



**COUNTY GOVERNMENT OF UASIN GISHU**

## **THE COUNTY TREASURY**

---

# **COUNTY FISCAL STRATEGY PAPER (CFSP) 2021**

---

**STRATEGY FOR SOCIO-ECONOMIC CONSOLIDATION AND  
RECOVERY**

**FEBRUARY 2021**

**A Prosperous and Attractive County in Kenya and Beyond**

---

© County Fiscal Strategy Paper (CFSP) 2021

The County Treasury P. O. Box 40-30100 ELDORET, KENYA

Email: [info@uasingishu.go.ke](mailto:info@uasingishu.go.ke)

Website: [www.uasingishu.go.ke](http://www.uasingishu.go.ke)

This document is also available at [www.uasingishu.go.ke](http://www.uasingishu.go.ke)

## FOREWORD

County Fiscal Strategy Paper (CFSP) 2021 is a County government policy document that sets out the broad strategic priorities and policy goals that guide the government in preparing its budget for the financial year 2021/2022 and over the medium term. The application of fiscal responsibility principles in the document reflects prudent and transparent management of public resources in line with the Constitution of Kenya (CoK) and the Public Finance Management (PFM) Act, 2012.

The CFSP 2021 has been prepared pursuant to Section 117 of the PFM Act 2012 which requires the County Treasury to prepare and submit CFSP to the County Executive Committee for approval before submitting the approved CFSP to the County Assembly by 28<sup>th</sup> February of each year. The paper has been aligned with the national objectives as captured in the Budget Policy Statement, with application of fiscal responsibility principles as required by section 107 of PFM Act 2012.

The CFSP 2021 has been prepared within the context of a contracting Kenyan economy as a result of adverse effects of the outbreak and rapid spread of Covid-19 and containment measures, which have disrupted lives and livelihoods, businesses and economic activities. It therefore seeks to urgently address the immediate socio-economic challenges that the county has been exposed to as a result of Covid-19 pandemic.

The contraction in the growth of the Kenyan economy and the slowdown in business and economic activities affected fiscal performance both at the national and county levels, thus affecting services delivery. In 2021/2022 financial year and over the medium term therefore, the focus of the government will be the *Strategy for Socio-Economic Consolidation and Recovery*.

The Strategy will be supported by the expected recovery in economic growth in Kenya in 2021 and positive growth prospects over the medium term supported by stable macroeconomic environment and expected favorable weather conditions to support agricultural production, value addition, exports and imports, and leverage on stable commodity prices and access to credit for investment and employment creation.

The County will pursue broad priorities and policies towards realization of the County's main transformations and outcomes, by prioritizing thus: Quality social services targeting strengthening health care system and access to education; Investing in agricultural production and food security; Investing in infrastructure development in roads, water and ICT; Investing in cooperatives and

enterprise development; Creating a secure and conducive business environment. Other important areas that the government will also appropriate resources include land banking for public utility and investment; strengthened land administration and management; physical planning services for coordinated development; trade development; sports development and social protection; and partnerships in housing and solid waste management. The development transformations and outcomes envisaged in the CFSP 2021 are aligned to the national development objectives. The County government will entrench good governance and structural reforms to improve service delivery.

The County government will enhance fiscal performance in FY 2021/2022 and over the medium term by strengthening efforts to improve local revenue performance, while pursuing expenditure productivity in the face of limited resource base. The County will also implement policies, programmes and projects aimed at enhancing participation of the youth, women and PWDs in the socio-economic development of the County.



**CPA Julius Rutto**  
**CECM, Department of Finance and Economic Planning**

## **ACKNOWLEDGEMENT**

The preparation of the County Fiscal Strategy Paper for the 2021 was in a participatory manner and with the involvement of all the County departments and entities. It sets out the broad strategic priorities and policy goals that will guide preparation of the FY 2021/22 MTEF budget.

The Department of Economic Planning coordinated and managed the overall preparation of the Strategy Paper. I wish to take this opportunity to thank staff in the line departments and other entities for their inputs and contribution in the paper's preparation. Special thanks also go to the Planning team for their time and effort in putting together this Paper.

