed during FY 2020/21 where 90 percent was collected and a Ksh. 388 million improvements recorded. Despite this improvement, fluctuations have been witnessed over the years, with seasonal declines around the electioneering

period. Going forward it's important for the County government to put measures in place to achieve sustainable revenues performance during the low seasons.

APPROPRIATION IN AID- (Facility Improvement Fund)

During the FY 2020/21 the County Government collected Ksh. 1.19 billion as Facility Improvement Fund revenue. This is against a targeted Ksh. 1.4 billion indicating a Ksh. 205 million shortfall and an 85 percent achievement. Although the FIF collections for FY 2020/21 showed an underperformance, FIF collections had grown by 10 percent in comparison to FIF collections during FY 2019/20.

Improvement in revenue collection in FIF is attributed to continuous improvement in infrastructure development, expansion and automation of services.

Table 5: Appropriation in Aid (FIF)

Revenue Source	Actual 2019/2020	Target 2020/2021	Actual 2020/2021	Variance	Annual Growth	Achievement (%)	Annual Growth (%)
Facility Improvement Fund	1,085,902,884	1,400,000,000	1,194,128,375	(205,871,625)	108,225,491	85%	10%

Source: Draft Nakuru County Financial Statement September, 2021

Table 6: Analysis of Facility Improvement Fund Performance from 2013/14 - 2020/21

FY	TARGET (Ksh)	ACTUAL (Ksh)	VARIANCE (Ksh)	Percentage of achievement
2013/2014	522,000,000	424,485,122	-97,514,878	81%
2014/2015	500,000,000	505,779,098	5,779,098	101%
2015/2016	550,000,000	514,680,179	-35,319,821	94%
2016/2017	605,000,000	405,703,607	-199,296,393	67%
2017/2018	611,050,000	597,551,764	-13,498,236	98%
2018/2019	685,000,000	957,002,225	272,002,225	140%
2019/2020	1,000,000,000	1,085,902,884	85,902,884	109%
2020/2021	1,400,000,000	1,194,128,375	-205,871,625	85%
TOTAL	5,873,050,000	5,691,228,356	-181,821,644	97%

Source: Draft Nakuru County Financial Statement September, 2021

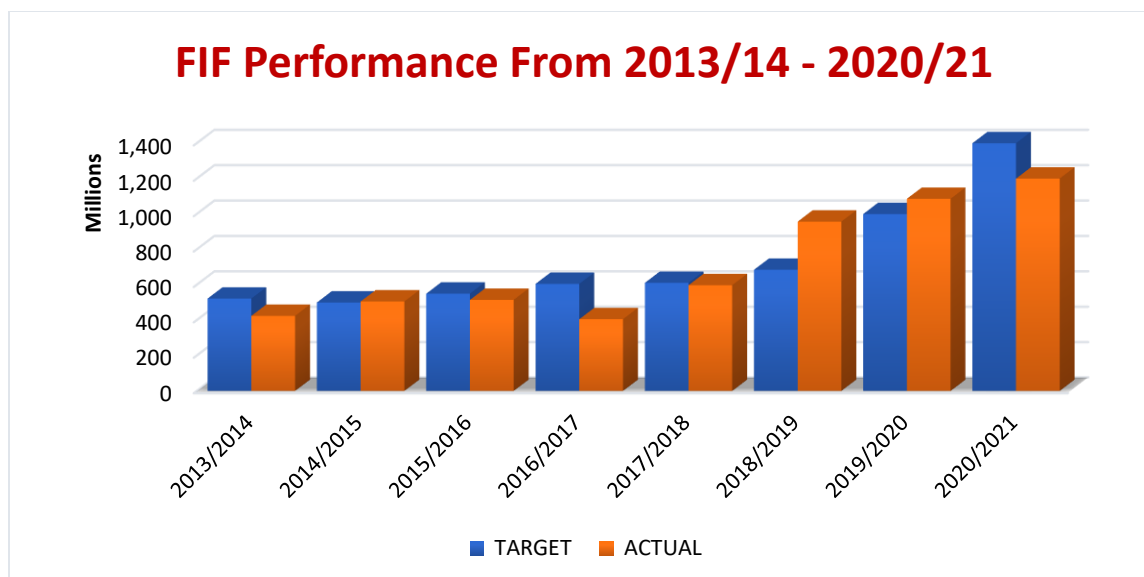


Figure 4: FIF Performance from 2013/14 – 2020/21

As illustrated in table 6 above, FIF has had a positive growth since 2017/18. In addition, the fund surpassed the targeted revenues in the period 2014/15, 2018/19 and 2019/20. The achievement has been majorly due to continuous improvement in infrastructure in the health sector, expansion of services, and improved services offered to the citizens of Nakuru County and neighbouring Counties.

COUNTY EXPENDITURE PERFORMANCE

During the financial year 2020/21 the county expenditure stood at Ksh 14.33 billion against a revised target of Ksh 20.97 billion indicating an underspending of Ksh 6.6 billion and a 68 percent budget absorption rate. The expended amount comprised of Ksh 13.24 billion expenditure by the County Executive, and Ksh 1.09 billion transfer to the County Assembly. The expenditure amount is two percent lower than expenditure for FY 2019/20 which stood at Ksh 14.59 billion, mainly attributable to a lower absorption rate in recurrent expenditure which declined by five percent.

The county recurrent expenditure amounted to Ksh 10 billion against a target of Ksh 10.86 billion depicting a 92 percent budget absorption rate and an

underspending of Ksh 857 million. In comparison to FY 2019/20, recurrent expenditure during the year under review was Ksh 473 million lower depicting a five percent decline in expenditure.

The development expenditure for the county government stood at Ksh 4.32 billion translating to 30 percent of the total expenditure by the county government. This in turn translated to a 43 percent development budget absorption rate and an underspending of Ksh 5.7 billion.

Table 7 below shows the total County expenditure for FY 2020/21 by economic classification:

Table 7: Expenditure Performance by Economic Classification

Economic Classification	ACTUAL 2019/2020	TARGET 2020/2021	ACTUAL 2020/2021	VARIANCE	PERCENTAGE GROWTH	BUDGET EXECUTION RATE	PERCENT OF TOTAL EXPND.
Current Expenditure							
Compensation of employees	6,021,620,723	6,982,850,892	6,475,736,356	507,114,536	22%	93%	45%
Use of Goods and Services	3,864,956,637	3,041,718,526	2,779,509,108	262,209,418	-32%	91%	19%
Transfers to other Government entities (County Assembly)	592,685,546	591,233,956	591,233,956	-	7%	100%	4%
Other Grants and transfers	3,864,956,637	248,647,417	160,374,486	88,272,931	35%	64%	1%
Sub Total	10,479,262,906	10,864,450,791	10,006,853,906	857,596,885	6%	92%	70%
Capital Expenditure							0%
Acquisition of Non-Financial Assets	2,375,602,501	5,450,124,034	2,427,576,501	3,022,547,533	11%	45%	17%
Capital Grants to Governmental Agencies	1,509,296,549	4,385,404,939	1,798,742,312	2,586,662,627	6%	41%	13%
Other Development (County Assembly)	228,970,265	271,189,290	97,647,102	173,542,188	-	36%	1%
Sub Total	4,113,869,315	10,106,718,263	4,323,965,915	5,782,752,348	11%	43%	30%
Grand Total	14,593,132,221	20,971,169,054	14,330,819,821	6,640,349,233	7%	68%	100%

Source: Draft Financial Statement Sept. 2021

Note: The balances carried over at the end of FY 2019/20 amounted Ksh 5.88 billion as per the revised estimates, crowding out the absorption capacity of budgeted funds in FY 2020/21. This was occasioned by late disbursement from exchequer, uncommitted project funds and slowed operations occasioned by the impacts of COVID-19.

County Expenditure Trends

Generally, expenditure by the County Government has been increasing yearly. Since FY 2017/18 the amount spent on development against total expenditure has risen from 18 percent to 30 percent in the year under review. Similarly, recurrent expenditure has grown from Ksh 6.27 billion in FY 2014/15, to Ksh 10 billion in FY 2020/21. This is further depicted in Figure 5:

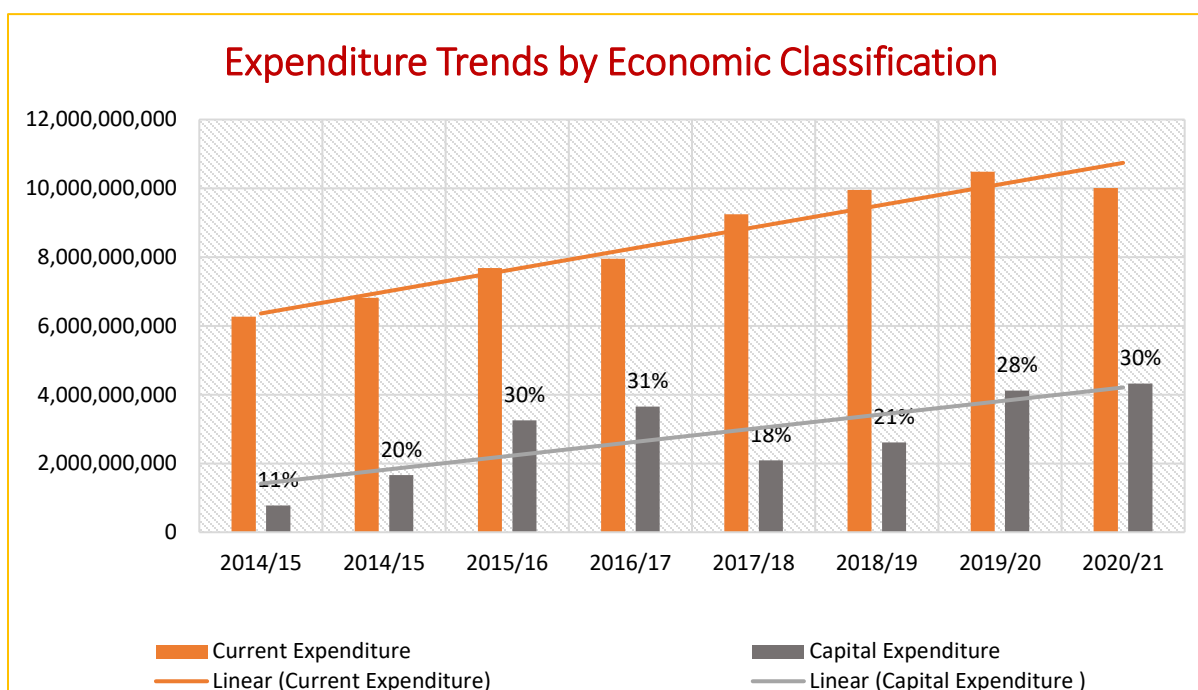


Figure 5: County expenditure trends FY 2014/15-2020/21

Recurrent Expenditure

During FY 2020/21 the County Government incurred an amount of Ksh. 10 billion in recurrent expenditure. This formed 70 percent of the total expenditure by the County during the period. Composition of recurrent expenditure in 2020/21 is depicted in Figure 6:

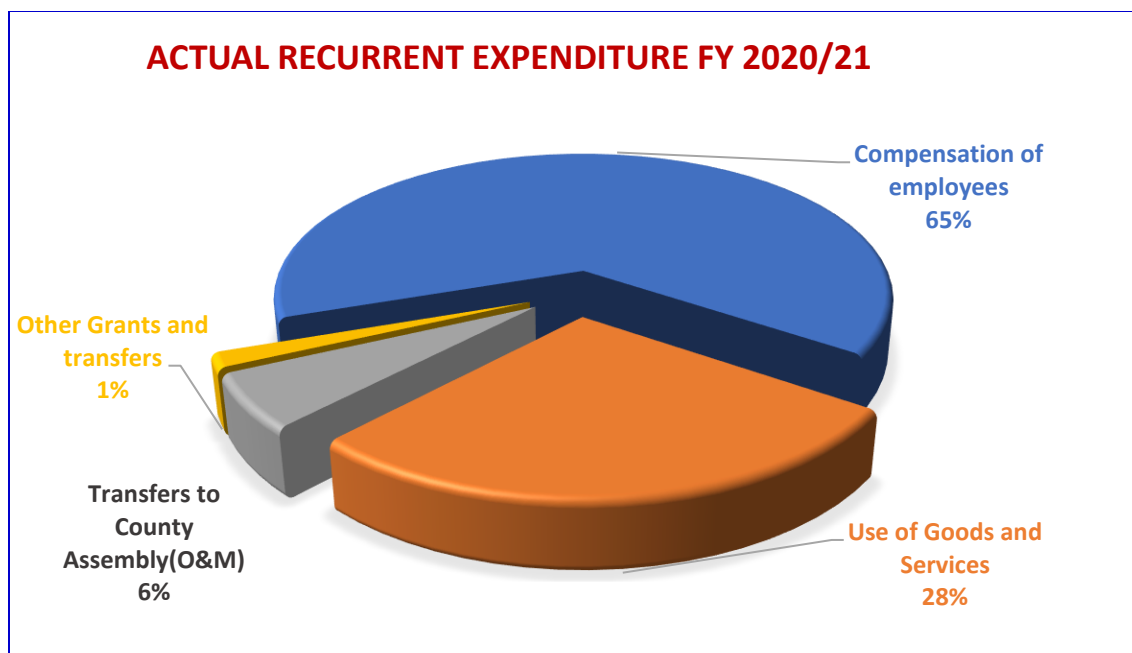


Figure 6: Composition of Recurrent Expenses

The recurrent expenditure is further classified into personnel cost and operations and maintenance which are discussed below:

1) Compensation to Employees

The total expenditure incurred on compensation to employees by the County Government in the FY 2020/21 amounted to Ksh 6.475 billion, against a revised target of Ksh. 6.98 billion. This amount comprised of Ksh 6.07 billion expenditure by the County executive arm, and Ksh 401. 98 million transferred to the County Assembly for personnel costs. This proportion contributes to 64.7 of total recurrent expenditure and 45.2 percent of total county expenditure. The under-absorption of Ksh 507 million is mainly attributed to recruitment processes that were initiated late in the year, and delayed promotions. The amount expended on compensation grew by Ksh 454 million, compared to FY 2019/20.

In the overall, there has been a continuous rise in the County Government's personnel cost obligations over the years in absolute terms from Ksh 4.91 billion in 2015/16 to Ksh 6.47 billion in 2020/21. This has been occasioned by a number of

factors such as natural growth, implementation of phased harmonisation of salaries by SRC, CBAs, recruitments of additional personnel in health and education sectors among others. Reclassification of expenditures such as contractual employees and casual wages from Use of goods and services to personnel costs has also contributed to the growth. Figure 7 displays the trends in absorption, allocation, expenditure and in-year growth.

