



**NAROK COUNTY GOVERNMENT**

**FINANCE AND ECONOMIC PLANNING**

**MEDIUM TERM**

# **COUNTY FISCAL STRATEGY PAPER**

**NOVEMBER 2021**

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## FOREWORD

The 2022 County Fiscal Strategy Paper (CFSP) is prepared in an environment of global, regional, national, and county economic recovery expected in 2022 following a slump in 2020 and 2021 occasioned by the negative effects of the COVID-19 pandemic. The projected recovery bolstered by broader vaccinations programme is projected to bring an additional fiscal support to county revenue framework in FY 2022/2023. To further reinforce this growth outlook, this 2022 County Fiscal Strategy Paper outlines policy measures that will continue to stimulate resilient and sustainable economic socio-economic recovery in Narok County.

The 2022 CFSP is coming at a time when the CIDP 2018-2022 is being reviewed at half term. It is also prepared against a background of expected global recovery after a slump in 2020 occasioned by the negative effects of the COVID-19 pandemic. The global economy is projected to grow by 5.9 percent in 2021, from a contraction of 3.1 percent in 2020. The projected recovery in advanced economies reflects the anticipated additional fiscal support in the second half of 2021 and broader vaccinations coverage across the group. Kenya's economy is projected to rebound to 6.0 percent in 2021 from the contraction of 0.3 percent in 2020.

The policy paper is to guide the preparation of budget estimates for implementing policy goals, priority programs and fiscal framework for FY 2022/23 and the medium term period. As a result, the policy goals, priority programs and fiscal framework in this CFSP are revised to reflect emerging realities and priorities for promotion of growth and development in the county

The 2022 CFSP also analyses the global, regional, national and county finance and economic trends. The trends are applied to inform policy direction, actions and strategies which will be used to inform the budget preparation for F/Y 2022/23. The policy paper re-emphasizes the county's administration commitment on achieving the county's vision of becoming "the premier county of choice in diversity and opportunities for prosperity." This will be actualized by focussing on six thematic areas namely: (i) Economic Empowerment; (ii) Tourism Development and Promotion; (iii) Social Development; (iv)

Water Resources Management; (v) Industrial Development and Physical Planning and (vi) Economic Enablers.

To achieve the policy intents in this 2022 CFSP, the county will continue adhering to the fiscal responsibilities of ensuring recurrent expenditure doesn't exceed the county government's total revenue and that a minimum of thirty percent of the county governments' budget is allocated to the development. This will ensure that sustainable inclusive growth is attained in FY 2022/23 and in the medium term period. Recurrent expenditure has been structured to continue decreasing over time as capital expenditure increases in the relative terms. To finance expenditures set out in this paper, the county will continue to maximize revenue collection by strengthening and reforming the revenue collection system already in place and through structural reforms.

This paper is prepared in accordance with the provisions set out in section 117 of PFM Act 2012 and is aligned with the national objectives contained in the Budget Policy Statement (2022 BPS). The sectoral ceilings are set on the basis of reviewed expenditures in FY 2020/21, the first quarter of F/Y 2021/22, priorities in sector reports, ADP for FY 2022/23 and priorities in the reviewed CIDP 2018-2022. The proposals contained in this paper have benefited from wide consultations in accordance with the principle of openness and inclusivity.

**HON. JULIUS M. T. SASAI**  
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## **ACKNOWLEDGEMENT**

The preparation of this policy paper was a collaborative effort among various departments of the County Government of Narok. We are grateful for their inputs. We thank all the sector working groups for participation in various forums and for providing timely information necessary in the finalization of this policy document in addition to comments from several other stakeholders. The 2022 Budget Policy Statement (BPS) from the national treasury was a useful reference document on key issues and policy direction.

As we finalize County budget for FY 2022/2023 and the medium term, I wish to emphasize that resources are limited while at the same time, the County is confronted with significant expenditure demands including financing the Narok County COVID-19 Social Economic Re-Engineering Recovery Strategy 2020/21-2022/23. This calls for proper prioritization to ensure that we focus on critical expenditures with the highest positive impact on the well-being of Narok Citizens. For this reason, the County will continue to prudently manage the use of public resources over the 2022/23-2024/25 Medium Term Expenditure Framework (MTEF).

We also acknowledge that the successful completion of this 2022 CFSP was made possible due to the leadership provided by the county executive member for Finance and Economic Planning Hon. Julius Sasai. His advice, direction and facilitation in carrying out the exercise is much appreciated.

A core team in Finance and Economic Planning spent substantial amount of time putting this document together. The technical team members worked tirelessly to ensure that this document was produced in time and is of high quality. Our many thanks also goes to the entire staff of the County Finance and Economic Planning department for their dedication, sacrifice, commitment and assistance during this process. We sincerely appreciate them.

**SIMON PETER KURRARU**  
**CHIEF OFFICER FOR FINANCE AND ECONOMIC PLANNING**

**NAROK COUNTY GOVERNMENT**

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## **ABBREVIATIONS AND ACRONYMS**

<b>ADP</b>	Annual Development Plan
<b>ASDSP</b>	Agricultural Sector Development Support Programme
<b>BPS</b>	Budget Policy Statement
<b>BROP</b>	Budget Review and Outlook Paper
<b>CFSP</b>	County Fiscal Strategy Paper
<b>CIDP</b>	County Integrated Development Plan
<b>CRA</b>	Commission on Revenue Allocation
<b>GCP</b>	Gross County Product
<b>GDP</b>	Gross Domestic Product
<b>ECDE</b>	Early Childhood Development Education
<b>FY</b>	Financial Year
<b>HIV</b>	Human Immune-Deficiency Virus
<b>ICT</b>	Information and Communication Technology
<b>IFMIS</b>	Integrated Financial Management Information Systems
<b>IGFR</b>	Intergovernmental Fiscal Relations
<b>KDSP</b>	Kenya Devolution Support Program
<b>KIPPRA</b>	Kenya Institute for Public Policy Research Analysis
<b>KNBS</b>	Kenya National Bureau of Statistics
<b>KRB</b>	Kenya Roads Board
<b>RMNCAH</b>	Reproductive, Maternal, New-borne Child and Adolescent Health
<b>MTEF</b>	Medium Term Expenditure Framework
<b>MTP</b>	Medium-Term Plan
<b>NARIGP</b>	National Agriculture and Rural Inclusive Growth Project
<b>OSR</b>	Own-Source Revenue
<b>PFM</b>	Public Financial Management
<b>PPP</b>	Public Private Partnership
<b>RMLF</b>	Road Maintenance Fuel Levy Fund
<b>SMEs</b>	Small and Micro Enterprises
<b>SWG</b>	Sector Working Groups
<b>UHC</b>	Universal Health Coverage

## **Legal Basis for the Publication of Narok County Fiscal Strategy Paper**

Narok County Fiscal Strategy Paper (CFSP 2022) is prepared in accordance with Section 117 (1) of the Public Financial Management Act, 2012. The law states that:

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

(2) The County Treasury shall align its CFSP with the national objectives in the Budget Policy Statement (BPS).

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

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

(5) In preparing the CFSP, the County Treasury shall seek and take into account the views of the Commission on Revenue Allocation (CRA);the public; any interested persons or groups; and any other forum that is established by legislation.

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

(7) The County Treasury shall consider any recommendations made by the County Assembly when finalizing the budget proposal for the financial year concerned.

(8) The County Treasury shall publish and publicize the CFSP within seven days after it has been submitted to the County Assembly.

## **Fiscal Responsibility Principles**

Section 107 of PFM Act of 2012 requires the County Treasury to manage its public finances in accordance with the principles of fiscal responsibility. In managing the County government's public finances, the County Treasury has adhered to the fiscal responsibility principles set out in the statutes as follows: -

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

Further, the County Government shall ensure that its level of debt at any particular time does not exceed a percentage of its annual revenue specified in respect of each financial year by a resolution of the county assembly.

# **I. INTRODUCTION**

## **1.0 Overview**

1. The 2022 County Fiscal Strategy Paper (CFSP) is the ninth to be prepared since the commencement of County Government of Narok in 2013. The period of preparation of 2022 CFSP coincides with the implementing of the reviewed Second County Integrated Development Plan (CIDP 2018-2022) for Narok and the Third Medium Term Plan (MTP-) of the Vision 2030. The policy paper seeks to continue implementing far reaching socio- economic policies and structural reforms for economic prosperity. Specifically, the strategic priorities for 2022 CFSP are underpinned in six thematic areas that includes;

- a) Economic Empowerment aimed at empowering the citizen of Narok County to participate in, contribute to, and benefit from growth processes;
- b) Social Development to achieve healthy lives and an empowered human capital;
- c) Tourism Development and promotion with a view of positioning Narok County as the global premier tourist destination of choice;
- d) Water Resource Management to protect, conserve, manage and increase access to clean and safe water for socio-economic development;
- e) Urban Development and physical planning for sustainable development in the urban areas;
- f) Strengthening of enablers that support economic and social development

2. In line with the devolved functions of the County Governments, the CFSP has identified priority programs to be implemented in F/Y 2022/23 and in the medium term period. The policy paper has been firmed up with an updated National economic outlook to reflect changes in Global, National economic and financial conditions.

3. The CFSP is aligned to 2022 Budget Policy Statement (BPS) for national government. The 2022 BPS submitted to National Assembly on 30<sup>th</sup> November 2021 is set against a

promising macroeconomic environment which anchors the National economic growth on the Big Four” Agenda which targets to:

- i. Focus on hastening the process of shifting Kenyans from mere wage earners to owners of capital and developing productive capabilities to meet the growing domestic and regional demand.
  - ii. Increase the average daily income of farmers, create 1,000 Agro-processing SMEs, 600,000 new jobs and increase Agriculture’s sector contribution to GDP at the same time reducing malnutrition among children under 5 years of age, cost of food and ultimately the number of food insecure Kenyans.
  - iii. Provide Universal Health Coverage thereby guaranteeing quality and affordable healthcare to all Kenyans; and,
  - iv. Provide decent homes to Kenyans by delivering five hundred thousand housing units by 2022 in major cities across the country, and thereby improve the living conditions for Kenyans.
4. Further, guiding the FY 2022/23 policy focus is challenges and lessons learnt during the First and Second year of implementation of the Second generation CIDP 2018-2022, which forms an integral base upon which the FY 2022/23 and medium term policies and programmes are designed and implemented. The 2022 CFSP is framed against a background of expected global recovery after a slump in 2020 occasioned by the negative effects of the COVID-19 pandemic, which have not only disrupted the normal lives and livelihoods, but also to a greater extent businesses and economic activities. However, our economy rebounded strongly in the second quarter of 2021, with real GDP growing 10.1 percent supported by easing of COVID-19 containment measures. Economic growth is projected to rebound to 6.0 percent in 2021 from the contraction of 0.3 percent in 2020. In terms of fiscal years, economic growth is projected to recover to 5.9 percent in FY 2021/22 from 2.9 percent in FY 2020/21. The economic recovery is supported by the prevailing stable macroeconomic environment, ongoing implementation of the strategic priorities of the Government under the “Big Four” Agenda and the third Economic Stimulus Programme.

5. Nationally Economic growth was not spared from the adverse impact of the Pandemic in 2020. As such, economic growth is estimated to have contracted to 0.3 percent in 2020. The economic growth is projected to bounce back to 6.0 percent in 2021 reflecting recovery due to reopening after the closure associated with the COVID-19 Pandemic. This also in part reflects the lower base in 2020 when most service sectors especially accommodation and restaurant, education as well transport services contracted in second and third quarters of 2020 with huge margins.

6. Inflation rate has remained low, stable and within the policy target range of 5+/-2.5 percent since end 2017. The year-on-year inflation rate increased to 6.45 percent in October 2021 from 4.84 percent in October 2020 driven by higher food prices. However, the inflation rate remained within the target range supported by muted demand pressures.

## 1.2 CFSP Process Overview

7. The County Government Act mandates that county funds be spent according to approved planning framework as stipulated in various sections of the acts as below;

- i) Section 104, (1), (4); public funds cannot be “...appropriated outside a planning framework developed by the county....”
- ii) Section 107 (2), “The county plans shall be the basis for all budgeting and spending in a county”
- iii) Section 115 (1) “Public participation in county planning process shall be mandatory and....”

8. In addition, the PFM Act section 117 stipulates the process to be followed in the preparation of the CFSP. With regard to section 115 (1) of the County Government Act Narok County has ensured public involvement in planning, budget preparation and budget execution.