Finally, as a department, we register our special appreciation and gratitude to His Excellency the Governor and His Excellency the Deputy Governor and the entire County Executive Committee for providing leadership in which the developmental aspirations of the County continue to thrive.



**CPA Millicent Okonjo**

**Chief Officer, Department of Economic Planning**

## ABBREVIATIONS AND ACRONYMS

AI	:	Artificial Insemination
ADP	:	Annual Development Plan
AMS	:	Agricultural Mechanization Services
ASDSP	:	Agricultural Sector Development Support Programme
ATC	:	Agricultural Training College
BROP	:	Budget Review Outlook Paper
BPS	:	Budget Policy Statement
CBD	:	Central Business District
CCTV	:	Closed Circuit Television
CEC	:	County Executive Committee
CFSP	:	County Fiscal Strategy Paper
CG	:	County Government
CIDP	:	County Integrated Development Plan
CIMES	:	County Integrated Monitoring & Evaluation System
CoK	:	Constitution of Kenya
CPSB	:	County Public Service Board
CRA	:	Commission of Revenue Allocation
DMSP	:	Debt Management Strategy Paper
EAC	:	East Africa Community
ECDE	:	Early Childhood Development Education
ELDOWAS	:	Eldoret Water & Sewerage Company
EMR	:	Electronic Medical Records
EPI	:	Expanded Programme on Immunization
ERS	:	Economic Recovery Strategy
FY	:	Financial Year
GCP	:	Gross County Product
GDP	:	Gross Domestic Product
GIS	:	Geographical Information System
HR	:	Human Resource
HSSF	:	Health Sector Services Fund

ICT	:	Information Communication Technology
IFMIS	:	Integrated Financial Management Information System
KCSAP	:	Kenya Climate Smart Agriculture Project
KDSP	:	Kenya Devolution Support Program
KM	:	Kilometres
KTTC	:	Kenya Technical Training College
KUSP	:	Kenya Urban Support Program
LPDP	:	Local Physical Development Plan
LED	:	Light Emitting Diode
MoH	:	Ministry of Health
MSMEs	:	Micro, Small and Medium Enterprises
MTEF	:	Medium Term Expenditure Framework
NCD	:	Non-Communicable Diseases
NHIF	:	National Health Insurance Fund
NMT	:	Non-Motorist Transport
NOREB	:	North Rift Regional Economic Bloc
NSE	:	Nairobi Stock Exchange
OSR	:	Own Source Revenue
PE	:	Personnel Emoluments
PFM	:	Public Finance Management
PPE	:	Personal Protective Equipment
PSM	:	Public Service Management
PWD	:	People with Disability
RMLF	:	Roads Maintenance Levy Fund
RMNCAH	:	Reproductive Maternal, Neonatal, Child and Adolescent Health
RRI	:	Rapid Result Initiative
SCH	:	Sub County Hospital
UGCED	:	Uasin Gishu County Equitable Development
USA	:	United States of America
VTC	:	Vocational Training Centre

## LIST OF TABLES AND FIGURES

### List of Tables

Table 2.1: Showing FY 2019/20 Budget Revised Estimates .....	15
Table 3.1: County Government Fiscal Projections FY 2019/20 – 2023/2024 (KSh.) .....	18
Table 4.1: Medium Term Sector Ceilings, 2020/21 - 2022/23 (KSh.) .....	24

### List of Figures

Figure 3.1: Average Growth in Revenue and Expenditure Allocations, FY 2020/21– 2021/22 ..	21
Figure 4.1: Showing Growth in Allocations between FY 2020/21 Budget and Proposed FY 2021/22 Budget by Department/ County Entity .....	25