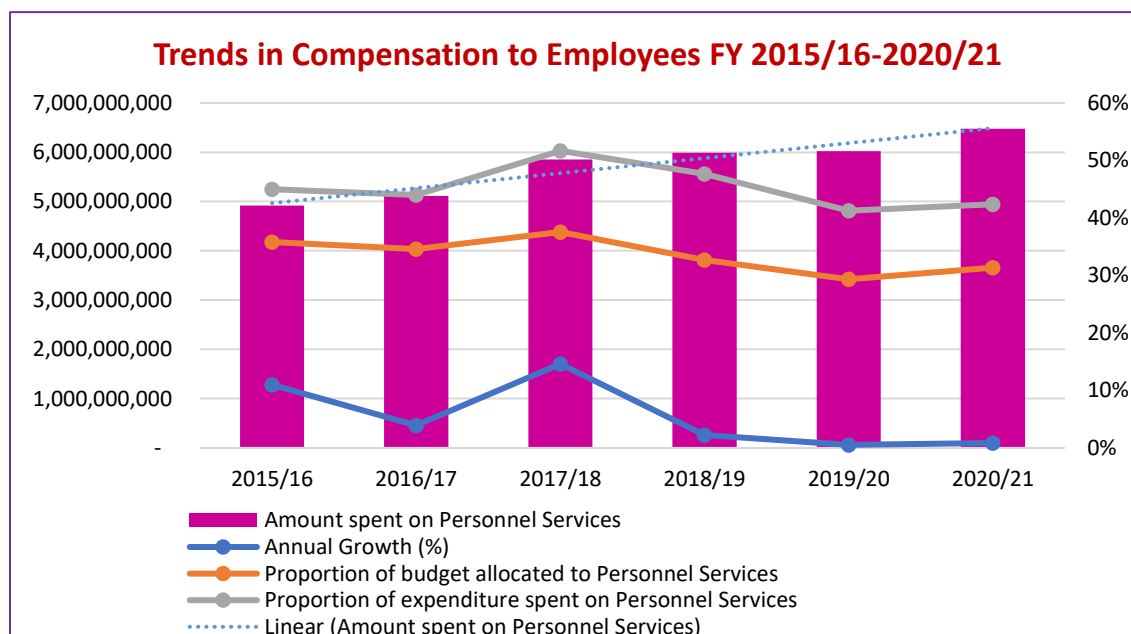


Figure 7: Trends in Compensation to Employees

Despite the growth trends above, there is still a growing demand across County Departments and Entities for additional staffing occasioned by natural attrition, ageing workforce, imbalanced staffing between the managerial, technical and supportive cadres among others. This scenario calls for adoption of better staff planning and succession management practices.

2) Operations and Maintenance Expenditure

For the period under review, operation and maintenance expenses for the County Government amounted to Kshs 3.53 billion against a target of Kshs 3.88

billion. This comprised Kshs 2.94 billion expenditure by the Executive arm and Kshs 591.23 million transfer to the County Assembly, and represents an absorption rate of 91 percent of the planned expenditure. Further, this expenditure contributed to 24.6 percent of total County expenditure during the period under review.

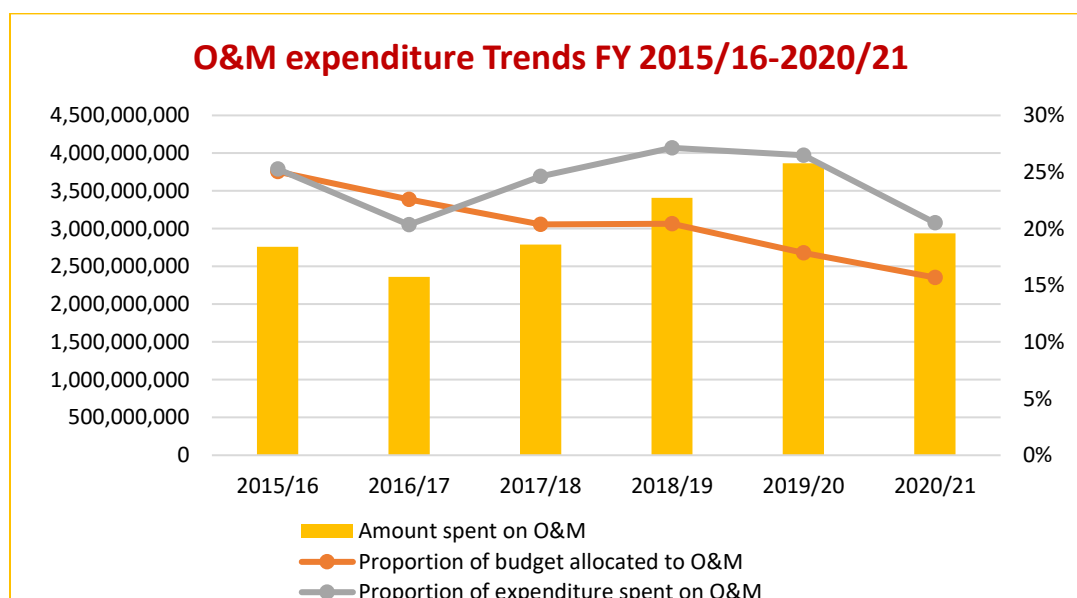


Figure 8: Operation and Maintenance expenditure trends

In absolute terms, there was a significant decline in expenditure by Ksh 1.21 billion compared to Ksh 4.74 in 2019/20 FY due to reduced allocation towards operations and maintenance kitty. This trend is observable over the last five years, and is likely to impact negatively on service delivery in the future, thus needs to be reversed.

Development Expenditure

Development expenditure stood at Ksh 4.32 billion against a planned target of Ksh 10.11 billion. This represents an absorption rate of 43 percent, and an underspending of Ksh 5.78 billion. The year registered a slight growth in absorption of capital expenditure by Ksh 210 million, from Ksh 4.11 billion in FY 2019/20, despite the challenges experienced during the year. Further, development expenses contributed to 30 percent of the total actual County expenditure in the year

under review. Out of the Ksh 4.32 billion, Ksh 4.23 was expended by the County Executive while 97 million was by the County Assembly.

The analysis of departmental by sources of revenue revealed that Ksh 1.798 billion was expended under conditional grants amounting to 42 percent. Departmental projects consumed 56 percent, while the County Assembly utilised 2 percent, both financed by equitable share and own source revenues.

The under-absorption rate of 57 percent is on account of both departmental projects funded under the equitable share (45%) and the donor funded projects (41%), particularly the projects under Kenya Urban Support Programme. Both categories registered an absorption rate of 36 percent. The County Assembly registered a spending of 36 percent of the planned 271 million. The composition of actual expenditure is depicted in Figure 9.

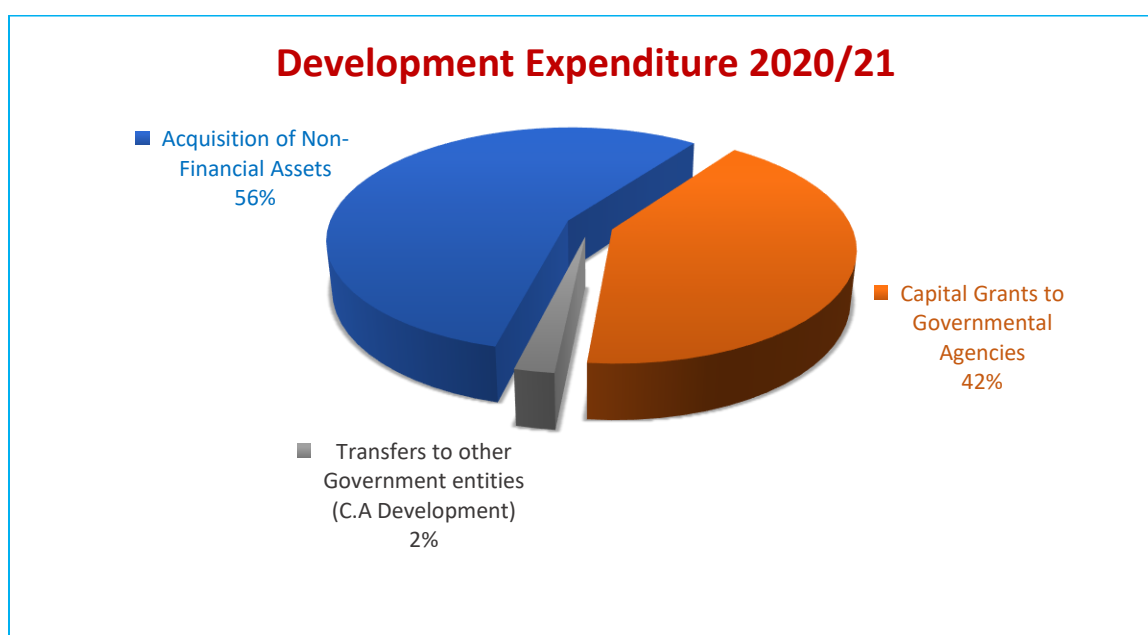


Figure 9: Composition of Development Expenditure

Departmental Expenditure Analysis

An analysis of total departmental expenditure revealed that absorption rate was highest in the Office of the Governor and Deputy Governor (99 percent); Public Service, Training and Devolution Department (90 percent), County Assembly (86

percent), Health (84 percent) and County Treasury (84 percent). The least absorption rates were registered in Naivasha Municipality (6 percent), Nakuru Municipality (26 percent), Infrastructure (41 percent) and Lands, Physical Planning and Housing (47 percent).

The highest development expenditure was attained by the Office of the Governor & Governor (100 percent); Agriculture, Livestock and Fisheries (74 percent), County Treasury (69 percent), CPSB (59 percent) and PSTD (57 percent). The least spenders were Naivasha Municipality (0 percent); Nakuru Municipality (23 percent), County Assembly (36 percent), Infrastructure (36 percent), Department of Education, ICT & E-Government (40 percent).

The departmental expenditure analysis is outlined in Table 8:

Table 8: Departmental Expenditure Performance

Vote Title	Recurrent Expenditure			Development Expenditure 2020/2021			Total Expenditure		
	2020/2021						FY 2020/2021		
	Actual	Target	BER*	Actual	Target	BER*	Actual	Target	BER*
Office of the Governor and Deputy Governor	331,314,779	336,405,792	98%	70,320,756	70,320,758	100%	401,635,535	406,726,550	99%
County Treasury	900,282,065	956,656,240	94%	448,683,771	651,050,485	69%	1,348,965,836	1,607,706,726	84%
County Public Service Board	55,078,964	67,131,754	82%	4,940,000	8,310,000	59%	60,018,964	75,441,754	80%
Public Service, Training and Devolution	666,388,821	720,081,112	93%	29,322,141	51,888,289	57%	695,710,962	771,969,401	90%
Health	5,227,695,618	5,529,387,371	95%	709,423,274	1,576,675,214	45%	5,937,118,892	7,106,062,585	84%
Trade, Industrialization, Cooperatives and Tourism	125,412,527	143,277,999	88%	108,429,033	257,050,279	42%	233,841,560	400,328,278	58%
Infrastructure	288,267,201	356,437,691	81%	907,800,237	2,527,790,189	36%	1,196,067,439	2,884,227,880	41%
Education, Vocational Training, ICT and E-Government	333,998,364	485,484,122	69%	283,607,623	707,594,954	40%	617,605,987	1,193,079,076	52%
Agriculture, Livestock and Fisheries	425,367,119	469,795,861	91%	376,979,889	511,483,705	74%	802,347,007	981,279,565	82%
Lands, Physical Planning and Housing	117,890,824	138,824,308	85%	482,539,377	1,136,873,752	42%	600,430,201	1,275,698,060	47%
Youth, Gender, Culture, Sports, and Social Services	231,092,301	297,175,845	78%	95,918,249	194,322,419	49%	327,010,550	491,498,263	67%
Water, Environment, Energy and Natural Resources	266,537,716	311,958,650	85%	559,068,858	1,206,035,075	46%	825,606,574	1,517,993,725	54%
Nakuru Municipality	24,930,786	33,824,476	74%	149,285,605	639,223,993	23%	174,216,391	673,048,478	26%
Naivasha Municipality	19,377,585	24,790,325	78%	-	296,909,861	-	19,377,585	321,700,186	6%
County Assembly	993,219,236	993,219,236	100%	97,647,102	271,189,290	36%	1,090,866,338	1,264,408,526	86%
TOTAL	10,006,853,906	10,864,450,782	92%	4,323,965,915	10,106,718,263	43%	14,330,819,820	20,971,169,053	68%

Source: Draft Departmental Expenditure Reports Sept. 2021

*BER: Budget Execution Rate

County Debt Management

The Public Finance Management Act (2012) identifies debt servicing as a non-discretionary expenditure and shall therefore be a first-charge in expenditure management. The County has been implementing a balanced budget, with no internal or external borrowings. However, the County Government has been incurring pending bills since devolution, currently standing at Ksh 1.932 billion. In addition, debts inherited from the defunct local Authorities as compiled by the Transitional Authority (Ksh 865.9Million) and handed over to the Intergovernmental Technical Relations Committee remains part of contingency liability to date.

The County has been allocating debt resolution funds over the years. However, these allocations have been on a declining trend. During the Financial year 2020/2021 the county had allocated Ksh 160 million towards debt resolution in its budget. Of this Ksh 122.96 million was used to pay eligible pending bills cleared by the pending bills committee.

Cumulatively, the County has managed to pay a cumulative amount of Ksh 1.37 billion from FY 2018/19-2020/21 both from debt resolution funds and departmental allocations.

Table 9: Analysis of Pending Bills

Particulars	Eligible pending bills (as at June 2018) in Kshs million'	Ineligible Pending bills (as at June 2018) in Kshs Million'	Additional received by Pending bills Resolution Committee to date (Kshs Million')	Declared Departmental pending bills (2018-June 2021) in Kshs Million'	Totals (Kshs Million'
Outstanding bills	268,132,626	2,098,308,908	247,748,944	1,038,272,805	3,652,463,283
Less Paid to Date since Audit	(217,016,092)	(919,160,628)	(31,655,165)	(200,018,031)	(1,367,849,916)
Less errors and duplications	-	(297,929,268)	(933,500)	-	(298,862,768)
Less debts written off/cancelled contracts	(13,350,756)	-	-	(50,964,141)	(64,314,897)
Outstanding Balances to Date	37,765,778	881,219,011	215,160,279	787,290,634	1,921,435,702

Source: County Treasury- Draft Report by Pending Bills Committee

Continuing in Fiscal Discipline and Responsibility Principles

During the Financial year 2020/21, the County Government allocated 48.19 percent towards development expenditure in adherence to the minimum 30 percent requirement set out in the PFM Act Section 107. However, due to the late disbursement of funds and effects of the COVID pandemic and its accompanying containment measures, there was a slowdown in execution of development budget where 43 percent of the total capital budget was absorbed. This was an improvement compared to 37 percent in FY2019/20. The actual development expenditure against total county expenditure amounted to 30 percent.

The development expenditure trend analysis reveals that there has been an upward trend on absorption of development expenditure as a proportion of total county expenditure since the FY 2017/18 to date.