9. The rationale of public participation is to enhance value in decision-making, policy formulation and resource allocation in order to ensure that the budget addresses needs identified and prioritized by the affected public. Specifically, public participation enables citizens to:

- Follow up on accountability issues.
- Identify and communicate priority needs and preferences in the community

- Help in building ownership and draw support in the implementation of projects, programmes.
- Enhance transparency in the use of public resources

Notable concerns from members of the public which calls for immediate prioritization in the budgets were;

- i. Construction and maintenance of roads
- ii. Enhance immunization coverage and promote reproductive health
- iii. Support Vocational Training Programme
- iv. Fast-track the school feeding program
- v. Empowerment of PWDs, Women and Youth,
- vi. Constant supply of drugs in hospital
- vii. Improve access to healthcare
- viii. Addressing livestock disease and outbreak
- ix. Supply of certified seeds, farm chemicals and fertilizer
- x. Improve support in extension services
- xi. Improve farming practices and the management of harvest to ensure consistent supply of food in the county
- xii. Environmental protection and conservation
- xiii. Increase the supply of safe and affordable water for domestic use
- xiv. Improve on the access to education for early school going children, the youths and adults
- xv. Lands and development of urban areas, street lighting
- xvi. Promote tourism development and trade

### **1.3 Outline of the 2022 County Fiscal Strategy Paper**

**10.** The rest of the paper is organised as follow; Section II outlines the economic context in which the 2022/2023 county budget is prepared. It provides an overview of the recent global and national economic developments and the macroeconomic outlook relevant to county budget process.



11. Section III outlines the fiscal policy and budget framework for the F/Y 2021/2022 that is supportive of strategic growth over the medium and long term sustainable development.
12. Section IV deals with intergovernmental fiscal relations that outlines the relationship between the national and county governments, transfer of functions and challenges encountered by the county governments in public finance management.
13. Section V outlines Medium Term Expenditure Framework (MTEF) for FY 2022/23 with county resources envelope, spending priorities and proposed MTEF ceilings over the same period.

## **II. RECENT ECONOMIC DEVELOPMENTS**

14. This section provides an update of the economic performance and emerging issues likely to affect the outcome of national and county development goals. The section begins by focusing on the economic outlook at the global and regional level. The paper basically captures the outlook as signified in the BPS 2022 and other national policy documents like the budget policy review and outlook paper 2020, the Kenya Economic Survey 2021 by Kenya National Bureau of Statistics (KNBS), and Kenya Economic Report 2021 by Kenya Institute for Public Policy Research Analysis (KIPPRA). Thereafter an analysis of the national outlook and impact on county economy and linkages is provided.

15. The County's performance is largely dependent on the formulation and implementation of prudent policies to guide service delivery. The performance will also depend highly on the country's economic performance as the County's largest share of revenue is obtained through transfers from the National Government.

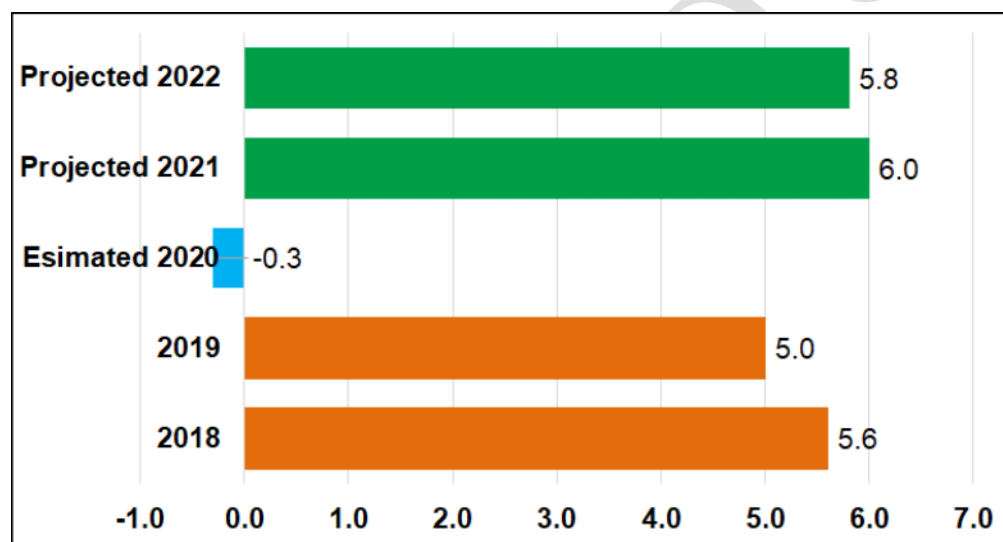
### **2.1 National Economic Outlook Overview**

16. It was envisaged in the Kenya Vision 2030 that high economic growth would come from six key sectors: tourism, agriculture, wholesale and retail trade, manufacturing, business process offshoring, and financial services. The sectors were expected to add to GDP by 2012 as follows: tourism by KSh. 200 billion; agriculture by KSh. 90 billion; wholesale and retail trade by KSh. 50 billion; manufacturing by KSh. 30 billion; business process offshoring by KSh. 10 billion; and

financial services was to increase savings to 30 per cent of GDP. However, this is yet to be achieved.

17. Prior to the outbreak of Covid-19 pandemic, Kenya's economy was strong and resilient despite the challenging global environment. The broad-based economic growth for 2018 and 2019 averaged 5.9 percent outperforming the 5.5 percent for the previous 5 years (2013 to 2017) and the average growth rate of 4.7 percent in the period 2008 to 2012. The trend in GDP growth is reflected in Figure 1. Notable is that the economy has been adversely affected by the outbreak of COVID-19 Pandemic and the swift containment measures. GDP is projected to rebound in 2021 to 6.0 percent from an earlier projection of 7.0 percent in the 2021 BPS. The downward revision was due to the impact of containment measures between March and July period as a result of the third wave of the COVID-19 pandemic.

**Figure 1: Annual Growth Projections, percent**



*Source Data: The National Treasury*

### 2.1.1 Growth Update

18. The economy contracted by 0.3 percent in 2020 from a growth of 5.0 percent in 2019 following the adverse impact of COVID-19 pandemic and the resultant swift containment measures. The government's priority was premised on the need to safeguard the lives of Kenyans and Kenyan residents while at the same time cushioning the economy from the effects of COVID-19 pandemic. Consequently, the health crisis required the introduction of temporal restrictive

measures to curb the spread of the virus which resulted to negative impacts on some key sectors of the economy. Many businesses especially those related to tourism and educational activities closed down during the second quarter of 2020. Pick up of economic activities resumed in the third quarter of 2020 with further improvements in subsequent quarters

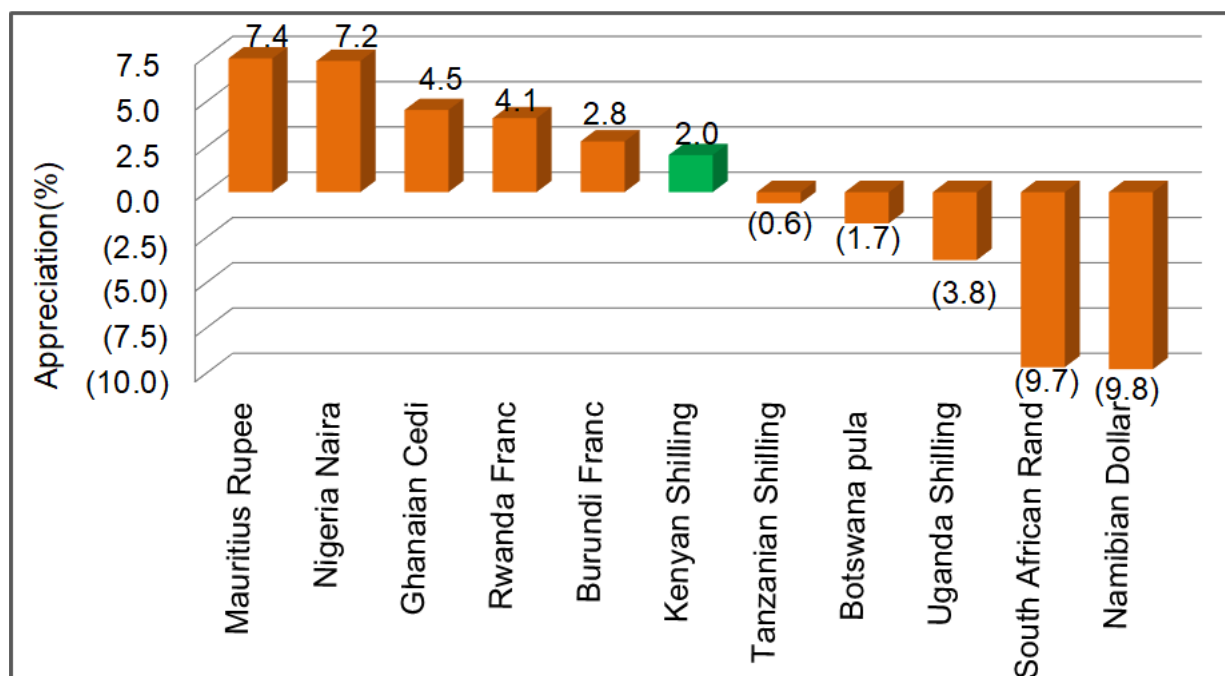
**19.** The contraction was spread across all sectors of the economy but was more dismal in accommodation and food services activities, education, and transport sectors. The overall performance of the economy in 2020 was cushioned from a deeper slump by accelerated growths in agricultural production (4.8 percent), mining and quarrying (6.7 percent), construction activities (11.8 percent) and health services (6.7 percent).

**20.** The agriculture sector was more vibrant in 2020 compared to 2019 despite a contraction in global demand in 2020. The sector's Gross Value Addition was 4.8 percent in 2020 compared to 2.6 percent in 2019. This was mainly on account of favourable weather conditions in 2020 which improved production of food crops such as beans, rice, sorghum and millet and, livestock and related products such as milk and meat. Improved production of cash crops such as tea and sugarcane also supported the sectors growth.

### ***2.1.2 Kenya Shilling Exchange Rate***

**21.** In comparison to most Sub-Saharan Africa currencies, the Kenya Shilling has remained relatively stable weakening by 2.0 percent against the US Dollar in the year to October 2021 (**Figure 2**). This depreciation of the Kenya Shilling was lower than that of Rwanda Franc, Nigerian Naira, Mauritius Rupee, Burundi Franc and Ghanaian Cedi. The stability in the Kenya Shilling was supported by increased remittances, adequate foreign exchange reserves and favourable horticultural exports.

**Figure 2: Performance of Selected Currencies against the US Dollar (October 2020 to October 2021).**

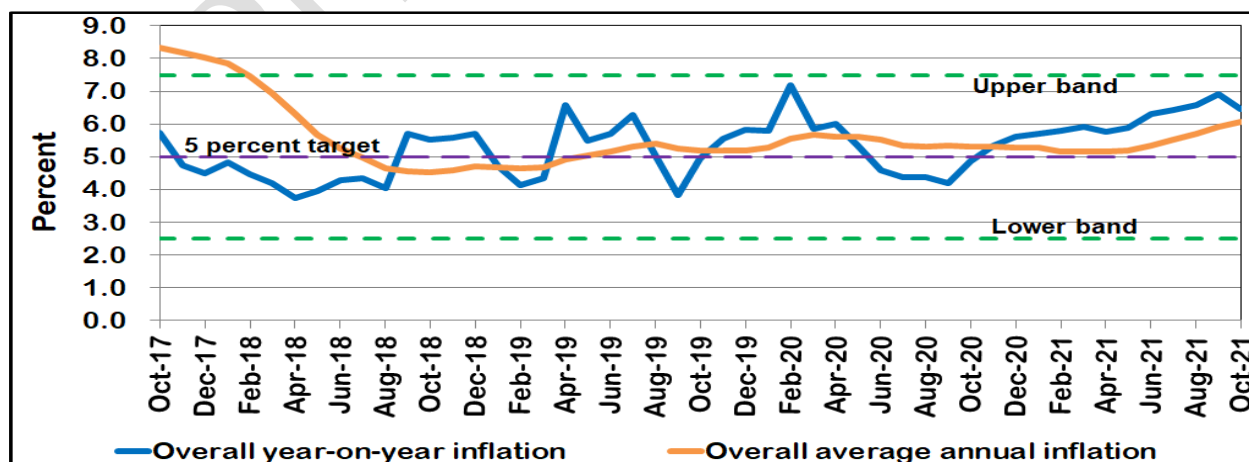


Source Data: National Central Banks

### 2.1.3 Inflation within target

22. Year Year-on-year overall inflation rate has remained low, stable and within the policy target range of 5+/-2.5 percent since end 2017. The year-on-year inflation rate increased to 6.45 percent in October 2021 from 4.84 percent in October 2020 driven by higher food prices. However, the inflation rate remained within the target range supported by muted demand pressures (**Figure 3**).