**TABLE OF CONTENTS**

FOREWORD ..... ii

ACKNOWLEDGEMENT ..... iv

ABBREVIATIONS AND ACRONYMS ..... v

LIST OF TABLES AND FIGURES ..... vii

FACTS ABOUT COUNTY FISCAL STRATEGY PAPER..... x

1. STRATEGY FOR SOCIO-ECONOMIC CONSOLIDATION AND RECOVERY ..... 1

    1.1 Overview ..... 1

    1.3 Outline of the CFSP 2020 ..... 11

2. RECENT ECONOMIC DEVELOPMENTS AND POLICY OUTLOOK..... 12

    2.1 Overview of Recent Economic Developments ..... 12

    2.2 Impact of National Macroeconomic Variables on County Development ..... 13

    2.3 Update on Fiscal Performance and Emerging Challenges ..... 14

    2.4 Revised Estimates..... 15

    2.5 County Economic Policy and Outlook..... 15

    2.6 Risks to the Economic Outlook..... 16

    2.7 Proposed Interventions to the Risks ..... 17

3. FISCAL POLICY AND BUDGET FRAMEWORK..... 18

    3.1 County Fiscal Policy ..... 18

    3.2 Fiscal Framework..... 18

    3.3 Adherence to Fiscal Responsibility Principles..... 18

    3.4 Fiscal Structural Reforms..... 19

    3.6 Proposed Budget Framework for FY 2021/22 MTEF..... 20

    3.7 Summary ..... 21

4. FY 2019/20 BUDGET & MEDIUM-TERM EXPENDITURE FRAMEWORK ..... 22

    4.1 2020/2021 Fiscal Framework..... 22

    4.2 Medium-Term Spending Proposals..... 23

    4.3 Apportionment of Base Ceilings ..... 25

    4.4 Details of Sector Priorities ..... 25

        4.4.1 Public Administration Sector..... 26

        4.4.2 Infrastructure Sector ..... 26

        4.4.3 Agriculture and Rural Development Sector ..... 27

        4.4.5 Education Sector ..... 29

4.4.4 Health Sector ..... 29

5. CONCLUSION ..... 31

## **FACTS ABOUT COUNTY FISCAL STRATEGY PAPER**

County Fiscal Strategy Paper (CFSP) is a County government policy document that sets out the broad strategic priorities and policy goals that guide the government in preparing its budget for the next financial year and over the medium term.

Preparation of CFSP 2021 therefore incorporates the County's broad strategic priorities and policy goals that will guide the budget making process in the fiscal year 2021/2022 and over the medium term. The application of fiscal responsibility principles in the policy document reflects prudent and transparent management of public resources in line with the Constitution of Kenya (CoK) and the Public Finance Management (PFM) Act, 2012.

Section 117 of the PFM Act 2012 requires the County Treasury to prepare and submit CFSP to the County Executive Committee for approval before submitting the approved CFSP to the County Assembly by 28<sup>th</sup> February of each year. Sections 117, 107 and Regulations 26, 27 and 28 of the Act set out the content requirements and facts for CFSP as follows:

- Align the CFSP with the national objectives contained in the Budget Policy Statement;
- 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;
- Apply fiscal responsibility principles in the management of public finances;
- Include the financial outlook with respect to revenues, expenditures and borrowings for the coming fiscal year and over the medium term;
- Include a statement of fiscal risks in line with prudent management of risks, outlining potential policy decisions and key areas of uncertainty that may affect the County's fiscal outlook;
- Seek and take into consideration the views of Commission on Revenue Allocation, the public, any interested persons/groups and forums established by legislation;
- Not later than fourteen days after submitting the CFSP to the County assembly, the County Assembly shall consider and may adopt it with or without amendments;
- The County Treasury shall consider any recommendations made by the County assembly when finalizing the budget proposal for the next financial year;
- The County Treasury shall publish and publicize the CFSP within seven days after it has been submitted to the County Assembly.

# 1. STRATEGY FOR SOCIO-ECONOMIC CONSOLIDATION AND RECOVERY

## 1.1 Overview

CFSP 2021 has been prepared against a backdrop of a contracting Kenyan economy as a result of adverse effects of outbreak and rapid spread of Covid-19 and containment measures, which have not only disrupted lives and livelihoods, but also businesses and economic activities. Consequently, the Kenyan economy contracted by 5.7 percent in the second quarter of 2020 from a growth of 4.9 percent in the first quarter in 2020. The economy is therefore, projected to contract to a growth of about 0.6 percent in 2020 against earlier projection of 2.6 percent. Economic growth is projected to recover to 6.4 percent in 2021 due to in part, the lower base effect in 2020. In terms of fiscal years, economic growth is projected to register 3.5 percent growth in FY 2020/21 and further to 6.2 percent over the medium term.

