



COUNTY GOVERNMENT OF WEST POKOT

COUNTY TREASURY

COUNTY BUDGET REVIEW

AND OUTLOOK PAPER

SEPTEMBER 2020

Foreword

It is with great pleasure that the County Treasury presents the County Budget Review and Outlook Paper (CBROP) for West Pokot County government for the FY 2019/20. This report has been prepared in line with Section 118 of The Public Finance Management Act, 2012 which requires every County Government to prepare and submit a County Budget Review and Outlook Paper (CBROP) to the County Assembly.

The outbreak and spread of the Covid-19 pandemic and the ensuing containment measures have devastated global economies. As a result, global economy is projected to contract by 4.9 percent in 2020 from a growth of 2.9 percent in 2019 with prospects across countries and regions remaining highly uncertain. Kenya has not been spared. The pandemic and the containment measures slowed down economic activities in key sectors of the economy in the first quarter of 2020, resulting to a lower growth of 4.9 percent compared to a growth of 5.5 percent in a similar period in 2019. Overall, the economy is projected to rebound to 5.3 percent in 2021 and 5.9 percent over the medium term. In terms of fiscal years, the economy is projected to grow by 4.0 percent in the FY 2020/21 and 5.9 percent over the medium term.

The overall total projected revenue for FY 2019/2020 was estimated at Kshs. 6,421,802,099.00. In the period under review, the Controller of Budget approved withdrawals of Kshs. 5,480,996,554.30 from the CRF account. These withdrawals represented 85.35 percent of the approved supplementary budget and translated to a decrease of 2.82 per cent from Kshs. 5.64 billion in FY 2018/19. The total actual expenditure for the period under review amounted to Ksh. 5,164,507,294.00. This comprises expenditure of Ksh. 4,124,433,429.00 for recurrent and Ksh. 1,040,073,865.00 for development. Several milestones were achieved in each sector as contained in the detailed report during the period under review. Further, it sets indicative ministerial ceilings for FY 2021/2022 in line with key sector strategic objectives and priorities as set out in the County Integrated Development Plan (2018-2022) and the Governor's Manifesto.

Our commitment is to ensure that we realise the County's goal of reducing poverty and creating employment by focusing our expenditure on high impact projects and programmes. In this regard, the need for continued fiscal discipline through strategic planning, efficient resource management and prudent utilization of public resources is emphasized.

God bless our County.

Christine Apakoreng

County Executive Committee Member for Finance and Economic Planning

Acknowledgement

The 2020 Budget Review and Outlook Paper (BROP) has been prepared in accordance with the Public Finance Management (PFM) Act, 2012 and its Regulations. The document provides the fiscal outturn for the FY 2019/20, the macro-economic projections and sets the sector ceilings for the FY 2021/22 and the Medium Term Budget. The document also provides an overview of how the actual performance of the FY 2019/20 affected our compliance with the fiscal responsibility principles and the financial objectives spelt out in the PFM Act as well as information showing adjustments made in the projections outlined in the 2020 County Fiscal Strategy Paper. We are operating under tight resource constraints amidst significant revenue shortfalls occasioned by declining economic activity as a result of the adverse effects of the Covid-19 Pandemic. This calls for proper prioritization to ensure that our expenditures go to the most impactful programmes with highest welfare benefits to county residents. Thus, all Sector Working Groups (SWGs) are expected to ensure that their budgets are aligned to the overall County Government priorities while taking into account the available resources.

The preparation of the 2020 BROP was a collaborative effort of various County Government departments. We thank all the County Government Departments and Agencies for the timely provision of useful data and information on their budget execution for the FY 2019/20. I wish to thank the core team from the County Planning and Budget unit for reviewing this document to ensure it satisfies the PFM Act, 2012 and sets out the sector ceilings that will guide the rest of the sectors in the preparation of their FY 2021/22 and the Medium Term Budget.

Finally, I wish to reiterate the importance of public participation in FY 2021/22 Medium Term Budget preparation process by calling on all Sector Working Groups to devise an engagement framework that will deepen open public and stakeholders' participation and incorporation of the proposals received. In summary, the report provides the basis for strengthening linkage between policy, planning and budgeting and the spring board for realizing socioeconomic transformation under the devolved system of government.

God bless you all.

Samson Nyangaluk
Chief Officer, Finance & Economic Planning

Table of Contents

| | |
|--|----|
| Foreword | i |
| Acknowledgement..... | ii |
| Abbreviations and Acronyms | v |
| List of Tables..... | vi |
| I. INTRODUCTION..... | 1 |
| 1.1 Legal Basis for the Preparation of CBROP..... | 1 |
| 1.2 Specific Objectives of County Budget Review and Outlook Paper | 1 |
| II. REVIEW OF FISCAL PERFORMANCE | 2 |
| 2.1 Overview of Resource Envelope | 2 |
| 2.2 Summary of Fiscal Performance | 3 |
| 2.2.1 Analysis of Exchequer Issues..... | 3 |
| 2.2.2 Analysis of Local Revenue Performance | 3 |
| 2.3 County Expenditure Performance | 4 |
| 2.3.1 Summary of Recurrent Expenditure by Sector | 4 |
| 2.3.2 Summary of Development Expenditure by Sector | 5 |
| 2.3.3 Summary of Recurrent Expenditure by Economic Classification | 5 |
| 2.3.4 Analysis of Performance of Conditional Grants/Loans | 7 |
| 2.4 Key Sector Performance..... | 7 |
| 2.5 Implication of Fiscal Performance on Fiscal Responsibility Principles and Financial Objectives | 10 |
| III. RECENT ECONOMIC DEVELOPMENT AND POLICY OUTLOOK..... | 12 |
| 3.0 Overview of Recent Economic Performance and Outlook | 12 |
| 3.1 Inflation Rate and Interest Rates..... | 13 |
| 3.2 Kenya Shilling Exchange Rate..... | 13 |
| 3.3 Money and Credit | 14 |
| 3.4 Private Sector Credit | 14 |
| 3.5 External Sector Developments | 14 |
| 3.6 Foreign Exchange Reserves | 15 |
| 3.7 Fiscal Policy Outlook | 15 |
| 3.8 Risks to the Domestic Economic Outlook..... | 16 |
| IV. MTEF RESOURCE ALLOCATION FRAMEWORK | 17 |
| 4.1 Revenue Outlook..... | 17 |
| 4.2 Fiscal Projections for FY 2021/2022- 2023/2024 MTEF Period | 17 |
| 4.2.1 Internal Revenue Streams' Projections for FY 2021/22-FY 2023/24 | 18 |

| | |
|--|----|
| 4.2.2 Projected Medium Term Revenue & Expenditure Framework | 19 |
| 4.3 Expenditure Priorities for FY 2021/2022 –FY 2023/24 MTEF Period..... | 19 |
| V. CONCLUSION | 23 |
| Annex 1: Budget Calendar..... | 24 |

Abbreviations and Acronyms

| | |
|-------|------------------------------------|
| CBROP | Budget Review And Outlook Paper |
| CFSP | County Fiscal Strategy Paper |
| CIDP | County Integrated Development Plan |
| ADP | Annual Development Plan |
| GDP | Gross Domestic Product |
| MTEF | Medium Term Expenditure Framework |
| PFM | Public Finance Management Act |
| FY | Financial Year |
| CRF | County Revenue Fund |
| CARA | County Allocation Revenue Act |
| MTP | Medium Term Plan |

List of Tables

| | |
|---|----|
| Table 1: Total Projected Resource Envelope for FY 2019/2020 | 2 |
| Table 2: Local Revenue Streams and Performance | 3 |
| Table 3: Summary of Recurrent Expenditure | 4 |
| Table 4: Summary of Development Expenditure | 5 |
| Table 5: Summary of Personal Emoluments Expenditure | 5 |
| Table 6: Summary of Operation and Maintenance Expenditure | 6 |
| Table 7: Conditional Grants Performance | 7 |
| Table 8: Sectoral GDP Performance | 12 |
| Table 9: Fiscal Projections for FY 2021/2022- 2023/2024 MTEF Period | 17 |
| Table 10: Internal Revenue Projections by Stream Targets..... | 18 |
| Table 11: Expenditure Forecast for FY 2021/22-FY 2023/24..... | 19 |
| Table 12: FY 2020/21- FY 2021/22 MTEF CEILINGS..... | 21 |
| Table 13: Budget Calendar | 24 |

I. INTRODUCTION

1.1 Legal Basis for the Preparation of CBROP

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

- a) The County Treasury shall prepare and submit to the County Executive Committee for approval in each financial year, a County Budget Review and Outlook Paper by 30th September of that year.
- b) County Executive Committee shall consider the CBROP with a view to approving it with or without amendments, not later than fourteen days after its submission.
- c) Not later than seven days after the CBROP has been approved by Executive committee, the County Treasury shall:
 - i. Submit the paper to the Budget and appropriation Committee of the County Assembly to be laid before the County Assembly; and
 - ii. Publish and publicize the paper not later than fifteen days after laying the Paper before County Assembly.