**Figure 3: Inflation rate in Kenya**

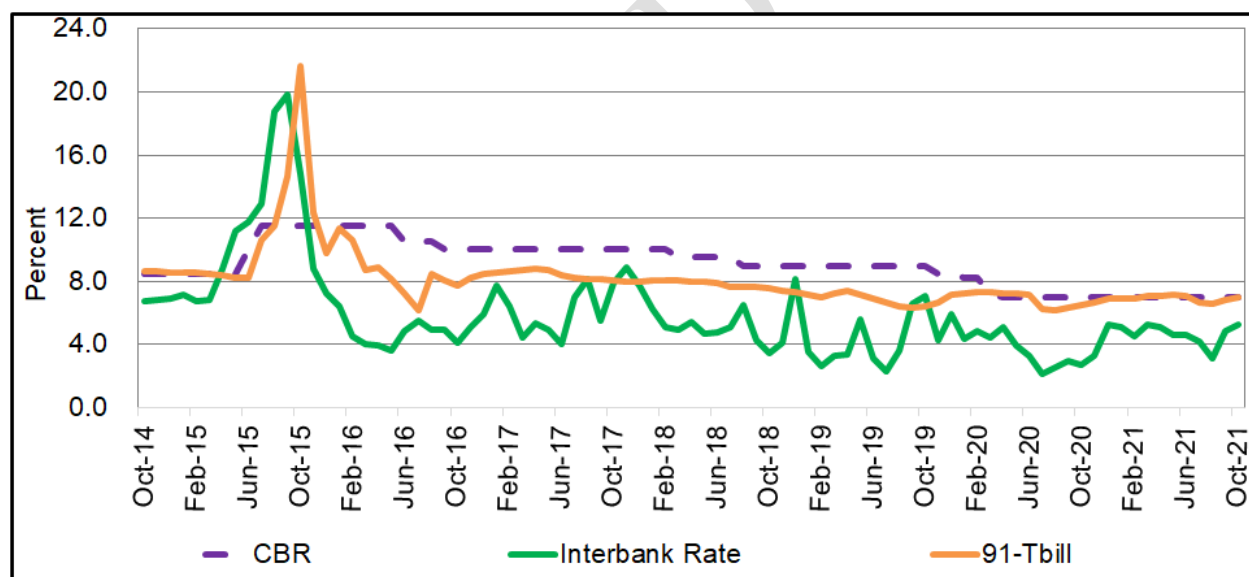


Source of Data: Kenya National Bureau of Statistics

#### 2.1.4 Interest rates

23. Short-term interest rates remained fairly low and stable. The Central Bank Rate was retained at 7.0 percent on 28th September 2021 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 money market was relatively liquid in October 2021 supported by Government payments. As such, the interbank rate remained low but increased slightly to 5.3 percent in October 2021 from 2.7 percent in October 2020. Interest rates on the Treasury bills remained relatively stable in October 2021. The 91-day Treasury Bills rate was at 7.0 percent in October 2021 compared to 6.5 percent in October 2020. Over the same period, the 182-day Treasury Bills rate increased to 7.4 percent from 6.9 percent while the 364-day also increased to 8.3 percent from 7.8 percent.

**Figure 4: Short-Term Interest Rates, Percent**



*Source of Data: Central Bank of Kenya*

## **2.2 Global Growth Outlook**

**24.** The Global growth in 2021 is projected at 5.9 percent from a contraction of 3.1 percent in 2020 (WEO October 2021). However, most of the emerging markets and developing economies are projected to experience a more challenging recovery from the COVID-19 pandemic compared to their counterparts. This is largely on account of uneven access to COVID-19 vaccine which is therefore likely to impact negatively on the full resumption of economic activities in these economies. Additionally, the rapid spread of Delta and the threat of new variants which have increased uncertainty about how quickly the pandemic can be overcome.

**25.** The advanced economies are projected to recover to 5.2 percent in 2021 from a contraction of 4.5 percent in 2020. This projected recovery, particularly in the United States, reflects the anticipated legislation of additional fiscal support in the second half of 2021 and broader vaccinations coverage across the group.

**26.** Economic growth in the Sub-Saharan Africa region is projected at 3.7 percent in 2021 from a contraction of 1.7 percent in 2020 due to improved exports and commodity prices, and the rollout of vaccination programmes. This growth will also be supported by a recovery in both private consumption and investment as economies re-open. However, the recent increase in infection rates in sub-Saharan Africa are expected to weigh down the region's recovery in 2022

## **2.3 Domestic Growth Outlook**

**27.** Like the rest of the world, the domestic economy was not spared from the adverse impact of the Pandemic in 2020. As such, economic growth is estimated to have contracted to 0.3 percent in 2020. The economic growth is projected to bounce back to 6.0 percent in 2021 reflecting recovery due to reopening after the closure associated with the COVID-19 Pandemic. This also in part reflects the lower base in 2020 when most service sectors especially accommodation and restaurant, education as well transport services contracted in second and third quarters of 2020 with huge margins.

**28.** In terms of fiscal years, the economy is projected to expand by 2.9 percent in the FY 2020/21, 5.9 percent in FY 2021/22 and 6.1 percent in FY 2025/26. This outlook will be reinforced by the prevailing stable macroeconomic environment and the ongoing implementation of the strategic priorities of the Government under the “Big Four” Agenda and Economic Recovery Strategy. Weather conditions are expected to be favourable supporting agricultural output. As a result, export of goods and services will expand as global demand normalizes. These factors will push up consumer demand and increase both public and private sector investment reinforcing the projected growth. The economic growth projections over the medium term are aligned to those of the Third Medium Term Plan (2018-2022) of the Vision 2030.

## **2.4 Linkages between National and County Economic Outlook**

**29.** The performance of the economy at the national level directly and indirectly affects the economic behaviour at the county level. Variations in economic indicators in the national economy have a direct effect on the performance of the economy at the county. Therefore, this paper is prepared in consideration that the policies at the national level inform the outcome at the county level.

**30.** For instance, a rise or decline in inflation raises or lowers the cost of living at both levels of government. At the county government, the rise in cost of goods directly impacts on the cost at which the county units obtain services from suppliers. Subsequently, this reduces the overall outlay available for expenditure.

**31.** On the other hand, depreciation in local currency stimulates exports and discourages importation. This depreciation encourages more visits by foreign tourists into the country. As the home of the famous Maasai Mara Game Reserves the increase in tourist arrivals as a result of the depreciation would lead to gain in terms of increased revenues. The contrary happens when the currency appreciates.

**32.** Regulatory monetary policy to reduce money supply in the economy at the national level has a counterproductive effect – raises interest’s rates- which discourages borrowings. This is likely to reduce business activities leading to unemployment. This impacts on revenue collection thereby affecting the shareable revenues and timely transfers to the county governments, thus affecting service delivery.

**33.** Similarly, increase in internal government borrowing crowds out private investment. This increases unemployment, decreased productivity in all sectors and ultimately the realized revenues. The removal of interest rates capping is expected to generate results that are favourable to the county economy if the access to credit from financial institutions is made available to small and medium size enterprises.

**34.** These macro-economic variables are measured by institutions at the national government with a trickle down effects in the counties. In view of the above, this paper proposes policies that are strategic in mitigating adverse effects likely to depress economic performance in the county.

## **2.5 Fiscal Performance of County Governments**

**35.** In line with Article 203 (2) of the Constitution of Kenya, the National Government has since the advent of devolution allocated and disbursed more than fifteen per cent of all revenue raised nationally to County Government as equitable share. Since FY 2013/14 to FY 2020/21, the National Government has disbursed a total of Ksh. 2.2 trillion as equitable share to the forty-seven County Governments. Article 202 (2) provides that County governments may be given additional allocations from the National Government's share of the revenue, either conditionally or unconditionally. In this regard, in addition to the equitable share, County Governments' also received Ksh. 86.6 billion as additional conditional grants from the National Governments share of revenue raised nationally. Furthermore, County Governments have received a total of Ksh 131.7 billion from proceeds of loans and grants from development partners for the eight financial years of devolution to FY 2020/21.

**36.** In Section 107 (2) (b) of the Public Finance Management Act, 2012 provides that County Governments should allocate a minimum of thirty percent of their budget over the medium-term to development expenditure. All the County Governments except Nairobi City County complied with this legal requirement and allocated at least thirty percent of their approved budget to development in FY 2020/21. In terms of actual development expenditure for the FY 2020/21, only twenty-one (21) County Governments were able to utilize at least thirty (30) percent of their total expenditure on development (2022 BPS).



**37.** In FY 2020/21, County Governments’ actual OSR collection was Ksh. 34.4 billion against a target of Ksh. 53.7 billion representing 64.1 percent of the annual target. Only five (5) County Governments were able to collect more than one hundred percent (100%) of their annual OSR target in FY 2020/21.

**38.** Despite the COVID-19 pandemic, OSR collections did not deviate much from the collections in FY 2019/20. Available data from the Controller of Budget over the years, reveals that a number of County Governments have continued to miss their revenue targets which may be an indication of unrealistic OSR projections or failure to put efficient fiscal effort in revenue collection.

**39.** The National Policy to Support Enhancement of County Governments’ Own-Source Revenue aims to address challenges in collection and administration of decentralized taxes, fees and charges. In order to support implementation of the Policy, a range of national level legislative reforms have been proposed, which are intended to improve performance of County Governments’ revenue sources. To this end, the National Treasury in collaboration with the Ministry of Lands and Physical Planning is in the process of developing National Rating Bill on Property Rates to replace the outdated Valuation for Rating Act (Cap. 266) and Rating Act (Cap.267). The proposed Bill is expected to guide rating and valuation for rating in county governments and enable county governments to maximize property related revenues. (BPS, 2022).

## **2.6 Fiscal Performance of the Narok County Budget**

### **2.6.1 Overview**

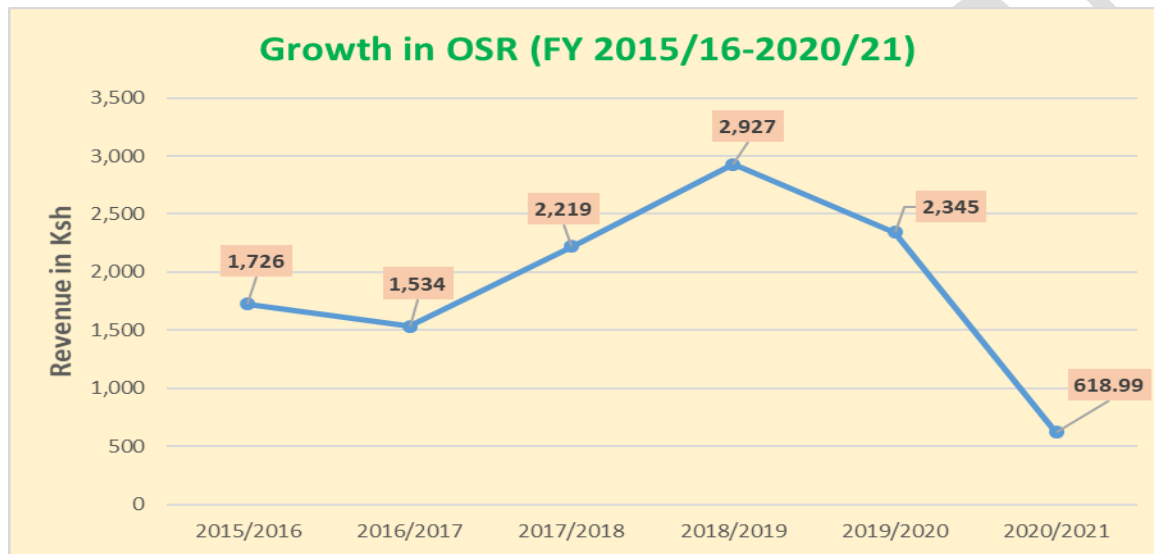
**40.** The review of fiscal performance in the current and previous years is a critical basis for determining future allocations and forecasts. A broad analysis of fiscal performance is particularly important given that the life of this strategy paper is coinciding with the Implementation of the reviewed second generation CIDP for the period 2018-2022.

**41.** Thus to put the implication of the fiscal performance into proper perspective this section begins with the review of the fiscal performance focusing on FY 2021/22 which is currently under implementation. Then the focus shifts to a backward reflection to highlight the findings of the fiscal performance of CIDP II implementation.

## 2.6.2 Fiscal Performance of the Narok County Budget

42. In FY 2019/2020, Collection of Own sources of revenue was KES 2,345,484,860.80. The revised target for the year FY 2020/2021 was KES 1,405,874,323.90, the actual was KSh. 618,992,782.90. Thus there was a shortfall of KSh. 786,881,541.00 which is equivalent to 55.97%. The shortfall was attributed to the effects and impacts of COVID 19. The pandemic necessitated the revision of targets in view of the prevailing economic environment.

**Figure 4: Trend in Own Source Revenue**



43. Recurrent expenditure amounted to KSh. 8,019,860,973 against a revised target of KSh. 8,042,735,397. The actual releases from the exchequer was KSh 8,039,100,000. Thus, the total expenditure on recurrent at the close of FY 2020/21 represents 99.72 percent rate of absorption against the approved estimates on expenditures for recurrent. Development expenditure amounted to KES. 1,477,087,178.40 compared to a revised target of KES. 3,622,895,885. The actual releases from the exchequer was KES. 2,924,036,624. This represents 40.77 percent absorption rate when compared against the revised estimates on expenditures for development.
44. The implementation of the budget for FY 2021/22 is progressing well. By the end of October 2021, total cumulative revenue (Transfers from the national government and local own revenue sources) amounted to KSh. 4.8 billion equivalents to the amount on the expenditure side of the budget.

### **3 FISCAL POLICY AND BUDGET FRAMEWORK FOR THE F/Y 2022/2023**

**26** This section presents the fiscal policy upon which the F/Y 2022/23 budget and the medium-term programmes are to be based. The County Government's fiscal policy seeks to support structural reforms while improving service delivery. It aims to promote and support a higher level of investment and export expansion in tourism and agriculture while enabling Government to finance public services, redistribution and development in an affordable and sustainable budget framework.

