

**REPUBLIC OF KENYA**



**COUNTY GOVERNMENT OF BOMET**

**THE COUNTY TREASURY**

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**COUNTY BUDGET REVIEW**  
**AND OUTLOOK PAPER**

**SEPTEMBER 2020**

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To obtain copies of the document, please contact;

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The document is also available on the website at: [www.bomet.go.ke](http://www.bomet.go.ke)

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## FOREWORD

The County Budget Review and Outlook Paper (CBROP) has been prepared in accordance with the Public Finance Management (PFM) Act, 2012 and the PFM(County) Regulations 2015. The document provides the fiscal outcome for the FY 2019/20, the macro-economic projections and sets the sector ceilings for the FY 2021/22 and the MTEF Budget Estimates.

The CBROP also provides an overview of how the actual performance of the FY2019/20 affected our compliance with the fiscal responsibility principles and the financial objectives spelt out in the PFM Act 2012 as well as information showing adjustments made in the projections outlined in the County Fiscal Strategy Paper (CFSP) 2020. It further provides a basis upon which to revise the 2020/21 budget in the context of the supplementary budget and set out the broad fiscal parameters for the next medium-term budget.

The County Budget Review and Outlook Paper is set against the backdrop of a contracting global economy occasioned by the outbreak and rapid spread of the Covid-19 pandemic. On the domestic scene, the 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 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.

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. I therefore call upon all sectors to adhere to the sector ceilings, this calls for proper prioritization to ensure that our expenditures go to the most impactful programs with highest welfare benefits to citizens. Thus all Sector working groups are expected to ensure that their budgets are aligned to the overall county priorities while taking into account the available resources.

Hon. Andrew Sigei

**CECM- Finance & Economic Planning**

**County Government of Bomet**

## **ACKNOWLEDGEMENT**

The Seventh County Budget Review and Outlook Paper was prepared through the support of Bomet County Government under the able leadership of H.E. Dr. Hillary Barchok, The Governor. Its preparation was made successful by contributions of various participants, whom we highly recognize and appreciate for their efforts.

We are grateful to all the spending units and their respective heads for their timely provision of data necessary for qualifying this County Budget review and outlook paper. A core team of the county planning unit provided technical expertise in compilation of the document, with support from the various departments which provided the needed information timely. In particular, I wish to appreciate the County Executive Committee member for Finance and Economic Planning, for providing leadership throughout the preparation of this document.

I further wish to recognise staff from the Department of Economic Planning for their hard work and commitment in successfully delivering the document on time. It may not be possible to mention everyone on this list and I therefore take this opportunity to thank all County Treasury staff for their dedication and commitment.

MILCAH C. RONO,  
**CHIEF OFFICER- ECONOMIC PLANNING**

## **LIST OF ABBREVIATIONS AND ACRONYMS**

ADP - Annual Development Plan  
AIA - Appropriation in Aid  
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  
COB - Controller of Budget  
COFOG- Classification of Functions of Government  
CRA - Commission of Revenue Allocation  
DAs - Department and Agencies  
DANIDA - Danish International Development Agency  
FIF - Facility Improvement Fund  
FMD - Foot and Mouth Disease  
FY - Financial Year  
IFMIS - Integrated Financial Management Information Systems  
MLND - Maize Lethal Necrosis Disease  
MTEF - Medium Term Expenditure Framework  
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  
COVID-19-Corona Virus Disease 2019

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

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

(1) A County Treasury shall—

(a) prepare a County Budget Review and Outlook Paper in respect of the county for each financial year; and

(b) submit the paper to the County Executive Committee by the 30th September of that year.

(2) In preparing its county Budget Review and Outlook Paper, the County Treasury shall specify—

(a) the details of the actual fiscal performance in the previous year compared to the budget appropriation for that year;

(b) the updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper;

(c) information on—

(i) any changes in the forecasts compared with the County Fiscal Strategy Paper; or

(ii) how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the County Fiscal Strategy Paper for that financial year; and

(d) reasons for any deviation from the financial objectives in the County Fiscal Strategy Paper together with proposals to address the deviation and the time estimated for doing so.

(3) The County Executive Committee shall consider the County Budget Review and Outlook Paper with a view to approving it, with or without amendments, within fourteen days after its submission.

(4) Not later than seven days after the County Budget Review and Outlook Paper is approved by the County Executive Committee, the County Treasury shall—

(a) arrange for the paper to be laid before the County Assembly; and

(b) as soon as practicable after having done so, publish and publicise the Paper.



### **Fiscal Responsibility Principles**

In line with chapter twelve of the Constitution, 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**

The County Budget Review and Outlook Paper (CBROP) is prepared by the County Treasury pursuant to the provisions of section 118 of the Public Finance Management (PFM) Act 2012. This paper analyses the fiscal outcome of 2019/2020 indicating deviation from the approved budget and how it affects the financial objectives set out in the County Fiscal Strategy Paper 2020.

### **Objectives of the County Budget Review and Outlook Paper (C-BROP) 2020**

1. The objective of the CBROP is to provide an assessment of the fiscal performance for the FY 2019/20 and how the outcomes impact on the County fiscal responsibility principles outlined in the County Fiscal Strategy paper 2020 as envisaged in the PFM Act 2012. This information alongside other emerging issues on the current budget year will provide the background for revising the current budget via a supplementary budget proposal. Details of the fiscal framework and the medium term policy priorities will be firmed up in the next CFSP.
2. The CBROP will be a key document in linking policy, planning and budgeting. The Sector Working Groups have been reviewing programmes for the last Medium Term Expenditure Framework (MTEF) focusing on updating and developing new programmes for the next MTEF 2021/22-2023/24
3. The revised target in revenue projections in the FY 2019/20 largely due to adverse effects of the Covid-19 Pandemic had implications on the financial objectives outlined in CFSP 2019/2020 and the fiscal projections of the 2020/21 budget. The CBROP 2020 therefore presents a revised fiscal outlook taking into revenue performance by end August 2020 and the prolonged effects of Covid-19 Pandemic on economic activities and the measures put in place to curb its spread.
4. The PFM Act 2012 and PFM Regulations 2015 has set high standards for compliance with MTEF budgeting process. Therefore, it is expected that sector ceilings as per the approved CFSP of 2020 will form indicative baseline Ceilings for the next budget of FY2021/22 and the Medium Term for FY 2022/23 and FY 2023/24 MTEF period. The sector ceilings have been modified as indicated in the annex to CBROP and the ceilings will set off the budget preparation process for the FY 2021/2022.

5. The rest of the paper is organised into four sections namely section II provides a review of fiscal performance in FY 2019/2020 and its implication to the 2020 CFSP financial objectives; Section III observes the recent economic developments and the updated National macroeconomic outlook; Section IV and V contains the proposed sector budget ceilings and the conclusion respectively.

## II. REVIEW OF FISCAL PERFORMANCE IN FY 2019/2020

### A. Overview

The fiscal year 2019/20 marked the sixth year of Programme Based Budgeting (PBB) for all County Government entities as per section 12 of the second schedule of the PFM Act 2012. During the financial year 2019/20 there was a visible decrease in local revenue collection. There was also a decrease in the absorption of both development and recurrent expenditure as compared to a similar period in FY 2018/19.

In the reporting period the execution of both development and recurrent budget revealed a considerable decrease as compared to financial year 2018/19 which was at 84%. The county spent a total of Ksh 5.55 billion during financial year 2019/20 against a revised target of Ksh 7.51 billion representing an execution rate of 74%. Recurrent expenditure for the period under review represents 80 percent of the annual recurrent budget while development expenditure represents 62 percent of the annual development budget. The absorption of development expenditure was hampered mainly by lengthy procurement process, late disbursement of funds from national treasury and the Covid-19 Pandemic.

### B. Fiscal Performance FY 2019/2020

During the year under review total county revenue received amounted to Ksh 5.944 billion against a revised target of Ksh 7.513 billion. Total receipts from Equitable share of revenue comprised of Ksh 5.033 billion (76.0% of the total receipts), Ksh 485.37 million (8%) being proceeds from conditional Grants, Ksh 203.7 million (3%) being Transfers from Other Government Entities, Ksh 201.513 million (3%) being local revenue collection, and Kshs. 707 million (10%) being balance brought forward from the financial year 2018/2019. Table 1 below gives details of the actual revenue received by source.