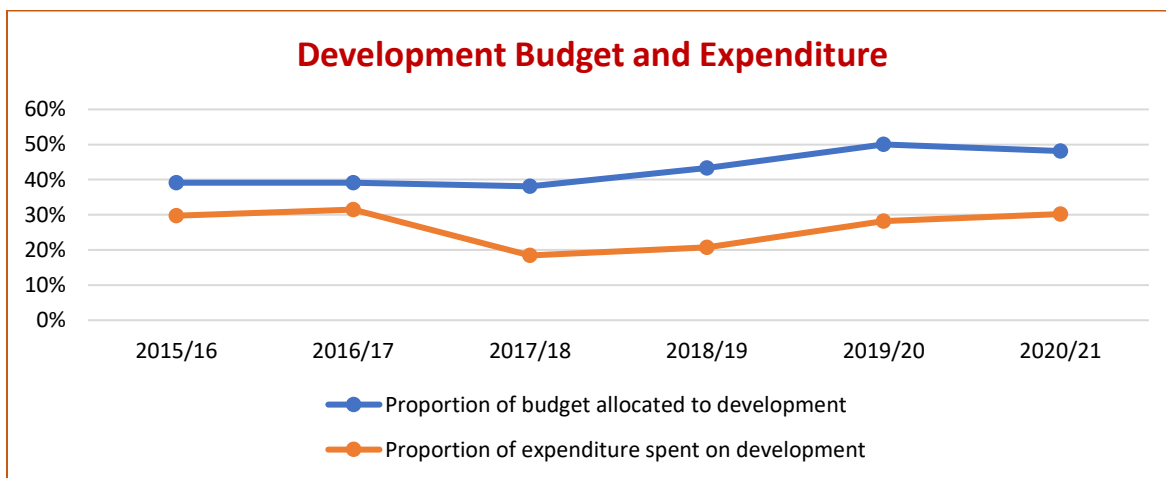


Figure 10: Development budget and expenditure trends

The actual expenditure on compensation was 45 percent during the year under review. This is still higher than the recommended ratio of 35 percent as set out in the PFM Regulations. Over the medium-term expenditure on salaries and wages will likely rise further on account of the increasing demand for additional staffing and promotions across County Departments and entities.

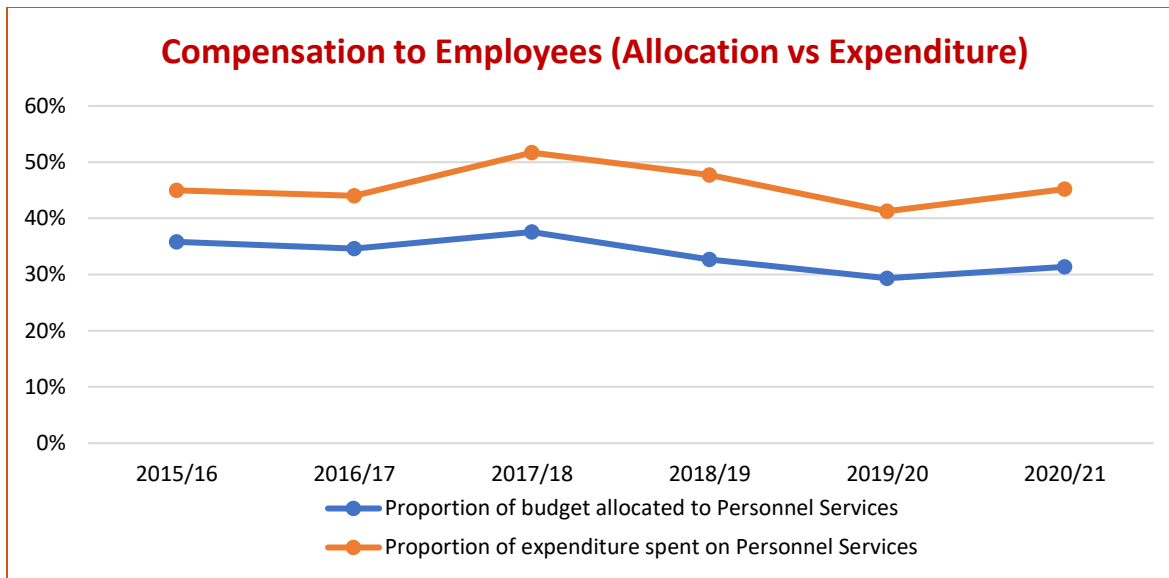


Figure 11: Budget and expenditure Trends on compensation to employees

The County Government has continued in its commitment to maintain debt at sustainable levels as per the County Medium Debt Strategy pursuant to Section 123 of the PFM Act. During the year under review the County Government serviced debt amounting to Ksh 122.96 million and will continue to monitor and encourage financial discipline across all Departments to avoid further accumulation of pending bills by spending units. The County outstanding pending bills stood at Ksh 1.92 billion in 2021, excluding the inherited debts from defunct local authorities.

The total revenues by the County government during the period under review achieved a 101 percent performance on comparison with targeted forecast mainly due to the extra budgeted grants that were received during the period. The County Government will therefore continue setting realistic revenue projections particularly putting into consideration past revenue trends and evaluation of new potential revenue streams.

III. RECENT ECONOMIC DEVELOPMENTS AND FISCAL OUTLOOK

Recent Economic Development

Global Economic Performance

The Global outbreak of the COVID-19 pandemic and the resultant socio-economic effects have continued to shape the outcomes of recent economic developments in the period under review.

This review and outlook has been prepared against a background of a projected economic recovery amidst uncertainties relating to new COVID-19 mutations. Global economic growth in 2021 is projected at 6.0 percent from a contraction of 3.2 percent in 2020 (WEO, July 2021). However, economic prospects vary across countries with the emerging markets and developing economies expected to pick up slowly compared to developed economies in light of the different policy responses to the pandemic by countries. The projected recovery in advanced economies particularly the United States reflects the anticipated legislation of additional fiscal support in the Second half of 2021 and broader vaccinations coverage across the group.

Economic growth in the sub-Saharan African region is projected at 3.4 percent in 2021 from a contraction of 1.8 percent in 2020 due to improved exports and commodity prices, and the rollout of vaccination programmes. This growth will also be supported by a recovery in both private Consumption and investment as economies re-open. However, the recent increase in infection rates in sub-Saharan Africa are expected to weigh down the region's recovery in 2022.

Domestic Economic Performance

GDP Growth

Kenya economy operates under the same global fiscal environment and as such the national economy continues to face the repercussion of the COVID-19 pandemic. The containment measures to curb the pandemic and general disruptions of the global supply chain have continued to affect major sectors of

the economy. Economic recovery in FY 2020/2021 experienced further setbacks from weather related shocks resulting from drought and floods in certain parts of the nation.

In the first three quarters of 2020 the national economy contracted by an average of 0.4 percent compared to an average growth of 5.3 percent over the same period in 2019 (**Table 10**) and a projected growth outlook of 2.6 percent (CBROP, 2020). The decline was largely characterized by contractions in the services sector especially Accommodations and Restaurants (45.1 percent, Wholesale and Retail trade (1.3 percent), and Transport and Storage (0.9 percent) subsectors. However, the performance of the third quarter of 2020, albeit constrained, was relatively better compared to the second quarter of 2020 due to partial easing of COVID-19 containment measures.

The overall performance of the economy during the first three quarters of 2020 was cushioned from deeper slump by improved growth in Mining and Quarrying activities (12.6 percent); Construction (8.6 percent); Health Services (7.3 percent) and Agriculture, Forestry, and Fishing activities (6.4 percent). Other sectors in the economy that supported growth in the first three quarters of 2020 are Information and Communication (7.5 percent), Financial and Insurance activities (5.3 percent); Real Estate Activities (4.0 percent) and Electricity and Water Supply (3.3 percent).

Table 10: Sectoral GDP Performance

Sectors	Sector Growth (%)											
	2018				2019				2020			
	Q1	Q2	Q3	Q1-Q3	Q1	Q2	Q3	Q1-Q3	Q1	Q2	Q3	Q1-Q3
Primary Industry	6.7	5.9	6.5	6.4	3.9	2.2	4.9	3.6	5.9	7.4	6.9	6.7
Agriculture, Forestry and Fishing	6.9	6.0	6.7	6.5	4.0	2.0	5.0	3.6	5.8	7.3	6.3	6.4
Mining and Quarrying	3.1	3.5	3.2	3.2	1.4	5.0	3.4	3.2	9.5	10.0	18.2	12.6
Secondary Sector (Industry)	5.1	5.4	6.1	5.5	4.2	5.5	5.1	5.0	4.1	(1.0)	4.2	2.4
Manufacturing	4.1	4.6	4.8	4.5	2.3	4.1	3.9	3.5	2.9	(3.9)	(3.2)	(1.4)
Electricity and Water supply	6.1	8.3	8.1	7.5	7.8	7.3	6.4	7.2	6.3	(0.6)	4.7	3.3
Construction	6.7	5.6	7.3	6.5	6.1	7.2	6.6	6.6	5.3	3.9	16.2	8.6
Tertiary sector (Services)	6.2	6.0	6.6	6.2	6.3	6.8	6.7	6.6	5.5	(11.0)	(4.7)	(3.5)
Wholesale and Retail trade	5.6	6.5	7.3	6.5	6.3	7.8	6.1	6.7	6.4	(7.0)	(2.5)	(1.3)
Accommodation and Restaurant	13.3	15.1	15.5	14.5	11.0	12.1	9.9	10.9	(9.3)	(83.2)	(57.9)	(45.1)
Transport and Storage	6.5	6.6	8.5	7.2	6.4	7.6	7.6	7.2	6.1	(11.4)	2.9	(0.9)
Information and Communication	13.2	11.7	9.8	11.7	10.0	7.5	8.0	8.6	9.8	4.6	7.3	7.5
Financial and Insurance	4.0	3.5	5.1	4.2	6.3	5.2	8.1	6.5	6.2	4.2	5.3	5.3
Public Administration	5.5	6.1	7.1	6.3	8.9	8.7	8.4	8.7	6.7	5.7	9.6	7.3
Others	5.1	5.0	4.9	5.0	4.8	5.8	5.6	5.4	4.7	(19.2)	(13.0)	(9.3)
of which Real Estate	5.2	4.5	3.8	4.5	4.7	6.0	5.5	5.4	4.4	2.3	5.3	4.0
Education	5.3	5.2	5.5	5.4	4.3	6.0	6.0	5.4	5.3	(56.2)	(41.9)	(31.2)
Health	4.1	3.4	5.3	4.3	5.4	6.2	5.5	5.7	5.8	10.3	5.6	7.3
Taxes less subsidies	6.1	6.0	6.2	6.1	4.7	4.0	4.2	4.3	3.4	(14.2)	(4.2)	(5.2)
Real GDP	6.3	6.1	6.5	6.3	5.2	5.1	5.8	5.3	5.2	(5.5)	(1.1)	(0.4)
of which Non-Agriculture	6.2	6.1	6.5	6.3	5.7	6.4	6.3	6.1	5.2	(8.4)	(2.5)	(2.0)

Source of Data: Kenya National Bureau of Statistics

In 2020, the Agriculture sector recorded a significant average improvement of 6.4 percent in growth compared to a growth of 3.6 percent in the corresponding period of 2019, mainly on account of increase in tea and sugarcane production as well as fruit exports. The service and industry sectors contracted by an average of 2.1 percent in the first three quarters of 2020 down from an average growth of 6.1 percent in 2019 primarily due to COVID-19 related shocks.

Generally, major economic indicators point to strong recovery in 2021. Agriculture sector is expected to perform better following favourable weather conditions which prevailed during the fourth quarter of FY 2020/21 and consequent improvement in production levels of key crops. Strong recovery is further projected in the Construction (cement consumption), Manufacturing (cement production), and Electricity and water supply (electricity generation) Industrial

activities. Performance of the service sectors (such as Accommodation and Restaurants, and Transport and storage) is likely to remain downcast due to the COVID-19 containment measures which prevailed during the quarter under review. As a result, Nakuru County economy is likely to recover slowly due to its reliance on tourism and hospitality.

Nakuru County was among five other Counties that implemented the enhanced COVID-19 containment measures between March 26 and May 2021. However, the implications of these measures had moderate impact on economic output in the second and third quarters as businesses in most sectors were in operation.

However, the recovery observed (national statistics) in the share of export-oriented agriculture sector is likely to shore up the growth towards full recovery in the medium term. The County economy continues to show strong resilience due to its diversification and interlinkages with other regional economies and resurgence of the export market.

In the fiscal year 2020/2021, the total receipts to the County Government increased from Ksh 19.88 billion to Ksh 20.99 in 2020/2021 translating to 6.0 Percent growth. Own Source Revenues (OSR) excluding Facility Improvement Fund (FIF) increased by 20.7 percent up from Ksh 1.35 billion in FY 2019/2020 to Ksh 1.63 billion in 2020/2021. Moreover, FIF demonstrated strong resilience rising by 10.6 percent from Ksh 1.085 billion in 2019/2020 to Ksh 1.2 billion in 2020/21 mainly on account of its direct linkage with health in the wake of COVID-19 response strategies.

In the period under review significant progress has been realised in the implementation of strategic national infrastructure within Nakuru County. Perhaps the most important infrastructure investment (the Construction of the *Rironi- Mau Summit Dual Carriage Road*) reached a financial close in FY 2020/2021 and its implementation is expected to start in FY 2021/2022. Other notable national infrastructure projects include Naivasha Inland Container Terminal, Construction of the Nakuru International Airport, and Construction of the Nakuru Wholesale Market. These critical infrastructures are expected to significantly but positively

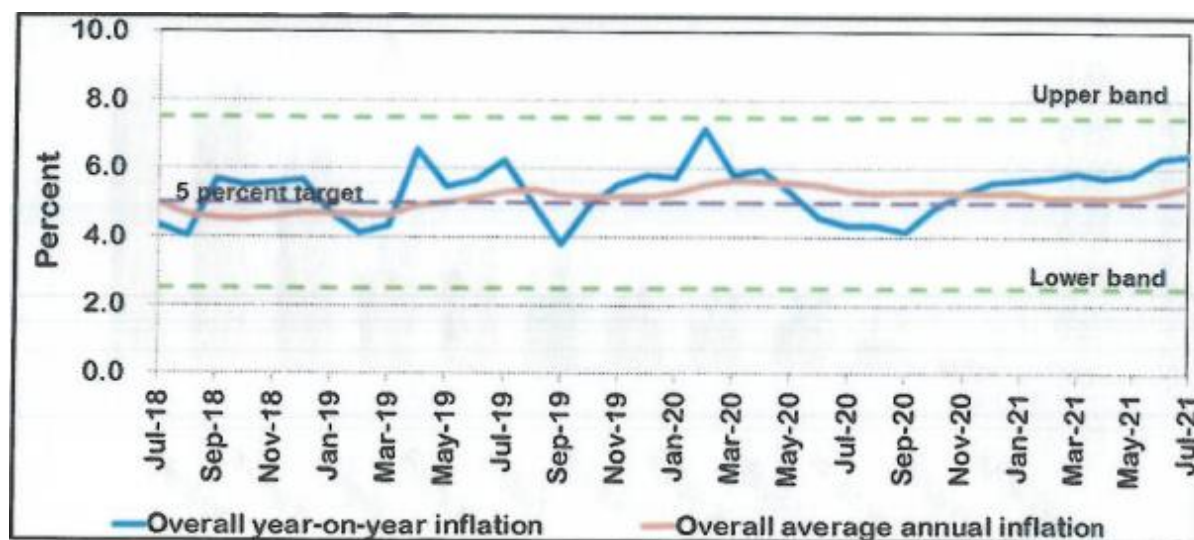
impact the local economy through increased job opportunities, improved mobility, reduced traffic congestion, development of support infrastructure, local business and production capacity development, and increased tax revenue.

Assessment of Macroeconomic Variability

Inflation Rate

The National inflation rate is one of the key considerations in determination of the County fiscal framework. Year-on-year national inflation rate has remained low, stable and within the policy target range of 5 percent (+/-2.5) since end 2017. The inflation rate increased in July 2021 but remained within the target range at 6.4 percent from 4.4 percent in July 2020, mainly on account of higher food and fuel prices (figure 12). The continued rise in fuel prices in the first Quarter of FY 2021/2022 is expected to increase the inflationary pressure in the short medium term.