**27** The county government shall continue with prudent public finance management and ensuring it adheres to the fiscal responsibilities in accordance to the PFM law. This is expected to enhance prudent and transparent management of public resources. This will help in maintaining county development expenditure above the 30% threshold provided in the PFM law. Prudent financial management and creating of a conducive business environment is also expected to boost both investors and creditors confidence culminating to much needed investment in the county.

**28** Towards ensuring that more resources are devoted for development, the County government of Narok remains committed in ensuring that discretionary expenses are reduced. Reforms in the expenditure management and revenue administration will continue to be implemented so as to increase efficiency, reduce wastages and increase revenues collected. This is expected to create fiscal space for spending on development programmes within the budget.

#### **3.1 The 2022/23 Budget Framework**

**29** In FY 2022/23 prioritization of resource allocation will be based on the preliminary considerations in the reviewed Narok County Integrated Development Plan (CIDP 2018-2022), recommendations gathered during the public consultative forums on 11<sup>th</sup> and 12<sup>th</sup> November 2021, Sectoral reports, departmental strategies, COVID 19 Socio-economic Reengineering and

Recovery Strategy, programmes and broad development policies of the national government including the big four agenda.

### ***3.1.1 Fiscal Responsibility Principles***

**30** The County Government of Narok recognizes that policy decisions made today on usage of public resources will affect future generations. This fiscal standpoint is taken to safeguard the lives of future generations with regard to sustainable use of available resources.

**31** Therefore, in line with the Constitution, the Public Finance Management (PFM) Act, 2012, and in keeping with the prudence and transparent management of public resources, the County government will adhere to fiscal responsibility principles.

**32** In FY 2022/23, approximately 32 percent has been allocated for development. In FY 2020/21 the county utilized approximately 13.1 percent on development while in FY 2021/22 the County treasury allocated approximately 33 percent on development.

**33** Although the County Government envisages maintaining a balanced budget where total revenue equal total expenditure, it will seek to adhere to borrowing guidelines if need arises. The amounts realised from the borrowing will be applied in financing development projects only.

**34** On fiscal risks the County Government will continue to put measures in place to enhance revenue collection, majorly through automation and widening of revenue base.

### ***3.1.2 Fiscal and Public Financial Management Reform***

**35** The County Government will continue pursuing its policy objectives within the financial context established by fiscal responsibility principles. The progress made in the context of strategic priorities will continue to be regularly reviewed to establish the parameters for the Budget, with a continued focus on the level of expenditure on County development.

**36** The fiscal policy will be geared towards enhancing revenue administration and efficiency in collection, by formulating revenue administration regulations and reviewing legislations for charges and fees in order to simplify and modernize them. This is expected to increase revenue collection in the medium term.

**37** The County Government will continue its prudent approach to budgeting through expenditure rationalization and optimal resource allocation as a measure of realizing quicker socio-economic growth.

**38** It is therefore imperative to reform and modernize the revenue systems to ensure stability of revenue, while at the same time continuing to restructure expenditure systems to ensure efficiency and create fiscal space required to meet the county budgetary needs.

### **3.1.3 Revenue Projections**

**39** According to the 2022 Budget Policy Statement (BPS), Narok County is to receive an allocation of KSh. 8.8 billion as equitable share. The County government of Narok will also receive an approximately KSh. 833.61 million as conditional allocations. These will include allocations for funds for leasing of medical equipment's, Loans and grants for various programmes. In addition to the equitable share and conditional funds, Narok County is to receive an estimated KSh. 455,088,000 from equalization fund.

**40** Further, the County generates its own revenues from property rates, entertainment taxes and other taxes that the county is authorized to impose by an Act of Parliament as well as user fees and charges to be authorized in the Finance bill for FY 2022/23. The County projects to collect revenue amounting to KSh. 2.431 billion from local own revenue sources.

**41** The total revenue for FY 2022/23 is therefore projected at KSh.12.109 billion as shown in table 1.

**Table 1: Revenue Projections, (In million KSh.)**

	Baseline	Estimates	Projections	
Financial Year	2021/22	2022/23	2023/24	2024/25
Equitable share	8,844.79	8,844.79	8,964.31	9,686.24
Additional Conditional Allocations	799.27	833.61	896.03	915.67
B/F EQs, KDSP, ASDSP, THS	-	-	-	-

	Baseline	Estimates	Projections	
Financial Year	2021/22	2022/23	2023/24	2024/25
etc				
Local Collections	2,374.55	2,430.83	2,591.65	2,691.42
<b>TOTAL</b>	<b>12,018.61</b>	<b>12,109.23</b>	<b>12,451.99</b>	<b>13,293.33</b>

*Source: Narok County Treasury*

**42** The county will endeavour to implement structural reforms supportive of revenue raising measures to be contained in the Finance Bill 2022. This shall be in accordance with the provision in PFM Act 2012 section (132) (1&2) which require the County Executive member for finance to make pronouncement of the revenue raising measures for the county government with the approval of the County Executive Committee.

### ***3.1.4 Expenditure Projections***

**43** Considering the limited resources against competing needs for programme funds, priorities for funding in FY 2022/23 has been given to projects/programmes that focus on county strategic interventions. These programmes are geared towards promotion of service delivery that supports social development, economic growth and transformation of the County. They are also in line with preliminary considerations in the County Integrated Development Plan (CIDP 2018-2022), Third Medium Term Plan of the vision 2030, and other policy provisions for transitioning from CIDP 2013-17 to CIDP 2018-2022 and from MTP II to MTP III. Recurrent expenditure has been structured to decrease over time as capital expenditure increases in relative terms.

**44** Further, the county government shall ensure that recurrent expenditure does not exceed 70 percent of county government's total revenue. The county government shall also observe a reasonable degree of revenue predictability.

### ***3.1.5 Recurrent Expenditure Projections***

**45** In expenditure projections for FY 2022/23 and in the medium term, it is expected that allocation of resources will be on programmes and projects that are prioritized in the MTP III and reviewed second generation CIDP for Narok County. Thus, departments will be required to follow this criterion in identification and allocation of resources during the preparation of budget estimates.

46 Total recurrent expenditures in FY 2022/23 is estimated at KSh.8.209 billion representing 68 percent of the total budget.

### 3.1.6 Development Expenditure Projections

47 The overall development expenditure for FY 2022/23 is projected at KSh.3.900 billion as shown in Table 2.

**Table 2: Allocation for development and recurrent (In Million KSh.)**

	Baseline	Estimates	Projections	
Financial Year	2021/22	2022/23	2023/24	2024/25
Expenditure				
Recurrent	7,442.40	8,208.88	8,390.35	8,817.46
Development	4,576.21	3,900.36	4,061.64	4,475.87
TOTAL	<b>12,018.61</b>	<b>12,109.23</b>	<b>12,451.99</b>	<b>13,293.33</b>
% Allocation				
Recurrent	61.92%	67.79%	67.38%	66.33%
Development	38.08%	32.21%	32.62%	33.67%
TOTAL	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Narok County Treasury

48 The projections in Table 2 indicate that in FY 2022/23, percentage allocation to development is 32 percent. The PFM Act section 107(2b) requires that over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure. The projected allocation for FY 2023/24 is 32.62 percent and is 33.67 percent in FY 2024/25.

49 In order to contain non-essential spending in recurrent and non-priority expenditure in development, Narok County Government will focus on the following areas of intervention.

- a) Restructuring and strengthening of monitoring and evaluation system.
- b) Containing both foreign and domestic travel at a level not likely to jeopardize other operational cost.
- c) Consultancy services will only be of last resort with a full credible proof that the county doesn't have capacity to undertake activity which consultancy is sought for.

### ***3.1.7 Overall deficit and financing***

**50** To ensure fiscal discipline, Narok county Government will run a balanced budget whereby the revenue is equal to expenditures. In effect, the FY 2022/23 county budget shall be financed through transfer from the National Government and own revenue collected from local sources such as fees and charges, rates, among others allowed by the governing Acts only.

## **4 INTERGOVERNMENTAL FISCAL RELATIONSHIP**

### **4.0 Overview**

**51** The fiscal strategy paper will be applied in guiding the budget policies for FY 2022/23 and the medium-term period. It's worthy to note that 2015/16 was the final transition year as defined in the Sixth Schedule of the Constitution and in the Transition to Devolved Government Act, 2012. From an intergovernmental fiscal relations standpoint, substantial progress has been made in terms of laying the legal, institutional and administrative foundations for successful fiscal decentralization.

**52** The National government has made intent in the Budget policy statement including the intent to; i) strengthen revenue policies and legislation in the counties; ii) build the capacity of human resource; iii) improve on institutional arrangements for revenue collection and administration; and, iv) promote effective internal controls and audit mechanisms in counties.

**53** The National Treasury in collaboration with other stakeholders is in the process of implementing the National Policy to Support Enhancement of County Governments' Own-Source Revenue. This is expected to address challenges around OSR collection and administration faced by the County Governments. One of the key initiative underway currently is the development of the National Rating Bill 2021 on Property Rates to replace the outdated Valuation for Rating Act (Cap. 266) and Rating Act (Cap.267). The proposed Bill is expected to guide rating and valuation for rating in county governments and enable county governments to maximize property related revenues. In line with this legal requirement, the National Treasury will continue to build the capacity of the county governments on public financial management



especially given that there will be new leadership in most of the county governments after the 2022 elections.

**54** The National Treasury, through the Intergovernmental Fiscal Relations (IGFR) Department continues to implement reforms to enhance performance of County Governments. The reforms, which are being implemented under the Revised Public Finance Management Reform Strategy (2016-2018) are expected to lead among other things, to:

- Improved collection and efficiency of County Governments' own-source revenue (OSR) systems, including accounting and reporting.
- Improved capacity of Counties to formulate realistic and credible budgets, and hence better harmony between County Executive and County Assemblies in the budget process;
- Strengthened capacity of County Assembly oversight committees specifically, County Assembly Budget and Appropriation Committees to produce quality reports in a timely manner;
- Proper documentation and management of County Governments' assets and liabilities;
- A clearer and stronger system of intergovernmental fiscal relations, particularly on management of intergovernmental conditional grants between the two levels of Government.
- Undertake a study to determine each County's OSR potential.

#### **4.1 Division of Revenue between the National and the County Governments**

**55** In order to arrive at County Governments' equitable share of revenue for FY 2022/23, The National Treasury proposes that County Governments be allocated an equitable share of revenue raised nationally of KSh. 370 billion in the FY 2022/23. This will translate into a growth of Ksh. 16.9% for the FY 2022/2023 as per the BPS 2022.

In the FY 2022/23, Horizontal allocation of revenue among the County Governments shall be based on the third basis formula, which was considered and approved by Parliament in

September, 2020. The third formula takes into account the following parameters; (i) Population (18%); (ii) Health Index (17%); (iii) Agriculture Index (10%); (iii) Urban Index (5%); (iv) Poverty Index (14%); (v) Land Area Index (8%); (vi) Roads Index (8%), and; (vii) Basic Share index (20%). Application of the Third Basis is on condition that the formula's implementation would be preceded by a Ksh 53.5 billion increase in the Counties' equitable revenue share, which has now been achieved.

**56** In addition to the above equitable share allocations, County Governments will in FY 2022/23, receive additional funds as conditional grants. These includes the leasing of medical equipment, KSh 5.2 billion, grants, KSh. 31.382 billion and KSh 454 million available for specific counties to supplement the construction of county headquarters.

(Table 3). Each additional conditional allocation is distributed based on its objectives, criteria for selecting beneficiary Counties and distribution formula.

**Table 3: Total allocations to County Governments**

Allocation		Amount in million KSh.			
	Type/Level of Allocation	2019/20	2020/21	2021/22	2022/2023
	County Equitable Share (to 47 counties)	310,000.00	316,500.00	370,000.00	370,000.00
	Additional conditional allocations, of which:				
i	Free maternal Healthcare	-	-	-	-
ii	leasing of Medical equipment	6,200.00	6,205.00	7,205.00	5,200
iii	Compensation for User fees forgone	900.0	900.00		-
iv	Level 5 hospitals	4,326.00	4,326.00		-
v	Special Purpose Grant (Emergency medical services)	-	-	-	-
vi	Supplement for construction of county headquarters	485.2	300.00	332.00	454.00
vii	Rehabilitation of Village Youth Polytechnics	2,000.00	2,000.00	-	-
viii	Allocation from Fuel Levy Fund (15% of collections)	8,984.10	9,433.27	-	-
ix	Conditional allocations (Loans and Grants)	25,421.9	30,204.35	32,344.00	31,382
	<b>Total</b>	<b>358,555.9</b>	<b>369,868.62</b>	<b>409,881.00</b>	<b>407,036</b>

*Source: BPS 2021*

- A total of KSh. 7.485 billion has been set aside in the 2022 BPS as Equalization Fund. The allocation is to be managed by a Fund's Administrator appointed by National Treasury.

- Counties will also benefit from an allocation of KSh. 454 million to supplement the construction of county headquarters.
- KSh. 31.382 billion from proceeds of external loans and grants, which will finance devolved functions in accordance with the signed financing agreement for each loan/grant.