**TABLE 1: REVENUE RECEIVED BY SOURCE FOR THE FINANCIAL YEAR 2019/2020**

COUNTY REVENUE	ACTUAL RECEIVED FY2018/2019	BUDGETED FY2019/2020	ACTUAL RECEIVED FY2019/2020	DEVIATIONS	%
Balance B/f	1,064,227,340	707,271,403	707,271,403	0	100%
National Allocations	5,934,600,000	5,507,100,000	5,033,489,400	473,610,600	91%

Own Revenues	211,712,644	200,922,277	201,510,614	-588,337	100%
Covid-19 National Govt Support		115,000,000	115,197,000	-197,000	100%
HSSF-Danida	17,617,500	23,718,750	17,718,750	6,000,000	75%
Universal Health care(World Bank)	21,807,642	59,476,084	39,376,571	20,099,513	66%
CA- Fuel Levy Fund	156,252,849	183,640,826	156,322,688	27,318,138	85%
IDA(World Bank) Kenya Climate Smart	35,841,567	215,200,000	150,106,407	65,093,593	70%
CA-User Fees foregone	16,713,356	16,713,356	16,713,356	0	100%
CA- Leasing of Medical Equipment	-	131,914,894	0	131,914,894	0%
Kenya Urban support programme(KUSP)	209,534,800	240,534,800	129,534,380	111,000,420	54%
CA- Development of Youth polytechnics	36,145,625	59,790,219	47,388,298	12,401,921	79%
ASDSP	7,458,275	21,416,549	21,158,275	258,274	99%
CA - KDSP (level 1 + FY2016/17 allocation)	-	30,000,000	30,000,000	0	100%
<b>GRAND TOTAL</b>	<b>7,711,911,598</b>	<b>7,512,699,158</b>	<b>6,665,787,142</b>	<b>846,912,016</b>	<b>89%</b>

Table 1 shows that the total county revenue received including exchequer receipts and local revenue collection amounted to Ksh 6,665,787,142 against a target of Ksh 7,512,699,158 representing a performance of 89 per cent which is a deviation of Ksh 846 million from the planned target. Table1 further shows that the County received the highest revenue from equitable share. It further shows that Kshs 131.9 million funds for leasing of medical equipment were not received since they were deducted at source to pay for medical equipment delivered. It is also important to note that the equitable share for the month of June was not released to all the Counties.

## **Revenue performance**

### **County Government Total Revenues FY 2019/2020 (Kshs.)**

The funds available for use in financial year 2019/20 was Ksh 7.513 billion comprising of equitable share, conditional grants, local revenue and unspent balances for financial year 2018/19. The variance between targeted revenue and actual revenue was Ksh 846 million which is mostly attributed to non-disbursement of equitable share for the month of June and partial disbursement of conditional grants.

### **Local Revenue**

Local revenue collections amounted to Kshs. 201.51 million against a target of Kshs. 200.92 million in the year under review. This illustrate that the county surpassed the target by Ksh 0.588 million. However, the local revenue decreased by 5 per cent from 21 million in FY2018/19 fiscal year to 201.51 million in the period under review. The analysis of revenue by sources indicates that the major sources of revenue for the financial year 2019/20 was Hospital/health centres which accounted for 44% of the total local revenue collected followed by Multinationals and Single business permits at 22% and 9% respectively. Embomos tea farm accounted for 7%, property rates 2%, cess collections 2%, markets and slaughter fees 3%, rental income 1%, parking charges 6% and others 2%.

Table 2 below gives a breakdown of actual own source revenue received from each revenue stream.

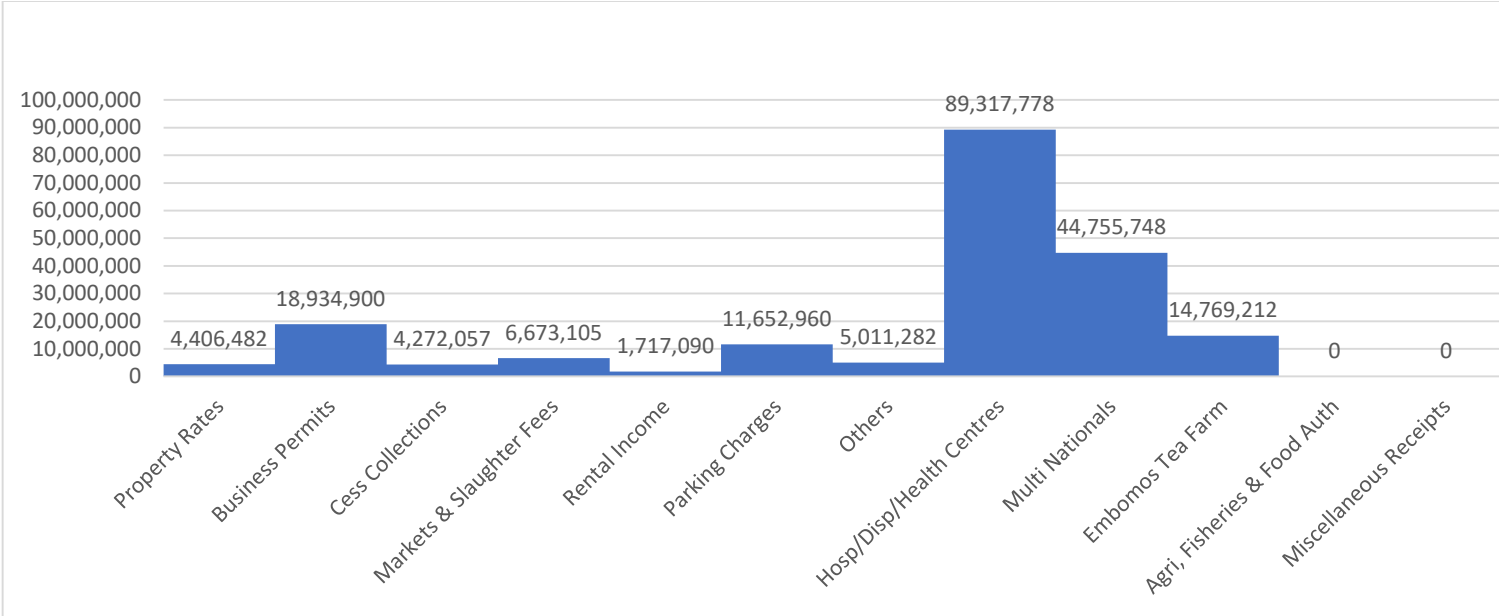
**Table 2: County Own Revenues**

		2018/2019	2018/2019	2019/2020	2019/2020	2019/2020	2019/2020		% of
	Revenue Sources	Actual	Target	Actual	Target	Deviation	% Deviation	% Growth	total revenue
1	Property Rates	2,586,394	12,487,352	4,406,482	5,761,000	-1,354,518	-24%	70%	2%
2	Business Permits	38,759,435	40,948,583	18,934,900	27,439,417	-8,504,517	-31%	-51%	9%
3	Cess Collections	3,228,470	5,045,828	4,272,057	4,600,000	-327,943	-7%	32%	2%
4	Markets & Slaughter Fees	9,564,165	18,133,433	6,673,105	9,700,000	-3,026,895	-31%	-30%	3%
5	Rental Income	1,374,800	3,665,623	1,717,090	2,150,000	-432,910	-20%	25%	1%
6	Parking Charges	9,883,440	15,064,803	11,652,960	11,687,500	-34,540	0%	18%	6%
7	Others	10,504,536	10,008,264	5,011,282	4,319,980	691,302	16%	-52%	2%
8	Hosp/Disp /Health Centres	73,845,157	73,700,150	89,317,778	69,899,690	19,418,088	28%	21%	44%
10	Multi Nationals	43,617,939	35,584,929	44,755,748	46,233,400	-1,477,652	-3%	3%	22%
11	Embomos Tea Farm	18,348,308	23,452,930	14,769,212	19,131,290	-4,362,078	-23%	-20%	7%
12	Agri, Fisheries & Food Authority	0	0	0	0	0	0%	0%	0%
13	Miscellaneous Receipts	0	6,908,106	0	0	0	0%	0%	0%
	<b>TOTALS</b>	<b>211,712,644</b>	<b>245,000,000</b>	<b>201,510,614</b>	<b>200,922,277</b>	<b>588,337</b>	<b>0%</b>	<b>-5%</b>	<b>100%</b>

Table 2 shows that the most revenue streams underperformed as compared to the financial year 2018/2019 and this could be attributed to the COVID 19 pandemic which resulted in most businesses being closed down. The revenue streams which performed poorly compared to the

financial year 2018/2019 include; business permits, markets and slaughter fees, Embomos Tea farm and others. However, some of the revenue streams exceeded the revenue target for the financial year 2019/2020.