1.2 Specific Objectives of County Budget Review and Outlook Paper

The main objectives of the CBROP 2020 are;

- a) To provide an analysis of actual fiscal performance in the FY 2019/2020 compared to the budget appropriation for that year.
- b) To provide updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper.
- c) To provide information on any changes in the forecasts compared with the County Fiscal Strategy Paper; or 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 CFSP; and
- d) To give the reasons for any deviation from the financial objectives together with proposals to address the deviation and the time estimated to do so.

II. REVIEW OF FISCAL PERFORMANCE

2.1 Overview of Resource Envelope

Table 1: Total Projected Resource Envelope for FY 2019/2020

| REVENUE STREAM | APPROVED BUDGET ESTIMATES FY2019/2020 | APPROVED SUPPLEMENTARY I BUDGET FY 2019/2020 | APPROVED SUPPLEMENTARY II BUDGET FY 2019/2020 |
|--|---------------------------------------|--|---|
| Equitable Share | 4,898,000,000.00 | 5,468,800,331.00 | 5,468,800,331.00 |
| Own Source Revenue | 130,320,184.00 | 150,320,184.00 | 150,320,184.00 |
| Sub-Total | 5,028,320,184.00 | 5,619,120,515.00 | 5,619,120,515.00 |
| Conditional Grants/ Loans (National gov't) | | | |
| Compensation for user Fees Forgone | 12,128,484.00 | 12,128,484.00 | 12,128,484.00 |
| KRB | 141,948,188.00 | 160,456,368.00 | 160,456,368.00 |
| VTC | 17,313,298.00 | 39,399,992.00 | 39,399,992.00 |
| Conditional Grants/Loans (Development Partners) | 364,283,864.00 | 590,696,740.00 | 590,696,740.00 |
| Total Estimated Resource Envelope | 5,563,994,018.00 | 6,421,802,099.00 | 6,421,802,099.00 |

Source: County Supplementary Budget Estimates, FY 2019/2020

The table above provides revised estimates of revenue projection for FY 2019/20 budget. The overall total projected revenue was estimated at Kshs. 6,421,802,099.00. This projected revenue comprised of equitable share of Kshs. 5,000,700,000.00 and balances brought forward of Ksh. 468,100,331.00. This share comprised of 85.2 percent of the total supplementary estimates.

Conditional allocation from the national government was projected at Kshs. 211,984,844.00 constituting 3.3 percent of the total supplementary budget estimates. This comprised of conditional allocation for rehabilitation of county polytechnics amounting to Kshs. 39,399,992.00, conditional allocation for compensation for user fees foregone amounting to Kshs. 12,128,484.00 and conditional allocation from Roads Maintenance Fuel Levy fund amounting to Kshs.160, 456, 368.00.

Total conditional grants/ loans from development partners were projected at Ksh. 590,696,740.00. The loans/ grants are Ksh. 50,327,032 to finance Transforming Health Systems for Universal Health Coverage Programme, Ksh. 21,495,096 for Instruments for Devolution & Advice Programme (Nasukuta Project), Ksh. 112,786,906 for Urban Development Grant and Ksh. 50 million for Urban Institutional Grant for Kapenguria Municipality under the Kenya Urban Support Programme, Ksh. 58,070,195 for Kenya Devolution Support Programme, and Ksh. 128,924,499 for the Kenya Climate Smart Agriculture Project. Others are allocation of Ksh. 26,629,462 for Agriculture Sector Development Support Programme II, Ksh. 14,718,750 for Danida, Ksh. 2,744,800 UNICEF

grant for repair of boreholes and Ksh. 125 million for financing Water Tower Protection & Climate Change and Adaptation Programme. Internal revenue was projected at Ksh. 150,320,184.00. This comprised of net local revenue of Ksh. 130,320,184 and Appropriations in Aid (A.I.A) for health amounting to Ksh. 20 million.

2.2 Summary of Fiscal Performance

2.2.1 Analysis of Exchequer Issues

In the period under review, the Controller of Budget approved withdrawals of Kshs. 5,480,996,554.30 from the CRF account. These withdrawals represented 85.35 percent of the approved supplementary budget and translated to a decrease of 2.82 per cent from Kshs. 5.64 billion in FY 2018/19. The exchequer issues comprised of equitable share of Ksh. 5,000,700,000 and conditional grants amounting to Ksh. 480,296,554.30. A breakdown of these grants is provided in table 7.

2.2.2 Analysis of Local Revenue Performance

Table 2: Local Revenue Streams and Performance

| Revenue Source | Approved Estimates | Actual Revenue | Projected Estimates | Actual Revenue Collected | |
|--|--------------------|----------------|---------------------|--------------------------|--------|
| | FY 2018/19 | FY 2018/19 | FY 2019/20 | FY 2019/20 | % |
| Kiosk Rent | 1,436,378 | 1,571,900 | 1,700,000.00 | 2,618,680.00 | 154.04 |
| Single Business Permit | 5,423,698 | 17,122,965 | 19,000,000.00 | 14,325,363.65 | 75.40 |
| Market Fee | 3,656,399 | 2,774,345 | 4,000,000.00 | 1,058,695.00 | 26.47 |
| Building Approvals | 263,997 | 384,000 | 350,000.00 | 508,386.00 | 145.25 |
| Cess | 24,932,704 | 5,569,826 | 6,000,000.00 | 5,289,330.00 | 88.16 |
| Royalties | 24,894,476 | 29,688,130 | 31,000,000.00 | 17,662,280.00 | 56.98 |
| Stock cess/slaughter | 7,873,355 | 5,671,770 | 7,000,000.00 | 2,895,520.00 | 41.36 |
| House Rent | 438,845 | 1,029,307.35 | 2,000,000.00 | 3,807,175.10 | 190.36 |
| Advertising | 193,599 | 578,670 | 306,990.00 | 661,400.00 | 215.45 |
| Parking Fee | 1,585,062 | 801,320 | 1,800,000.00 | 502,575.00 | 27.92 |
| Bus Park and Motorcycle | 5,823,083 | 3,753,020 | 5,823,093.00 | 2,128,625.00 | 36.55 |
| Renewals/Applications | 1,469,481 | 1,359,230 | 1,613,210.00 | 485,500.00 | 30.10 |
| Liquor Licensing | | 150,000 | 200,000 | | |
| Other fees and charges (public toilet, honey, hides & skin, firewood, tamarind aloe Vera, fish, scrap metal, penalties,) | 14,751,527 | 10,735,012 | 11,404,936 | 11,837,674.00 | 103.79 |
| Agriculture | 691,625 | 2,791,473.25 | 0 | | |
| Health(Cost Sharing) | 24,677,902 | 25,186,555 | 29,000,000 | 29,000,000 | 100 |

| | | | | | |
|---|--------------------|--------------------|--------------------|-----------------------|--------------|
| Lands(Plot/Land Rates) | 3,075,955 | 7,034,995 | 7,075,955.00 | 202,000.00 | 2.85 |
| Livestock/Permits | 1,182,105 | 393,520 | 646,000.00 | 274,570.00 | 42.50 |
| Trade | | | 0 | | |
| Public Health Facilities Fee | | 907,230 | | 144,150.00 | 100.00 |
| Forest Products Fees | - | 1,326,170.00 | 1,400,000 | 989,706.00 | 70.69 |
| Net Internal Revenue | 122,370,189 | 118,829,439 | 130,320,184 | | |
| Health Facility Improvement Fund(A.I.A) | | | 20,000,000.00 | 12,755,000.00 | 63.78 |
| Total Internal Revenue | | | 150,320,184 | 107,146,629.75 | 71.28 |

Source: West Pokot County Treasury, 2020

Receipts from Local Revenue in the period under review amounted to Kshs. 107,146,629.75 against a projection of Kshs. 150,320,184 in the FY 2019/2020. This represented local revenue performance of 71.28%. There was an overall reduction in the collection of revenue by the county government by Ksh. 11.68 million in comparison with the local revenue collected in the FY 2018/2019.