**57** Accordingly, in FY 2022/23, the Counties will share an estimated KSh. 407. 04 billion.

## **5.0 MEDIUM TERM EXPENDITURE FRAMEWORK**

### **5.1 Resource Envelope**

**58** The law provides for several sources wherefrom counties can generate revenues namely, transfers from national government (Article 202 & 204), local collection and borrowing (Article 212). The sources of revenue for Narok County Government in the past four years have been from all of the above sources except borrowing. The transfers from national government comprise the equitable share (Article 202 (1) and additional conditional resources including grants (Article 202 (2) and Equalization fund (Article 204).

#### ***5.1.1 Equitable Share***

**59** This is the county allocation from the national government which is equitably shared between national government and the county governments (vertically) and horizontally among the forty-seven counties. The sharing criterion is in accordance to Commission on Revenue Allocation (CRA) formula with an approval of the senate. In the FY 2022/23, Narok County is allocated a total of KSh. 8.8 billion equivalents to 73.04% of the total county budget.

#### ***5.1.2 Additional Transfers from National Government***

**60** To supplement the equitable share, the County Government will also receive a total of KSh. 833.61 million in conditional grants as shown in table 4. Conditional allocations will be transferred for leasing medical equipment amounting to KSh. 159.89 million. In addition, the county expects to receive a total of KSh. 673.72 million in form of loans and grants.

**61** These additional conditional resources are normally predetermined in amount and purpose within the 2022 BPS and cannot be reallocated by the county treasury.

### 5.1.3 Local collection

**62** Other than the equitable share and additional conditional funds, the County Government will generate a total of KSh 2.43 billion in domestic revenues through specific county revenue raising measures. Table 4 shows a breakdown of various sources of revenue projections in the Narok County.

**Table 4: Narok County Resource Envelop (In Million KSh.)**

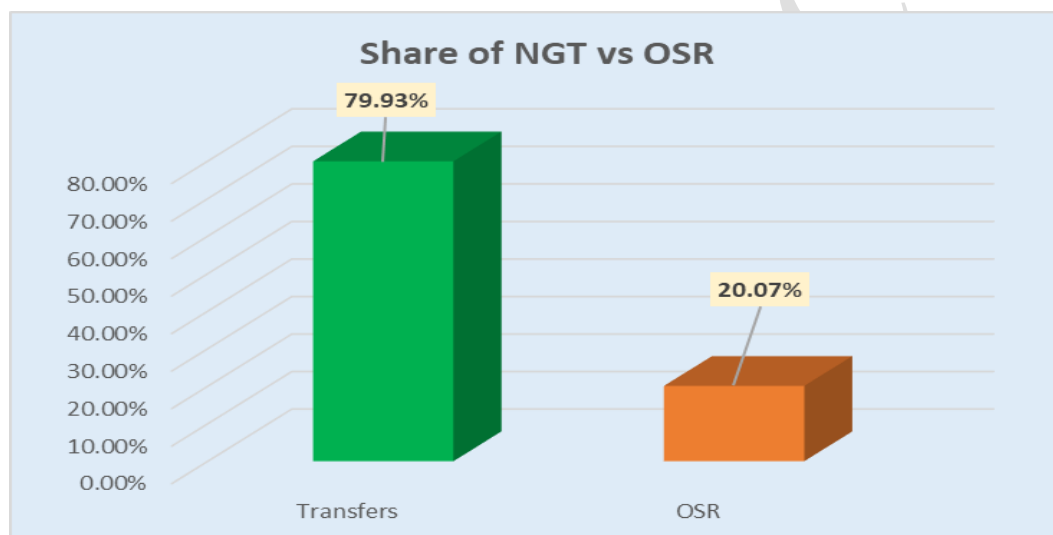
COUNTY GOVERNMENT OF NAROK REVENUE ESTIMATES						
Sources	2020/21		2021/22	2022/23	2023/24	2024/25
	(Revised) Targets	Actual	Approved Budget	Estimates	Projections	
CENTRAL GOVERNMENT TRANSFERS						
Equitable Share	8,039.10	8,039.10	8,844.79	8,844.79	8,964.31	9,686.24
Village Polytechnic	16.09	16.09	-	-	-	-
Road Maintenance Levy Fund	212.25	212,25	-	-	-	-
Compensation for user fees forgone	20.60	20.60	-	-	-	-
leasing medical equipment	132.02	-	153.30	159.89	171.86	175.63
Grants	632.96	538.54	645.97	673.72	724.17	740.04
B/F	-	-	-	-		
Sub-Totals	9,053.02	8,826.58	9,644.05	9,678.40	9,860.34	10,601.91
REVENUE FROM LOCAL SOURCE						
Single Business Permit	36.50	42.92	133.50	136.66	145.71	151.31
CESS Revenue	111.02	90.81	225.20	230.54	245.79	255.25
Markets & Slaughterhouses	7.37	7.75	90.00	92.13	98.23	102.01
Housing/ Stall Rent	8.05	13.31	20.00	20.47	21.83	22.67
Conservancy & Solid Waste Disposal	0.459	4.41	2.20	2.25	2.40	2.49
Parking Fees - Street Parking & Bus Parks	13.34	13.27	100.00	102.37	109.14	113.34
Property Rates & Rents	354.71	32.93	189.59	194.08	206.92	214.89
Miscellaneous/Others	131.53	86.16	105.50	108.00	115.15	119.58
Maasai Mara Game Reserve Fees	742.90	327.44	1,508.56	1,544.31	1,646.48	1,709.87

COUNTY GOVERNMENT OF NAROK REVENUE ESTIMATES						
Sources	2020/21		2021/22	2022/23	2023/24	2024/25
	(Revised) Targets	Actual	Approved Budget	Estimates	Projections	
Sub-Totals	1,405.88	619.00	2,374.55	2,430.83	2,591.65	2,691.42
TOTAL REVENUE	10,458.90	9,445.58	12,018.61	12,109.23	12,451.99	13,293.33

Source: Narok County Treasury

**63** Figure 4 compares the revenue targets for FY 2022/23 from the central government transfer and the collection from local sources. The targets for local revenue will be realised based on Finance Bill 2022.

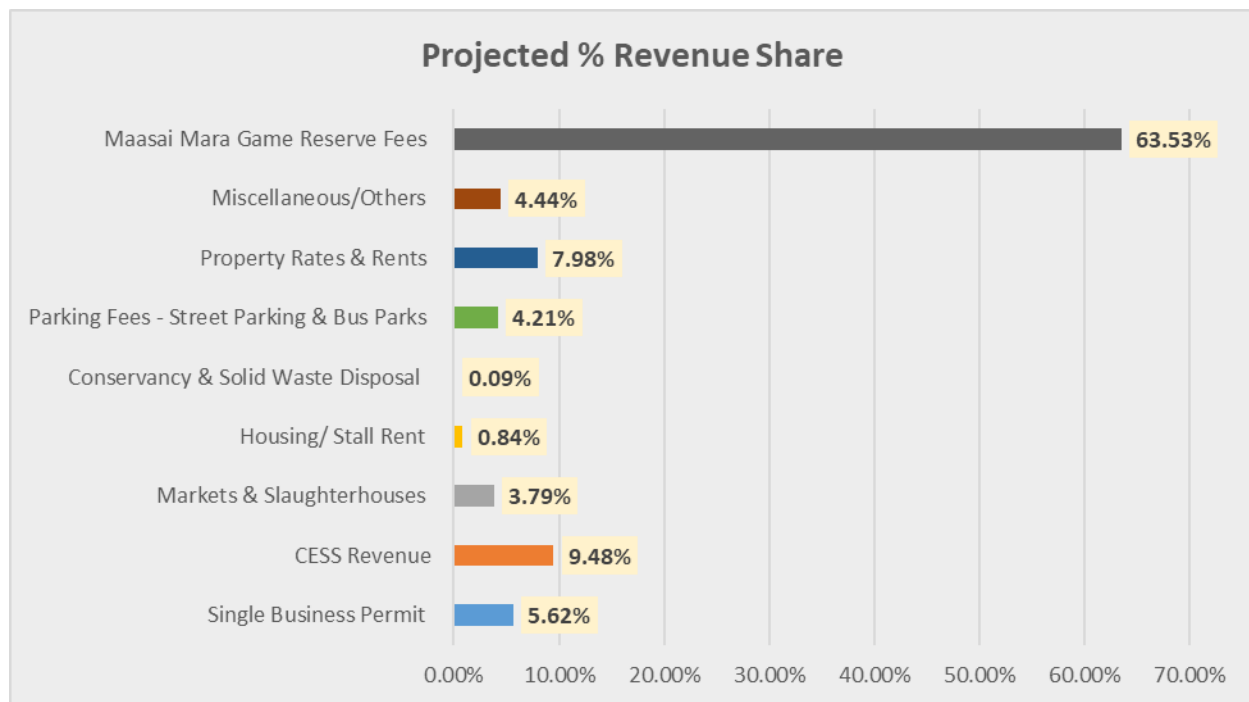
**Figure 4: Comparison of Share of National Government Transfers to Own Source Revenue**



Source: Narok County Treasury

**64** At the local level, collection from Maasai Mara Game reserve accounts for 64% of total revenue collected from various streams at the county level, (Figure 5)

**Figure 5: Own Source Revenue**



*Source: County Treasury*

**65** The county can also engage Public Private Partnership in accordance to PPP Act 2013 as provided in the PFM Act section 146 and or resort to borrowing provided the national government guarantees with an approval from the county assembly to finance development projects.

**66** Grants and donations from development partners that is contemplated in section 138 and 139 of the PFM Act, 2012 is another likely source of revenue.

**67** In addition to the equitable share and conditional grants, Narok County is to benefit from approximately KSh. 455.09 million as equalization fund. This is the fund established in accordance with article 204 of the constitution of Kenya 2010, into which one half per cent of all the revenue collected by the national government each year is paid. The amount is calculated on the basis of the most recent audited accounts of revenue received, as approved by the National Assembly.

68 This approximate figure is 6.08 per cent of KSh. 7.485 billion shared horizontally among 14 counties considered to be marginalized in the country. The money is aimed at improving infrastructure development in these areas with an objective of bringing the counties at par with the rest of the counties. In Narok County the funds will go towards supporting access to basic services including health, roads and water through infrastructural development. The implementation of the fund which is managed through a national steering group, started through the first disbursement in FY 2017/18.

#### **5.1.4 Resource Allocation Framework**

69 With the overall resource envelope derived largely from national government transfer, the key features of resource allocation by spending units for the FY 2022/2023 involve:

- Identifying sectoral priorities from the reviewed County Integrated Development Plan 2018-2022.
- Ranking priorities in terms of their contribution to achieving objectives set out in the CIDP and budget preparation guidelines.
- Establish an enabling environment targeting women, youth and vulnerable groups to improve their livelihood through income generating activities.
- Creating an enabling environment for investors from local and abroad to invest in diverse areas of interest in line with Kenya Vision 2030 and the reviewed CIDP 2018-2022.

70 In view of the constitutional requirement and in accordance to provisions in part XI of the County Government Act the county government has ensured that the main priorities in MTEF budget framework have been considered in the reviewed second-generation County Integrated Development Plan (CIDP 2018-2022). The priorities were firmed-up during the 2022 public hearings forums on the budget for FY 2022/2023

#### **5.3 Apportionment of the Baseline Ceilings**

71 The baseline estimates reflect the current departmental spending levels and proposed programmes in the sectors. In the recurrent expenditure category, non-discretionary expenditures

take first charge. These include payment of statutory obligations such as salaries for permanent county staffs, rents and utilities.

**72** Development expenditures have been shared out on the basis of the CIDP priorities and strategic interventions. The following criteria were used in apportioning capital budget:

- *Compliance with Regulation:* Priority for financing projects has be given to those projects that are in full compliance with the Government regulations and priorities as outlined in the CIDP and which are fully justified for financing.
- *On-going projects:* emphasis has been given to completion of on-going capital projects and in particular infrastructure projects with high impact on poverty reduction, equity and employment creation.
- *Economic impact:* priority was also given to programmes and projects with higher socio-economic impact in terms of job creation and improvement of citizen's welfare.
- *Strategic policy interventions:* priority was also given to policy interventions covering the entire county integration, social equity and environmental conservation.
- Interventions identified in the reviewed county integrated development plan (CIDP 2018-2022) and 2021/22 budget;
- *Counterpart funds:* priority was also given to adequate allocations for projects with counterpart funding. Donor counterpart funds are the portion that the Government must finance in support of the projects financed by development partners.