**Figure II: Local Revenue Performance by Stream (Kshs.)**



**Expenditure Performances**

The total spending in the financial year 2019/20 amounted to Ksh 6,252,596,853 against a target of Ksh 7,512,699,158 indicating a performance of 83%. Recurrent expenditure recorded the highest absorption rate of 92% against the budget while development expenditure recorded an absorption rate of 67% against the budget for development.

Further analysis of expenditure in term of economic classification indicates that salaries and wages consumed a huge part of the expenditure for the period at 42% of the total expenditure. Operations and Maintenance accounted for 30% of the period expenditure while development expenditure accounted for 28% of the actual expenditure for the period. Table 4: below illustrate 2019/20 county expenditure by economic classification.



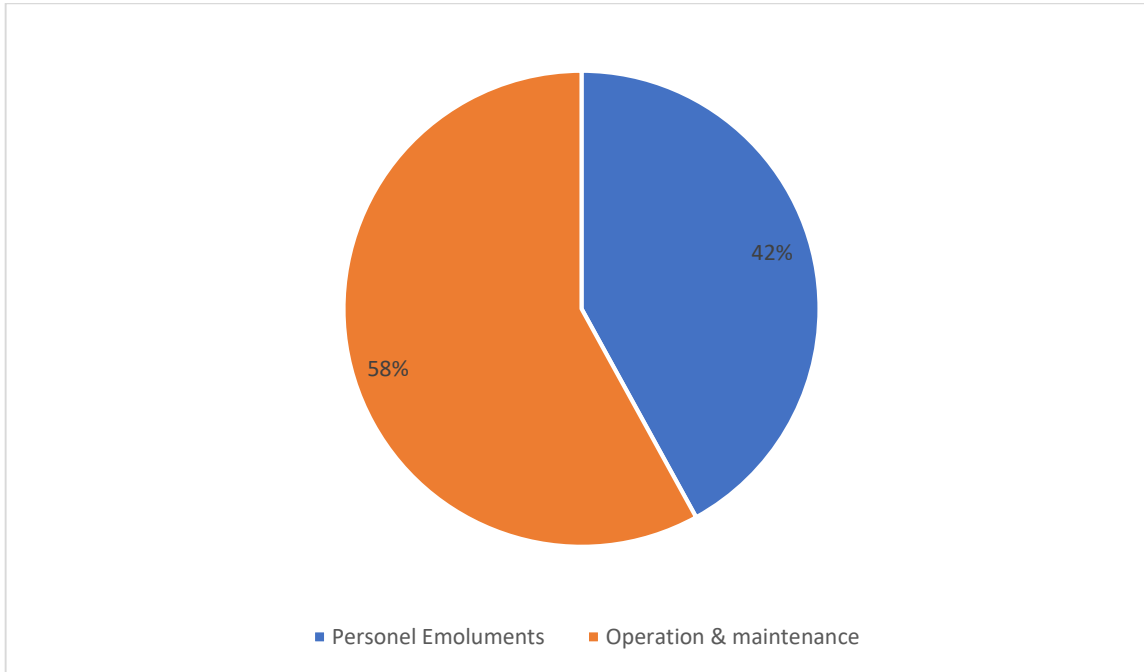
**Table 4: Expenditure performance by Economic Classification**

Expenditure	FY 2018/2019 (Baseline)		FY 2019/2020		Variance (Kshs)	Variance (%)	Budget Execu tion Rate	% Gro wth	PERC ENT OF TOTA L EXPN D.
	Actual	Target	Actual	Target					
<b>Recurrent Expenditure</b>									
Salaries and Wages	2,612,177,904	2,863,945,708	2,636,577,702	2,715,038,525	(78,460,823)	-3%	97%	1%	42%
Operations and Maintenance	2,346,383,108	2,348,838,478	1,868,584,752	2,173,672,176	(305,087,425)	-14%	86%	-20%	30%
<b>Sub Total</b>	<b>4,958,561,012</b>	<b>5,212,784,186</b>	<b>4,505,162,454</b>	<b>4,888,710,701</b>	<b>(383,548,247)</b>	<b>-8%</b>	<b>92%</b>	<b>-9%</b>	<b>72%</b>
Development Expenditure	2,055,965,880	2,947,815,828	1,747,434,400	2,623,988,457	(876,554,057)	-33%	67%	-15%	28%
<b>Total Expenditure</b>	<b>7,014,526,892</b>	<b>8,160,600,014</b>	<b>6,252,596,853</b>	<b>7,512,699,158</b>	<b>(1,260,102,305)</b>	<b>-17%</b>	<b>83%</b>	<b>-11%</b>	<b>100%</b>

Compared to the previous financial year Operations and Maintenance decreased with the highest margin of -20 % from 2.35 billion in 2018/19 to 1.87 billion in the year under review.

The Development expenditure decreased by -15% while compensation to employees had the most growth of only 1%. Additionally, as reflected in Figure III below, compensation to employees was the highest proportion of all recurrent expenditures (58%) while Operations and Maintenance accounted for only 42% of total recurrent expenditures.

**Figure III: Composition of Recurrent Expenses (Kshs)**



The categorization of spending by departments as illustrated by table 5 below indicates that all the departments except ICT, Urban, Housing and urban planning and Economic planning departments recorded more than 80% budget absorption rate. Economic planning department recorded a low absorption rate due to late disbursement of the donor funds. The County Executive Unit had the highest absorption rate with 99%.

**Table 5: Departments' Expenditure Performance for Period ending 30th June 2020 (Kshs.)**

SECTOR	Approved Budget 2019/2020	Second Supplementary FY	EXPENDITURE FY 2019/2020	Variance	% Variance	% Budget Execution
<b>COUNTY EXECUTIVES</b>	<b>1,971,971,227</b>		<b>1,947,753,598</b>	<b>24,217,629</b>	<b>1%</b>	<b>99%</b>
Personal emoluments	1,739,638,552		1,735,290,767	4,347,785	0%	100%
Operation & maintenance	232,332,675		212,462,832	19,869,843	9%	91%
<b>PUBLIC SERVICE BOARD</b>	<b>17,822,270</b>		<b>14,079,205</b>	<b>3,743,065</b>	<b>21%</b>	<b>79%</b>