Figure 12: Inflation Rate, Percent

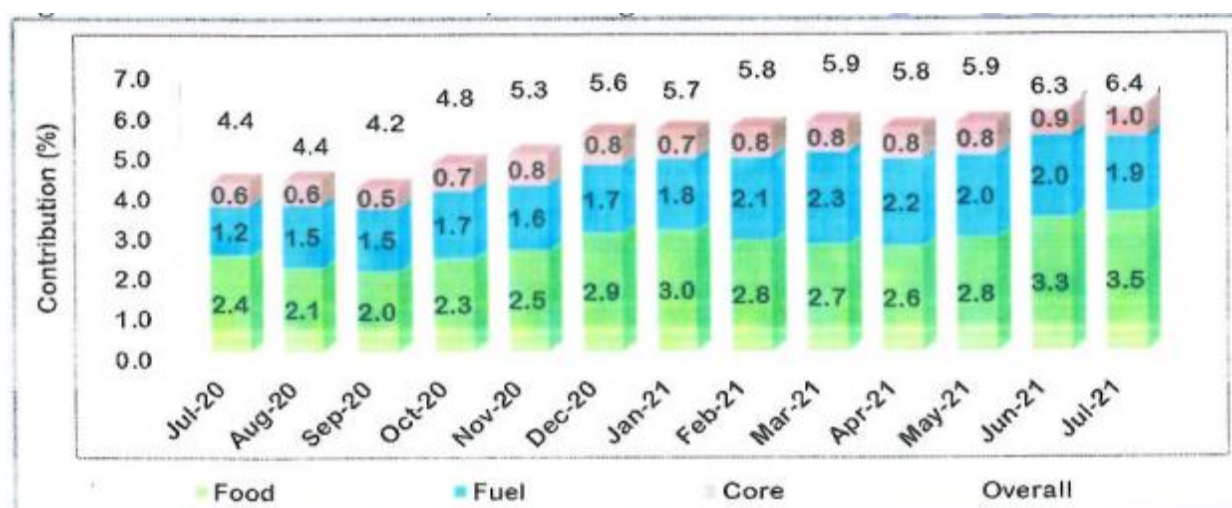


Source of Data: Kenya National Bureau of Statistics

Food inflation remained the main driver of overall inflation in July 2021, contributing 3.5 percentage points, an increase, compared to a contribution of

2.4 percentage points in July 2020 (Figure 13). The increase is on account of a rise in prices of key food items. Fuel inflation contributed 1.9 Percentage points to overall inflation in July 2021 compared to 1.2 Percentage points in July 2020, as a result of increase in international oil process. Fuel Inflation in July 2021 is also reflected in higher electricity costs and increased fares attributed to rise in petrol and diesel prices.

Figure 13: Contributions to Inflation, Percentage Points



Source of Data: Kenya National Bureau of Statistics.

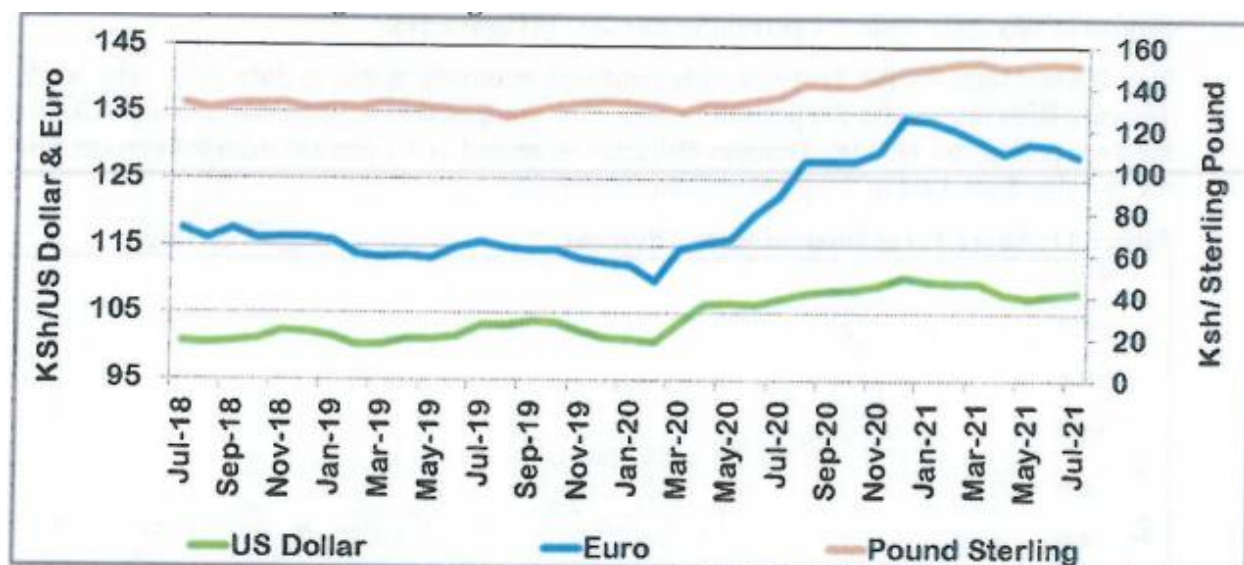
The contribution of core inflation to overall inflation has been low and stable, consistent with the declining demand in the economy. The contribution of core inflation to overall inflation rose marginally to 1.0 percentage points in July 2021 from 0.6 percentage points in June 2020, reflecting a pick-up in economic activity

Kenya Shillings Exchange Rate

Variability in the foreign exchange market has a pointer on the import and export market. The foreign exchange market has largely remained stable but partly affected by tight global financial market attributed to the uncertainties

underlying the COVID-19 setbacks. In this regard, the US Dollar exchanged at Ksh. 108.1 in July 2021 compared to Ksh 107.3 in July 2020 (Figure 14)

Figure 14: Kenya Shillings Exchange Rate



Source of Data: Central Bank of Kenya.

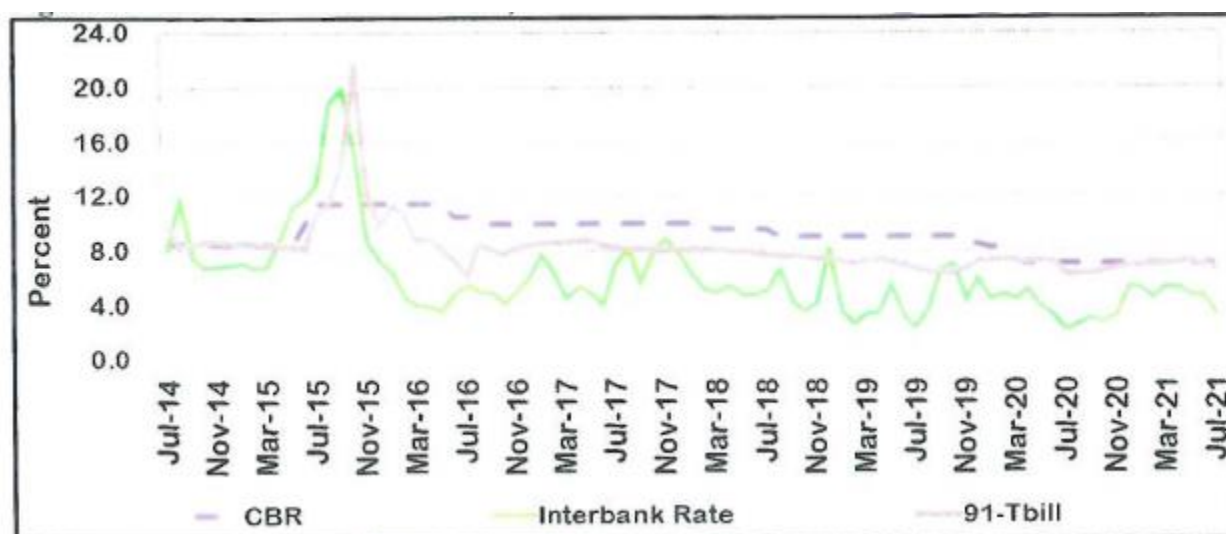
In the period under review the Kenya Shilling has remained relatively stable, weakening by 1.3 percent against the US Dollar (Figure 14). The stability in the Kenya shilling was supported by increased diaspora remittances, adequate foreign exchange reserves, strong monetary outlook and favourable horticultural exports (fruits, vegetables and cut flowers).

Interest Rates

The prevailing market interest rates affect general access to affordable capital County business entities. The Central Bank lending rate has been maintained at 7.0 percent in the last Quarterly Review (July 2021) by the Monetary Policy Committee. Affordability to available credit schemes is critical for the recovery of the SMEs in order to realise envisaged recovery from the social economic effects of COVID-19 in the medium-term. The County Government has in the review

period developed the Cooperative and the Enterprise Funding Act to further improve access to capital by County SMEs. The County Government in the process of operationalizing the Cooperative and the Enterprise Fund, capped at Ksh. 50 million to further improve access to capital by County MSMEs.

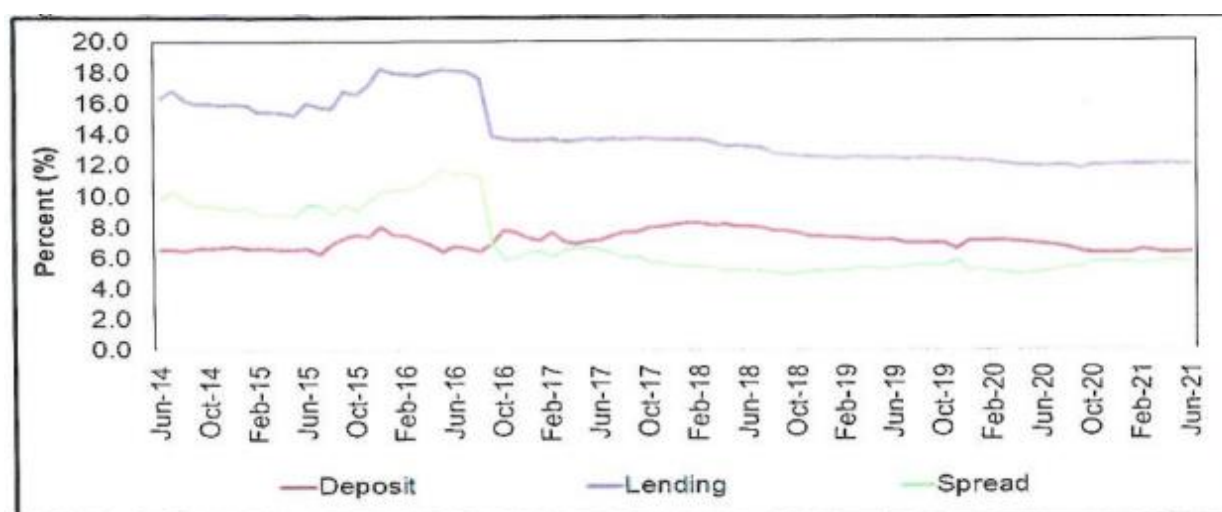
Figure 15: Short Term Interest Rates, Percent



Source of Data: Central Bank of Kenya

The improved liquidity in the money market has resulted in stable commercial bank rates. The average lending rate remained stable at 12.0 percent in June 2021 compared to 11.9 percent in June 2020 while the average deposit rates declined from 6.9 percent to 6.4 percent over the same period.

Figure 16: Commercial Bank Rates, Percent



Source of Data: Central Bank of Kenya

Medium Term Economic Outlook

Global and Regional Outlook

The global economy was marked by slow but steady recovery resulting from gradual reopening of economies, the vaccination drive and strong fiscal policy measures. Buoyed by consumption and investment, the global economy is projected to expand by approximately 6.0 percent in 2021 and 4.9 percent in 2022 from a contraction of 3.2 percent in 2020.

The uneven vaccination programme and slow uptake in emerging markets and the sub-Saharan region as well as the mutation of COVID-19 is likely to reduce the pace of the economic recovery initiative. The Sub-Saharan African region has not been spared the negative effects of the pandemic with the region estimated to have contracted by 1.8 percent in 2020. Consistent with forecasts in other regions, economic growth in the region is expected to recover to 3.4 percent in 2021 and 4.1 in 2022 supported by improved exports and commodity prices along with a recovery in both private consumption and investment. This positive global

outlook is expected to favour Nakuru County export-oriented sectors such as agriculture and manufacturing.

National/Domestic Growth Outlook

As accurately projected, the national economy contracted in FY 2020/2021 due to exogenous and endogenous COVID-19 shocks. Growth is however, expected to rebound to 6.2 percent in FY 2021/22 and above 6.0 percent over the medium term reinforced by the prevailing stable macroeconomic environment and the ongoing implementation of the strategic medium term Government priorities espoused in the "Big Four" Agenda and the Post Covid-19 economic recovery strategy.

The ongoing vaccination programme and easing of containment measures are expected to provide further necessary relief to economic recovery strategy. The general positive outlook in the global economies including expected rise in global demand will further stimulate the recovery of export-oriented sectors in agriculture, tourism, and manufacturing. The forecasted positive trajectory in improvement of the national economy will further influence the tax revenues, division of revenue and the final County fiscal framework.

Monetary and Fiscal Outlook

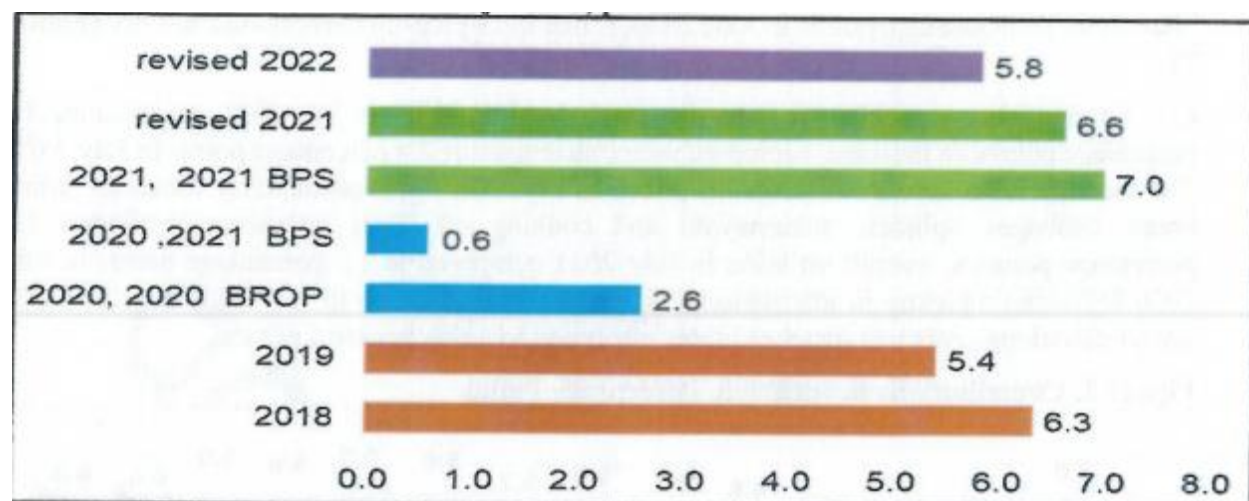
Stability in macroeconomic variability during the turbulent period under review demonstrates resilience and effectiveness of the monetary and fiscal policy tools. Over the medium-term period, the main objective shall be maintenance of stability in the current monetary and fiscal policy. Additionally, Monetary policy will focus on achieving 5% (± 2.5) inflation target.