## 5.2 Medium-Term Expenditure Estimates Ceilings

**Table 5: Proposed ceilings for FY 2022/23 (Amount in millions KSh.)**

SECTOR BUDGET CEILINGS							%SHARE OF TOTAL EXPENDITURE			
Sector	Sub-Sector		Baseline	Estimates	Projections		Baseline	Estimates	Projections	
			F/Y 2021/22	F/Y 2022/23	F/Y 2023/24	F/Y 2024/25	F/Y 2021/22	F/Y 2022/23	F/Y 2023/24	F/Y 2024/25
Public Administration And International Relations (PAIR)	Total		3,156.43	3,154.85	3,235.84	3,352.46	26.26%	26.05%	25.99%	25.22%
	County Assembly	Sub- Total	922.04	856.89	878.63	899.11	7.67%	7.08%	7.06%	6.76%
		Rec	722.04	776.89	786.92	796.47	6.01%	6.42%	6.32%	5.99%



		Dev	200.00	80.00	91.71	102.63	1.66%	0.66%	0.74%	0.77%	
	County Executive	Sub-Total	137.45	140.87	152.14	165.62	1.14%	1.16%	1.22%	1.25%	
		Rec	137.45	140.87	152.14	165.62	1.14%	1.16%	1.22%	1.25%	
		Dev	-	-	-	-	-	-	-	-	
	County Administration and Public Service Management	Sub-Total	944.87	1,025.32	1,048.55	1,070.85	7.86%	8.47%	8.42%	8.06%	
		Rec	772.79	790.10	802.93	814.44	6.43%	6.52%	6.45%	6.13%	
		Dev	172.08	235.23	245.62	256.40	1.43%	1.94%	1.97%	1.93%	
	Public Service Board	Sub-Total	88.71	95.58	103.43	110.41	0.74%	0.79%	0.83%	0.83%	
		Rec	88.71	95.58	103.43	110.41	0.74%	0.79%	0.83%	0.83%	
		Dev	-	-	-		-	-	-	-	
	Finance, Economic Planning, ICT & E-Government	Sub-Total	1,063.36	1,036.19	1,053.09	1,106.47	8.85%	8.56%	8.46%	8.32%	
		Rec	713.68	831.41	838.13	880.26	5.94%	6.87%	6.73%	6.62%	
		Dev	349.68	204.78	214.96	226.21	2.91%	1.69%	1.73%	1.70%	
	Environmental Protection And Water		Total	509.06	652.45	688.42	796.70	4.24%	5.39%	5.53%	5.99%
		Env. Protection Water & Natural Resources	Sub-Total	509.06	652.45	688.42	796.70	4.24%	5.39%	5.53%	5.99%
Rec			228.32	268.06	276.68	285.37	1.90%	2.21%	2.22%	2.15%	
Dev			280.74	384.39	411.74	511.33	2.34%	3.17%	3.31%	3.85%	
Education, Social Protection, Culture & Recreation		Total	1,576.83	1,463.59	1,487.77	1,651.57	13.12%	12.09%	11.95%	12.42%	
	Education Youth Affairs Development	Sub-Total	1,576.83	1,463.59	1,487.77	1,651.57	13.12%	12.09%	11.95%	12.42%	
		Rec	1,105.18	1,113.18	1,127.13	1,271.40	9.20%	9.19%	9.05%	9.56%	
		Dev	471.65	350.41	360.63	380.18	3.92%	2.89%	2.90%	2.86%	
Roads, Transport & Infrastructure		Total	1,071.27	1,028.54	1,042.23	1,112.65	8.91%	8.49%	8.37%	8.37%	
	Roads, Public Works and Transport	Sub-Total	1,071.27	1,028.54	1,042.23	1,112.65	8.91%	8.49%	8.37%	8.37%	
		Rec	320.50	349.67	359.85	394.84	2.67%	2.89%	2.89%	2.97%	
		Dev	750.77	678.87	682.38	717.81	6.25%	5.61%	5.48%	5.40%	
Health		Total	3,735.38	3,763.21	3,876.30	4,008.89	31.08%	31.08%	31.13%	30.16%	
	Health And Sanitation	Sub-Total	3,735.38	3,763.21	3,876.30	4,008.89	31.08%	31.08%	31.13%	30.16%	
		Rec	2,346.38	2,781.81	2,831.90	2,890.01	19.52%	22.97%	22.74%	21.74%	
		Dev	1,389.00	981.40	1,044.40	1,118.88	11.56%	8.10%	8.39%	8.42%	
Agriculture Rural & Urban Development		Total	1,259.26	1,233.97	1,281.13	1,424.99	10.48%	10.19%	10.29%	10.72%	
	Agriculture, Livestock And Fisheries	Sub-Total	790.52	782.30	815.02	922.33	6.58%	6.46%	6.55%	6.94%	
		Rec	299.18	301.63	327.94	360.77	2.49%	2.49%	2.63%	2.71%	
		Dev	491.34	480.67	487.09	561.56	4.09%	3.97%	3.91%	4.22%	
	Land, Housing, Physical Planning And Urban Development	Sub-Total	468.74	451.67	466.11	502.66	3.90%	3.73%	3.74%	3.78%	
		Rec	209.21	232.64	239.22	255.38	1.74%	1.92%	1.92%	1.92%	
		Dev	259.53	219.03	226.89	247.28	2.16%	1.81%	1.82%	1.86%	
General Economic and Commercial Affairs (GECA)		Total	710.38	812.62	840.30	946.06	5.91%	6.71%	6.75%	7.12%	
	Tourism And	Sub-	540.87	602.69	619.67	699.91	4.50%	4.98%	4.98%	5.27%	

	Wildlife	Total								
		Rec	390.37	417.64	428.17	465.92	3.25%	3.45%	3.44%	3.50%
		Dev	150.50	185.05	191.51	233.99	1.25%	1.53%	1.54%	1.76%
	Trade & Industrialization	Sub-Total	169.51	209.93	220.63	246.16	1.41%	1.73%	1.77%	1.85%
		Rec	108.59	109.40	115.93	126.57	0.90%	0.90%	0.93%	0.95%
		Dev	60.92	100.53	104.70	119.59	0.51%	0.83%	0.84%	0.90%
GRAND TOTAL		TOTAL	12,018.61	12,109.24	12,451.99	13,293.33	100.00%	100.00%	100.00%	100.00%
		Rec	7,442.40	8,208.88	8,390.35	8,817.46	61.92%	67.79%	67.38%	66.33%
		Dev	4,576.21	3,900.36	4,061.64	4,475.87	38.08%	32.21%	32.62%	33.67%

*Source: Narok County Treasury*

Table 5 is explained in detail in the succeeding sections.

## 5.4 Details of Sector Priorities

**73** Budgetary allocation of financial resources for the FY 2022/23 and over the medium term period is based on sector's priorities identified in the Sector Working Groups (SWGs) meetings which contains priorities in the County Integrated Development Plan (CIDP 2018). The proposals also take cognizance of the input gathered during the public consultative meetings held on 11<sup>th</sup> and 12<sup>th</sup> of November 2021 at all sub-counties within the county.

**74** The priority areas have also been aligned with flagship projects in the third Medium Term Plan (MTP III) of Kenya Vision 2030 and the strategic policy initiatives of the national government. In addition to the Vision 2030, the county government of Narok will be endeavouring to contribute to the realization of the aspirations captured in the "big four Agenda"; - Provision of Universal Health Coverage; Provision of affordable new houses; achieve food security and support value addition in manufacturing industry by 2022. The succeeding section therefore describes the details of seven MTEF sectors goals, priorities and resource allocation and a schedule of sector proposals is provided as an Annex IV.

### Public Administration and External Relations (PAER)

**75** The Sector comprises five sub-sectors in executive arm of the government, County administration, public service management, public service board, Finance, economic planning, ICT and e-Government. On legislative arm there is County Assembly. The sector is instrumental in providing overall policy, leadership and oversight in economic development, management of

devolution process at the county level, oversees county legislation, resource mobilization and implementation of County policies and programmes and oversight on use of public resources and service delivery

**76** County Assembly plays a crucial role in representation, legislation and oversight with respect to public expenditures. The Economic planning department has been instrumental in guiding socio-economic development in the county through the tracking of the implementation of the County Integrated Development Plan for the period 2018-2022. This tracking formed a critical foundation for the mid-term review of the second generation CIDP for the period 2018-2022. The department has also been apt in the preparation and timely submission of the annual development plans, county budget review and outlook paper, the county fiscal strategy paper and the annual budget.

**77** In the 2022-23 – 2024/25 MTEF period, and based on the recommendations by the sector, members of the public and key stakeholders, the sector will be implementing programmes which are aimed at transforming public service delivery and enhancing County's image. Special emphasis will be placed on improving infrastructure, enhancing effective coordination of county programmes, enhancing policy advisory functions of the executive, effective monitoring and evaluation of the projects and supporting other county departments in executing their mandates.

**78** The county assembly will be introducing a number of bills, motions and statements. The assembly will also prioritize the construction and renovation of ward offices, speaker's residence and mortgage. It is also expected to continue providing oversight on public resources and preparing reports on public hearings on varied county policies and bills.

**79** Public administration will continue to streamline operations and meet objects of devolution and decentralization, ensure smooth administrative operations of the county government, capacity enhancement of all staff for optimal performance, ensure that county administrative concerns are attended to, ensure compliance with ethics, and train communities beginning with disaster prone areas on disaster preparedness. The department intends to use the technology to keep track of the workforce and assess their productivity and in the process eliminate ghost workers. The department intends to retrain some of our personnel already on payroll, so that they can be redeployed to departments in need. This will assist in curbing the

ballooning wage bill. The executive further has plans to train personnel on customer service and communication skills to improve and enhance service delivery.

**80** Finance and economic planning will endeavour to improve work environment, implement the Public Finance Management Act (2012), ensure efficient and effective budget formulation and control, ensure financial standards, principles and guidelines are adherence appropriately. reporting decentralize financial and planning services, strategize on debt management, enhance statistical development capacity, engage an integrated revenue management system in revenue collection, and improve project monitoring and evaluation in Narok county

**81** In the ICT sub- sector, the County Government, will endeavour to build relationships with ICT firms aimed at establishing outreach programmes. Further, the county will partner with the private sector to ensure adequate ICT infrastructure exists which include the strengthening of mobile telephone networks in areas that are not yet/well covered. The County will also continue to adopt ICT to keep up with modern, efficient ways of public service delivery.

**82** To implement these programmes, PAER has been allocated a total of Ksh 3.155 billion in 2022/23 financial year. The County Assembly has been allocated Ksh. 856.89 million, County Executive Ksh 140.87 million, Public Service Board Ksh. 95.58 million, Finance and Economic Planning Ksh. 1.036 billion while the Public Service Management has been allocated Ksh. 1,025.32 million.

**83** The allocation to the county assembly is informed by the guidelines from the National Treasury and the Commission for Revenue allocation giving ceiling for recurrent expenditure for both county executive and assembly. The total allocation is expected to gradually increase in FY 2023/24 and FY 2024/25 to KSh.939.06 million and 962.09 million respectively.

### **Environment Protection, Water and Natural Resources Sector**

**84** The Environment Protection, Energy, Water and Natural Resources sector comprises four sub-sectors namely: Environment, Natural Resources; Water and Irrigation. The county government recognizes the crucial role played by this sector in ensuring sustained economic growth and development through conservation of environment and promoting use of green and

renewable energy. In this regard, the county has laid focus on key priorities programmes for the sector aimed at ensuring sustainability of economic growth.

**85** Performance in the sector has been affected by weak monitoring and evaluation, inadequate resource allocation, competing interest among stakeholder and development partners, low levels of awareness on environmental conservation, lack of coordination among implementing partners, and climate change.

**86** In the 2022/23 – 2024/25 MTEF period the sector will endeavour to complete key sector projects and programmes initiated in the FY 2021/22 as well as new development priorities for FY 2022/23 as recommended by the sector, members of the public and key stakeholders. The prioritized programmes intended to promote sustainable utilization and management of the environment and natural resources for socio-economic development. Review and harmonization of sector's Acts, statutes, policies, rules and regulations in the sector, increase tree cover, recovery of illegally acquired forest land, increased access to clean water, reduce poaching incidences and human-wildlife conflict, flood control in Narok town, waste management and pollution control. In energy sector the intention is to increase clean energy access by at least 30% and establishing waste collection and treatment systems. In water sub-sector, priority will be to increase access and availability of safe water by investing in water supply infrastructure development and rehabilitation. It will also seek to continue collaborate with the national government, commissions and authorities on implementation of a wide range of high impact programmes in the sector.

**87** To implement these programmes, the sector has been allocated a total of Kshs 652.45 million in FY 2022/23 out of which recurrent is Kshs 268.06 million and development is Ksh 384.39 million. The sector allocation will increase in medium term period to reach Ksh. 688.42 and 796.70 million in the FY 2023/24 and 2024/25 respectively.

### **Social Protection, Culture and Recreation Sector**

**88** The sector comprises the following sub sectors; education, youth affairs, sports and talent development and also cultural and social services. The sector is mandated to address the issues on promotion and exploitation of Kenya's diverse culture for a peaceful co-existence;

promotion of pre-primary education and development of youth polytechnics; enhancing reading culture in the county; development and promotion of sports; promotion of cultural and sports tourism; regulation, development and promotion of the film industry; research and preservation of music in the county. The sector is also tasked with ensuring there is adequate social development.

**89** Some of the challenges in the sector included poor attitudes towards vocational training; inadequate sporting facilities and the existing facilities do not match with the modern requirements as per modern technologies in the world; poor and negative attitudes towards the development and preservation of cultural values and practices which are perceived as outdated and of no value.