The economy continues to register macroeconomic stability with low and stable interest rates and a competitive exchange rate that support exports. Year-on-year overall inflation remained within target range of  $5\pm 2.5$  percent in December 2020 at 5.6 percent from 5.8 percent in December 2019, with the lower inflation mainly being supported by a reduction in food prices. The foreign exchange market has largely remained stable but partly affected by a significant strengthening of the US Dollar in the global markets and uncertainty in the wake of the Covid-19 pandemic. Despite this, the current account deficit is estimated to improve to 5.1 percent in 2020 from 5.8 percent in 2019 mainly supported by an improvement in the trade balance.

The global economies have also been affected by the Covid-19 pandemic and the containment measures. As a result, the global economy is projected to contract by 4.4 percent in 2020 from a growth of 2.8 percent in 2019, an economic outlook worse than the growth reported during the 2008 - 2009 global financial crisis. Advanced economies are projected to contract by 5.8 percent in 2020 from a growth of 1.7 percent in 2019; with individual advanced economies experiencing significant contraction of -4.3 percent in the United States, -5.3 in Japan and -9.8 in the United Kingdom. Economic growth in the Euro area is projected to contract by 8.3 percent in 2020 from a growth of 1.3 percent in 2019.

The emerging markets and developing economies are also projected to contract by 3.3 percent in 2020 from a growth of 3.7 percent in 2019. All major economies are projected to contract in 2020 except China which is projected to grow by 1.9 percent, a slowdown from a growth of 6.1 percent in 2019.

Further, the Sub-Saharan African region is expected to contract by 3.0 percent in 2020 from a growth of 3.2 percent in 2019. The East African Community (EAC) region's economy is projected to slow down to 1.0 percent in 2020 compared to a growth of 6.2 percent in 2019, with the growth being supported by positive growths in Kenya, Tanzania and Rwanda. Economic activities in Burundi and Uganda are expected to contract in 2020.

The adverse effects of Covid-19 pandemic did not spare Uasin Gishu County. The County also experienced disruption of lives and livelihoods, businesses and economic activities as a result of the outbreak and spread of Covid-19 and attendant containment measures. The County, like other counties in Kenya, reported confirmed cases of Covid-19. The containment measures implemented by the County government in partnership and collaboration with the national government, development partners, private sector, civil service organizations (CSOs), residents and other stakeholders ensured that the confirmed cases of the disease and deaths have not escalated to alarming levels.

However, the containment measures adversely affected social, business and economic environment in the County. Economic activities significantly slowed down, with micro, small and medium enterprises (MSMEs) being greatly affected due to restrictions on movements and curfews. The pandemic and containment measures also orchestrated supply chain shortages and limited access to essential goods and services, and affected the public transport system. The County also faced challenges of overstretched health care system as a result of the pandemic.

The contraction in the growth of the Kenyan economy and the slowdown in business and economic activities affected fiscal performance both at the national and county levels, thus affecting services delivery. The County also registered below-target local revenue performance. Going forward in 2021/2022 financial year and over the medium term therefore, the focus of the government will be the *Strategy for Socio-Economic Consolidation and Recovery*.

CFSP 2021 therefore, seeks to urgently address the immediate socio-economic challenges that the county has been exposed to as a result of Covid-19 pandemic. The paper focuses on fostering a

conducive environment critical for the desired socio-economic development outcomes to mitigate the challenges.

The Strategy will be supported by the expected recovery in economic growth in Kenya in 2021 and positive growth prospects over the medium term supported by stable macroeconomic environment with low and stable interest rates and a competitive exchange rate to support exports, and low and within target inflation rate. The strategy will also be supported by expected favourable weather conditions to bolster agricultural production, support value addition, exports and imports, and leverage on stable commodity prices and access to credit for investment and employment creation.