The main objectives of the Fiscal policy will entail revenue enhancement, rationalization and achieving expenditure and strengthening management of public debt to minimize cost and risks of the portfolio, while accessing external

concessional funding to finance development projects. This is geared towards economic recovery to support sustained, rapid and incisive economic growth, safeguard livelihoods and continue the fiscal consolidation programme to create a fiscal space for the implementation of the "Big Four" Agenda. This outlook favours the County Post-Covid-19 economic recovery strategy which is hedged on stability in the cost of capital and access to the same by SMEs and other business entities.

The finalisation of the major ongoing national infrastructure projects (enumerated earlier in this chapter) in the medium-term period is expected to stimulate local economy and create positive externalities. To this end the County will leverage on the multiplier effect of the National development interventions through creating synergies and providing supporting infrastructure.

Figure 17: Annual growth rate Projections



Source: The National Treasury

Kenya's economy is expected to rebound in 2021 to 6.6 percent against an earlier projection of 7.0 percent. This downward revision is on account of the impact of the containment measures instituted between March and July to curb the spread of the deadly third wave of COVID-19 (Figure 17).

County Fiscal Outlook (Revenue and Expenditure)

The County fiscal outlook is largely informed by the national and local forecast in the medium term. FY 2022/2023 will mark the end of current integrated medium-term period espoused in the CIDP 2018-2022 and MTP III (2018-2022) as well transition into the next political administration. Key focus in planning and budgeting will be conducting an End-of-Term Review for the current CIDP (2018-2022) and laying groundwork for the next integrated plan (CIDP 2023-2027).

Finalisation of Key flagship/transformation projects contained in the current CIDP 2018-2022 will be prioritised in FY 2022/2023 medium term budget. Additionally, promotion of the national vaccine programme, Post COVID 19 Recovery Strategy as well as carrying forward implementation of ongoing programmes and projects shall be prioritized in the new integrated plan period

National transfers to Nakuru County increased by Ksh. 2.5 billion in FY 2021/2022. In the FY 2022/23, national transfers are projected to remain the same as per the Draft BROP 2021. County Own Source Revenues are expected to slowly recover in 2022 and beyond. However, The County Treasury is also adopting a more cautious approach in revenue forecasting going into 2022 while observing the influence of 2022 general elections.

Risk to Fiscal Outlook

- 1. Resurgence of COVID-19 threat in more deadly Mutations:** Despite the significant progress being made in the vaccination drive, mutation of the Covid 19 virus poses greater threats to the most at-risk populations as well as the efficacy of the current approved vaccines. These threats may weaken the recovery efforts and negatively affect the national and County outlook.
- 2. Pending Bills:** The County commitment in accrued pending bills was Ksh 1.92 Billion as at end of June 2021. The failure to promptly meet the financial obligations to its suppliers and contractors exposes the County to reputational

risk, and has significant negative impacts to businesses and the local economy at large. This occurrence may negatively affect the devolved County Government mandate in provision of public good and services.

- 3. Budget Credibility:** Preliminary budget implementation report from the 2018/2019-2020/2021 MTEF period have demonstrated weakness in overall County Budget execution (check average performance in the last three years). This underperformance demonstrates inefficiencies in budget implementation and inaccurate assumption underlying the County fiscal forecast.
- 4. Wage bill Constraints:** the Public Financial Management (County Government) Regulations prescribe that allocations for County Salaries and Wages should not exceed 35 percent. The County wage bill is expected to decrease marginally to Ksh 6.83 Billion in FY 2022/2023 Traditionally, the wage bill has been high due to implementation of Collective Bargaining Agreements, Salary harmonization, recruitment, annual increments. If left unchecked, possible continued rise in wage will put a strain on the limited fiscal space and further affect the County Governments' ability to meet its financial obligations in other core expenditure areas.
- 5. Political Risk:** As mentioned before, the general election and transition into the next political administration FY 2022/2023 may lead to disruptions in normal operations of government and business which may affect the positive fiscal outlook in the medium term and beyond.

IV. RESOURCE ALLOCATION FRAMEWORK

Adjustment to FY2021/2022

The financial year 2020/21 was encompassed by a myriad of challenges mainly attributed to the COVID 19 pandemic. The COVID 19 containment measures put in place by the National Government contributed highly to the underperformance of a majority of the sectors including; Hospitality and Tourism, Transport, Education among others. Businesses suffered major losses attributed to the containment measures resulting to underperformance of own source revenues.

The financial year 2021/22 continues to paint a bright picture in terms of own source revenue performance. With a close analysis of the first two months of the first quarter of the financial year 2021/22, the Own Source revenue receipts stands at 608,425,214.35 million against a target of 3,112,133,447 billion for the financial year, which translates to 20% performance. In comparison with the same period in the last financial year (2020/21), the Own source revenue stood at 370,969,513.27 for the month of (July & August) compared to Kshs 608,425,214.35 in the FY 2021/2022 depicting a growth of 64 percent. This improvement is mainly attributed to the lifting of some of the COVID 19 containment measures including opening up of hotels and eateries, opening up movement across the Counties and lifting of international travel restrictions. Further the advancement in revenue collection is attributed to automation of revenue collection as well as enforcement and adherence to revenue mobilisation regulations. Going forward, the Revenue Mobilisation Directorate will endeavour to actualise other revenue mobilisation mechanisms such as revenue mapping and valuation roll that will ensure efficiency in revenue collection so as to attain the financial year 2021/22 target. The escalating fuel prices continues to pose rising inflation threat as this is deemed to render County Governments' sectors economically constrained due to increased operations and maintenance costs, other recurrent costs as well as costs on development expenditure. This will necessitate the preparation of

Supplementary budget where focus will be made to more critical County Departments.

Graphical Analysis Of Revenue Streams For The First Two Months Of Financial Year 2020/21 And 2021/22

Figure 18: July - August Revenue Growth Analysis

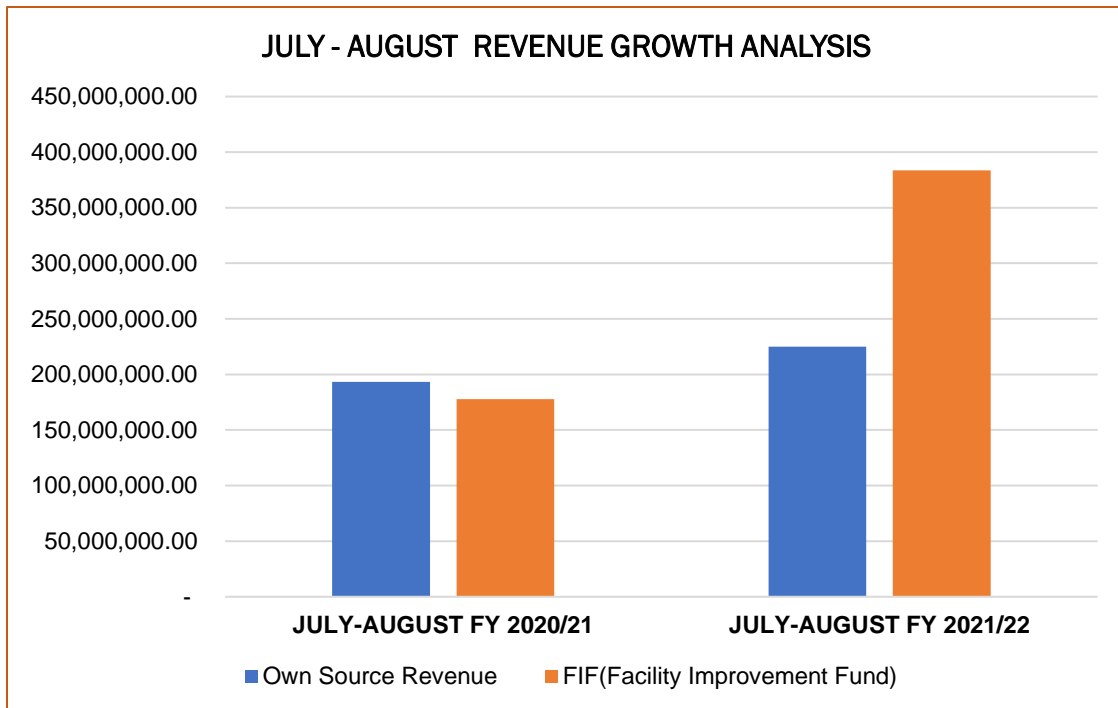
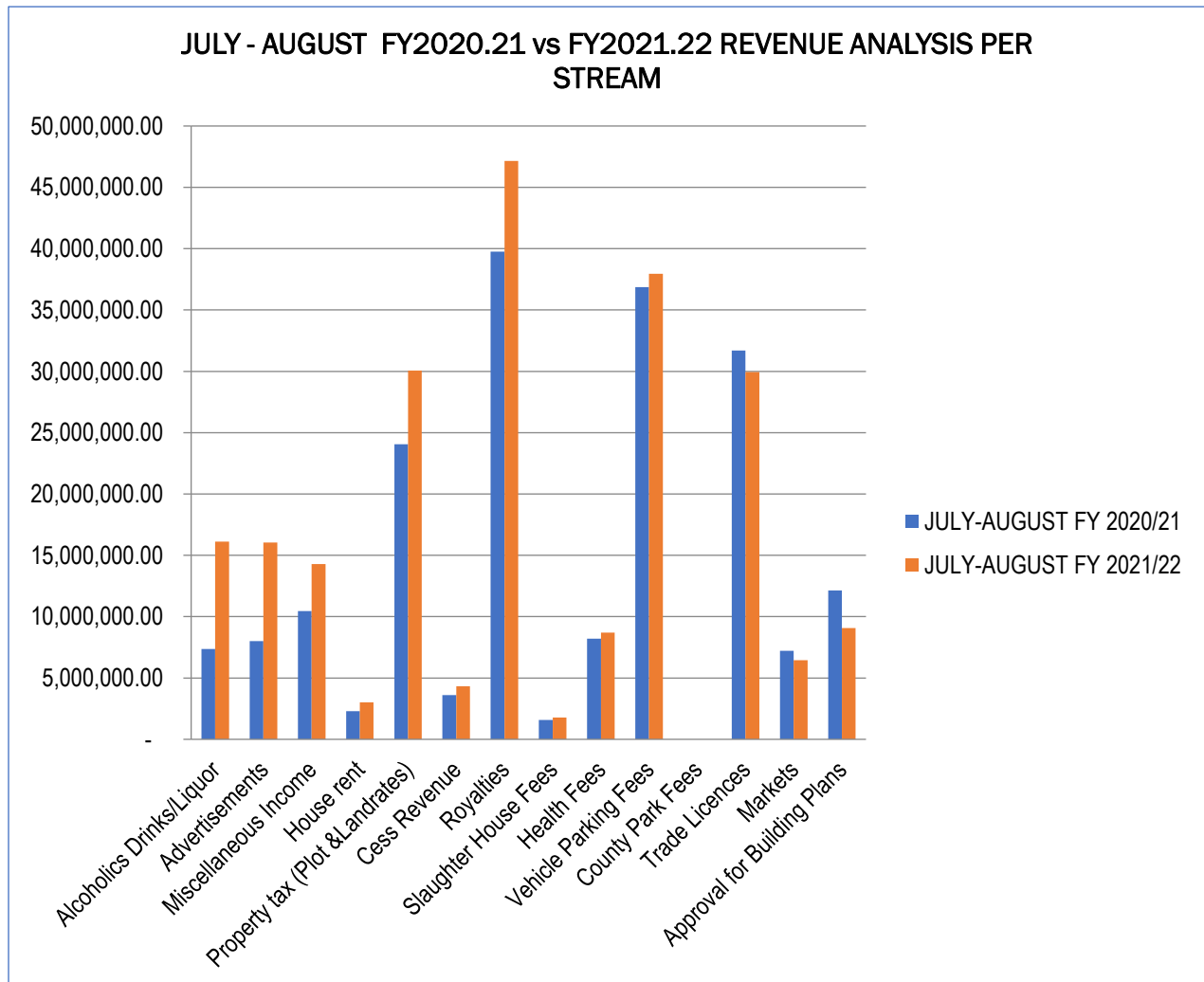


Figure 19: July - August FY2020.21 vs FY2021.22 Revenue Analysis Per Stream



MEDIUM TERM EXPENDITURE FRAMEWORK

During the Medium Term Expenditure period 2022/23-2024/25, the County Government will endeavour to pursue the flagship projects and other development projects as contained in the County Integrated Development Plan (2018-2022) in order to achieve the transformative development agenda which entails implementation of the Constitution, provision of core services, creation of employment opportunities, improving the general welfare of the people and above all ensuring equity and minimising costs through elimination of duplication and inefficiencies. The County Government will continue to allocate resources towards its development needs with adherence to the fiscal responsibility principle and further ensuring budget credibility. Allocation of these resources will be based on the following strategies:

1. The programmes should be cost effective and sustainable in the long run.
2. The programmes development agenda should be aligned to the County's development agenda
3. The programmes should be aligned to the objectives of the County integrated development plan 2018/2022, Annual development Plan as well as Integrated Development plans Urban Areas
4. The programmes should address the core mandates of the respective County Entities
5. The programmes should be linked with the Big Four Agenda either as drivers or enablers

The table below provides the tentative projected baseline expenditure ceilings for the 2022/23-2024/25 MTEF, classified by Sectors for actualization of the strategies aforementioned.