**90** In the FY 2022/23 and over the medium term period the county will endeavour to complete key sector projects and programmes initiated in the FY 2021/22 as well as new development priorities for FY 2022/23 as recommended by the sector, members of the public and key stakeholders. The county will continue prioritizing expansion of learning institutions at pre-primary school level, creating an enabling environment for development and promotion of rich Maasai cultural heritage. The county will also continue allocating funds to sports related programmes and empowerment of the vulnerable groups. The government will also seek to expand allocation of bursary schemes to caution pupils and students from dropping out school.

**91** The sector intends to construct ECDE classrooms equipped with furniture; Increase transition rate from ECDE to primary to secondary through collaboration with the national government. Secure scholarships and provide mentorship programme for the best performed KSCE students; improve vocational training centres and village polytechnics (TVETs). This programme will involve general renovations and face – lifting of VTCs including, construction of classrooms, workshops, male and female hostels, and procurement of tools and equipment. The sector intends to enhance the provision for routine maintenance of Narok Stadium, develop a culture and youth empowerment centres, provide financial support for the USHANGA initiative, for the economic empowerment of women, as well as exploring cultural ornaments for economic gain.

**92** Additionally, the County in conjunction with National Government's Youth and Gender Departments and development partners including the International Labor Organization (ILO), are working on a programme to empower skilled youths in their areas of specialization (from certificate, diploma, degree and masters) and linking to investors within the county to secure opportunities for them by providing them with internship programmes.

**93** In order to implement these programmes, the Sector has been allocated Ksh 1.464 billion in the financial year 2022/23, Ksh 1.488 billion and Ksh 1.652 billion for the financial years 2023/2024 and 2024/2025 respectively. Breaking down the allocations for recurrent and development expenditures in the financial year 2022/23 is Ksh 1.113 billion and Kshs 350.41 million for recurrent and development expenditure respectively.

### **Infrastructure and Information, Communication and Technology Sector**

**94** This sector is key as it aims to provide efficient, affordable and reliable infrastructure for sustainable economic growth and development. The county continues to invest on road construction works; maintaining existing roads and open access roads in rural areas. Due to cost of time in construction, repair and maintenance of county roads, the county Government of Narok opted to purchase own road construction machines. The rationale is this decision is that the equipment will ensure value for money, makes it easy to supervise and monitor progress (through tracking system), provide employment to locals, make it easy to centrally maintain and manage the machines and enhance the ability to monitor the use of fuel to achieve efficiency.

**95** The various factors that affects performance in this sector includes huge maintenance backlog of the roads networks implying that the scarce resources allocated to the county cannot meet the target for new roads. Other challenges are; high cost/delays in the relocation of utilities and services along road transport corridors and numerous reported cases of encroachments of roads reserves.

**96** Over the 2022/23– 2024/25 MTEF period, ongoing, and pending projects from FY 2021/22 that are yet to be completed or undertaken due to either inadequate funds or lack of provision will be prioritized. Also to be implemented are new development priorities for FY 2022/23 as recommended by the sector, members of the public and key stakeholders. The sector

will focus on expansion of road networks in the county to minimise the cost of doing business while also enhancing mobility. The sector will require the establishment of laboratory for materials' testing to improve and achieve quality roads, acquisition of more equipment to enable sub-counties have full sets of machines, develop infrastructures, designing, developing and maintaining roads/ bridges and box culverts within the county, facilitating the completion of ongoing road projects within the county, managing and maintenance of equipment, Assessment and quality control of road works, liaising with KeNHA, KURA and KeRRA in planning and designing of roads and bridges. The sector will also be involved in Mapping out road networks in the county, opening up new road networks within the county, routine maintenance of existing roads.

**97** In FY 2022/23 the sector has been allocated a total KSh. 1.029 billion to achieve the above outputs. Out of this amount KSh 678.87 million is for infrastructure development. A total of KSh. 349.67 million has been allocated for recurrent expenditure including operation and maintenance of the own road construction equipment.

## **Health Sector**

**98** The sector vision is to have an efficient and high-quality health care system that is accessible, equitable and affordable for everyone. It comprises of county departments of medical services, public health and sanitation, research and development. In response to sector vision, the sector aims at providing essential health care that are affordable, equitable, accessible and responsive to client needs; minimizing exposure to health risk by strengthening health promoting interventions that address risk factors to health.

**99** Key achievements in the sectors includes; the county Government of Narok is upgrading Narok county referral hospital to level five (5) referral hospital through the construction of the New Hospital Block, Mortuary and Medical School at Narok County Referral Hospital. The project which is on the adjacent ground to the existing referral hospital is at about 50% level of completion.

**100** To improve emergence referral systems, the county procured 11 ambulances through a lease agreement with Kenya Red Cross Society. The ambulances stationed in the six sub-counties



have been critical in responding to emergencies which has subsequently reduced deaths related slow and weak emergency and referral system.

**101** In the FY 2022/2023 and over the medium term the county government will endeavour to complete key sector projects and programmes initiated in the FY 2021/22 as well as new development priorities for FY 2022/23 as recommended by the sector, members of the public and key stakeholders on the basis of Narok CIDP II and other strategic plans. The sector intends to invest in six thematic programmes; Reproductive, maternal child and adolescent health; disease prevention and control; environmental health; health promotion and nutrition; community health services; and human resource development and management. Among the key programmes includes completion of Narok County Referral Hospital to a level 5 health facility. The project is expected to transform the health care delivery service in the county in a great way. The achieve the foregoing, the project targets to increase the bed capacity by 400 from the current capacity of 200 beds to 600. The mortuary capacity will also be enhanced from 9 body to 60 capacity. The project plan integrates a 36 staff housing units and 250-bed capacity medical training school. The school will be linked to the new hospital to form a modern state of the art healthcare facility as envisioned in the County Integrated Development Plan (CIDP 2018-2022).

**102** The other planned activities for FY 2022/2023 includes the completion of the construction of ongoing health facilities; procurement and distribution of essential commodities to reduce stock-outs; Improving women health & reduced morbidity due to cervical cancer; Enhancing RMNCAH services; increasing number of fully immunized children; procurement of specialized equipment and supplies; employment and deployment of health staff, full operationalization of the Narok Health Insurance Scheme and strengthening monitoring and evaluation and Health Information System

**103** Among the challenges the sector has continued to face are; Limited resources and delay in disbursement; Shortage of Technical staff; Regular stock out for essential commodities; Industrial actions; lack of organized and coordinated healthcare waste management system; and lack of office space, specialized equipment's and incinerators.

**104** In order to implement prioritized programmes and address the highlighted challenges, in this sector, a total of Kshs 3.763 billion has been allocated in the FY 2022/23. The share of

recurrent vote is Kshs 2.782 billion representing 22.97% while the allocation for development is Kshs 981.40 million representing 8.10% of the total allocation. By taking cognizance of the imminent closure of some donor funded programmes such as Transforming Health Systems (THS), Universal Healthcare in Devolved Systems (UHDS), and Global Alliance for Vaccine and Immunization (GAVI), the county government will adopt an aggressive intervention to fill anticipated gap in donor funding by applying a targeted scaling-up of budgetary allocation towards the affected programmes including immunization.

### **Agriculture, Urban Development Sector**

**105** Article 43 on the Bills of Rights under the Constitution of Kenya, provides for accessibility of adequate food of acceptable quality and accessible and adequate housing which is consistent with the aspirations of third MTP (2018- 2022) of Vision 2030. This sector aims to attain food security, sustainable land management, affordable housing and sustainable urban infrastructure development.

**106** This sector lays emphasis on: increasing market access and adoption of technologies, production and productivity through value addition, commercialization of the sector activities; creating an enabling policy and legal framework, improving efficiency and effectiveness of sector institutions; effective administration and management of land and land-based resources and enhancing urban development.

**107** In the years under review the sector continued to facilitate communities in value addition through the various value chains under the NARIG Project which include cow milk, local poultry, Irish potato and Tomatoes. Under the NARIGP project, the sector has also developed proposals for macro-projects across the county.

**108** Among the key challenges affecting the sector are; Severe land degradation and decrease in productive land sizes due to poor land systems and subdivisions, climate change, prolonged dry spells, and inadequate extension staff.

**109** During the 2022/23-2024/25 MTEF period, focus will be directed towards completing ongoing projects prioritized in 2021/22 budgets together with increasing agricultural production and productivity, improved animal genetics and vaccine administration; enhancing County food

security through increasing and expanding strategic food reserves, establishing agriculture and livestock drought mitigation measures, livestock and crop farming research priorities for FY 2022/23 as recommended by the sector, members of the public and key stakeholders.

**110** Additionally, there will be continued improvement to market access with extension services being made available and improvement of marketing infrastructure; entrenching institutional reforms, Land reforms, completion of establishment of County spatial data and development of social and physical urban infrastructural facilities in all urban areas in the County. There will also be improvement and development of agricultural mechanization services through acquisition of farm machinery.

**111** To achieve the above, the sector has been allocated a total of Kshs 1.234 billion in the FY 2022/23. Agriculture sub-sector is allocated Kshs 782.30 million out of which Kshs 301.63 million is recurrent and Kshs 480.67 million is for development. Lands, Housing Physical Planning and Urban development sub-sector has been allocated Kshs 451.67 million, Kshs 232.64 million recurrent and Kshs 219.03 million is for development.

### **General Economic and Commercial Affairs (GECA) Sector**

**112** The sector consists of four main sub- sectors namely; trade and industrialization, cooperative development, Tourism and wildlife. The sector vision is to have a globally competitive economy with sustainable and equitable socio-economic development. The sector is very important to the county not only in revenue collection but also in sustainability of many livelihoods. It contributes more than 80% of local revenue and more than 30% of the county annual budget.

**113** Tourism related infrastructure development and improvement of the sector including tourism promotion. With regard to trade, efforts were directed at creating a conducive environment for investment, promoting industrial development, consolidating and strengthening cooperative societies and supporting development of micro, small and medium enterprises, investment promotion and value addition for locally produced goods.

**114** Notable challenges included; Human-Wildlife Conflicts, and rampant land subdivision and fencing of wildlife corridors restricting the movement of wildlife freely. In trade and industrialization there has been weak policy framework for investment.

**115** During the 2022/23 – 2024/25 MTEF period the sector will endeavour to complete key sector projects and programmes initiated in the FY 2021/22 as well as new development priorities for FY 2022/23 as recommended by the sector, members of the public and key stakeholders. Among them is promotion of Narok as a tourist attraction destination, strengthening cooperative societies and investment in value addition for locally produced goods. The sector will also endeavour to create a conducive investment environment for new investors as well as developing the policy framework for investment and efficient service delivery.

**116** Further, improving transport and communication network; Renovation and Improvement of staff houses in MMNR; Introduction of new tourist destination and circuit, wildlife monitoring programme and Promotion of the Maasai culture and tradition, Renovation of entry points, Capacity Building, among others in tourism and wildlife sub-sector.

**117** In trade, cooperatives and industrializations are promotion of County based Value Chain Co-operatives; establishment of agro-processing and rejuvenating housing co-operative Societies; modernization, upgrading and expansion of markets and enhance access to financial support through revolving funds, train SMEs and technical staffs.

**118** To implement the prioritized programmes, the Sector has been allocated a total of Kshs 812.62 million in the FY 2022/23. Out of this total tourism sub-sector has been allocated a Kshs 602.69 million, Kshs 417.64 million recurrent and Kshs 185.05 million development. Trade, Industrialization and co-operative sub-sector is to get Kshs 209.93 million. Kshs 109.40 million being for recurrent and Kshs. 100.53 million for development. Over the medium term, the sector is expected to continue receiving funding so as to continue implementing its medium and long strategic priorities.

## **6.0 CONCLUSION**

**119** The overall expenditure in this 2022 CFSP as outlined MTEF has grown moderately taking into account the envisioned moderate economic growth. However, the critical social areas will continue to receive a significant share of resources as well as capital investments as contributions to the growth objectives. County entities have shared resources on basis of agree criterion where by socio- economic sectors have been allocated a relatively higher amount.

**120** Projects with higher socio- economic impact as well as on-going projects have been prioritized in projects financing. Recurrent expenditure has been structured in such a way that it will continue to proportional decrease in medium term as the development expenditure increases in relative terms.