2.3 County Expenditure Performance

The total actual expenditure for the period under review amounted to Ksh. 5,164,507,294.00. This comprises expenditure of Ksh. 4,124,433,429.00 for recurrent and Ksh. 1,040,073,865.00 for development.

2.3.1 Summary of Recurrent Expenditure by Sector

Table 3: Summary of Recurrent Expenditure

| Vote/Department | Approved Budget | Expenditure | % |
|--|-------------------------|-------------------------|--------------|
| County Executive | 454,259,745.88 | 447,786,018.00 | 98.57 |
| Finance & Economic Planning | 280,990,599.00 | 236,153,023.00 | 84.04 |
| Roads, Public Works & Infrastructure | 75,268,957.00 | 69,767,132.00 | 92.69 |
| Health, Sanitation & Emergency Services | 1,503,528,351.00 | 1,444,676,836.00 | 96.09 |
| Education & Technical Training | 721,348,366.00 | 707,001,277.00 | 98.01 |
| Agriculture & Irrigation | 110,285,563.00 | 100,924,708.00 | 91.51 |
| Pastoral Economy | 114,921,819.00 | 109,894,924.00 | 95.63 |
| Trade, Investments & Cooperative Dev't | 91,105,555.00 | 62,805,265.00 | 68.94 |
| Lands, Housing & Urban Development | 85,486,173.00 | 78,403,135.00 | 91.71 |
| Water, Environment & Natural Resources | 72,256,528.00 | 58,306,661.00 | 80.69 |
| Tourism, Culture, Wildlife, Youth & Sports | 53,837,560.20 | 41,469,046.00 | 77.03 |
| County Assembly | 598,667,135.00 | 571,625,692.00 | 95.48 |
| County Public Service, ICT & Decentralized Units | 190,668,962.40 | 158,903,986.00 | 83.34 |
| Special Programmes & Directorates | 40,416,767.00 | 36,715,726.00 | 90.84 |
| Total | 4,393,042,081.48 | 4,124,433,429.00 | 93.89 |

Source: West Pokot County Treasury, 2020

Recurrent expenditure for the period under review represented an absorption rate of 93.89% of the annual recurrent budget. This is lower than the 97% absorption rate recorded in FY 2018/2019. The County Executive and Department of Education & Technical Training had the highest absorption rate at 98.57% and 98.01% respectively while the Department of Tourism, Culture & Sports had the least absorption rate of 77.03%.

2.3.2 Summary of Development Expenditure by Sector

Table 4: Summary of Development Expenditure

| Vote/Department | Approved Budget | Expenditure | % |
|--|-------------------------|-------------------------|--------------|
| County Executive | 22,950,000.00 | 23,518,255.00 | 102.48 |
| Finance & Economic Planning | 25,456,171.00 | 22,456,170.00 | 88.22 |
| Roads, Public Works & Infrastructure | 342,660,093.79 | 244,598,473.00 | 71.38 |
| Health, Sanitation & Emergency Services | 245,448,915.00 | 133,753,006.00 | 54.49 |
| Education & Technical Training | 232,332,901.00 | 72,018,348.00 | 31.00 |
| Agriculture & Irrigation | 230,108,076.00 | 218,569,923.00 | 94.99 |
| Pastoral Economy | 126,624,454.80 | 69,951,601.00 | 55.24 |
| Trade, Investments & Cooperative Dev't | 66,055,547.00 | 28,236,652.00 | 42.75 |
| Lands, Housing & Urban Development | 187,068,293.00 | 83,820,255.00 | 44.81 |
| Water, Environment & Natural Resources | 349,460,308.00 | 69,715,587.00 | 19.95 |
| Tourism, Culture, Wildlife, Youth & Sports | 68,937,517.33 | 14,681,157.00 | 21.30 |
| County Assembly | 105,815,273.00 | 58,154,438.00 | 54.96 |
| County Public Service, ICT & Decentralized Units | 24,442,467.60 | 600,000.00 | 2.45 |
| Special Programmes & Directorates | 1,400,000.00 | - | 0.00 |
| Total | 2,028,760,017.52 | 1,040,073,865.00 | 51.27 |

Source: West Pokot County Treasury, 2020

Development expenditure for the period under review represented an absorption rate of 51.27 per cent of the approved development budget. This performance represented an overall performance of 20.14 per cent of total expenditure. The County Executive, Departments of Agriculture and Irrigation and Finance & Economic Planning had the highest absorption rates at 102.5 per cent, 95 per cent and 88 per cent respectively while Departments of Water, Environment and Natural Resources, PSM and Special Programmes had the least absorption at 19.95 %, 2.45% and nil respectively.

2.3.3 Summary of Recurrent Expenditure by Economic Classification

Table 5: Summary of Personal Emoluments Expenditure

| Vote | Allocation | IPPD Expenditure | Expenditure On Casuals | Total Expenditure | % |
|-----------------------------------|------------------|------------------|------------------------|-------------------|-------|
| County Executive | 262,572,311.44 | 225,839,598.05 | 0 | 225,839,598.05 | 86.01 |
| Finance and Economic Planning | 151,344,922.17 | 130,304,001.85 | 17,397,400.00 | 147,701,401.85 | 97.59 |
| Roads, Public Works and Transport | 60,182,939.84 | 56,217,743.85 | 1,572,000.00 | 57,789,743.85 | 96.02 |
| Health and Sanitation | 1,203,300,293.63 | 1,148,477,412.90 | 35,594,400.00 | 1,184,071,812.90 | 98.40 |
| Education and Technical Training | 262,179,078.00 | 216,357,887.25 | 26,527,000.00 | 242,884,887.25 | 92.64 |

| | | | | | |
|---|-------------------------|-------------------------|-----------------------|-------------------------|--------------|
| Agriculture And Irrigation | 83,275,598.20 | 72,112,583.45 | 13,943,400.00 | 86,055,983.45 | 103.34 |
| Pastoral Economy | 84,216,021.28 | 66,420,018.10 | 12,508,800.00 | 78,928,818.10 | 93.72 |
| Trade, Investments and Cooperative Development | 51,485,655.16 | 42,014,514.00 | 9,199,000.00 | 51,213,514.00 | 99.47 |
| Lands, Housing, Physical Planning and Urban Development | 57,535,523.40 | 38,823,102.00 | 30,419,000.00 | 69,242,102.00 | 120.35 |
| Water Dev., Environment and Natural Resources | 42,557,588.12 | 41,650,296.85 | 10,697,710.00 | 52,348,006.85 | 123.01 |
| Tourism, Culture, Sports, Youth and Gender Dev. | 26,306,295.84 | 27,511,783.25 | 6,389,000.00 | 33,900,783.25 | 128.87 |
| West Pokot County Assembly | 256,102,315.00 | 239,146,055.00 | 4,944,625.00 | 244,090,680.00 | 95.31 |
| County Public Service Management, ICT & Decentralized Units | 86,150,402.17 | 60,847,401.15 | 30,120,120.00 | 90,967,521.15 | 105.59 |
| Special Programmes and Directorates | 19,041,866.10 | 16,518,368.50 | 0 | 16,518,368.50 | 86.75 |
| Total Recurrent Budget | 2,646,250,810.35 | 2,382,240,766.20 | 199,312,455.00 | 2,581,553,221.20 | 97.56 |

Source: West Pokot County Treasury, 2020

In the period under review, the county government spent Kshs.2.582 billion on personnel emoluments. This represents an increase of 11 percent (Ksh. 258 million) annual increment when compared to expenditure on wage bill for FY 2018/2019. The Expenditure on personnel emoluments represents 49.98 per cent of total expenditure and 40.20 per cent of total approved budget.