Operation & maintenance	17,822,270	14,079,205	3,743,065	21%	79%
<b>ADMINISTRATION</b>	<b>125,362,703</b>	<b>85,966,807</b>	<b>39,395,896</b>	<b>31%</b>	<b>69%</b>
Operation & maintenance	57,752,703	45,690,176	12,062,528	21%	79%
Development	67,610,000	40,276,632	27,333,368	40%	60%
<b>ICT</b>	<b>42,745,650</b>	<b>22,121,091</b>	<b>20,624,559</b>	<b>48%</b>	<b>52%</b>
Operation & maintenance	24,245,650	20,733,128	3,512,522	14%	86%
Development	18,500,000	1,387,963	17,112,037	92%	8%
<b>FINANCE</b>	<b>305,203,543</b>	<b>278,514,673</b>	<b>26,688,871</b>	<b>9%</b>	<b>91%</b>
Operation & maintenance	157,096,682	145,944,147	11,152,535	7%	93%
Development	148,106,861	132,570,526	15,536,335	10%	90%
<b>ECONOMIC PLANNING</b>	<b>101,960,211</b>	<b>60,720,221</b>	<b>41,239,990</b>	<b>40%</b>	<b>60%</b>
Operation & maintenance	101,960,211	60,720,221	41,239,990	40%	60%
<b>LANDS,HOUSING AND URBAN PLANNING</b>	<b>315,220,783</b>	<b>100,128,085</b>	<b>215,092,698</b>	<b>68%</b>	<b>32%</b>
Operation & maintenance	71,890,085	66,975,547	4,914,538	7%	93%
Development	243,330,698	33,152,537	210,178,161	86%	14%
<b>YOUTH, SPORTS, GENDER AND CULTURE</b>	<b>129,580,430</b>	<b>112,897,204</b>	<b>16,683,226</b>	<b>13%</b>	<b>87%</b>
Operation & maintenance	91,280,430	85,055,409	6,225,021	7%	93%
Development	38,300,000	27,841,795	10,458,205	27%	73%
<b>MEDICAL SERVICES &amp; PUBLIC HEALTH</b>	<b>1,582,004,357</b>	<b>1,241,664,056</b>	<b>340,340,301</b>	<b>22%</b>	<b>78%</b>
Personal emoluments	689,200,000	615,100,087	74,099,913	11%	89%
Operation & maintenance	675,185,271	594,481,836	80,703,436	12%	88%
Development	217,619,086	32,082,134	185,536,952	85%	15%
<b>EDUCATION AND VOCATIONAL TRAINING</b>	<b>274,419,988</b>	<b>186,140,407</b>	<b>88,279,581</b>	<b>32%</b>	<b>68%</b>
Operation & maintenance	132,462,609	103,701,387	28,761,222	22%	78%
Development	141,957,379	82,439,020	59,518,359	42%	58%
<b>WATER SANITATION AND ENVIRONMENT</b>	<b>534,422,471</b>	<b>372,115,650</b>	<b>162,306,821</b>	<b>30%</b>	<b>70%</b>
Operation & maintenance	119,597,389	99,205,265	20,392,124	17%	83%
Development	414,825,082	272,910,385	141,914,697	34%	66%

<b>TRADE, ENERGY, TOURISM, INDUSTRY AND INVESTMENT</b>	<b>154,145,761</b>	<b>118,397,369</b>	<b>35,748,392</b>	<b>23%</b>	<b>77%</b>
Operation & maintenance	25,259,403	21,471,810	3,787,593	15%	85%
Development	128,886,358	96,925,559	31,960,799	25%	75%
<b>AGRICULTURE COOPERATIVES AND MARKETING</b>	<b>394,842,342</b>	<b>315,700,869</b>	<b>79,141,473</b>	<b>20%</b>	<b>80%</b>
Operation & maintenance	64,537,662	49,322,853	15,214,809	24%	76%
Development	330,304,680	266,378,015	63,926,665	19%	81%
<b>ROADS, PUBLIC WORKS &amp; TRANSPORT</b>	<b>855,390,443</b>	<b>688,922,264</b>	<b>166,468,179</b>	<b>19%</b>	<b>81%</b>
Operation & maintenance	60,842,130	47,443,309	13,398,821	22%	78%
Development	794,548,313	641,478,956	153,069,357	19%	81%
<b>EXECUTIVE TOTAL</b>	<b>6,805,092,180</b>	<b>5,545,121,498</b>	<b>1,259,970,682</b>	<b>19%</b>	<b>81%</b>
<b>COUNTY ASSEMBLY</b>	<b>707,606,978</b>	<b>707,475,355</b>	<b>131,623</b>	<b>0%</b>	<b>100%</b>
Personal emoluments	286,199,973	286,186,849	13,124	0%	100%
Operation & maintenance	301,407,005	301,297,628	109,377	0%	100%
Development	120,000,000	119,990,878	9,122	0%	100%
<b>COUNTY TOTAL</b>	<b>7,512,699,158</b>	<b>6,252,596,853</b>	<b>1,260,102,305</b>	<b>17%</b>	<b>83%</b>
<b>Personal emoluments</b>	<b>2,715,038,525</b>	<b>2,636,577,702</b>	<b>78,460,823</b>	<b>3%</b>	<b>97%</b>
<b>Operation &amp; maintenance</b>	<b>2,173,672,176</b>	<b>1,868,584,752</b>	<b>305,087,425</b>	<b>14%</b>	<b>86%</b>
<b>Development</b>	<b>2,623,988,457</b>	<b>1,747,434,400</b>	<b>876,554,057</b>	<b>33%</b>	<b>67%</b>

Development expenditure had the highest deviation from the planned performance with a variance of 0.88 billion. This may be attributed to Covid-19 Pandemic, cash-flow constraint and lengthy procurement process that lead to delays in implementation of development. Personnel emoluments was below target by 0.078 billion (3 per cent) while Operations and Maintenance had a variance of 0.305 billion (14%) against target.

### **C. Fiscal Performance for FY 2019/2020 in Relation to Fiscal Responsibility Principles and Financial Objective**

The fiscal performance achieved in financial year 2019/20 has implication on financial objectives set out in 2020 county fiscal strategy paper (CFSP) and approved budget for FY 2020/21 in the following ways:

The performance in local revenue against target in FY 2019/20 was 102%. This illustrate that the economic assumption underpinning the 2020/21 budget and over the medium term may need to be modified to reflect a realistic revenue projection i.e. a maximum growth of 10% on actual revenue collected. Cash flow projections remain unrealistic due to unsystematic transfer of funds from the National treasury thereby affecting implementation of development projects and majority end up as pending bills. In the financial year 2020/21 the County anticipates to collect Kshs. 275.9 million as local revenues.

The compensation to employees accounted for 36% which is above the fiscal responsibility set limit as outlined in the PFM County Regulations 2015. Over the medium-term sufficient checks should be put in place to ensure that the county wage bill does not exceed 35% of the total budget. This will ensure that more funds are allocated to development programmes. The county treasury will continue to improve capacity across all departments to further improve absorption of development budget which is still low compared to the absorption of the recurrent budget in the FY2018/19. The fiscal performance in FY 2019/20 in both development and recurrent vote across all county department will inform the county treasury in making expenditure projections for the FY 2021/2022 and over the medium term.

#### **Continuing in Fiscal Discipline and Responsibility Principles**

During the year under review the county government allocated 35% towards development expenditure thereby exceeding the minimum 30% requirement set out in the PFM Act 2012. There was a decrease in execution of development budget where 67% of the revised budget (1.747 billion) was absorbed in FY 2019/20 compared to 70% (2.055 billion) absorbed in FY 2018/19. This illustrates decline across all departments in their implementation of development projects due to Covid-19 Pandemic.

The total wage bill (salaries and wages) with an allocation of 36% in 2019/20 financial year is above the recommended ratio of 35% as set out in the PFM Act 2012. However, Over the medium-term,

County Government has put in place measures to have salaries and wages fall within the recommended ratio of 35% so as to free additional resources towards development spending.

## **D. Macroeconomic Outlook and Policies**

### **Global Outlook**

Global growth is projected at 4.9 percent in 2020, 1.9 percentage points below the April 2020 World Economic Outlook (WEO) forecast. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021 global growth is projected at 5.4 percent. Overall, this would leave 2021 GDP some 6½ percentage points lower than in the pre-COVID-19 projections of January 2020. The adverse impact on low-income households is particularly acute, imperiling the significant progress made in reducing extreme poverty in the world since the 1990s.

As with the April 2020 WEO projections, there is a higher-than-usual degree of uncertainty around this forecast. The baseline projection rests on key assumptions about the fallout from the pandemic. In economies with declining infection rates, the slower recovery path in the updated forecast reflects persistent social distancing into the second half of 2020; greater scarring (damage to supply potential) from the larger-than-anticipated hit to activity during the lockdown in the first and second quarters of 2020; and a hit to productivity as surviving businesses ramp up necessary workplace safety and hygiene practices. For economies struggling to control infection rates, a lengthier lockdown will inflict an additional toll on activity. Moreover, the forecast assumes that financial conditions—which have eased following the release of the April 2020 WEO—will remain broadly at current levels. Alternative outcomes to those in the baseline are clearly possible, and not just because of how the pandemic is evolving. The extent of the recent rebound in financial market sentiment appears disconnected from shifts in underlying economic prospects—as the June 2020 Global Financial Stability Report (GFSR) Update discusses—raising the possibility that financial conditions may tighten more than assumed in the baseline.