Table 11: Medium Term Sector Ceilings 2022/23 - 2024/25

	SECTOR		APPROVED ESTIMATES FY 2021/2022	CBROP CEILINGS	PROJECTIONS		% of Total Expenditure (CBROP)		
				2022/2023	2023/2024	2024/2025	2022/2023	2023/2024	2024/2025
1	Agriculture Rural and Urban Development	Sub Total	2,699,380,756	1,277,641,850	1,405,406,035	1,545,946,639	7.6%	7.6%	7.6%
		Recurrent Gross	780,981,252	723,948,604	796,343,465	875,977,811	6.2%	6.2%	6.2%
		Development Gross	1,918,399,504	553,693,246	609,062,570	669,968,827	10.9%	10.9%	10.9%
2	Education	Sub Total	1,454,360,537	844,809,850	929,290,835	1,022,219,918	5.0%	5.0%	5.0%
		Recurrent Gross	810,286,026	714,305,806	785,736,387	864,310,025	4.2%	4.2%	4.2%
		Development Gross	644,074,510	130,504,044	143,554,448	157,909,893	0.8%	0.8%	0.8%
3	Social Protection, Culture and Recreations	Sub Total	648,261,809	351,560,807	386,716,888	425,388,576	2.1%	2.1%	2.1%
		Recurrent Gross	405,705,133	258,737,700	284,611,470	313,072,617	1.5%	1.5%	1.5%
		Development Gross	242,556,676	92,823,107	102,105,417	112,315,959	0.6%	0.6%	0.6%
4	Energy, Infrastructure and ICT	Sub Total	2,758,416,871	844,993,204	929,492,525	1,022,441,777	5.0%	5.0%	5.0%
		Recurrent Gross	384,202,908	400,945,747	441,040,322	485,144,354	2.4%	2.4%	2.4%
		Development Gross	2,374,213,963	444,047,458	488,452,203	537,297,424	2.6%	2.6%	2.6%
5	Environment Protection, Water and Natural Resources	Sub Total	1,478,572,494	467,216,172	513,937,789	565,331,568	2.8%	2.8%	2.8%
		Recurrent Gross	364,340,105	345,440,364	379,984,401	417,982,841	2.0%	2.0%	2.0%
		Development Gross	1,114,232,388	121,775,808	133,953,388	147,348,727	0.7%	0.7%	0.7%
6	General Economics and Commercial Affairs	Sub Total	595,265,510	324,840,695	357,324,764	393,057,240	1.9%	1.9%	1.9%
		Recurrent Gross	256,630,952	228,872,444	251,759,689	276,935,658	1.4%	1.4%	1.4%
		Development Gross	338,634,558	95,968,250	105,565,075	116,121,583	0.6%	0.6%	0.6%
7	Health	Sub Total	7,584,459,439	6,432,679,457	7,075,947,403	7,783,542,143	38.2%	38.2%	38.2%
		Recurrent Gross	6,047,331,223	5,563,417,806	6,119,759,586	6,731,735,545	33.0%	33.0%	33.0%
		Development Gross	1,537,128,216	869,261,652	956,187,817	1,051,806,598	5.2%	5.2%	5.2%
8	Public Administration and National/ Inter County Relations	Sub Total	6,027,402,611	6,314,583,230	6,946,041,553	7,640,645,708	37.5%	37.5%	37.5%
		Recurrent Gross	3,623,067,588	3,531,442,563	3,884,586,819	4,273,045,501	20.9%	20.9%	20.9%
		Development Gross	2,404,335,023	2,783,140,667	3,061,454,733	3,367,600,207	16.5%	16.5%	16.5%
	TOTAL	Total Recurrent Gross	12,672,545,188	11,767,111,035	12,943,822,138	14,238,204,352	69.8%	69.8%	69.8%
		Total Development Gross	10,573,574,839	5,091,214,230	5,600,335,653	6,160,369,218	30.2%	30.2%	30.2%
		GRAND TOTAL	23,246,120,027	16,858,325,265	18,544,157,792	20,398,573,571	100%	100%	100%

FY 2022/23 Budget Framework

The 2022/23 MTEF builds up on the National Government's efforts to stimulate and sustain economic activities and mitigation of the adverse impacts of COVID 19 pandemic on the economy. This will be achieved through implementation of the "Big Four Agenda", programmes aimed at economic recovery strategy, priorities in the MTP III of the Vision 2030, Annual Development Plan 2022/23 and the priorities in the CIDP 2018-2022.

Revenue Projections

In the FY 2022/23, revenue forecast including Appropriation In Aid (AiA) is projected at Ksh. 16.8 billion depicting a decline by 3 percent from the approved CFSP 2021. The equitable share amounts to Kshs 13.026 billion, conditional grants expected amount to Kshs. 552 million and OSR including FIF is projected at Kshs 3.280 billion which is a rise of approximately 5.4 percent. The equitable share is expected to remain the same as the current financial year as detailed in the draft National Treasury BROP 2021. Summaries for both own source revenue and national transfers forecast over the medium-term period have been presented in **Annex I** of this document.

Equitable share of revenue constitutes the largest share of total County receipts at 77.2 percent. Conditional grants are projected at Kshs 552.2 million down from Ksh. 862.2 million depicting a decline by 35.9 percent. County own source revenues for FY2022/23 are projected to rise by 5 percent to Kshs 3.280 billion from Ksh 3.112 billion. Facility Improvement Fund (FIF), a form of Appropriation in Aid, is projected at Ksh. 1.3 billion in FY2022/2023 with local revenue projection standing at Ksh. 1.980 billion.

The County's efforts through various economic stimulus initiatives and the Post Covid-19 Economic Recovery Strategy to stimulate and sustain economic activities, mitigate the impact of COVID-19 pandemic to the local economy and

re-position the County on a steady and sustainable growth trajectory coupled with reforms in local revenue administration by the County Government are expected to strengthen local revenue performance.

Expenditure Projections

The County will continue to achieve a balanced budget, thus the County Government has projected that overall expenditure will equal the forecasted County receipts for FY 2022/2023. In this regard, the County Government total expenditure will stand at Ksh 16.858 billion in the FY 2022/23. Compensation to employees will account for 40.7 percent of the total County budget approximately Ksh. 6.868 billion. However, this proportion of the County wage bill is still way above the envisaged level of 35 percent of total revenues as recommended in Section 25 of the PFM (County Government Regulations) 2015.

The marginal growth in County allocation for salaries and wages is mainly on account of natural rise in annual increments, proposed promotions and replacement of staffs that have exited through natural attrition. The actual personnel allocations will be firmed up after finalisation of the County personnel budget. Allocation for other recurrent expenditures will increase by approximately 6 percent from current approved budget. An emergency allocation of Ksh 70 million has been provided for under Office of the Governor and Deputy Governor to cater for County unforeseen expenditure pursuant to Section 110 of the PFM Act 2012. Counterpart funding (shilling to shilling matching) of Ksh. 66m has also been provided for in Department of Education and Vocational Training for Vocation Training Centres to match the development Conditional allocation of Ksh. 66m as per current capitation and in keeping with the grant requirements. An allocation of 50million for Enterprise Fund has been provided for under Department of Trade and Cooperatives to advance loans to SMEs within the County to cushion them especially during the COVID 19 recovery period.

The County allocation for development expenditure has been retained at 30.2 percent in FY 2022/2023 excluding balances carried forward. Total County development expenditure is projected at Ksh. 5.091 billion. Conditional grants will account for Ksh 1.411 billion of the development expenditure or 28 percent of the Development expenditure. Nakuru and Naivasha Municipalities have been allocated Kshs 65million and 50million respectively from exchequer releases for programmes and projects within the two Municipalities. This is to ensure programmes already in place are sustained even after the lapse of the UDG donor grant. The Nakuru County Revenue Allocation Act 2018 provides for allocation of not less than 45 percent of development excluding conditional grants. The proposed allocation to the 55 Wards in FY 2022/2023 has been set at Ksh. 1.5 billion which translates to 47 percent of the equitable share of development expenditure. The County will operationalize the Nakuru County Revenue Authority and Office of the County Attorney with an allocation of Ksh. 170 million and Ksh. 47.5 million respectively.

The expenditure allocations are available in **Annexes III to V**.

Going forward, and in view of the limited resources, MTEF budgeting will entail adjusting non-priority expenditures to cater for the priority sectors. The priority social sectors will continue to receive adequate resources in the budget and are required to utilize the allocated resources more efficiently to generate fiscal space to accommodate other strategic interventions in their sectors.

V. CONCLUSION AND NEXT STEP

Medium-Term Budget framework 2022/2023-2024/2025 is being prepared against the background of a strong but uneven economic recovery occasioned by the COVID 19 pandemic which continues to cause significant disruptions to the global economy with serious social economic effects. The Country is still enforcing containment measures to reduce the impacts of the spread of the virus. These include; curfews, banning of all political rallies, controlled public gatherings and religious ceremonies. The Kenyan economy is projected to recover from the effects of COVID-19 Pandemic and grow at a rate of 6.2 percent in FY 2021/22 from a slowdown in FY 2020/21 mainly due the ease of COVID -19 restrictions and enhanced COVID 19 vaccinations which has enable business activities and revenue collection bounce back gradually. However, it is projected to reduce to 5.9 percent in FY 2022/23, largely due to the risk associated with the 2022 general election.

To ensure business stimulation, the County Government in the FY 2022/23 budget and the medium term will focus on resource mobilization and reduction of non-core expenditures with a view of prioritizing on programs that reduce the adverse effects of Covid-19 Pandemic and strategic intervention that strengthen economic recovery. The County budgetary resources are limited, hence there is an obligation to ensure budget credibility and value for money realization through effective and efficient utilization of available resource. The sector ceilings annexed herewith will guide the preparation of the FY 2022/23 budget estimates and the medium term. It is prudent that the SWGs and Departments realign their programs and sub-programs to match the provided ceilings and in line with the County Government priorities as per the CIDP 2018-2022, ADP 2022/23.

To ensure timely and smooth finalization of the MTEF budget 2022/2023-2024/2025 all Departments and SWGs are expected to strictly adhere and execute all the key budget activities within specified timelines as per the County Budget calendar **Annex VII.**

ANNEXES

ANNEX I: County Government of Nakuru Operations FY 2022/2023 - 2024/2025

IFMIS CODE	REVENUE SOURCE	APPROVED ESTIMATES	CBROP	PROJECTIONS		ANNUAL GROWTH	% GROWTH		
		2021/2022	2022/2023	2023/2024	2024/2025		2022/23	2023/24	2024/25
1520101	Property tax (Plot rent and Land rates	340,000,000	390,000,000	409,500,000	429,975,000	50,000,000	14.7%	5.0%	5.0%
1520201	Trade License	330,200,000	370,000,000	388,500,000	407,925,000	39,800,000	12.1%	5.0%	5.0%
1550101	Market Fees	40,000,000	70,000,000	73,500,000	77,175,000	30,000,000	75.0%	5.0%	5.0%
1590112	Building Approval	70,000,000	80,000,000	84,000,000	88,200,000	10,000,000	14.3%	5.0%	5.0%
1520325	Cess	30,000,000	40,000,000	42,000,000	44,100,000	10,000,000	33.3%	5.0%	5.0%
1530301	Royalties	230,000,000	230,000,000	241,500,000	253,575,000	-	0.0%	5.0%	5.0%
1580401	Stock/ Slaughter fees	20,000,000	27,000,000	28,350,000	29,767,500	7,000,000	35.0%	5.0%	5.0%
1560101	House Rent	30,000,000	50,000,000	52,500,000	55,125,000	20,000,000	66.7%	5.0%	5.0%
1590132	Advertising	121,000,000	130,000,000	136,500,000	143,325,000	9,000,000	7.4%	5.0%	5.0%
1550221	Parking fees	250,400,000	282,200,000	296,310,000	311,125,500	31,800,000	12.7%	5.0%	5.0%
1420223	Liquor Licensing	60,000,000	80,000,000	84,000,000	88,200,000	20,000,000	33.3%	5.0%	5.0%
1530331	County Park Fees	403,447	800,000	840,000	882,000	396,553	98.3%	5.0%	5.0%
1530331	Water And Sewerage	-	-	-	-	-			
1580211	Health fees and charges	70,000,000	90,000,000	94,500,000	99,225,000	20,000,000	28.6%	5.0%	5.0%
1540105	Other Fees and Charges	120,130,000	140,000,000	147,000,000	154,350,000	19,870,000	16.5%	5.0%	5.0%
	Sub Total Local Sources	1,712,133,447	1,980,000,000	2,079,000,000	2,182,950,000	267,866,553			
1580211	Facility Improvement Fund	1,400,000,000	1,300,000,000	1,339,000,000	1,379,170,000	(100,000,000)	-7.1%	3.0%	3.0%
	SUB TOTAL (AIA & Local Sources)	3,112,133,447	3,280,000,000	3,418,000,000	3,562,120,000	167,866,553	5.4%	4.2%	4.2%
9910201	Balance in County Revenue Fund	5,695,548,026				(5,695,548,026)	-100.0%		
1580211	Balance in Facility Improvement Fund (FIF) Account					-			
1310101	Donor Grants (DANIDA)	23,211,375	23,211,375	25,532,513	28,085,764	-	0.0%	10.0%	10.0%
1310102	Loans and Grants CRA			-	-	-		0.0%	0.0%
1330203	Kenya Devolution Support Program (KDSP) Level I								
1330203	Kenya Devolution Support Program (KDSP) Level II	120,374,189		-	-	(120,374,189)	-100.0%	0.0%	0.0%
1310102	World bank National Agricultural and Rural inclusive growth Projects (NARIGP)	269,563,385	269,563,385	296,519,724	326,171,696	-	0.0%	0.0%	0.0%
1310102	Agricultural Sector Development Support Projects (ASDSP II)	26,343,334	26,343,334	28,977,667	31,875,434	-		0.0%	0.0%
1330104	Grant to Compensate Forgone User Fees			-	-	-		0.0%	0.0%
1310102	Conditional Fund -Kenya Urban Support Project (KUSP) - Urban Development Grant	429,739,100		-	-	(429,739,100)	-100.0%	0.0%	0.0%

IFMIS CODE	REVENUE SOURCE	APPROVED ESTIMATES	CBROP	PROJECTIONS		ANNUAL GROWTH	% GROWTH		
		2021/2022	2022/2023	2023/2024	2024/2025		2022/23	2023/24	2024/25
1310102	Conditional Fund -Kenya Urban Support Project (KUSP) - Urban Institutional Grant			-	-	-		0.0%	0.0%
1310102	Conditional Fund - World Bank - Kenya Informal Settlement Improvement Project II (KISIP II)	300,000,000		-	-	(300,000,000)		0.0%	0.0%
1310102	Nutrition International Grant	10,000,000		-	-	(10,000,000)		0.0%	0.0%
1330104	Conditional Fund -Leasing of Medical Equipment	153,297,872	153,297,872	168,627,659	185,490,425	-		0.0%	0.0%
1330104	Conditional Fund -Free Maternal Health			-	-	-		0.0%	0.0%
1330102	Grant to Road Maintenance Fuel Levy Fund (RMFLF)			-	-	-		0.0%	0.0%
1330104	Grant For Level 5 Hospital			-	-	-		0.0%	0.0%
1310102	World Bank THS-UC Conditional allocation	79,792,976	79,792,976	87,772,274	96,549,501	-		0.0%	0.0%
9910201	Grant for Rehabilitation of Youth Polytechnics			-	-	-		0.0%	0.0%
9910201	Work Injury Claims Benefits			-	-	-			
9999999	C.R.A Equitable Share	13,026,116,323	13,026,116,323	13,156,377,486	13,287,941,261	-	0.0%	1.0%	1.0%
	SUB TOTAL	20,133,986,580	13,578,325,265	13,763,807,322	13,956,114,081	(6,555,661,315)	-32.6%	11.0%	11.0%
	GRAND TOTAL	23,246,120,027	16,858,325,265	17,181,807,322	17,518,234,081	(6,387,794,762)	-27.5%	15.2%	15.2%
	Allocation For Ward Projects								
	Total Development Budget	10,573,574,839	5,091,214,230	5,600,335,653	6,160,369,218	(5,482,360,609)	-51.8%	10.0%	10.0%
	<i>Less Development Conditional Grant</i>	1,425,877,447	1,411,205,267	1,552,325,793	1,707,558,373	(14,672,180)	-1.0%	10.0%	10.0%
	<i>Debt Resolution</i>	55,000,000	400,000,000	440,000,000	484,000,000	345,000,000	627.3%	10.0%	10.0%
	<i>Ongoing Projects</i>	5,337,225,409		-	-	(5,337,225,409)	-100.0%	0.0%	0.0%
	<i>Nakuru & Naivasha Municipalities</i>	97,000,000	115,000,000	126,500,000	139,150,000	18,000,000	100.0%	10.0%	10.0%
	Equitable Allocation	3,658,471,983	3,165,008,963	3,481,509,860	3,829,660,846	(493,463,019)	-13.5%	10.0%	10.0%
	<i>County Assembly HQ Development</i>	210,853,014	100,000,000	110,000,000	121,000,000	(110,853,014)	-52.6%	0.0%	0.0%
	<i>Flagship HQ development</i>	1,847,618,969	1,665,008,963	1,721,509,860	1,893,660,846	(282,610,005)	0.0%	0.0%	-
	45% of Equitable Allocation for Ward Projects	1,600,000,000	1,500,000,000	1,650,000,000	1,815,000,000	(100,000,000)	-6.3%	10.0%	10.0%
	Expenditure:								
	Current Expenditure:								
	Compensation to Employees	7,527,385,136	6,868,683,900	7,486,865,451	8,160,683,342	(658,701,236)	-8.8%	0.0%	0.0%
	Operations and Maintenance	4,618,828,557	3,687,992,887	4,019,912,247	4,381,704,349	(930,835,670)	-20.2%	0.0%	0.0%
	Current Grants And Other Transfers	526,331,495	1,210,434,247	1,307,268,987	1,411,850,506	684,102,752		0.0%	0.0%
	Sub Total:	12,672,545,188	11,767,111,035	12,814,046,686	13,954,238,197	(905,434,153)	-7.1%	0.0%	0.0%
	Capital Expenditure:								
	Acquisition Of Non-Financial Assets	6,680,153,371	1,780,008,963	2,115,919,447	2,554,133,257	(4,900,144,408)	-73.4%	0.0%	0.0%