Table 6: Summary of Operation and Maintenance Expenditure

| Vote/Department | Personnel Emolument | Operation & Maintenance | Total Recurrent Expenditure |
|---|-------------------------|-------------------------|-----------------------------|
| County Executive | 225,839,598.05 | 221,946,419.95 | 447,786,018.00 |
| Finance and Economic Planning | 147,701,401.85 | 88,451,621.15 | 236,153,023.00 |
| Roads, Public Works and Transport | 57,789,743.85 | 11,977,388.15 | 69,767,132.00 |
| Health and Sanitation | 1,184,071,812.90 | 260,605,023.10 | 1,444,676,836.00 |
| Education and Technical Training | 242,884,887.25 | 464,116,389.75 | 707,001,277.00 |
| Agriculture And Irrigation | 86,055,983.45 | 14,868,724.55 | 100,924,708.00 |
| Pastoral Economy | 78,928,818.10 | 30,966,105.90 | 109,894,924.00 |
| Trade, Industry and Cooperative Development | 51,213,514.00 | 11,591,751.00 | 62,805,265.00 |
| Lands, Housing, Physical Planning and Urban Development | 69,242,102.00 | 9,161,033.00 | 78,403,135.00 |
| Water Dev., Environment and Natural Resources | 52,348,006.85 | 5,958,654.15 | 58,306,661.00 |
| Tourism, Culture, Sports, Youth and Gender Dev. | 33,900,783.25 | 7,568,262.75 | 41,469,046.00 |
| West Pokot County Assembly | 244,090,680.00 | 327,535,012.00 | 571,625,692.00 |
| County Public Service Management, ICT & Decentralized Units | 90,967,521.15 | 67,936,464.85 | 158,903,986.00 |
| Special Programmes and Directorates | 16,518,368.50 | 20,197,357.50 | 36,715,726.00 |
| Total | 2,581,553,221.20 | 1,542,880,207.80 | 4,124,433,429.00 |

Source: West Pokot County Treasury, 2020

A total of Kshs.1.54 billion was spent on operations and maintenance expenses during the reporting period compared to Kshs. 1.67 billion spent in the FY 2018/2019. This expenditure represents 29.87 per cent of total expenditure and 24.01 per cent of total approved budget.

2.3.4 Analysis of Performance of Conditional Grants/Loans

Table 7: Conditional Grants Performance

| Conditional Grants/Loans(National Government | Approved Supplementary | Total Amount Received | % |
|--|------------------------|-----------------------|--------------|
| Compensation for user Fees Forgone | 12,128,484.00 | 12,128,484.00 | 100.00 |
| KRB | 160,456,368.00 | 141,948,188.00 | 88.47 |
| VTC | 39,399,992.00 | 17,313,298.00 | 43.94 |
| Sub Total Nat. gov't Conditional Grants | 211,984,844.00 | 171,389,970.00 | 80.85 |
| Transforming Health Systems for Universal Care Project | 50,327,032.00 | 35,000,000.00 | 69.55 |
| EU IDEAS-Nasukuta Project | 21,495,096.00 | - | - |
| Kenya Urban Support Project (UDG) | 112,786,906.00 | 93,693,020.20 | 83.07 |
| Kenya Urban Institutional Grant(UIG) | 50,000,000.00 | 8,800,000.00 | 17.60 |
| Kenya Devolution Support Programme | 58,070,195.00 | 30,000,000.00 | 51.66 |
| Kenya Climate Smart Agriculture Project | 128,924,499.00 | 114,651,660.10 | 88.93 |
| ASDSP II | 26,629,462.00 | 12,043,154.00 | 45.22 |
| DANIDA | 14,718,750.00 | 14,718,750.00 | 100.00 |
| UNICEF Grant for Repair of Water Facilities | 2,744,800.00 | - | - |
| EU-Water Protection | 125,000,000.00 | - | - |
| Sub Total Conditional Grants (Development Partners) | 590,696,740.00 | 308,906,584.30 | 52.30 |
| Total | 802,681,584.00 | 480,296,554.30 | 59.84 |

Source: West Pokot County Treasury, 2020

The conditional grants received from national government and other development partners amounted to Ksh.480, 296,554.30 representing 59.84 percent of the total projected grants. A total of Ksh.8, 019,650 was received as UNICEF grant for repair of water facilities. This grant, however, did not pass through CRF. The grant was therefore utilised for repair of boreholes through an account operated by the department of Water.

2.4 Key Sector Performance

2.4.1 Energy, Infrastructure & ICT

In the period under review, the county government constructed 2 foot bridges, maintained a total of 429 km of county roads and 420 km of new roads were opened up. Several infrastructure projects are going on across all departments. A new revenue system was also procured, tested and operationalized.

2.4.2 Agriculture, Rural and Urban Development

The Department of Agriculture and Pastoral Economy is the leading department in food security initiatives. In the period under review, the department achieved the following

milestones: procured and distributed 8,766 bales of assorted certified seed varieties, 940 bags of planting fertilizers and 1,300 bags of top dressing fertilizers to farmers. A total of 850 acres of land was ploughed through the County Agricultural Machinery Services. 270 farmers were also trained on irrigation agronomy.

In the livestock subsector, the department achieved the following key milestones; supplied 300 improved Sahiwal bulls, 20 camels' breeds, and 1428 Galla goat breeds. It also stocked 16 boran breeds to Nasukuta farm. To control and prevent livestock diseases the department supplied 60-foot spray pumps to farmers and conducted vaccination to 94,292 cattle and 711,522 sheep/goats. It also established also 60 hectares of boma rodes at Nasukuta farm. A total of 12, 000 chicks were also distributed to 2, 400 women. Nasukuta export abattoir is nearing completion.

In lands and urban development subsector, the following projects were implemented during the review period; construction of fire station, opening of kapenguria municipality access roads and storm control, installation of business containers kiosks at Makutano, rehabilitation of Kapenguria dumpsite and purchase of refuse truck.

2.4.3 Health

The following is a summary of achievements and progress realized during the period under review. To reduce preventable disease incidences in order to lower the county disease burden, Proportion of children under one year fully immunized reduced from 50.4 to 50.2 percent, while Proportion of pregnant women attending 4th ANC visit increased from 22 to 23 percent percent and Proportion of deliveries conducted by skilled attendants increased from 44.5 to 51.3 percent. To improve access to quality and affordable curative services for a healthy society, the department constructed and operationalized a modern laboratory in Chepareria Sub County Hospital, constructed drugs store at Kacheliba Sub County Hospital, installed 12 solar powered vaccine fridges, purchased 10 delivery beds, operationalized Sebit and Kiwakan new dispensaries and inaugurated new dialysis services at the Renal Unit in Kapenguria County Referral Hospital .The department also recruited and deployed 233 health workers under Universal Health Care (UHC). To improve water, hygiene standard and general environmental sanitation the department established 50 new community health units and 500 new Community Health Volunteers trained on basic module for integrated community health services. A total of 86 HCWs, 249 Ass/chiefs, 14 ACCs, 5 deputies and county commissioners were sensitized on Sanitation and nutrition(SanNut) integration programme supported by UNICEF.

2.4.4 Education

A total of 10,182 needy students benefited from the county bursary scheme. The construction of peace schools at Akulo, Kanyerus and Katikomor are also nearing completion. The department also rehabilitated 6 Vocational Training Centres, trained 250 Bodaboda riders and were issued with provisional driving licenses and organized county VTC ball games. Nine Sensitization campaigns were conducted to promote Vocational Training through radio and road shows.

2.4.5 General Economic & Commercial Affairs

The department mandate is outlined in the Fourth Scheduled of the Constitution as follows: Trade development and regulation which includes: market infrastructure development, Trade Licensing, regulation, enforcement of fair trade practices and development of Cooperatives Societies. In the FY 2019/20 department implemented the following projects; constructed 6(six) boda boda sheds, of which 5(five) are complete ready for use. To enhance livelihoods through increased income, the department conducted 15 awareness trainings on cooperative societies, 8 new cooperatives were registered, and 3 dormant cooperatives were revived with aim of promoting of cooperative movement. The Department also managed to audit books of accounts for 10(ten) cooperative societies

2.4.6 Environmental Protection, Water & Natural Resources

The following is a summary of achievements and progress realized during the period under review. To increase access and availability of adequate water resources; the department upgraded 6 boreholes from hand pump to solar; Sitit, Ywalapong, Shongen in Suam ward, Namoru borehole in Kapchok ward, Lokitonyala borehole in Alale Ward, Out of which Sitit and Lokitonyala Boreholes are complete. The department planned to drill 27 boreholes during the financial year but it was affected by drilling Rig breaking down with no staff to operate. However, the Rig currently has been serviced and the hiring of the staff is under-way before the commencement of the exercise. To boost rain water harvesting in the county and aid alleviating acute shortage of water, the department constructed two water pans; Namoru in Kodich ward and Arur in Masol. A number of sand dams had been planned to be constructed but due to prolonged rains it could not be carried out.

2.4.7 Social Protection, Culture & Recreation

In the FY 2019/20 the department implemented the following projects; protected 50 percent of Nasolot Game reserve. The County Government in collaboration with KWS, NRT and STE collared some elephants in Nasolot game reserve. An MOU between county government and NRT on community conservancy was signed. Further, a total of 600,000 community

members were educated on importance of conservation of cultural artefacts reached through radio talk shows held. To empower youth and enhance gender equality, the department conducted 4 campaigns; sensitized 1200 people against FGM. Operationalized 4 youth empowerment Centres in each sub-county. To improve heritage and culture awareness, knowledge appreciation and conservation, 4 new cultural sites were identified. Construction of Mtelo- Cottages is also nearing completion.