All countries—including those that have seemingly passed peaks in infections—should ensure that their health care systems are adequately resourced. The international community must vastly step

up its support of national initiatives, including through financial assistance to countries with limited health care capacity and channeling of funding for vaccine production as trials advance, so that adequate, affordable doses are quickly available to all countries. Where lockdowns are required, economic policy should continue to cushion household income losses with sizable, well-targeted measures as well as provide support to firms suffering the consequences of mandated restrictions on activity. Where economies are reopening, targeted support should be gradually unwound as the recovery gets underway, and policies should provide stimulus to lift demand and ease and incentivize the reallocation of resources away from sectors likely to emerge persistently smaller after the pandemic.

Strong multilateral cooperation remains essential on multiple fronts. Liquidity assistance is urgently needed for countries confronting health crises and external funding shortfalls, including through debt relief and financing through the global financial safety net. Beyond the pandemic, policymakers must cooperate to resolve trade and technology tensions that endanger an eventual recovery from the COVID-19 crisis. Furthermore, building on the record drop in greenhouse gas emissions during the pandemic, policymakers should both implement their climate change mitigation commitments and work together to scale up equitably designed carbon taxation or equivalent schemes. The global community must act now to avoid a repeat of this catastrophe by building global stockpiles of essential supplies and protective equipment, funding research and supporting public health systems, and putting in place effective modalities for delivering relief to the neediest.

### **Domestic Economic Outlook**

In 2019, Kenya's economic growth averaged 5.7%, placing Kenya as one of the fastest growing economies in Sub-Saharan Africa. The recent economic expansion has been boosted by a stable macroeconomic environment, positive investor confidence and a resilient services sector.

Kenya's economy is being hit hard through supply and demand shocks on external and domestic fronts, interrupting its recent broad-based growth path. Apart from the COVID-19 (coronavirus) pandemic, the locust attack which started early 2020, has affected many parts of Kenya especially the North East. It has had a negative impact on the food security and growth of the agriculture sector in the country. Real gross domestic product (GDP) growth is projected to decelerate from an annual average of 5.7% (2015-2019) to 1.5% in 2020. However, if it takes longer than expected to bring the COVID-19 pandemic under control, GDP could contract by 1.0% in 2020, and see a delay in the projected recovery to 5.2% growth in 2021. The downside risks include a protracted global

recession undermining Kenya's export, tourism and remittance inflows, further tightening of COVID-19 health response measures that disrupt the domestic economic activity, fiscal slippages and weather-related shocks.

World Bank support to Kenya's pandemic response includes emergency funding to strengthen medical services and reduce the spread of the virus, as well as budget support to help close the fiscal financing gap while supporting reforms that help advance the government's inclusive growth agenda.

In addition to aligning the country's long-term development agenda to Vision 2030, the President outlined the "Big Four" development priority areas for his final term as President prioritizing manufacturing, universal healthcare, affordable housing and food security.

Interventions and increased spending on health and education are paying dividends. While the healthcare system has faced challenges recently, devolved health care and free maternal health care at all public health facilities will improve health care outcomes and develop a more equitable health care system.

Kenya has the potential to be one of Africa's success stories from its growing youthful population, a dynamic private sector, highly skilled workforce, improved infrastructure, a new constitution, and its pivotal role in East Africa. Addressing the challenges of poverty, inequality, governance, the skills gap between market requirements and the education curriculum, climate change, low investment and low firm productivity to achieve rapid, sustained growth rates that will transform lives of ordinary citizens, will be a major goal for Kenya.

### **Risks to the Domestic Economic outlook**

Risks continue due to the rising uncertainties in the global market due to the Coronavirus outbreak, which has seen the disruption of global supply chains. 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. The shortage of imports from China for instance, which accounts for an estimated 21.0% of the country's imports, is likely to cause local importers to look for alternative import markets, which may be more expensive and as such higher demand for the dollar from merchandise importers, and, subdued diaspora remittances growth following the close of the 10.0% tax amnesty



window in July 2019. It also foresees reduced diaspora remittances, owing to the decline in economic activities globally hence a reduction in disposable incomes. This coupled with increased prices of household items abroad might see a reduction in money expatriated into the country.

Volatility in the foreign exchange market driven by uncertainties concerning the impact of COVID-19 as evidenced by the recent downward trend of the shilling and therefore, Economic growth, which is expected to decline from a baseline estimate of 6.4% to 3.4% as per the Central Bank of Kenya, attributable to reduced demand by Kenya's main trading partners, disruptions of supply chains and domestic production caused by COVID-19 pandemic.

On the domestic front risks will emanate from weaker external demand, reduced tourist arrivals due the Covid-19 fears and restrictions and further restrictions of movement should they become necessary to control the surge in infections. In addition, the economy will continue to be exposed to risks arising from public expenditure pressures, particularly wage related recurrent expenditures and the erratic weather related shocks that could have negative impact on energy generation and agricultural output leading to higher inflation that could slow down growth.

The main risks to the foreign exchange market in 2020 relate to continued uncertainties occasioned by the Covid-19 pandemic. Nevertheless, the official foreign exchange reserves, at 5.9 months of import cover in June 2020, will continue to provide an adequate buffer against short term shocks in the foreign exchange market. The Government is continually monitoring these risks and taking appropriate monetary and fiscal policy measures to preserve macroeconomic stability and strengthen resilience in the economy. To cushion the country against the downsides of the risks emanating from the Covid19 pandemic, the Government is implementing an 8-point Economic Stimulus Package to Draft 2020 Budget Review and Outlook Paper to protect lives and livelihoods. The Government is also planning a Post Covid-19 Economic Recovery Strategy to return the economy on a stable growth path. Additionally, the diversified nature of our economy continues to offer resilience to any global challenges. On risks emanating from domestic sources, the Government has laid foundations to enhance faster and lasting growth through the "Big Four" Plan, which will unlock better growth, and positively impact on the lives of people through jobs creation and poverty reduction. As such, the Government is expanding irrigation schemes to reduce dependence on rain-fed agriculture, diversifying exports and promoting value addition in agriculture. Further, the Government is accelerating infrastructure development to support manufacturing and expand intra-regional trade by deliberately targeting new markets for our products. Finally, the ongoing enhanced domestic resource mobilization and expenditure rationalization will significantly reduce

wage related pressures and reduce debt accumulation thus creating fiscal space necessary for economic sustainability

### **III. RECENT ECONOMIC DEVELOPMENTS AND FISCAL OUTLOOK**

The County performance is dependent on the National economic performance as well as formulation and implementation of prudent policies by the County Government.

#### **A. Recent Economic Developments**

##### **Real Sector Developments**

The 2020/21 Budget is prepared against the background of a weakening global economy; Growth projected to slowdown from 3.6% in 2018 to 3.2% in 2019. Kenya's economic growth has remained strong and resilient supported by strong public and private sector investment and appropriate economic and financial policies. Growth is projected at 6.0% in 2019. The broad-based economic growth has averaged 5.7% for the period (2013 to 2018) outperforming the average growth rate of 4.7% in (2008 to 2012). Growth recovered in 2018 and grew by 6.3% up from 4.9% in 2017.

Agriculture sector grew by 5.3% and the non-Agriculture growth was 5.7 percent in Q1 of 2019. Increased economic growth has resulted in improved per capita income and job creation.

The value of goods and services produced raised Per Capita Income from Ksh 113,539 in 2013 to Ksh 186,297 in 2018, a 64.1% increase. The economy generated 840,000 new jobs per year in the period 2013- 2018 up from 656,500 new jobs per year in the period 2008-2012.

Inflation has largely been low, stable and within government target range of 5+/-2.5% in the period 2013 to 2019, as a result of prudent monetary and fiscal policies.

Year on year Inflation declined from 6.3% in July to 5.0 in August 2019 on account of decline in prices of potatoes, cabbages and carrots following favourable weather condition throughout the month.

The MPC retained CBR at 9.0% in July 2019 as inflation expectations remained well anchored within the target range. The interbank rate dropped to 3.6% in August 2019 from 6.5% in August 2018. The 91-day Treasury bill rate also declined to 6.4% in August 2019 compared to 7.6 % over the same period in 2018. Credit extension to the private sector remains low but is gradually picking up.