The Strategy will leverage on the strategic location of the County with its superior infrastructure, industrial and agricultural development, and social and cultural diversity. The growth potential of the County is bolstered by its strategic economic, geographical and social positioning as an epicenter for agricultural production in Kenya, as a transit point into Western Kenya and Eastern Africa region, and as a highly cosmopolitan region respectively.

The County is regarded as the indisputable athletics epicenter, an exploitable position by the government to invest in sports development and diversification in order to consolidate and affirm the County's position as a sports hub. Further, the government is expected to harness the premium offered by the County's diversity by investing in arts and culture, and nurture talents while empowering the youth including persons with disabilities (PWDs).

The County is considered a transport and service hub in the region, with its fairly well-developed infrastructure in road, railway and telecommunication networks; international airport; inland container depot; and a branch of Central Bank of Kenya and several other financial institutions to facilitate financial deepening and growth.

For knowledge and skills development necessary for wider and active participation in development, Uasin Gishu County has substantial educational facilities with two public universities (Moi University and University of Eldoret) and campuses of other public and private universities, and tertiary institutions (Eldoret Polytechnic, Rift Valley Technical Training Institute, among others) as well as County Polytechnics.

The County boasts of a National Referral Hospital (Moi Teaching and Referral Hospital), County Referral Hospital and several other reputable health facilities necessary for a working health care system as well as medical tourism.

Uasin Gishu County is characterized by arable and fertile land and favorable weather necessary for agricultural production. The County's economy is driven by agriculture and agro-processing, real estate, inflows from sports (especially athletics), manufacturing, wholesale and retail activities, and service industry among others. Manufacturing is of immense potential in Uasin Gishu. Manufacturing concerns operating in the county include Rivatex, Ken knit, Raiply, Coca Cola Bottlers, and Unga Group Millers, among others. Manufacturing is essential towards moving agriculture up the value chain through value addition. It is through value addition that the county will be able to diversify and grow its exports, while ensuring growth and creating employment.

In the FY 2021/2022 and over the medium term, the government will prioritize implementation of broad-based priorities and policies with expected high value impacts, even as we address the immediate socio-economic challenges precipitated by Covid-19 pandemic. The County Priorities and policies will be aligned to the national the "Big Four Plan" and the County goals.

The CFSP 2021 therefore, articulates broad priorities and policies, structural reforms, and sectoral expenditure programs to be implemented under the Medium-Term Expenditure Framework for FY 2021/22 - 2023/2024 in order to actualize the Government's *Strategy for Socio-Economic Consolidation and Recovery*.

## **1.2 County Priorities**

In FY 2021/2022 and over the medium term, the County government will prioritize implementation of policies, programmes and projects drawn from the CIDP and aligned with national development objectives.

The County will adopt and implement the Post Covid-19 County Socio-Economic Recovery Plan while aligning with the National Post-Covid-19 Economic Recovery Strategy (ERS) whose fundamental pillar is a sound macroeconomic framework. The other key pillars being accelerated growth in private sector investment; enhanced allocations to strengthen health care systems; supported recovery and growth of MSMEs; up-scaled investment in ICT and digital infrastructure; facilitated clean, green and resilient growth; enhanced resilience of the economy to global supply chain shocks;

and better disaster preparedness and management; and economic governance, inequality, social cohesion, gender, youth, regional integration, and international cooperation. In the next financial year, the government will also prioritize completion of ongoing projects.

CFSP 2021 articulates priorities and strategies geared towards economic recovery, growth, employment and income, poverty reduction, improved business environment and empowering the youth, women and vulnerable. To realize these outcomes, the government will prioritize the following in the next FY and over the medium term:

- Quality social services targeting strengthening health care system and access to education;
- Investing in agricultural production and food security;
- Investing in infrastructure development in roads, water and ICT;
- Investing in cooperatives and enterprise development;
- Creating a secure and conducive business environment.

### **1. Quality social services targeting strengthening health care system and access to education**

The County government of Uasin Gishu has made tremendous investments in the health sector with a view to improving access to quality health care in the County. This ranges from infrastructure development in health facilities, capacity building of human resources in health, provision of medical supplies and drugs, to strengthening referral system. However, the advent and rapid spread of Covid-19 overstretched the health care system thus vitiating the investments made in the sector. In a bid to contain the spread of the disease, the government implemented the Ministry of Health (MOH) containment measures in collaboration and partnership with the National Government, development partners, private sector, civil society organizations (CSOs), residents and other stakeholders.