2.4.8 Public Administration & International Relations

The Department of Public Service, ICT and Decentralized Units aims to transform the county public service to be professional, efficient and effective for the realization of county development goals. In the FY 2019/20 the department implemented the following projects; construction of County Commissioner Office and the new Governor's annex building. Performance contracts and appraisals were also carried out for all senior staffs. The department of Finance and Economic Planning prepared the annual development plan, CBROP, budget estimates, County Fiscal Strategy Paper & Debt Management Strategy Paper, Procurement Plans and the Annual Progress Reports and were all approved. Public participation on county budget process was also carried out in all the 20 wards during the review period. A total of Ksh..... pending bills were also settled during the review period.

2.5 Implication of Fiscal Performance on Fiscal Responsibility Principles and Financial Objectives

From the above fiscal performance, it can be observed that the fiscal responsibility principles and financial objectives were largely met as follows;

- a) Development expenditure for the period under review represented an absorption rate of 51.27 per cent of the approved development budget. This performance represented an overall performance of 20.14 per cent of total expenditure. This is below the 30 percent expenditure threshold required by law.
- b) The county government spent Kshs.2.582 billion on personnel emoluments. This represents an increase of 11 percent (Ksh. 258 million) annual increment when compared to expenditure on wage bill for FY 2018/2019. This expenditure represents 49.98 per cent of total expenditure. The expenditure on wages and benefits to its county public officers is unsustainable over the medium term.
- c) No borrowings were made during the review period. 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.
- d) Public debt and obligations were maintained at a sustainable level and fiscal risks was managed prudently and

- e) A reasonable degree of predictability with respect to the level of tax rates and tax bases was also maintained.

III. RECENT ECONOMIC DEVELOPMENT AND POLICY OUTLOOK

3.0 Overview of Recent Economic Performance and Outlook

The outbreak and spread of the Covid-19 Pandemic and the ensuing containment measures have devastated global economies. As a result, global economy is projected to contract by 4.9 percent in 2020 from a growth of 2.9 percent in 2019 with prospects across countries and regions remaining highly uncertain. Kenya has not been spared. The Pandemic and the containment measures slowed down economic activities in key sectors of the economy in the first quarter of 2020, resulting to a lower growth of 4.9 percent compared to a growth of 5.5 percent in a similar period in 2019. Overall, taking into account the available indicators for second quarter for 2020, the economy is projected to grow by 2.6 percent in the calendar year 2020 compared to the initial projection of 6.1 percent in the 2020 Budget Policy Statement. The economy is projected to rebound to 5.3 percent in 2021 and 5.9 percent over the medium term. In terms of fiscal years, the economy is projected to grow by 4.0 percent in the FY 2020/21 and 5.9 percent over the medium term.

Table 8: Sectoral GDP Performance

| Sectors | Real GDP Growth by Sector | | | | | Sector Contributions to Real GDP | | | | |
|------------------------------------|---------------------------|------------|------------|------------|------------|----------------------------------|------------|------------|------------|------------|
| | 2016 Q1 | 2017 Q1 | 2018 Q1 | 2019 Q1 | 2020 Q1 | 2016 Q1 | 2017 Q1 | 2018 Q1 | 2019 Q1 | 2020 Q1 |
| Primary Sector | 3.7 | 4.1 | 6.6 | 4.6 | 5.1 | 1.0 | 1.1 | 1.8 | 1.3 | 1.4 |
| Agriculture | 3.6 | 4.0 | 6.7 | 4.7 | 4.9 | 1.0 | 1.1 | 1.8 | 1.2 | 1.3 |
| Mining & Quarrying | 5.8 | 5.6 | 3.1 | 1.4 | 9.5 | 0.1 | 0.1 | 0.0 | 0.0 | 0.1 |
| Secondary sector (Industry) | 4.7 | 4.4 | 4.6 | 4.9 | 4.1 | 0.8 | 0.8 | 0.8 | 0.8 | 0.7 |
| Manufacturing | 1.4 | 1.9 | 3.2 | 3.5 | 2.9 | 0.2 | 0.2 | 0.3 | 0.3 | 0.3 |
| Electricity & Water Supply | 10.3 | 8.2 | 6.1 | 7.8 | 6.3 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Construction | 9.2 | 7.9 | 6.7 | 6.1 | 5.3 | 0.4 | 0.4 | 0.3 | 0.3 | 0.3 |
| Tertiary Sector (Services) | 6.8 | 6.1 | 6.2 | 6.4 | 5.4 | 3.1 | 2.9 | 2.9 | 3.0 | 2.6 |
| Wholesale & Retail trade | 2.9 | 3.5 | 5.6 | 6.3 | 6.4 | 0.2 | 0.2 | 0.4 | 0.4 | 0.4 |
| Accommodation & Restaurant | 8.3 | 24.0 | 13.3 | 11.0 | (9.3) | 0.1 | 0.3 | 0.2 | 0.2 | (0.1) |
| Transport & Storage | 8.2 | 7.8 | 6.5 | 6.4 | 6.2 | 0.5 | 0.5 | 0.4 | 0.4 | 0.4 |
| Information and Communication | 10.8 | 13.4 | 13.2 | 10.2 | 9.8 | 0.4 | 0.5 | 0.5 | 0.4 | 0.4 |
| Financial & Insurance | 7.8 | 3.9 | 4.0 | 6.3 | 6.0 | 0.5 | 0.2 | 0.2 | 0.4 | 0.4 |
| Public Administration | 6.0 | 2.6 | 5.5 | 8.9 | 6.7 | 0.2 | 0.1 | 0.2 | 0.3 | 0.2 |
| Others | 6.8 | 5.4 | 5.1 | 4.8 | 4.7 | 1.3 | 1.1 | 1.0 | 0.9 | 0.9 |
| Of which Real Estate | 9.6 | 6.5 | 5.2 | 4.8 | 4.3 | 0.7 | 0.5 | 0.4 | 0.4 | 0.3 |
| Taxes on Products | 2.2 | 4.1 | 6.1 | 4.7 | 3.4 | 0.2 | 0.4 | 0.6 | 0.5 | 0.3 |
| GDP at Market Prices | 5.0 | 5.2 | 6.2 | 5.5 | 4.9 | 5.0 | 5.2 | 6.2 | 5.5 | 4.9 |

| | | | | | | | | | | |
|--------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Of which Non-Agriculture | 6.1 | 5.9 | 6.0 | 5.9 | 5.2 | 3.8 | 3.8 | 3.8 | 3.8 | 3.3 |
|--------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|

Source: Kenya National Bureau of Statistics

3.1 Inflation Rate and Interest Rates

Year-on-year overall inflation has remained within the government target range since end 2017 demonstrating prudent monetary policies. The inflation rate was at 4.4 percent in August 2020, declining from 5.0 percent in August 2019. This decline reflected favourable weather conditions which resulted to declines in the prices of key food items such as cabbages, tomatoes, Irish potatoes, spinach and maize. Paraffin, petrol, diesel and electricity prices also declined during the same period due to lower international oil prices.

The contribution of core inflation to overall inflation has been low and stable reflecting the impact of the reduction of VAT and muted demand pressures in the economy on account of prudent monetary policies. The contribution of fuel inflation has also been low, a reflection of stable energy prices despite the increase in the Petroleum development levy in July 2020. The major driver of overall inflation in the period under review has been food inflation. Kenya's rate of inflation compares favorably with the rest of Sub-Saharan Africa countries. In July 2020, Kenya recorded a lower inflation rate than Uganda, Ghana, Rwanda, Nigeria, Zambia, and Ethiopia

Short-term interest rates remained fairly low and stable. The Central Bank Rate was retained at 7.0 percent on July 29, 2020 same as in April 2020 to signal lower lending rates in order to support credit access by borrowers especially the Small and Medium Enterprises distressed by Covid-19 pandemic. The interbank rate remained low and fairly stable at 2.5 percent in August 2020 from 3.6 percent in August 2019 in line with the easing of the monetary policy and adequate liquidity in the money market. The 91-day Treasury Bills rate declined to 6.2 percent in August 2020 compared to 6.4 percent in August 2019. Over the same period, the 182-day Treasury Bills rate declined to 6.6 percent from 7.1 percent while the 364-day decreased to 7.5 percent from 9.2 percent.