**121** The policies outlined in this CFSP largely re-emphasize the economic growth for sustained development agenda outlined in the considerations contained in the reviewed Narok CIDP II. They are also consistent with the overall national strategic objectives pursued by Jubilee Government including the four pillars for development. These strategic objectives are also adequately informed by the policies in the draft MTP III of the vision 2030, SDGs, DRR, EDE and climate change

## **ANNEXES**

### **Annex I: Summary of Sector priorities**

#### **A. Health and Sanitation**

- Enhancing health emergence response systems
- Improve access to quality health services through Construction of new outpatient blocks, maternity wards and staff houses
- Continuous rehabilitation, up-grading and equipping of the County health facilities.
- Reducing child and maternal mortality rate by equipping health facilities with both equipment and personnel and
- Development and maintenance of information management systems
- Completion of ongoing projects

#### **B. Tourism and Wildlife**

- Tourism Promotion and Marketing
- Niche Tourism product development & diversification
- Tourism Infrastructure development
- Wildlife Management and Operations
- Human wildlife conflict

#### **C. Agriculture, Livestock and Fisheries**

- Increasing agricultural production by scaling up farm input subsidy of fertilizers and seeds programme and adoption of technologies;
- Increasing commercialization of the sector by acquiring of more agricultural farm machinery and equipment.
- Increasing productivity of agricultural output through value addition and improving on market access.
- Improved animal genetics and vaccine administration
- Enhancing County food security through increasing and expanding strategic food reserves, establishing Agriculture and Livestock drought mitigation measures, Livestock and crop farming research.
- Implementation of NARIGP
- Implementation of ASDSP II

#### **D. Trade, Industrialization and Manufacturing**

- Market Infrastructure Development and Management.
- Market access through participation in Trade fairs and exhibitions
- Promote trade development, fair trade practices and consumer protection

- MSMEs Worksite Infrastructure development and Management
- Strengthen MSMEs Associations
- Promote innovation in product development for value addition and competitiveness
- Co-operative development through capitalization and investments

## **E. Water and Environment**

- Operationalization of Climate Change Fund
- Reforestation of degraded forested areas
- Solid waste and effluent management
- Water supplies infrastructures rehabilitation and expansion
- Increase number of households connected to the national grid
- Promote renewable energy use through establishment and implementation of a policy framework
- Enhance urban lighting program to all urban areas

## **F. Urban development and Housing**

- Spatial plans completion and operationalization
- Promote sustainable use of land through coordinated developments and reduction of urban sprawl
- Development of Physical plans for the towns and urban areas
- Upgrading of Land Management System
- Issues of Title deeds

## **G. Roads and Transport**

- Expansion of the road network through rehabilitation and upgrading of the County rural roads and construction of bridges
- Improve roads network in the county through Opening up of new roads, Grading gravelling and tarmacking
- Completion of all on-going projects.
- Provide excellent service in the construction and maintenance of public buildings and other infrastructural works.

## **H. Public Education and Social Services Sector**

- Increased enrolment of ECDE children in ECDE centres through expansion of infrastructural facilities
- Upgrading of infrastructure in VTCs
- Upgrading of Primary and Secondary School infrastructure in collaboration with National government
- Enhanced quality training in VTCs through supply of tools and equipment
- Developed and nurtured sport talents in youth.
- Established welfare support for persons with special needs
- Enhanced gender Mainstreaming interventions

## **I. Public Administration Sector**

- Improving infrastructure including office accommodation
- Enhancing effective coordination of County programmes,
- Enhancing policy advisory functions of the executive,
- Effective monitoring and evaluation of programmes and projects
- Training and development
- Disaster Mitigation and Management

## **J. Public Finance Management and Planning**

- Resource mobilization/revenue administration
- Budget Formulation, Coordination and Management
- Supply Chain Management Services
- Economic Planning Coordination
- Continuing investing in ICT infrastructure to support routine operational activities.



## **Annex II: Key Risks to the 2022/23 Budget framework**

**1** The Coronavirus disease (COVID-19) has continued to cause serious challenges across the world, not only overburdening the health care systems but also causing massive losses in the global economy. Prior to the manifestation and before the effects of COVID 19 and its impacts began to be felt in the Country and at the Counties, it was believed that the virus would not last for long. As a result, financial projections assumed a normal operating environment. This has, however, changed following the wide spreading pandemic that has led to interruption in County Government's development agenda. Own Source Revenue for Narok County is largely from Maasai Mara Game Reserve which is reliant on tourism. A reduction in tourist arrivals would adversely affect revenue generation.

**2** Delay in the release of equitable share from national government poses a major challenge particularly in projects implementation. It often leads to postponement of critical processes such as tendering which in return delays the entire project implementation.

**3** Public expenditure pressures, especially recurrent expenditures, continue to pose fiscal risk to the County Governments.

**4** Uncertainties occasioned by travel advisories and erratic weather condition are potential risk to the agriculture and tourism sectors respectively.

**5** Inadequate capacity in terms of human capacity and infrastructural support hinders effective public finance management. Hence the need for capacity of county staffs to be built on emerging trends such as internet banking and e-procurement. Unreliable internet provision has also hindered smooth operation of IFMIS which has in return led to administration difficulties.

**6** The requirement to pay all pending bills is exerting a lot of pressure on the expenditure. The condition has caused the re-direction of funds meant for enhancement of OSR and other initiatives, to cater for pending bills. Reduced funding on revenue enhancement strategies means high likelihood of underperformance in OSR which affects funding of development programmes.

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### Annex III: Revenue Allocation for Each County Government (FY 2022/23)

County	FY 2021/2022					FY 2022/2023				
	0.5 (Allocation Ratio*)		(Equitable Share**-0.5 Allocation Ratio)		Total Equitable Share****	0.5 (Allocation Ratio*)		(Equitable Share**-0.5 Allocation Ratio) *(Formula***)		Total Equitable Share****
	Allocation ratio	Equitable Share	Allocation ratio	Equitable Share		Allocation ratio	Equitable Share	Allocation ratio	Equitable Share	
	column A	column B	column C	column D	column E = B+D	column F	column G	column H	column I	column J = G+I
Baringo	1.61	2,547,825,000	1.80	3,821,569,592	6,369,394,592	1.61	2,547,825,000	1.80	3,821,569,592	6,369,394,592
Bomet	1.74	2,753,550,000	1.86	3,937,549,118	6,691,099,118	1.74	2,753,550,000	1.86	3,937,549,118	6,691,099,118
Bungoma	2.81	4,446,825,000	2.93	6,212,610,192	10,659,435,192	2.81	4,446,825,000	2.93	6,212,610,192	10,659,435,192
Busia	1.90	3,006,750,000	1.97	4,165,412,009	7,172,162,009	1.90	3,006,750,000	1.97	4,165,412,009	7,172,162,009
Elgeyo/Marakwet	1.22	1,930,650,000	1.26	2,675,882,480	4,606,532,480	1.22	1,930,650,000	1.26	2,675,882,480	4,606,532,480
Embu	1.36	2,152,200,000	1.40	2,973,043,762	5,125,243,762	1.36	2,152,200,000	1.40	2,973,043,762	5,125,243,762
Garissa	2.22	3,513,150,000	2.08	4,414,062,254	7,927,212,254	2.22	3,513,150,000	2.08	4,414,062,254	7,927,212,254
Homa Bay	2.13	3,370,725,000	2.09	4,434,628,300	7,805,353,300	2.13	3,370,725,000	2.09	4,434,628,300	7,805,353,300
Isiolo	1.34	2,120,550,000	1.22	2,589,838,265	4,710,388,265	1.34	2,120,550,000	1.22	2,589,838,265	4,710,388,265
Kajiado	2.03	3,212,475,000	2.24	4,742,293,229	7,954,768,229	2.03	3,212,475,000	2.24	4,742,293,229	7,954,768,229
Kakamega	3.29	5,206,425,000	3.39	7,182,987,168	12,389,412,168	3.29	5,206,425,000	3.39	7,182,987,168	12,389,412,168
Kericho	1.70	2,690,250,000	1.77	3,740,414,924	6,430,664,924	1.70	2,690,250,000	1.77	3,740,414,924	6,430,664,924
Kiambu	2.98	4,715,850,000	3.31	7,001,675,720	11,717,525,720	2.98	4,715,850,000	3.31	7,001,675,720	11,717,525,720
Kisumu	3.30	5,222,250,000	3.03	6,419,342,941	11,641,592,941	3.30	5,222,250,000	3.03	6,419,342,941	11,641,592,941
Kirinyanga	1.34	2,120,550,000	1.45	3,075,627,952	5,196,177,952	1.34	2,120,550,000	1.45	3,075,627,952	5,196,177,952
Kisii	2.46	3,892,950,000	2.36	5,001,324,509	8,894,274,509	2.46	3,892,950,000	2.36	5,001,324,509	8,894,274,509
Kisumu	2.16	3,418,200,000	2.18	4,607,939,240	8,026,139,240	2.16	3,418,200,000	2.18	4,607,939,240	8,026,139,240
Kitui	2.79	4,415,175,000	2.82	5,978,795,413	10,393,970,413	2.79	4,415,175,000	2.82	5,978,795,413	10,393,970,413
Kwale	2.46	3,892,950,000	2.06	4,372,635,516	8,265,585,516	2.46	3,892,950,000	2.06	4,372,635,516	8,265,585,516
Laikipia	1.32	2,088,900,000	1.44	3,047,365,679	5,136,265,679	1.32	2,088,900,000	1.44	3,047,365,679	5,136,265,679
Lamu	0.82	1,297,650,000	0.85	1,807,999,643	3,105,649,643	0.82	1,297,650,000	0.85	1,807,999,643	3,105,649,643
Machakos	2.45	3,877,125,000	2.50	5,285,179,232	9,162,304,232	2.45	3,877,125,000	2.50	5,285,179,232	9,162,304,232
Makueni	2.34	3,703,050,000	2.09	4,429,733,562	8,132,783,562	2.34	3,703,050,000	2.09	4,429,733,562	8,132,783,562
Mandera	3.23	5,111,475,000	2.87	6,078,907,598	11,190,382,598	3.23	5,111,475,000	2.87	6,078,907,598	11,190,382,598
Marsabit	2.14	3,386,550,000	1.84	3,890,454,032	7,277,004,032	2.14	3,386,550,000	1.84	3,890,454,032	7,277,004,032
Meru	2.54	4,019,550,000	2.59	5,474,307,338	9,493,857,338	2.54	4,019,550,000	2.59	5,474,307,338	9,493,857,338
Migori	2.14	3,386,550,000	2.18	4,618,470,448	8,005,020,448	2.14	3,386,550,000	2.18	4,618,470,448	8,005,020,448
Mombasa	2.23	3,528,975,000	1.91	4,038,379,061	7,567,354,061	2.23	3,528,975,000	1.91	4,038,379,061	7,567,354,061
Muranga	1.99	3,149,175,000	1.90	4,030,980,855	7,180,155,855	1.99	3,149,175,000	1.90	4,030,980,855	7,180,155,855
Nairobi	5.03	7,959,975,000	5.33	11,289,702,414	19,249,677,414	5.03	7,959,975,000	5.33	11,289,702,414	19,249,677,414
Nakuru	3.31	5,238,075,000	3.68	7,788,041,323	13,026,116,323	3.31	5,238,075,000	3.68	7,788,041,323	13,026,116,323
Nandi	1.69	2,674,425,000	2.04	4,316,444,041	6,990,869,041	1.69	2,674,425,000	2.04	4,316,444,041	6,990,869,041
Narok	2.54	4,019,550,000	2.28	4,825,239,456	8,844,789,456	2.54	4,019,550,000	2.28	4,825,239,456	8,844,789,456
Nyamira	1.52	2,405,400,000	1.29	2,729,940,036	5,135,340,036	1.52	2,405,400,000	1.29	2,729,940,036	5,135,340,036
Nyandarua	1.54	2,437,050,000	1.53	3,233,394,228	5,670,444,228	1.54	2,437,050,000	1.53	3,233,394,228	5,670,444,228
Nyeri	1.71	2,706,075,000	1.66	3,522,653,555	6,228,728,555	1.71	2,706,075,000	1.66	3,522,653,555	6,228,728,555
Samburu	1.46	2,310,450,000	1.45	3,060,896,037	5,371,346,037	1.46	2,310,450,000	1.45	3,060,896,037	5,371,346,037
Siaya	1.83	2,895,975,000	1.92	4,070,532,531	6,966,507,531	1.83	2,895,975,000	1.92	4,070,532,531	6,966,507,531
Taita Taveta	1.34	2,120,550,000	1.29	2,721,624,698	4,842,174,698	1.34	2,120,550,000	1.29	2,721,624,698	4,842,174,698
Tana River	1.85	2,927,625,000	1.70	3,600,783,765	6,528,408,765	1.85	2,927,625,000	1.70	3,600,783,765	6,528,408,765
Tharaka Nithi	1.24	1,962,300,000	1.06	2,251,898,593	4,214,198,593	1.24	1,962,300,000	1.06	2,251,898,593	4,214,198,593
Trans Nzoia	1.82	2,880,150,000	2.03	4,306,007,670	7,186,157,670	1.82	2,880,150,000	2.03	4,306,007,670	7,186,157,670
Turkana	3.33	5,269,725,000	3.47	7,339,580,994	12,609,305,994	3.33	5,269,725,000	3.47	7,339,580,994	12,609,305,994
Uasin Gishu	2.00	3,165,000,000	2.32	4,903,858,318	8,068,858,318	2.00	3,165,000,000	2.32	4,903,858,318	8,068,858,318
Vihiga	1.47	2,326,275,000	1.29	2,741,081,827	5,067,356,827	1.47	2,326,275,000	1.29	2,741,081,827	5,067,356,827
Wajir	2.70	4,272,750,000	2.46	5,201,976,151	9,474,726,151	2.70	4,272,750,000	2.46	5,201,976,151	9,474,726,151
West Pokot	1.58	2,500,350,000	1.79	3,796,934,329	6,297,284,329	1.58	2,500,350,000	1.79	3,796,934,329	6,297,284,329
GRAND TOTAL	100	158,250,000,000	100	211,750,000,000	370,000,000,000	100	158,250,000,000	100	211,750,000,000	370,000,000,000

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