To further fight the spread of the disease, the government will continue with targeted interventions including thus: legal and policy interventions such as policy on proper disposal of used masks, domestication of National Protocol on Home based Care for Covid-19 patients, among others; Administrative Interventions including distribution of subsidized hand washing equipment, sanitizers, soaps, personal protective equipment (PPEs), water tanks, enforcement of Covid-19 MOH Regulations in public places and sensitization of stakeholders on the Covid-19 prevention measures.

To strengthen the health care system in the County, the government will enhance budgetary allocation to health sector to expand and upgrade health facilities as well as strengthening the County' referral



system. Priority in the next FY and over the medium term will be infrastructure development in health facilities, medical supplies and equipment, health research and policy, training medical personnel, and strengthening referral systems. Infrastructure development will focus on completion and equipping ongoing health facilities including sub-county hospitals, namely, Kesses Level IV Hospital, Ziwa Level V Hospital, 70-Bed West Maternity Hospital, 40-Bed Maternity Hospital Kapteldon, among others. The County will also ensure adequate medical supplies and drugs in the health facilities, and train human resources in health to improve on knowledge and skills for quality health care services across the County. The government will also address public health concerns in the County.

Access to quality education is an important priority of the County government because education provides knowledge, skills and attitude necessary for socio-economic development of the County. To this end, the County will improve infrastructure in ECDE centres and equip them with necessary learning materials; develop and upgrade vocational training centres (VTCs), and provide bursaries and scholarships to needy and qualifying students.

## **2. Investing in agricultural production and food security**

Uasin Gishu County is largely agriculture-based and is an epicenter for agricultural production in Kenya. Harnessing agricultural potential can support manufacturing and value addition, exports, food security, poverty reduction, growth, employment creation and incomes. To mitigate the supply chain shortages experienced in the County and across the country as a result of Covid-19 pandemic and containment measures, the government will enhance its investments in agricultural production and productivity, promote local food production and prioritize empowerment programmes in agriculture. The government will also promote growing of horticultural crops and flowers for exports through Eldoret International Airport, and emerging cash crops such as coffee, macadamia, avocado, pyrethrum, and potatoes.

To unlock agricultural potential in the next FY and over the medium term, the County will strengthen research and extension services for appropriate knowledge, information, and skills to support farmers; support mechanization of agriculture by enhancing capacity of AMS and making it semi-autonomous; provision of input subsidy; crop diversification; post-harvest management through construction of storage facilities and driers; soil testing and management; effective crop pests and disease control;

effective livestock disease control, management and surveillance through construction and rehabilitation of cattle dips, vaccinations and veterinary services; effective animal breeding services (quality AI services); and improved animal feed by installing feed mixers. Crop production will further be bolstered by upscaling irrigation services and promoting use of greenhouse technology. Crop diversification will also be achieved by promoting emerging cash crops such as coffee, macadamia, avocado, pyrethrum, and potatoes.

Fish production is another frontier for growth and development in the County as it is as a source of food security, nutrition and income to residents. To increase fish production, the County will prioritize construction and rehabilitation of fish ponds and stocking with fingerlings, establishment of fish cages while utilizing new technologies such as aquaponics and re-circulating systems; acquiring and operationalizing fish feed extruder, and installation of aqua-shops.

The government will also prioritize value addition and empowerment programmes targeting the youth, women and PWDs for job creation and incomes. Value addition in agriculture will be achieved through establishment of agro-processing plants including milling plants, completion and operationalization of milk cooling plants, construction of category 'A' slaughterhouse, acquisition of yoghurt making equipment, among others. Empowerment programmes targeting women and the youth will include *inua mama na kuku* and *kijana na acre* among others. The government will continue with the implementation of the Smart Agriculture programme supported by irrigation services.