The current account deficit narrowed to 3.8% of GDP in June 2019, from 5.4% in June 2018. The current account deficit is expected at 4.5 percent of GDP in 2019 from 5.0 percent in 2018.

The Kenya Shilling is expected to be stable in 2019 on account of a narrower current account deficit and resilient foreign exchange inflows. The stability reflected strong inflows from tea and horticulture exports, diaspora remittances and tourism receipts.

For three consecutive years (2016, 2017 and 2018), Kenya emerged at position three in the ease of doing business in sub-Saharan Africa and among the top ten most reformed countries in the world. Improving business environment will continue to attract investors into the country. Today, Kenya is a top investment destination in the world.

The National Government last mile connectivity programme in the energy sector with the aim of ensuring that all remote regions are connected to the National grid. Going forward this initiative is expected to stimulate business activities in the rural parts of Bomet County.

The department of Lands, Physical Planning and Housing is preparing a County Spatial Plan which is expected to identify opportunities that will translate to investments and job creation thus leading to improved livelihoods. In this regard the completion of a new valuation roll in the current MTEF period is expected to have a direct impact on land-based revenue sources such as land rates.

The County health services was further boosted by the supply and installation of the modern dialysis specialised machine and cancer screening equipment to Longisa Level 4 hospital.

Further, the department of Lands, Physical Planning and Housing, has improved the sewerage systems which were in deplorable conditions in a bid to promote healthy environment. This alongside other sanitation initiatives have great help in mitigating the possible communicable disease such as cholera in the period under review.

### **Inflation Rate**

In July 2020, the inflation rate in Kenya fell to 4.36 percent, the lowest level of consumer prices registered in the year. Also, the indicator dropped substantially in comparison to the same month of 2019, when it was measured at 6.27 percent. The decrease was related to lower prices of food and alcoholic beverages, as well as reductions in the cost of housing rent. Favourable weather, besides tax relief measures to contain the economic impact of COVID-19, contributed to lower prices of most food items. Kenya continues to battle the effects of the Covid-19 pandemic that has led to tough economic times, the inflation has not skyrocketed and it resulted to various reasons to explain why there is a drop in the Kenya's inflation rate;

Food supplies have remained generally stable, while increased job cuts has meant that the spending power has substantially gone down. A combination of these two has ensured that Kenya's inflation rate remained tepid. The classic definition of inflation as "too much money chasing too few goods" has been somewhat managed by this combination of factors.

The manufacturing sector has been hardest hit, with reduced production and massive layoffs characterizing the sector. So has agriculture – a key driver of inflationary pressures since food remains the biggest item in the basket of goods used to measure inflation. The Transport sector has not been spared.

There are a couple of food items that have contributed to pushing Kenya's inflation rate over the last couple of months, including tomatoes whose price went up 24.5 percent from last year, maize flour by 26.2 percent and onions by 18.2 percent. Their individual weighting has meant that they have impacted on the overall inflation rate.

Fears that the stimulus package – including Kazi Mtaani – would be inflationary as money moves from government into citizens' hands has not come to pass.

People are hoarding the little money they may be having, arguing that nobody knows how long this crisis will last. It means they are therefore spending less and keeping inflation in check.

The fact that oil prices have come down by almost half of what they were last year was expected to boost the transport sector but this has come at the wrong time; the lock down ensured that oil consumption dropped dramatically, with fewer cars on the road as people remained indoors.

At the same time, high oil prices have traditionally been the source of inflation since it has a domino effect on the entire economy. Transport, retail and manufacturing to a large extent are driven by energy; the higher the price, the higher the impact on prices across these sectors. Looking ahead, and as economy return to normalcy, it is likely that Kenya's inflation rate may spike towards the end of the year, impacted largely by the slowdown in agricultural activities resulting in low harvests. Imported inflation is likely to rear its ugly head, as prices of imports go high on the back of a weakening shilling

## **Interest rates**

Short term interest remained fairly low and stable. Central Bank rate was retained at 7.0 percent on July 29<sup>th</sup> 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 bill 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.

## **Monetary Policy Outlook**

The main objective of monetary policy, over the medium terms, will be to maintain stable prices. Overall inflation is expected to remain within the target range in the short run, despite the disruptions occasioned by the COVID-19 pandemic. This will be supported by favorable weather conditions, lower international oil prices, muted demand pressures and the reduction of Value Added Tax (VAT) from 16 percent to 14 percent. The Central Bank of Kenya will continue to monitor developments in the money and foreign exchange market and take appropriate measures in the event of adverse shocks. Monetary policy stance unchanged in July despite a still-challenging economic backdrop due to Covid-19. The decision was supported by the Bank's view that "the package of policy measures implemented since March were having the intended effect on the economy and will be augmented by the implementation of the measures in the FY2020/21 Budget". Moreover, good weather conditions have boosted key agricultural output, boding well for the external sector, which coupled with resilient remittances inflows points to a quicker-than-expected economic recovery after the pandemic.

The Covid-19 pandemic calls for a drastic change in Kenya's economic policy this year and in future. The monetary policy interventions include lowering of Central Bank Rate (CBR) to seven per cent from 8.25 per cent).

Kenya's economic response seems to borrow from Keynesian economics, but with a little tweak. Instead of just increasing government expenditure, the government also wants to stimulate consumers to continue spending by increasing their disposable income.

The government's response is infused with tenets from Monetarist economics, championed by Milton Freidman. This school of thought maintains that money supply (the total amount of money in an economy) is the chief determinant of GDP in the short run and the price level in the long run. By lowering the CBR, the Central Bank of Kenya is essentially signaling commercial banks to lower their lending rates. This is intended to avail resources for spending by consumers and investments by businesses. The monetarists rely on quantity of money theory which opines that the nominal value of expenditures in an economy is a function of money supply and velocity (the rate at which money changes hands). The economic policy tools employed by the government seek to safeguard and stimulate the micro and macro economy during and after the Covid-19 pandemic.





## **IV. RESOURCE ALLOCATION FRAMEWORK**

### **A. Adjustments to the FY 2020/2021 MTEF Budget**

The Medium Term Fiscal Framework (MTEF) for the FY 2020/21 emphasizes on efficiency and effectiveness of public spending and improving revenue collection to stimulate and sustain economic activities, mitigate the adverse effect of Covid-19 Pandemic on the economy and re-position the economy on a steady and sustainable growth trajectory. This will ensure that the debt is maintained at the sustained level as well as continue fiscal discipline.

The underperformance in both revenue collection and expenditure in the FY2019/20 has implications on the financial objectives outlined in the CFSP 2020 and the 2020/21 Budget estimates. In particular, the baseline for projecting both the revenue and expenditures for the FY 2020/21 and Medium Term has changed given the outcome of FY 2019/20 and the first two months of FY2020/21.

Amendments are therefore expected on the following basis;

- i. The revenue projections have been revised taking into account revenue shortfall in FY 2019/20, revenue performance by end August 2020, prolonged effects of Covid-19 Pandemic on economic activities and the measures put in place to curb the spread.
- ii. Expenditures have been revised to accommodate weak revenue performance through budget reallocation and additional expenditure on productive areas of spending across the County.
- iii. Some projects executed in the 2019/20 fiscal year, and whose payment was expected to have been cleared in June 2020, were actually not paid due to the delay in exchequer releases from the National treasury which eventually gave rise to huge pending bills that needs to be cleared.

### **B. FY 2021/22 Budget Framework**

The Bomet County FY2021/22 Budget framework builds up on the County Government's efforts to mitigate the adverse impact of Covid-19 pandemic on the economy. This is in addition to expenditure rationalization and revenue enhancement measures that the County Government has been putting in place.

To protect the gains already made, the County will continue to emphasize on the review of portfolio of externally funded projects so as to re-alignment with the County Integrated Development Plan (CIDP) 2018-22 and reducing spending on those programmes which are not of high priority hence reducing the overall fiscal deficit. The fiscal deficit in the FY 2021/22 will be financed by doing resource mobilization with development partners.