The improved liquidity in the money market has resulted in stable commercial bank rates. The average lending rate declined from 12.5 percent in June 2019 to 11.9 percent in June 2020 while the average deposit rates declined from 7.2 percent to 6.9 percent. This led to an decrease in the average interest rates spread by 0.3 percentage points over the review period.

3.2 Kenya Shilling Exchange Rate

The foreign exchange market has experienced some volatility in 2020, largely due to uncertainties with regard to the impact of Covid-19 Pandemic and a significant strengthening of the US Dollar in the global markets. However, the Kenya Shilling remained competitive

supported by a stable current account deficit. The Shilling depreciated against the US Dollar, Sterling pound and the Euro exchanging at an average of Ksh 107.3, Ksh 135.3 and Ksh 122.5 in July 2020 from Ksh 103.2, Ksh 128.7 and Ksh 115.8 in July 2019, respectively. In the year to August 2020, the Shilling weakened by 4.7 percent against US Dollar. In comparison to most Sub-Saharan Africa currencies the Kenya Shilling has remained relatively stable.

3.3 Money and Credit

Growth in broad money supply, M3, declined to 8.4 percent in the year to June 2020 compared to a growth of 9.2 percent in the year to June 2019. The decline in growth of M3 is attributed to decline in growth of other deposits at CBK and foreign currency deposits. However the growth in M3 was supported by improvement in the growth of demand deposits, time and savings deposits as well as currency outside banks. NFA in the year to June 2020 contracted by 5.8 percent, compared to a growth of 24.2 percent in the June 2019. The contraction in growth of the NFA was mainly reflected in the contraction of the foreign currency reserves by the Central Bank. On the other hand, increase in growth of NFA of commercial banks, is partly attributed to decrease in growth of deposits by foreign banks and increased deposits with foreign banks.

Meanwhile, Net Domestic Assets (NDA) increased to register a growth of 13.5 percent in the year to June 2020 from a growth of 4.7 percent over a similar period in 2019. This is largely due to an improvement in net credit flows to the both the government, private sectors and other public sector.

3.4 Private Sector Credit

Private sector credit grew by 7.6 percent in the 12 months to June 2020 compared to a growth of 5.2 percent in the year to June 2019. This growth was observed mainly in the manufacturing (12.3 percent); trade (8.4 percent); transport and communication (14.9 percent); Mining and Quarrying (10.0 percent) and consumer durables (15.2 percent). The operationalization of the prospective Credit Guarantee Scheme for the vulnerable Micro, Small and Medium sized Enterprises (MSMEs), which will de-risk lending by commercial banks, is critical to increasing credit to this sector.

3.5 External Sector Developments

The overall balance of payments position improved to a surplus of US\$ 179.3 million (0.2 percent of GDP) in the year to June 2020 from a deficit of US\$ 492.7 million (0.5 percent of

GDP) in the year to June 2019. This was mainly due to narrowing of the financial account deficit.

The capital account balance registered a surplus of US\$ 149.6 million in the year to June 2020. However, this was a decline by US\$ 65.6 million compared to the balance witnessed in June 2019. Financial inflows declined to US\$ 4,485.1 million in June 2020 compared to US\$ 6,634.8 million in June 2019. The financial inflows were mainly in the form of direct investments, portfolio investments and other investments which stood at a deficit of US\$ 662.1 million, US\$ 1,189.2 million and deficit of US\$ 5,019.2 million, respectively in June 2020.

The current account deficit worsened by 1.2 percent to US\$ 4,795.3 million (4.7 percent of GDP) in the June 2020 compared to a deficit of US\$ 4,737.4 million (5.0 percent of GDP) in the year to June 2019 mainly due to a decline in net secondary income and net services. The balance in the merchandise account improved by US\$ 705.8 million to a deficit of US\$ (9,458.9) million in the year to June 2020 on account of a decline in imports that more than offset the decline in exports.

3.6 Foreign Exchange Reserves

The banking system's foreign exchange holdings remained strong at US\$ 13,680.9 million in June 2020 up from US\$ 13,187.3 million in June 2019. The official foreign exchange reserves held by the Central Bank improved to US\$ 9,739.9 million (5.9 months of import cover) in June 2020 compared with US\$ 9,655.9 million (6.0 months of import cover) in June 2019. This fulfils the requirement to maintain reserves at minimum of 4.0 months of imports cover to provide adequate buffer against short term shocks in the foreign exchange market. Commercial banks holdings increased to US\$ 3,940.9 million in June 2020 from US\$ 3,531.4 million in June 2019.

Activity in the capital markets declined in August 2020 compared to August 2019, with equity share prices declining as shown by the NSE 20 Share Index. The decline reflects the volatility in the financial markets as a result of the uncertainty surrounding the corona virus pandemic. The NSE 20 Share Index was 1,794 points by end of August 2020 compared to 2,468 points by end August 2019. Consequently, market capitalization declined from Ksh 2,222 billion to Ksh 2,144 billion over the same period.

3.7 Fiscal Policy Outlook

The revenue projections over the medium term takes into account the consistent decline in the share of revenue to GDP in the last five years, the negative impact of the Covid-19 pandemic on revenue collection and the impact of personal and corporate income tax relief

extended to individuals and businesses to mitigate the impact of the pandemic. As such, the Government will take cautious and realistic revenue projections for FY 2021/22 and the medium term to manage expectations and improve budget credibility. Fiscal policy over the medium-term aims at enhancing revenue mobilization and strengthens management of public debt to minimize cost and risks of the portfolio, while accessing external concessional funding to finance development projects.

3.8 Risks to the Domestic Economic Outlook

This macroeconomic outlook is not without risks from both external and domestic sources. Risks from the global economies relate to persistence of the Covid-19 pandemic and required lockdowns, voluntary social distancing and its effect on consumption, the ability of laid off workers securing employment in other sectors, rising operating cost to make work places more hygienic and safe, reconfiguration of disrupted global supply chains, extent of cross-border spill overs occasioned by weaker external demand and funding shortfalls. On the domestic front, risks will emanate from weaker external demand, reduced tourist arrivals due the Covid-19 fears and restrictions and further restrictions of movement should they become necessary to control the surge in infections. In addition, the economy will continue to be exposed to risks arising from public expenditure pressures, particularly wage related recurrent expenditures and the erratic weather related shocks that could have negative impact on energy generation and agricultural output leading to higher inflation that could slow down growth.

At the county level, the risks include; weakening of national economic growth, unfavourable weather conditions, delayed release of funds from the national treasury, threats of conflicts between the Pokot, Elgeyo/Marakwet and Turkana counties. Natural calamities may also pose a risk to the county's development agenda and revenue collection. The most common disaster risks include disease outbreaks for both livestock and human, conflicts, landslides, lightning strikes, flash floods and drought. These calamities can delay programs or lead to collapse of projects. In the event the above risks materialize the county revenue framework and the medium term sector ceilings shall be revised in the 2021 Fiscal Strategy Paper. In the meantime, the county government continues to monitor the above risks and will undertake appropriate measures to contribute to national macroeconomic stability.

IV. MTEF RESOURCE ALLOCATION FRAMEWORK

4.1 Revenue Outlook

The resources available to be shared by the national and county governments are estimated on the basis of projections of the economy's performance. The Covid-19 pandemic and the containment measures have not only disrupted our ways of lives and livelihoods, but to a greater extent business. Consequently, the economy grew by 4.9 percent in the first quarter of 2020 compared to a growth of 5.5 percent in a similar period in 2019. Overall, the economy is projected to grow by 2.6 percent in the calendar year 2020 and rebound to 5.3 percent in 2021. In terms of fiscal years, the economy is projected to grow by 4.0 percent in the FY 2020/21 and 5.9 percent over the medium term.