IFMIS CODE	REVENUE SOURCE	APPROVED ESTIMATES	CBROP	PROJECTIONS		ANNUAL GROWTH	% GROWTH		
		2021/2022	2022/2023	2023/2024	2024/2025		2022/23	2023/24	2024/25
	Capital Grants To Governmental Agencies	3,893,421,468	1,811,205,267	1,992,325,793	2,191,558,373	(2,082,216,201)	-53.5%	0.0%	0.0%
	Other Development		1,500,000,000	1,650,000,000	1,815,000,000	1,500,000,000	0.0%	0.0%	0.0%
	Sub Total:	10,573,574,839	5,091,214,230	5,758,245,241	6,560,691,630	(5,482,360,609)	-51.8%	0.0%	0.0%
	Grand Total:	23,246,120,027	16,858,325,265	18,572,291,926	20,514,929,827	(6,387,794,762)	-27.5%	0.0%	0.0%
	DEFICIT/ SURPLUS	-	0						
	PERCENT OF TOTAL BUDGET								
	Current Expenditure:	55%	69.8%	69%	68%				
	Capital Expenditure:	45%	30.2%	31%	32%				

ANNEX II: Trend in Growth of Equitable Share of Revenue

EXCHEQUER RECEIPTS TRENDS	ALLOCATION	GROWTH	% GROWTH
2013/2014 (Base Year)	5,936,875,619	5,936,875,619	100%
2014/2015	7,082,152,961	1,145,277,342	19%
2015/2016	8,116,330,943	1,034,177,982	15%
2016/2017	8,757,624,645	641,293,702	8%
2017/2018	9,271,400,000	513,775,355	6%
2018/2019	9,451,400,000	180,000,000	2%
2019/2020	10,476,150,000	1,024,750,000	11%
2020/2021	10,476,150,000	-	0%
2021/2022	13,026,116,323	2,549,966,323	24%
2022/2023 (CBROP Projected)	13,026,116,323	-	0%

ANNEX III: Total Expenditure Sector Ceilings for the Period 2022/2023 - 2024/2025

	SECTOR	SUB SECTOR	APPROVED ESTIMATES FY 2021/2022	CBROP CEILINGS 2022/2023	PROJECTIONS	
					2023/2024	2024/2025
1	Agriculture Rural and Urban Development					
1.1		Agriculture, Livestock and Fisheries				
		Compensation to Employees	403,189,384	427,561,326	470,317,458	517,349,204
		Operations & Maintenance	224,115,975	140,741,334	154,815,468	170,297,015
		Development Gross	773,463,491	461,520,309	507,672,340	558,439,574
		Sub Total	1,400,768,850	1,029,822,969	1,132,805,266	1,246,085,792
1.2		Land, Housing and Physical Planning				
		Compensation to Employees	96,942,386	100,399,006	110,438,907	121,482,798
		Operations & Maintenance	56,733,508	55,246,938	60,771,632	66,848,795
		Development Gross	1,144,936,013	92,172,937	101,390,231	111,529,254
		Sub Total	1,298,611,907	247,818,881	272,600,769	299,860,846
		SUB TOTAL (SECTOR)	2,699,380,756	1,277,641,850	1,405,406,035	1,545,946,639
2	Education					
2.1		Education				
		Compensation to Employees	420,014,968	425,676,088	468,243,697	515,068,066
		Operations & Maintenance	305,500,885	175,440,130	192,984,143	212,282,557
		Development Gross	467,024,596	32,107,075	35,317,782	38,849,561
		Sub Total	1,192,540,449	633,223,292	696,545,622	766,200,184
2.2		Vocational Training				
		Compensation to Employees			-	-
		Operations & Maintenance	84,770,173	113,189,589	124,508,547	136,959,402
		Development Gross	177,049,914	98,396,969	108,236,666	119,060,332
		Sub Total	261,820,087	211,586,557	232,745,213	256,019,735
		SUB TOTAL (SECTOR)	1,454,360,537	844,809,850	929,290,835	1,022,219,918

	SECTOR	SUB SECTOR	APPROVED ESTIMATES FY 2021/2022	CBROP CEILINGS 2022/2023	PROJECTIONS	
					2023/2024	2024/2025
3	Social Protection, Culture and Recreation					
3.1		Youth, Culture, Gender, Sports and Social Services				
		Compensation to Employees	112,671,433	113,405,446	124,745,990	137,220,589
		Operations & Maintenance	293,033,700	145,332,254	159,865,480	175,852,028
		Development Gross	242,556,676	92,823,107	102,105,417	112,315,959
		Sub Total	648,261,809	351,560,807	386,716,888	425,388,576
	SUB TOTAL (SECTOR)		648,261,809	351,560,807	386,716,888	425,388,576
4	Energy, Infrastructure and ICT					
4.1		Infrastructure				
		Compensation to Employees	140,506,933	141,431,956	155,575,152	171,132,667
		Operations & Maintenance	209,824,076	226,041,117	248,645,229	273,509,751
		Development Gross	2,347,413,963	418,863,120	460,749,432	506,824,375
		Sub Total	2,697,744,972	786,336,193	864,969,813	951,466,794
4.2		ICT and E-Government				
		Compensation to Employees			-	-
		Operations & Maintenance	33,871,899	33,472,673	36,819,941	40,501,935
		Development Gross	26,800,000	25,184,337	27,702,771	30,473,048
		Sub Total	60,671,899	58,657,011	64,522,712	70,974,983
	SUB TOTAL (SECTOR)		2,758,416,871	844,993,204	929,492,525	1,022,441,777
5	Environment Protection, Water and Natural Resources					
5.1		Water, Environment, Energy and Natural Resources				
		Compensation to Employees	271,863,541	250,946,253	276,040,878	303,644,966
		Operations & Maintenance	92,476,564	94,494,112	103,943,523	114,337,875
		Development Gross	1,114,232,388	121,775,808	133,953,388	147,348,727
		Sub Total	1,478,572,494	467,216,172	513,937,789	565,331,568
	SUB TOTAL (SECTOR)		1,478,572,494	467,216,172	513,937,789	565,331,568

	SECTOR	SUB SECTOR	APPROVED ESTIMATES FY 2021/2022	CBROP CEILINGS 2022/2023	PROJECTIONS	
					2023/2024	2024/2025
6	General Economics and Commercial Affairs					
6.1		Trade, Industrialization, Cooperatives and Tourism				
		Compensation to Employees	88,702,498	88,450,543	97,295,597	107,025,157
		Operations & Maintenance	167,928,454	140,421,901	154,464,091	169,910,501
		Development Gross	338,634,558	95,968,250	105,565,075	116,121,583
		Sub Total	595,265,510	324,840,695	357,324,764	393,057,240
	SUB TOTAL (SECTOR)		595,265,510	324,840,695	357,324,764	393,057,240
7	Health					
7.1		Health Services				
		Compensation to Employees	4,279,090,703	4,002,255,128	4,402,480,641	4,842,728,705
		Operations & Maintenance	1,768,240,521	1,561,162,678	1,717,278,945	1,889,006,840
		Development Gross	1,537,128,216	869,261,652	956,187,817	1,051,806,598
		Sub Total	7,584,459,439	6,432,679,457	7,075,947,403	7,783,542,143
	SUB TOTAL (SECTOR)		7,584,459,439	6,432,679,457	7,075,947,403	7,783,542,143
8	Public Administration and National/Inter County Relations					
8.1		Office of the Governor and Deputy Governor				
		Compensation to Employees	101,577,564	116,617,957	128,279,752	141,107,728
		Operations & Maintenance	242,439,554	230,139,554	253,153,509	278,468,860
		Development Gross	106,287,733	110,511,000	121,562,100	133,718,310
		Sub Total	450,304,851	457,268,511	502,995,362	553,294,898
8.2		County Treasury				
		Compensation to Employees	544,493,512	545,324,855	599,857,341	659,843,075
		Operations & Maintenance	492,311,998	390,469,597	429,516,557	472,468,213
		Development Gross	503,768,300	2,290,252,234	2,519,277,458	2,771,205,204
		Sub Total	1,540,573,811	3,226,046,687	3,548,651,356	3,903,516,491

	SECTOR	SUB SECTOR	APPROVED ESTIMATES FY 2021/2022	CBROP CEILINGS 2022/2023	PROJECTIONS	
					2023/2024	2024/2025
8.3		Public Service, Training and Devolution				
		Compensation to Employees	599,445,948	600,510,550	660,561,605	726,617,765
		Operations & Maintenance	254,561,456	190,523,053	209,575,358	230,532,894
		Development Gross	85,119,295	57,377,432	63,115,176	69,426,693
		Sub Total	939,126,699	848,411,035	933,252,139	1,026,577,352
8.4		County Public Service Board				
		Compensation to Employees	32,994,117	33,997,639	37,397,403	41,137,143
		Operations & Maintenance	65,300,000	50,500,000	55,550,000	61,105,000
		Development Gross	11,177,144	7,500,000	8,250,000	9,075,000
		Sub Total	109,471,261	91,997,639	101,197,403	111,317,143
8.5		Nakuru Municipality				
		Compensation to Employees	16,275,204	14,589,917	16,048,908	17,653,799
		Operations & Maintenance	32,990,145	45,520,000	50,072,000	55,079,200
		Development Gross	840,378,821	65,000,000	71,500,000	78,650,000
		Sub Total	889,644,170	125,109,917	137,620,908	151,382,999
8.6		Naivasha Municipality				
		Compensation to Employees	8,433,360	7,517,238	8,268,961	9,095,857
		Operations & Maintenance	30,032,526	40,520,000	44,572,000	49,029,200
		Development Gross	473,208,528	50,000,000	55,000,000	60,500,000
		Sub Total	511,674,414	98,037,238	107,840,961	118,625,057
8.7		Office of the County Attorney				
		Compensation to Employees		-	-	-
		Operations & Maintenance		40,000,000	44,000,000	48,400,000
		Development Gross		7,500,000	8,250,000	9,075,000
		Sub Total	-	47,500,000	52,250,000	57,475,000
8.8		Nakuru County Revenue Authority				
		Compensation to Employees		-	-	-
		Operations & Maintenance		75,000,000	82,500,000	90,750,000
		Development Gross		95,000,000	104,500,000	114,950,000
		Sub Total	-	170,000,000	187,000,000	205,700,000

	SECTOR	SUB SECTOR	APPROVED ESTIMATES FY 2021/2022	CBROP CEILINGS 2022/2023	PROJECTIONS	
					2023/2024	2024/2025
8.9		County Assembly				
		Compensation to Employees	411,183,585	-	-	-
		Operations & Maintenance	791,028,619	1,150,212,204	1,265,233,424	1,391,756,767
		Development Gross	384,395,202	100,000,000	110,000,000	121,000,000
		Sub Total	1,586,607,406	1,250,212,204	1,375,233,424	1,512,756,767
	SUB TOTAL (SECTOR)		5,515,728,197	6,314,583,230	6,946,041,553	7,640,645,708
	TOTAL	Total Compensation to Employees	7,527,385,136	6,868,683,900	7,555,552,290	8,311,107,520
		Total Operations & Maintenance	5,145,160,052	4,898,427,135	5,388,269,848	5,927,096,833
		Total Development Gross	10,573,574,839	5,091,214,230	5,600,335,653	6,160,369,218
		GRAND TOTAL	23,246,120,027	16,858,325,265	18,544,157,792	20,398,573,571

ANNEX IV: Total Recurrent Expenditure Ceilings for the Period 2022/2023 - 2024/2025

VOTE	SOURCE OF FUNDING	APPROVED ESTIMATES 2021/2022	CBROP CEILINGS 2022/2023	PROJECTIONS	
				2023/2024	2024/2025
Office of the Governor and Deputy Governor	Gross Allocation	344,017,118	346,757,511	381,433,262	419,576,588
	Local Revenue	52,063,252	35,978,476	39,576,324	43,533,956
	Emergency Fund	70,000,000	70,000,000	77,000,000	84,700,000
	CRA Equitable Share	221,953,866	240,779,034	264,856,938	291,342,632
County Treasury	Gross Allocation	1,036,805,510	935,794,452	1,029,373,898	1,132,311,287
	Local Revenue	188,442,667	121,653,279	133,818,607	147,200,467
	Conditional Grant	45,002,000	-	-	-
	CRA Equitable Share	803,360,843	814,141,174	895,555,291	985,110,820
County Public Service Board	Gross Allocation	98,294,117	84,497,639	92,947,403	102,242,143
	Local Revenue	18,675,882	10,984,693	12,083,162	13,291,479
	CRA Equitable Share	79,618,235	73,512,946	80,864,240	88,950,664
Public Service, Training and Devolution	Gross Allocation	854,007,404	791,033,603	870,136,963	957,150,659
	Local Revenue	162,261,407	102,834,368	113,117,805	124,429,586
	CRA Equitable Share	691,745,997	688,199,234	757,019,158	832,721,074
Health	Gross Allocation	6,047,331,223	5,563,417,806	6,119,759,586	6,731,735,545
	Local Revenue	876,901,695	565,887,863	622,476,649	684,724,314
	AIA	1,186,162,817	910,000,000	1,001,000,000	1,101,100,000
	Other Conditional Grants	70,605	-	-	-
	User Foregone Fees	38,723,265	38,723,265	42,595,592	46,855,151
	Level 5 Grant	207,102,460	261,710,982	287,882,081	316,670,289
	CRA Equitable Share	3,738,370,382	3,787,095,696	4,165,805,265	4,582,385,792
Trade, Industrialization, Cooperatives and Tourism	Gross Allocation	256,630,952	228,872,444	251,759,689	276,935,658
	Local Revenue	38,879,881	23,253,418	25,578,760	28,136,635
	Enterprise Fund	52,000,000	50,000,000	55,000,000	60,500,000
	CRA Equitable Share	165,751,071	155,619,027	171,180,929	188,299,022