### **3. Investing in infrastructure development in roads, water and ICT**

Infrastructure development in critical areas such as roads, water and information communication technology (ICT) will facilitate realization of the broad County goals and objectives, as it supports sustained agricultural transformation, encourage expansion of commerce, grow export of goods and services and expand economic opportunity for employment and income. Investing in secure, compliant and reliable infrastructure will reduce cost of doing business and promote competitiveness, transforming the County into a regional hub, and achieve the twin objective of food security and market linkage. This will also address the challenges precipitated by the advent and spread of Covid-19 such as supply chain shortages and limited access to essential goods and services.

For improved road network and linkage in the County, the government will invest in roads infrastructure development, management and maintenance. We will prioritize construction and

rehabilitation of roads, upgrading existing roads from earth to bitumen, grading and gravelling, drainage works and construction of bridges and box culverts. The County government will also design and implement timely routine road maintenance programme to keep our roads in good condition. In a bid to improve security and drive economic activity in Eldoret Central Business District (CBD) and other urban centres, the government will continue with its street lighting programme and maintenance. In 2021/2022 and over the medium term, the government will also develop transport infrastructure through construction and rehabilitation of bus bays, *boda boda* shades and establishing traffic signal infrastructure. To improve the County's response to fire and other emergencies, the government will construct fire stations and equip firefighting and rescue personnel with requisite knowledge and skills.

To decongest the Central Business District of Eldoret town and ensure free flow of traffic, the government will carry out surveying, designing and construction of by-passes, new roads, walkways and cycle ways over the medium term. A comprehensive urban development plan with provisions for all services and amenities expected of a modern city will be developed to actualize the Eldoret City status.

Investing in water services remains a critical priority for the County Government of Uasin Gishu because of its potential to facilitate agricultural and industrial development in the County. In the next FY and over the medium, the government will prioritize development of water sources and distribution, and protection and conservation of water towers. We will focus on construction and rehabilitation of dams and water pans through desilting, embankment and spillway repair, demarcation, fencing and growing of indigenous trees; drilling and equipping of boreholes; springs protection; implementation of community water projects; construction and rehabilitation of water supplies; and promotion of rain water harvesting by encouraging public institutions and households to install roof catchment infrastructure.

Construction and rehabilitation of dams and water pans will support irrigation and use of green houses for enhanced food security. Implementation of community water projects will improve distribution of water to institutions and surrounding communities. The County will rehabilitate all the water supplies in the County (Turbo, Moi's Bridge, Burnt Forest, Sambut, Sosiani and Kipkabus) and develop new intake and treatment works.

Further, the government will protect water catchment areas by protecting water sheds and water bodies as well as protecting and conserving wetlands and riparian. Efforts will also be made towards

growing the County's forest cover to over seven percent. Further, the public will be sensitized on the need to protect and conserve water towers by organizing Eldoret City Marathon through Climate Action. The government will continue to build the capacity of ELDOWAS to deliver water and sanitation services to residents of the County.

The Covid-19 pandemic and its containment measures affected access to essential goods and services. Consequently, ICT and digital platforms remained important alternative to access to services and service delivery. Therefore, going forward into 2021/2022 and over the medium term, the government will up-scale investment in ICT and digital infrastructure to improve ICT services in the County. Automation of County services will be strengthened.

#### **4. Investing in cooperatives and enterprise development**

Cooperatives are special vehicles that allow members to exert control over their economic livelihoods as they play an important role in facilitating job creation, economic growth, and social integration and development. They play an important role in access to credits, markets, and reducing post-harvest losses by providing storage facilities.

The immense potential and opportunities presented by cooperatives movement will be tapped by strengthening the capacity of cooperatives to deliver services to members. This will involve training of members on cooperative management and entrepreneurial skills, and financing cooperatives to bolster their capacity to give credit to members. The government will also sensitize farmers, women, youths and people leaving with disabilities on the need to form, register with or join cooperatives, resuscitate dormant cooperatives and register new ones. The government will strengthen cooperatives to do value addition in the area of milk processing and maize milling.

In the medium term, the government will support establishment of incubation centres to foster enterprise development in the County.