### **C. Medium-Term Expenditure Framework (MTEF)**

The County will continue with its policy of prioritization with a view to achieving the transformative agenda as outlined in the County Integrated Development Plan (CIDP) 2018-22. The fiscal strategies contained in the planning and budgeting documents are as follows: Improved Agribusiness for all Households; Empowerment of Youth, Women and PWDs; ECDE support, Quality Education and development; Accessible Universal Healthcare; Improvement of Land and Urban Planning Services; Promotion of Water for Domestic and Irrigation Services; Transport and Infrastructure; Enhanced access to clean energy; Developing the ICT infrastructure(s) to ensure effective; Promotion of value addition for agricultural produce, food security and environmental conservation; Promotion of equitable social economic development for county stability; Enhancing governance, transparency and accountability in the delivery of public goods and service by promoting participation of the people in governance; Promoting equitable access to resources for local beneficiation; Creating an enabling environment for business and private sector participation in County Economic growth and development; Providing skilled, financial and technical human resource capacity and adequate policy development; Having an efficient and effective intergovernmental unit. All these are aimed at ensuring that inclusive socio-economic growth and development of the county is achieved.

Particular emphasis will be placed on: Ensuring development expenditures are scrutinized and aligned with “the Big Four”, Third Medium Term Planning (MTP) and the Governor’s manifesto as contained in the CIDP; Increasing efficiency, effectiveness and accountability of public spending; Containing the growth of recurrent expenditure in favour of development expenditure.

The allocation of resources in the 2021/22-2023/24 will be geared towards the actualization of core programmes and sub-programmes contained in the CIDP (2018-2022), as well as programmes in Sectoral strategic plans, the 2021/22 Annual Development Plan, and fiscal initiatives of the county government enumerated in the CFSP 2021.

The following criteria will serve as a guide for allocating resources:

- i. linkage of the programme to the CIDP 2018-2022 and other budget documents such as ADP 2021/22
- ii. Degree to which the programme is addressing the core mandate of each department/unit.
- iii. Expected outputs and outcomes from a programme.
- iv. Linkage of the programme with the objectives of MTP III of vision 2030.

Reflecting on the above, the County Government has developed the Medium-Term Expenditure Framework (MTEF).

## **E. Conclusion and way forward**

The fiscal outcome for FY 2019/20 does not affect the County objectives as laid out in the last County Fiscal Strategy Paper 2019 but has implication on the current budget because of the pending bills and the balance brought forward from the 2019/20 fiscal year. The FY 2021/22 and the medium term budget is being prepared against the backdrop of a slowdown in the growth of the global economy. The pandemic and the containment measures have not only disrupted of ways of lives and livelihoods, but to a greater extent business. Given the tight resource constraints amidst significant revenue shortfalls occasioned by the adverse effects of the Covid-19 Pandemic, the County will continue to ensure proper prioritization of public expenditures. All Sector Working Groups (SWGs) are required to adhere to the sector ceilings and the strict deadlines provided in this document in order to facilitate the finalization and appropriation of the FY2021/22 and the medium term budget. The resource envelope and ceilings for each sector provided in this County Budget Review and Outlook Paper (CBROP) will form inputs into the next County Fiscal Strategy Paper (CFSP)2021and the Budgetary estimates for 2021/22 fiscal year.

## Annex I: County Government total revenue projections for FY 2021/2022-2023/2024

	APPROVED BUDGET	CBROP CEILINGS	PROJECTIONS	
County Resource Envelope	FY2020/2021	FY2021/2022	FY2022/2023	FY2023/2024
<b>Equitable share +Local Revenue</b>	<b>5,783,022,277</b>	<b>6,994,614,505</b>	<b>7,192,243,455</b>	<b>7,499,965,151</b>
Equitable share	5,507,100,000	6,691,100,000	6,858,377,500	7,132,712,600
Local Revenue	275,922,277	303,514,505	333,865,955	367,252,551
<b>Balance C/F</b>	<b>409,110,277</b>	<b>327,288,222</b>	<b>261,830,577</b>	<b>209,464,462</b>
<b>Conditional Grants from National Government Revenue</b>	<b>361,373,349</b>	<b>384,308,556</b>	<b>409,537,285</b>	<b>437,288,885</b>
User fees Forgone	16,713,356	18,384,692	20,223,161	22,245,477
<b>Conditional Grant - Leasing of Medical Equipment</b>	<b>132,021,277</b>	<b>132,021,277</b>	<b>132,021,277</b>	<b>132,021,277</b>
Road Maintenance Fuel Levy	164,138,822	180,552,704	198,607,975	218,468,772
Conditional Allocation for development of youth Polytechnics	48,499,894	53,349,883	58,684,872	64,553,359
<b>Conditional allocations to County Governments from Loans and Grants from Development Partners</b>	<b>794,399,373</b>	<b>623,449,939</b>	<b>500,994,933</b>	<b>551,094,426</b>
World Bank Loan to for transforming health systems for universal care project	186,727,125	205,399,838	225,939,821	248,533,803
Kenya Urban Support Programme	168,000,000	168,000,000	0	0
KDSP (Level 1 & 2 Grant)	212,353,974	0	0	0
Nutritional International	10,000,000	11,000,000	12,100,000	13,310,000
HSSF Danida	15,660,000	17,226,000	18,948,600	20,843,460
IDA Kenya Climate Smart Programme (117,000,000+ 2018/2019 63,000,000)	182,000,000	200,200,000	220,220,000	242,242,000
Agriculture Sector Development Support Programme (ASDSP)	19,658,274	21,624,101	23,786,512	26,165,163
<b>TOTAL REVENUE</b>	<b>7,347,905,276</b>	<b>8,329,661,222</b>	<b>8,364,606,250</b>	<b>8,697,812,924</b>

## Annex II: Total Expenditure Provisional Sector Ceilings for the Period 2021/2022-2023/2024

SECTOR	Approved Budget	CBROP CEILINGS	PROJECTIONS	
	Estimates		FY2020/2021	FY2021/2022
<b>COUNTY EXECUTIVES</b>	<b>1,703,107,874</b>	<b>2,103,418,661</b>	<b>2,145,487,034</b>	<b>2,166,396,775</b>
Personal emoluments	1,517,380,000	1,899,118,000	1,937,100,360	1,955,842,367
Operation & maintenance	185,727,874	204,300,661	208,386,674	210,554,408
<b>PSB</b>	<b>48,534,200</b>	<b>53,387,620</b>	<b>54,455,372</b>	<b>55,544,480</b>
Operation & maintenance	48,534,200	53,387,620	54,455,372	55,544,480
<b>ADMINISTRATION</b>	<b>103,000,000</b>	<b>113,300,000</b>	<b>115,566,000</b>	<b>117,877,320</b>
Operation & maintenance	47,000,000	51,700,000	52,734,000	53,788,680
Development	56,000,000	61,600,000	62,832,000	64,088,640
<b>ICT</b>	<b>41,205,000</b>	<b>65,325,500</b>	<b>66,632,010</b>	<b>67,964,650</b>
Operation & maintenance	24,205,000	26,625,500	27,158,010	27,701,170
Development	17,000,000	38,700,000	39,474,000	40,263,480
<b>FINANCE</b>	<b>194,700,151</b>	<b>224,170,166</b>	<b>228,653,569</b>	<b>233,226,641</b>
Operation & maintenance	129,700,151	152,670,166	155,723,569	158,838,041
Development	65,000,000	71,500,000	72,930,000	74,388,600
<b>ECONOMIC PLANNING</b>	<b>285,034,798</b>	<b>119,448,906</b>	<b>121,837,884</b>	<b>124,274,642</b>
Operation & maintenance	117,680,824	119,448,906	121,837,884	124,274,642
Development	167,353,974			
<b>LANDS, HOUSING AND URBAN PLANNING</b>	<b>233,000,000</b>	<b>306,300,000</b>	<b>154,930,000</b>	<b>158,028,600</b>
Operation & maintenance	40,000,000	44,000,000	48,400,000	49,368,000
Development	193,000,000	262,300,000	106,530,000	108,660,600
<b>YOUTH, SPORTS, GENDER AND CULTURE</b>	<b>95,020,370</b>	<b>124,522,407</b>	<b>108,969,055</b>	<b>112,662,872</b>
Operation & maintenance	74,020,370	81,422,407	83,050,855	84,711,872
Development	21,000,000	43,100,000	25,918,200	27,951,000
<b>MEDICAL SERVICES &amp; PUBLIC HEALTH</b>	<b>1,920,602,392</b>	<b>2,162,717,421</b>	<b>2,227,661,564</b>	<b>2,333,144,636</b>