4.2 Fiscal Projections for FY 2021/2022- 2023/2024 MTEF Period

Table 9: Fiscal Projections for FY 2021/2022- 2023/2024 MTEF Period

| PROJECTED REVENUE | FY 2020/21 | FY 2021/22 | FY 2022/23 | FY 2023/24 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | Approved (Kshs) | Projected (Kshs) | Projected (Kshs) | Projected (Kshs) |
| 1. National Revenue | | | | |
| a.) Equitable share | 5,000,700,000.00 | 5,152,449,345.00 | 5,296,000,000.00 | 5,300,000,000.00 |
| b.) Conditional allocation(National Government Revenue) | 178,923,975.00 | 178,923,975.00 | 199,869,789.00 | 201,005,100.00 |
| c.) Grants/Loans | 575,634,431.00 | 489,634,431.00 | 500,000,000.00 | 500,000,000.00 |
| d.) Balance b/f | 151,749,345.00 | - | - | - |
| 2. Own Revenue Sources | | | | |
| e.) Projected Revenue From Local Sources | 168,352,202.00 | 168,352,202.00 | 173,331,349.00 | 197,324,156 |
| Total | 6,075,359,953.00 | 5,989,359,953.00 | 6,169,201,138.00 | 6,198,329,256.00 |

Source: County Annual Development Plan for FY 2021/22

The table above provides estimates of revenue projection for the FY 2021/2022- FY 2023-2024. The overall total projected revenue is estimated at Kshs. 5,989,359,953.00. Equitable share is expected to rise marginally from Ksh 5.0 billion to Ksh. 5.152 billion in the FY 2020/21 and 5.3 billion over the medium term.

Conditional allocation from the national government is projected at Kshs. 178,923,975.00 constituting 3 per cent of the total annual projections. This comprise of conditional allocation for rehabilitation of Village Polytechnics projected at Kshs. 17,749,894.00, conditional allocation for compensation for user fees foregone projected at Kshs. 12,128,484.00 and conditional allocation from Roads Maintenance Fuel Levy fund estimated at Kshs. 149,045,597.00

Conditional grants from development partners are projected at Ksh. 489,634,431.00 representing 8.2 per cent of annual development plan. The loans/ grants are aimed at financing Kenya Urban Support Programme(Ksh.73,000,000.00 for Urban Development Grant for Kapenguria municipality), Ksh.65,952,437.00 for financing Water Tower Protection & Climate Change and Adaptation Programme and Ksh.320,000,420.00 for the Kenya Climate Smart Agriculture Project. Others are allocation of Ksh. 14,224,205.00 for Agriculture Sector Development Support Programme II, Ksh.14,220,000 for Danida and and Ksh. 32,237,367.00 to finance Transforming Health Systems for Universal Health Coverage Programme.

The FY 2021/22 local revenue target is projected at Kshs. 168,352,202.00 representing 2.8 per cent of the total projected revenue. This comprises of net local revenue target of Ksh. 95,552,202 and Appropriations in Aid (F.I.F) for health amounting to Ksh. 72.8 million.

4.2.1 Internal Revenue Streams' Projections for FY 2021/22-FY 2023/24

Table 10: Internal Revenue Projections by Stream Targets

| Revenue Source | Actual Revenue | Estimates | Projection | | |
|-------------------------|----------------|---------------|---------------|---------------|---------------|
| | FY 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
| Kiosk Rent | 2,618,680.00 | 1,810,382.00 | 1,810,382.00 | 2,521,705.00 | 2,731,000.00 |
| Single Business Permit | 14,325,363.65 | 19,000,000.00 | 19,000,000.00 | 25,521,844.00 | 28,000,000.00 |
| Market Fee | 1,058,695.00 | 4,000,000.00 | 4,000,000.00 | 4,419,174.00 | 4,600,000.00 |
| Building Approvals | 508,386.00 | 451,116.00 | 451,116.00 | 500,473.00 | 700,000.00 |
| Cess | 5,289,330.00 | 6,260,345.00 | 6,260,345.00 | 7,785,300.00 | 9,000,000.00 |
| Royalties | 17,662,280.00 | 31,109,653.00 | 31,109,653.00 | 33,004,741.00 | 34,000,000.00 |
| Stock Cess/slaughter | 2,895,520.00 | 7,000,000.00 | 7,000,000.00 | 11,992,536.00 | 14,978,903.00 |
| House Rent | 3,807,175.10 | 2,083,664.00 | 2,083,664.00 | 2,770,436.00 | 3,000,000.00 |
| Advertising | 661,400.00 | 857,487.00 | 857,487.00 | 969,882.00 | 1,100,000.00 |
| Parking Fee | 502,575.00 | 1,308,132.00 | 1,308,132.00 | 2,882,734.00 | 3,178,000.00 |
| Bus Park and Motorcycle | 2,128,625.00 | 5,950,000.00 | 5,950,000.00 | 6,550,278.00 | 7,000,000.00 |
| Renewals/Applications | 485,500.00 | 1,704,410.00 | 1,704,410.00 | 2,579,821.00 | 2,650,900.00 |
| Liquor Licensing | - | 500,000.00 | 500,000.00 | 1,250,000.00 | 1,500,000.00 |
| Agriculture | | 919,861.00 | 919,861.00 | 1,214,217.00 | 1,400,000.00 |

| | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Other fees and charges (public toilet, honey, hides & skin, firewood, tamarind aloevera, fish, scrapmetal, penalties.) | 11,837,674.00 | 2,255,431.00 | 2,255,431.00 | 10,400,000.00 | 13,978,266.00 |
| Lands(Plot/Land Rates) | 202,000.00 | 8,191,021.00 | 8,191,021.00 | 10,400,147.00 | 10,600,000.00 |
| Livestock/Permits | 274,570.00 | 700,700.00 | 700,700.00 | 1,575,304.00 | 1,705,450.00 |
| Appropriation in Aid(FIF-Health) | 41,755,000.00 | 72,800,000.00 | 72,800,000.00 | 44,001,637.00 | 54,001,637.00 |
| Receipt from admin. fees and charges | - | 50,000.00 | 50,000.00 | 1,200,000.00 | 1,200,000.00 |
| Public Health Facilities Fee | 144,150.00 | - | - | | |
| Forest Products Fees | 989,706.00 | 1,400,000.00 | 1,400,000.00 | 1,791,120.00 | 2,000,000.00 |
| Grand Totals | 107,146,629.75 | 168,352,202.00 | 168,352,202.00 | 173,331,349.00 | 197,324,156.00 |

Source: County Treasury, 2020

The FY 2021/22 local revenue target is projected at Kshs. 168,352,202.00 representing 2.8 per cent of the total projected revenue. This comprises of net local revenue target of Ksh. 95,552,202 and Appropriations in Aid (F.I.F) for health amounting to Ksh. 72.8 million. This growth projection represents a nil percent increase from the current target. This projection is modest in maintaining a reasonable degree of predictability with respect to the level of tax rates and tax bases. The revised target will be achieved through the widening of tax bases, sealing of existing revenue leakages, strengthening of organizational structures and systems in revenue section, strengthening monitoring and evaluation of the revenue systems, and enhanced transparency, accountability and supervision in revenue collection.

4.2.2 Projected Medium Term Revenue & Expenditure Framework

Table 11: Expenditure Forecast for FY 2021/22-FY 2023/24

| Item | FY2020/21 (Ksh) Approved Budget | % | FY 2021/22 (Ksh) Projection | % | FY 2022/23 (Ksh) Projection | % | FY 2023/24 (Ksh) Projection | % |
|---|---------------------------------------|------------|-----------------------------------|------------|-----------------------------------|------------|-----------------------------------|------|
| Approved Recurrent | 4,155,791,582 | 68.4 | 4,192,551,967 | 70 | 4,318,440,796 | 70 | 4,338,830,479 | 70 |
| Approved Development | 1,919,568,371 | 31.6 | 1,796,807,986 | 30 | 1,850,760,342 | 30 | 1,859,498,777 | 30 |
| Projected Gross Expenditure | 6,075,359,953 | 100 | 5,989,359,953 | 100 | 6,169,201,138 | 100 | 6,198,329,256 | |
| Projected Personnel Emoluments to Gross Estimates | 2,699,660,507 | 44.4 | 2,788,077,479 | 46.6 | 2,983,242,903 | 48.4 | 3,192,069,906 | 51.5 |

Table 12 provides indicative tentative ceilings for the different county departments for FY 2021/22 - FY 2023/24 MTEF period.

4.3 Expenditure Priorities for FY 2021/2022 –FY 2023/24 MTEF Period

The County Integrated Development Plan (2018-2022) and the Medium Term Plan III of Kenya Vision 2030 are the key policy documents that will guide the county government spending decisions. The Vision 2030 provides the overarching long term national development agenda, while the CIDP sets out the county medium term development plan.