VOTE	SOURCE OF FUNDING	APPROVED ESTIMATES 2021/2022	CBROP CEILINGS 2022/2023	PROJECTIONS	
				2023/2024	2024/2025
Infrastructure	Gross Allocation	350,331,009	367,473,073	404,220,381	444,642,419
	Local Revenue	66,562,892	47,771,500	52,548,649	57,803,514
	CRA Equitable Share	283,768,117	319,701,574	351,671,731	386,838,904
Education, Vocational Training, ICT and E- Government	Gross Allocation	844,157,925	747,778,480	822,556,328	904,811,960
	Local Revenue	103,431,338	72,993,516	80,292,868	88,322,155
	Bursary & Counterpart Funding	299,782,461	186,289,894	204,918,883	225,410,772
	CRA Equitable Share	440,944,126	488,495,069	537,344,576	591,079,034
Agriculture, Livestock and Fisheries	Gross Allocation	627,305,359	568,302,660	625,132,926	687,646,219
	Local Revenue	119,188,018	73,879,346	81,267,280	89,394,008
	CRA Equitable Share	508,117,341	494,423,314	543,865,646	598,252,210
Land, Housing and Physical Planning	Gross Allocation	153,675,893	155,645,944	171,210,539	188,331,593
	Local Revenue	27,012,055	20,233,973	22,257,370	24,483,107
	Conditional Grants	11,507,181		-	-
	CRA Equitable Share	115,156,657	135,411,972	148,953,169	163,848,486
Youth, Culture, Gender, Sports and Social Services	Gross Allocation	405,705,133	258,737,700	284,611,470	313,072,617
	Local Revenue	71,858,975	26,485,901	29,134,491	32,047,940
	Sports & Disability Allocation	27,500,000	55,000,000	60,500,000	66,550,000
	CRA Equitable Share	306,346,158	177,251,799	194,976,979	214,474,677
Water, Environment, Energy and Natural Resources	Gross Allocation	364,340,105	345,440,364	379,984,401	417,982,841
	Local Revenue	69,224,620	44,907,247	49,397,972	54,337,769
	CRA Equitable Share	295,115,485	300,533,117	330,586,429	363,645,072
Nakuru Municipality	Gross Allocation	49,265,349	60,109,917	66,120,908	72,732,999
	Local Revenue	9,360,416	7,814,289	8,595,718	9,455,290
	Conditional Grant	-	-	-	-
	CRA Equitable Share	39,904,933	52,295,628	57,525,190	63,277,709

VOTE	SOURCE OF FUNDING	APPROVED ESTIMATES 2021/2022	CBROP CEILINGS 2022/2023	PROJECTIONS	
				2023/2024	2024/2025
Naivasha Municipality	Gross Allocation	38,465,886	48,037,238	52,840,961	58,125,057
	Local Revenue	7,308,518	6,244,841	6,869,325	7,556,257
	Conditional Grant	-	-	-	-
	CRA Equitable Share	31,157,368	41,792,397	45,971,636	50,568,800
Office of the County Attorney	Gross Allocation	-	40,000,000	44,000,000	48,400,000
	Local Revenue	-	5,200,000	5,720,000	6,292,000
	CRA Equitable Share	-	34,800,000	38,280,000	42,108,000
Nakuru County Revenue Authority	Gross Allocation	-	75,000,000	82,500,000	90,750,000
	Local Revenue	-	9,750,000	10,725,000	11,797,500
	CRA Equitable Share	-	65,250,000	71,775,000	78,952,500
County Assembly	Gross Allocation	1,202,212,204	1,150,212,204	1,265,233,424	1,391,756,767
	Local Revenue	228,420,319	149,527,587	164,480,345	180,928,380
	CRA Equitable Share	973,791,885	1,000,684,617	1,100,753,079	1,210,828,387
SUB TOTAL		12,672,545,188	11,767,111,035	12,943,822,138	14,238,204,352

ANNEX V: Total Development Expenditure Ceilings for the Period 2022/2023 - 2024/2025

VOTE	SOURCE OF FUNDING	APPROVED ESTIMATES 2021/2022	CBROP CEILINGS 2022/2023	PROJECTIONS	
				2023/2024	2024/2025
Office of the Governor and Deputy Governor	Gross Allocation	106,287,733	110,511,000	121,562,100	133,718,310
	Local Revenue	20,194,669	14,366,430	15,803,073	17,383,380
	CRA Equitable Share	86,093,064	96,144,570	105,759,027	116,334,930
County Treasury	Gross Allocation	503,768,300	2,290,252,234	2,519,277,458	2,771,205,204
	Local Revenue	95,715,977	50,732,790	55,806,070	61,386,676
	Debt Resolution		400,000,000	440,000,000	484,000,000
	Ward Allocation		1,500,000,000	1,650,000,000	1,815,000,000
	CRA Equitable Share	408,052,323	339,519,444	373,471,388	410,818,527
County Public Service Board	Gross Allocation	11,177,144	7,500,000	8,250,000	9,075,000
	Local Revenue	2,123,657	975,000	1,072,500	1,179,750
	CRA Equitable Share	9,053,487	6,525,000	7,177,500	7,895,250
Public Service, Training and Devolution	Gross Allocation	85,119,295	57,377,432	63,115,176	69,426,693
	Local Revenue	16,172,666	7,459,066	8,204,973	9,025,470
	CRA Equitable Share	68,946,629	49,918,366	54,910,203	60,401,223
Health	Gross Allocation	1,537,128,216	869,261,652	956,187,817	1,051,806,598
	Local Revenue	198,570,562	14,403,685	15,844,054	17,428,459
	AIA	492,019,995	390,000,000	429,000,000	471,900,000
	Other Conditional Grants	422,849,780	256,302,223	281,932,445	310,125,690
	Level 5 Grant		112,161,850	123,378,035	135,715,838
	CRA Equitable Share	846,537,659	96,393,894	106,033,283	116,636,611
Trade, Industrialization, Cooperatives and Tourism	Gross Allocation	338,634,558	95,968,250	105,565,075	116,121,583
	Local Revenue	64,340,566	12,475,873	13,723,460	15,095,806
	CRA Equitable Share	274,293,992	83,492,378	91,841,615	101,025,777
Infrastructure	Gross Allocation	2,347,413,963	418,863,120	460,749,432	506,824,375
	Local Revenue	364,458,592	16,681,410	18,349,551	20,184,506
	RMFLF Grant	429,210,848	290,544,581	319,599,039	351,558,943
	CRA Equitable Share	1,553,744,523	111,637,129	122,800,842	135,080,926

VOTE	SOURCE OF FUNDING	APPROVED ESTIMATES 2021/2022	CBROP CEILINGS 2022/2023	PROJECTIONS	
				2023/2024	2024/2025
Education, Vocational Training, ICT and E-Government	Gross Allocation	670,874,510	155,688,381	171,257,219	188,382,941
	Local Revenue	127,321,753	11,621,803	12,783,984	14,062,382
	Conditional Grant	760,020	66,289,894	72,918,883	80,210,772
	CRA Equitable Share	542,792,737	77,776,684	85,554,352	94,109,787
Agriculture, Livestock and Fisheries	Gross Allocation	773,463,491	461,520,309	507,672,340	558,439,574
	Local Revenue	90,413,756	21,529,767	23,682,743	26,051,018
	Conditional Grants	297,601,617	295,906,719	325,497,391	358,047,130
	CRA Equitable Share	385,448,118	144,083,823	158,492,206	174,341,426
Land, Housing and Physical Planning	Gross Allocation	1,144,936,013	92,172,937	101,390,231	111,529,254
	Local Revenue	74,149,876	11,982,482	13,180,730	14,498,803
	Conditional Grant	754,673,509	-	-	-
	CRA Equitable Share	316,112,629	80,190,455	88,209,501	97,030,451
Youth, Culture, Gender, Sports and Social Services	Gross Allocation	242,556,676	92,823,107	102,105,417	112,315,959
	Local Revenue	46,085,768	12,067,004	13,273,704	14,601,075
	CRA Equitable Share	196,470,907	80,756,103	88,831,713	97,714,884
Water, Environment, Energy and Natural Resources	Gross Allocation	1,114,232,388	121,775,808	133,953,388	147,348,727
	Local Revenue	205,578,416	11,716,343	12,887,978	14,176,775
	Climate Change Mitigation Prog	32,240,723	31,650,090	34,815,099	38,296,608
	CRA Equitable Share	876,413,249	78,409,375	86,250,312	94,875,343
Nakuru Municipality	Gross Allocation	840,378,821	65,000,000	71,500,000	78,650,000
	Local Revenue	10,830,000	8,450,000	9,295,000	10,224,500
	Conditional Grant	783,378,821	-	-	-
	CRA Equitable Share	46,170,000	56,550,000	62,205,000	68,425,500
Naivasha Municipality	Gross Allocation	473,208,528	50,000,000	55,000,000	60,500,000
	Local Revenue	7,600,000	6,500,000	7,150,000	7,865,000
	Conditional Grant	433,208,528	-	-	-
	CRA Equitable Share	32,400,000	43,500,000	47,850,000	52,635,000

VOTE	SOURCE OF FUNDING	APPROVED ESTIMATES 2021/2022	CBROP CEILINGS 2022/2023	PROJECTIONS	
				2023/2024	2024/2025
Office of the County Attorney	Gross Allocation	-	7,500,000	8,250,000	9,075,000
	Local Revenue	-	975,000	1,072,500	1,179,750
	CRA Equitable Share	-	6,525,000	7,177,500	7,895,250
Nakuru County Revenue Authority	Gross Allocation	-	95,000,000	104,500,000	114,950,000
	Local Revenue	-	12,350,000	13,585,000	14,943,500
	CRA Equitable Share	-	82,650,000	90,915,000	100,006,500
County Assembly	Gross Allocation	384,395,202	100,000,000	110,000,000	121,000,000
	Local Revenue	73,035,088	13,000,000	14,300,000	15,730,000
	CRA Equitable Share	311,360,114	87,000,000	95,700,000	105,270,000
SUB TOTAL		10,573,574,839	5,091,214,230	5,600,335,653	6,160,369,218

**ANNEX VI: Sector Composition and Sector Working Groups for MTEF Budget
2022/2023 - 2024/2025**

CLASSIFICATION OF FUNCTIONS OF GOVERNMENT (COFOG)	SECTOR	SECTOR COMPOSITION (S)
General Public Services	Public Administration and National /Inter County Relations	Office of the Governor and Deputy Governor
		County Public Service Board
		Finance and Economic Planning
		Public Service, Training & Devolution
		County Assembly
		Nakuru Municipality
		Naivasha Municipality
		Office of the County Attorney
		Nakuru County Revenue Authority
Social Protection, Recreation and Culture	Social Protection, Culture and Recreation	Dept. of Gender, Culture, Social Services Dept. of Youth & Sports
Education	Education	Dept. of Education Dept. of Vocational Training
Economic Affairs	Agriculture Rural and Urban Development	Agriculture, Livestock and Fisheries
		Lands Physical Planning and Housing
	General Economics and Commercial Affairs	Trade, Tourism, Industry and Cooperatives
	Energy Infrastructure and ICT	Roads, Public Works and Transport
		ICT and E-Government
Environment Protection	Environment Protection Water and Natural Resources	Water, Environment, Energy and Natural resources
Health	Health	County Health Services
Macro Working Group	Macro Working Group	Department of Finance and Economic Planning

ANNEX VII: Nakuru County Budget Calendar for the FY2022/2023

	ACTIVITY	RESPONSIBILITY	DEADLINE
1	Performance Review and Strategic Planning	County Treasury	July-Aug 2021
	1.1 Develop strategic plans	Departments	"
	1.2 Prepare Annual Development Plans	"	"
	1.3 Expenditure review	"	"
	1.4 Preparation of Annual Work plans	"	"
2	Develop and Issue County Budget Guidelines	County Treasury	30 th Aug 2021
3	Annual Development Plan submitted to County Assembly	County Treasury	1 st Sept. 2021
4	Launch of Sector Working Groups	County Treasury	Sept – Oct 2021
5	Determination of Fiscal Framework	Macro Working Group	3 rd Sept. 2021
	5.1 Estimation of Resource Envelop	County Treasury	"
	5.2 Determination of policy priorities	"	"
	5.3 Preliminary Resource allocation to Sectors, Assembly & Sub Counties	"	"
	5.4 Draft County Budget Review and Outlook Paper (CBROP)	"	27 th Sept. 2021
	5.5 Submission and approval by County Executive Committee	"	30 th Sept. 2021
	5.6 Tabling of CBROP to County Assembly	"	12 th Oct. 2021
	5.7 Capacity building on MTEF Programme Based Budget and Sector Reports	"	25 th – 29 th Oct 2021
6	Preparation of County Budget Proposals	Line Ministries	
	6.1 Submission of Draft Sector Report to County Treasury	Sector Working Group	19 th Oct. 2021
	6.2 Review of draft Sector Report Proposals	Macro Working Group	25 th – 29 th Oct. 2021
7	Stakeholders/Public Participation	Treasury/Departments	November 2021
8	The 2021/2022 Supplementary Budget		
	8.1 Develop and issue guidelines on the 2021/22 Supplementary Budget	County Treasury	October/ Nov. 2021
9	Draft Budget Estimates/ County Fiscal Strategy Paper (CFSP)	Macro Working Group / Departments	
	9.1 Preparation and consolidation of County Personnel Budget	PSTD/County Treasury	1 st -5 th Nov 2021
	9.2 Sector Public Hearing and Public Participation on finalisation of CFSP 2022	Macro Working Group	8 th -12 th Nov.2021
	9.3 Submission of Draft Budget Estimates and Final Sector Reports	Departments	15 th Nov. 2021

	ACTIVITY	RESPONSIBILITY	DEADLINE
	9.4 Submission of Draft CFSP & Debt Paper to County Executive Committee for approval	County Treasury	26 th Nov.2021
	9.5 Submission of CFSP 2022 to County Assembly for approval	County Treasury	3 rd Dec. 2021
	9.6 Submission of Debt Management Strategy Paper to County Assembly for approval	County Treasury	3 rd Dec. 2021
	Consideration and approval of the CFSP 2022 by the County Assembly within 14 days after submission	County Assembly	17 th December 2021
10	Preparation and approval of Final Departments' Programme Budgets		
	10.1 Issue final guidelines on preparation of 2022/23 County Budget	County Treasury	29 th Dec. 2021
	10.2 Public Participation on the MTEF Budget proposal and identification of Ward based projects	County Treasury	10 th – 14 th . Jan 2022
	10.3 Submission of Departmental Budget proposals to County Treasury	Line Departments	14 th Jan, 2022
	10.4 Consolidation of the Departmental Budget Estimates and uploading to IFMIS Hyperion System	County Treasury	17 th – 25 th Jan, 2022
	10.5 Submission of Original Budget Estimates for County Government to County Executive	County Treasury	26 th Jan, 2022
	10.6 Submission of Original Budget Estimates for County Government to County Assembly	County Treasury	31 st Jan, 2022
	10.7 Review of Original Budget Estimates by Departmental Committees	County Assembly	Feb, 2022
	10.8 Report on Original Budget by Budget and Appropriations Committee (County Assembly)	County Assembly	24 th Feb, 2022
11	11.1 Preparation of Annual Cashflow	County Treasury	1 st – 4 th March, 2022
	11.2 Submission of Annual Cashflow to Controller of Budget	County Treasury	8 th March, 2022
	11.3 Submission of Appropriation Bill to County Assembly	County Treasury	16 th March, 2022
	11.4 Resolution of County Assembly on Estimates and Approval	County Assembly	24 th March, 2022
	11.5 Budget Statement	County Assembly	10 th March, 2022
	11.6 Appropriation Bill Passed	County Assembly	31 st March, 2022