Personal emoluments	707,300,000	778,030,000	793,590,600	809,462,412
Operation & maintenance	933,546,222	1,056,955,634	1,069,742,933	1,091,137,791
Development	279,756,170	327,731,787	364,328,031	432,544,433
<b>EDUCATION AND VOCATIONAL TRAINING</b>	<b>294,270,144</b>	<b>343,697,158</b>	<b>370,571,102</b>	<b>427,982,524</b>
Operation & maintenance	151,470,250	166,617,275	189,949,621	193,748,613
Development	142,799,894	177,079,883	180,621,481	234,233,911
<b>WATER SANITATION AND ENVIRONMENT</b>	<b>476,432,407</b>	<b>524,075,648</b>	<b>534,557,161</b>	<b>595,248,304</b>
Operation & maintenance	104,250,000	114,675,000	116,968,500	119,307,870
Development	372,182,407	409,400,648	417,588,661	475,940,434
<b>AGRICULTURE LIVESTOCK AND FISHERIES</b>	<b>321,913,820</b>	<b>364,605,201</b>	<b>371,897,305</b>	<b>375,363,736</b>
Operation & maintenance	14,155,546	15,571,101	15,882,523	16,200,173
Development	307,758,274	349,034,100	356,014,782	359,163,563
<b>COOPERATIVES AND ENTERPRISE DEVELOPMENT</b>	<b>53,000,000</b>	<b>73,300,000</b>	<b>74,766,000</b>	<b>96,305,850</b>
Operation & maintenance	11,000,000	12,100,000	12,342,000	12,588,840
Development	42,000,000	61,200,000	62,424,000	83,717,010
<b>ROADS, PUBLIC WORKS &amp; TRANSPORT</b>	<b>729,062,594</b>	<b>801,968,854</b>	<b>838,008,241</b>	<b>914,907,630</b>
Operation & maintenance	66,882,125	73,570,338	75,041,755	76,542,590
Development	662,180,469	728,398,516	762,966,486	838,365,040
<b>TRADE, ENERGY, TOURISM, INDUSTRY AND INVESTMENT</b>	<b>77,700,000</b>	<b>100,970,000</b>	<b>107,989,400</b>	<b>112,407,220</b>
Operation & maintenance	20,700,000	22,770,000	28,225,400	31,047,940
Development	57,000,000	78,200,000	79,764,000	81,359,280
<b>EXECUTIVE TOTAL</b>	<b>6,576,583,750</b>	<b>7,481,207,542</b>	<b>7,521,981,698</b>	<b>7,891,335,880</b>
<b>COUNTY ASSEMBLY</b>	<b>771,321,526</b>	<b>848,453,679</b>	<b>842,624,553</b>	<b>806,477,044</b>
Personal emoluments	308,200,000	323,610,000	330,082,200	336,683,844

Operation & maintenance	323,121,526	355,433,679	362,542,353	369,793,200
Development	140,000,000	169,410,000	150,000,000	100,000,000
<b>COUNTY TOTAL</b>	<b>7,347,905,276</b>	<b>8,329,661,221</b>	<b>8,364,606,250</b>	<b>8,697,812,923</b>
<b>Personnel emoluments</b>	<b>2,532,880,000</b>	<b>3,000,758,000</b>	<b>3,060,773,160</b>	<b>3,101,988,623</b>
<b>Operation &amp; maintenance</b>	<b>2,280,994,088</b>	<b>2,539,148,287</b>	<b>2,610,099,448</b>	<b>2,662,559,469</b>
<b>Development</b>	<b>2,534,031,188</b>	<b>2,789,754,935</b>	<b>2,693,733,642</b>	<b>2,933,264,831</b>
<b>Personnel emoluments</b>	<b>34%</b>	<b>36%</b>	<b>37%</b>	<b>36%</b>
<b>Operation &amp; maintenance</b>	<b>31%</b>	<b>30%</b>	<b>31%</b>	<b>31%</b>
<b>Development</b>	<b>34%</b>	<b>33%</b>	<b>32%</b>	<b>34%</b>

### Annex III: Bomet County Budget Calendar for the FY 2020/2021

	ACTIVITY	RESPONSIBILITY	DEADLINE
<b>1</b>	<b>Performance Review and strategic planning</b>	<b>County Treasury</b>	July-Aug 2020
	1.1 Prepare Annual Development Plans	"	"
	1.2 Expenditure review	"	"
	1.3 Preparation of annual Work plans and procurement plans	"	
<b>2</b>	<b>Develop and issue MTEF guidelines</b>	<b>County Treasury</b>	30th August 2020
<b>3</b>	<b>Launch of sector Working Groups</b>	<b>County Treasury</b>	30th August 2020
<b>4</b>	<b>Annual Development Plan submitted to county assembly</b>	<b>Treasury</b>	1st September 2020
<b>5</b>	<b>Determination of Fiscal Framework.</b>	<b>Sector Working Groups</b>	15th Sept. 2020
	5.1 Estimation of Resource Envelope	<b>County Treasury</b>	"
	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)	"	20th Sept. 2020
	5.5 Submission and approval by cabinet	"	30th Sept. 2020
	5.6 Submission of CBROP TO County Assembly	"	21st Oct 2020
	5.7 Capacity building for MTEF Programme Based Budget	"	10th-14th October 2020
<b>6</b>	<b>Preparation of County Budget Proposals</b>	<b>SECTORS</b>	
	6.1 Draft Sector Report	Sector Working Group	1st Nov. 2020
	6.2 Submission of Sector Report to County Treasury	Sector Working Group	30th Nov. 2020
	6.3 Review of the Departmental budget proposals	Macro Working Group	11th-15th Jan. 2021
<b>7</b>	<b>The 2020/21 Supplementary Budget</b>		
	8.1 Develop and issue guidelines on the 2020/21 Revised Budget	County Treasury	Sept. 2020
	8.2 Submission of supplementary Budget proposals	Departments	Oct .2020
	8.3 Review of the supplementary Budget proposals	County Treasury	Oct .2020
	8.4 submission of supplementary budget proposals to cabinet	County Treasury	Oct .2020
	8.5 submission of supplementary Budget proposals to County Assembly	County Treasury	Oct .2020
<b>9</b>	<b>Draft County Fiscal Strategy paper(CFSP)</b>		



	<b>ACTIVITY</b>	<b>RESPONSIBILITY</b>	<b>DEADLINE</b>
	9.1 Draft CFSP	Sector Working Group	31st January. 2021
	9.2 Public Participation on CFSP	County Treasury	15th Feb 2021
	9.3 Submission of CFSP to cabinet for approval	County Treasury	20th Feb. 2021
	9.4 Submission of CFSP to County Assembly for approval.	County Treasury	28th Feb. 2021
	9.5 Submission of Debt management strategy to County Assembly for approval.	County Treasury	28th Feb. 2021
<b>10</b>	<b>Preparation and approval of final Departmental Programme Based Budgets</b>		
	10.1 Issue final guidelines on preparation of 2021/2022 County Budget.	County Treasury	15th March, 2021
	10.2 Submission of Budget proposals to Treasury	All sectors	23rd March. 2021
	10.3 Consolidation of the Draft Budget Estimates	County Treasury	10th April 2021
	10.4 Public Participation on Budget estimates	County Treasury	17th April 2021
	10.5 Submission of Draft Budget Estimates for County Government to County assembly	County Treasury	30th April 2021
	10.6 Review of Draft Budget Estimates by Departmental committee	County Assembly	22nd May 2021
	10.7 Report on the budget and appropriation committee Draft Budget Estimates from County Assembly	County Assembly	24th May 2021
	10.8 Preparation of annual cash flow	County Treasury	15th June 2021
	10.9 Resolution of county assembly on Estimates and approval	County Assembly	15th June 2021
	11.0 Submission of Appropriation Bill to County Assembly	County Treasury	20th June 2021
	11.1 Consideration and passage of Appropriation Bill	County Assembly	30th June 2021