Tentative Sectoral Ceilings

Table 12: FY 2020/21- FY 2021/22 MTEF CEILINGS

| Vote | FY 2020/2021 APPROVED | | | FY 2021/2022 PROJECTIONS | | |
|---|-----------------------|----------------|------------------|--------------------------|----------------|------------------|
| | Recurrent | Development | Total | Recurrent | Development | Total |
| County Executive | 522,044,727.61 | 25,000,000.00 | 547,044,727.61 | 413,273,626.23 | 65,000,000.00 | 478,273,626.23 |
| Special Programmes & Directorates | 31,489,922.10 | 15,000,000.00 | 46,489,922.10 | 36,147,448.00 | 0 | 36,147,448.00 |
| Finance and Economic Planning | 225,858,628.11 | 25,000,000.00 | 250,858,628.11 | 205,674,647.67 | 5,000,000.00 | 210,674,647.67 |
| Public Works, Transport and Infrastructure | 58,756,582.84 | 237,798,180.00 | 296,554,762.84 | 71,934,848.00 | 249,545,597.00 | 321,480,445.00 |
| Health, Sanitation and Emergency Services | 1,251,903,130.24 | 155,500,000.00 | 1,407,403,130.24 | 1,492,980,606.35 | 257,152,294.00 | 1,750,132,900.35 |
| Education and Technical Training | 579,757,523.98 | 170,863,298.00 | 750,620,821.98 | 517,370,715.24 | 240,649,788.00 | 758,020,503.24 |
| Agriculture and Irrigation | 106,554,367.20 | 182,465,607.00 | 289,019,974.20 | 107,602,965.60 | 371,800,420.00 | 479,403,385.60 |
| Pastoral Economy | 98,760,251.28 | 127,531,404.00 | 226,291,655.28 | 99,875,176.00 | 116,524,205.00 | 216,399,381.00 |
| Trade, Industrialization and Cooperative Development | 89,525,346.16 | 116,500,000.00 | 206,025,346.16 | 130,138,478.40 | 163,443,630.00 | 293,582,108.40 |
| Lands, Housing, Physical Planning and Urban Development | 71,907,635.40 | 105,290,000.00 | 177,197,635.40 | 100,869,639.00 | 94,200,000.00 | 195,069,639.00 |

| | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| Water, Environment and Natural Resources | 63,807,324.12 | 236,350,000.00 | 300,157,324.12 | 67,826,371.20 | 190,052,437.00 | 257,878,808.20 |
| Youth ,Sports, Tourism, Gender and Social Development | 39,003,422.10 | 124,000,000.00 | 163,003,422.10 | 57,026,492.26 | 15,200,000.00 | 72,226,492.26 |
| West Pokot County Assembly | 582,300,000.00 | 100,000,000.00 | 682,300,000.00 | 584,300,000.00 | 90,000,000.00 | 674,300,000.00 |
| Public Service, CT and Decentralized Units | 171,426,667.86 | 49,600,000.00 | 221,026,667.86 | 195,770,568.04 | 50000000 | 245,770,568.04 |
| Total | 3,893,095,529.00 | 1,670,898,489.00 | 5,563,994,018.00 | 4,080,791,582.00 | 1,908,568,371.00 | 5,989,359,953.00 |

V. CONCLUSION

In summary, the County Budget Review & Outlook Paper has provided an analysis of the actual fiscal performance in the FY 2018/19 compared to the budget appropriation for the year and the updated economic and financial forecasts. The fiscal responsibility principles and the financial objectives for the year under review were met. In addition, the tentative ceilings for the FY 2021/2022 have also been provided. Going forward, the ceilings are expected to be taken into account while setting the final ceilings in the County Fiscal Strategy Paper.

Annex 1: Budget Calendar

Table 13: Budget Calendar

| WEST POKOT COUNTY BUDGET CALENDAR FOR THE FY 2020/2021 | | | |
|---|--|--|---|
| | ACTIVITY | RESPONSIBILITY | TIME FRAME |
| 1 Budget Performance Review | | | |
| 1.1 | Prepare and Issue County Treasury Circular | CECM Finance & Economic Planning | 28 th August 2020 |
| 1.2 | Submission of CBROP to County Executive Committee | CECM Finance & Economic Planning | 27 th September 2020 |
| 1.3 | Submission of CBROP to County Assembly for approval | CECM Finance & Economic Planning | 13 th October 2020 |
| 2 Strategic Planning | | | |
| 2.1 | Preparation of Annual Development Plan for FY 2021/2022 | CO Economic Planning, Head of planning, all directors and CO's | 10 th August -21 st August 2020 |
| 2.2 | Submission of Annual Development Plan for FY 2021/2022 to County Executive Committee | CECM Finance & Economic Planning | 25 th August 2020 |
| 2.3 | Submission of Annual Development Plan for FY 2021/2022 to County Assembly for approval | CECM Finance & Economic Planning | 27 th August 2020 |
| 3 Review of MTEF Budget Proposals: | | | |
| 3.1 | Review and Estimation of Resource Envelope and Determination of Policy Priorities | Macro-Working Group | 20 th August 2020 |
| 3.2 | Preparation of 2021/2022 County Wage Bill | Head of Human Resources & Head of Budget | 7 th -11 th December 2020 |
| 3.3 | Convene Sector Working Group Meetings and Preparation of Sector Reports and Draft Budget Estimates | Chief Officers & Head of Planning, Directors | 7 th December 2020– 5 th January 2021 |
| 3.4 | Sector Hearing on Sector Budget proposals | Chief Officers, County Assembly Clerk County | 1 st – 5 th February |

| | | | | |
|---|---|--|--|--|
| | | | Assembly Sectoral Committee Chairs | 2021 |
| 4 County Fiscal Strategy Paper and County Debt Management Strategy Paper | | | | |
| 4.1 | Release of 2021/2022 Budget Policy statement | | National Treasury | 15 th February 2021 |
| 4.2 | Draft County Fiscal Strategy Paper and County Debt Management Strategy Paper | | Head of Budget & Head of Planning | 1 st – 19 th February 2021 |
| 4.3 | Submission of CFSP and CDMSP to County Executive for approval | | Head of Budget & Head of Planning | 22 nd February 2021 |
| 4.4 | Submission of CFSP to County Assembly for Approval | | CEC Finance & Economic Planning | 25 th February 2021 |
| 4.5 | Submission of County Debt Management Strategy Paper to County Assembly | | CEC Finance & Economic Planning | 25 th February 2021 |
| 4.6 | Adoption of County Fiscal Strategy Paper | | County Assembly Budget & Appropriation Committee | 11 th March 2021 |
| 5 County Public Participation | | | | |
| 5.1 | Joint Meeting MCAs, Sub County & Ward Administrators for Participatory Budgeting Training and Preparation of Public Participation Schedule & Venues | | Head of Budget & Chairman Budget Appropriation Committee | 14 th – 18 th December 2020 |
| 5.2 | Publicize Public Participation Schedule | | Head of Budget & Ward Administrators | 4 th – 8 th January 2021 |
| 5.3 | Ward Level Public Participation - All 20 Wards | | Head of Budget, Head of Planning & Ward Administrators | 11 th January – 22 nd January 2021 |
| 6 Preparation and Approval of Final Departmental Programme Budgets | | | | |
| 6.1 | Preparation of Draft Budget Estimates by departments | | Departmental Heads & Technical Staff | 2 nd March – 26 th March 2021 |
| 6.2 | Submission of draft budget reports to Budget office | | Departments & Head of Budget | 29 th March 2021 |
| 6.3 | Consolidate & Review of Draft Budget | | Head of Budget | 5 th – 9 th |

| | | | |
|---|---|---|--|
| | Proposals | | April 2021 |
| 6.4 | Interrogation, Review and Harmonization of Departments Draft Budget Estimates | Head of Budget, Head of Planning & Head of Accounting | 12 th – 16 th April 2021 |
| 6.5 | Submission of Consolidated Draft Budget Estimates to County Executive | CECM Finance & Economic Planning | 20 th April 2021 |
| 6.6 | Submission of Budget Estimates to County Assembly | CECM Finance & Economic Planning | 27 th April 2021 |
| 6.7 | Report on Budget Estimates from County Assembly | County Assembly Budget & Appropriation Committee | 28 th May 2021 |
| 6.8 | Consideration of Final Budget Estimates | CEC Finance & Economic Planning | 10 th June 2021 |
| 6.9 | Submission of Annual Cash Flow | Head of Accounting & Principal Finance Officer | 14 th June 2021 |
| 7 Consideration of Passage of Appropriation Bill | | | |
| 7.1 | Approval of Final Budget Estimates | County Assembly | 24 th June 2021 |
| 7.2 | Submission of Appropriation Bill to Assembly | CEC Finance & Economic Planning | 30 th June 2021 |
| 7.3 | Passage of Appropriation Bill | County Assembly | 30 th June 2021 |