MSMEs were severely affected by the containment measures instituted by the National Government to contain the spread of Covid-19 such as restrictions on movement and curfews which led to significant loss of business. To support the recovery of MSMEs in the medium term, the government will implement capacity building programme, credit scheme, among others, and sensitize MSMEs on programmes supported by the National Government for their recovery post-Covid-19. The County

government will also foster a secure and conducive business environment necessary for MSMEs operations.

## **5. Creating a secure and conducive business environment**

Fostering a secure and conducive business environment is an important and facilitative role played by both the national and county governments. This is achieved through maintaining macroeconomic stability, enhancing security and improving business regulations. The County Government of Uasin Gishu will play its role in creating conducive business environment by implementing structural and governance reforms, and collaborating with national government to improve security in order to encourage innovation, investment, growth and expansion of economic and employment opportunities in the county.

The government will make deliberate efforts to make it easy to set up business through simplifying issuance of licenses and establishment of one-stop shop for issuance of all the necessary licenses and permits, and registration. These will be supported by appropriate and facilitative ICT and digital platforms. In addition, the licencing Act 2014 will be amended to ensure more mitigation measures against the challenges of the pandemic are provided to the traders.

Successful implementation of the broad priorities and policies to achieve the overall County goals and objectives will largely depend the County's fiscal performance. In the FY 2021/2022 and over the medium term, the government will strengthen its local revenue collection efforts to enhance performance, and prioritize expenditure productivity while applying the fiscal responsibility principles. To improve public resources management and budget execution, we will fully apply Integrated Financial Management Information System (IFMIS) in all financial transactions including e-procurement, strengthen Program Based Budgeting, and strengthen staff capacity in public finance management. The County government will also decentralize financial services to strengthen devolution. In the medium term, the County will pursue public private partnerships (PPP) to harness private sector resources and expertise to accelerate implementation of County policies, programmes and projects.

Other important areas that the government will also appropriate resources include land banking for public utility and investment; strengthened land administration and management; physical planning services for coordinated development; trade development; sports development and social protection;

and partnerships in housing and solid waste management. The County government will entrench good governance and structural reforms to improve service delivery.

### **1.3 Outline of the CFSP 2020**

#### *Recent Economic Developments and Policy Outlook*

Section II outlines the economic context in which the 2021/2022 MTEF budget is prepared. It provides an overview of the recent economic developments and the macroeconomic outlook.

#### *Fiscal Policy and Budget Framework*

Section III outlines the fiscal framework that is supportive of growth over the medium-term, while continuing to provide adequate resources to facilitate the transformation of the County as envisaged in the CIDP II.

#### *Medium-Term Expenditure Framework*

Section IV presents the resource envelope and spending priorities for the proposed 2021/2022 MTEF Budget and the Medium Term. Sector achievements and priorities are also reviewed for the 2021/2022-2023/2024 MTEF period.

## 2. RECENT ECONOMIC DEVELOPMENTS AND POLICY OUTLOOK

This section gives economic overview in which 2019/20 budget was prepared. It outlines the recent economic developments and macroeconomic outlook at National and County Government level.

### 2.1 Overview of Recent Economic Developments

The Kenyan economy was adversely affected by the outbreak of Covid-19 Pandemic and the swift containment measures, which have not only disrupted the normal lives and livelihoods, but also to a greater extent businesses and economic activities. As a result, our economy contracted by 5.7 percent in the second quarter of 2020 from a growth of 4.9 percent in the first quarter in 2020. The economy is therefore estimated to slow down to a growth of around 0.6 percent in 2020 from the earlier projection of 2.6 percent in the 2020 Budget Review and Outlook Paper (BROP). Economic growth is projected to recover to 6.4 percent in 2021 due to in part, the lower base effect in 2020. In terms of fiscal years, economic growth is projected to grow by 3.5 percent in FY 2020/21 and further to 6.2 percent over the medium term.

The economy continues to register macroeconomic stability with low and stable interest rates and a competitive exchange rate that support exports. Year-on-year overall inflation remained within the Government target range of  $5\pm 2.5$  percent in December 2020 at 5.6 percent from 5.8 percent in December 2019. This lower inflation was mainly supported by a reduction in food prices.

Year-on-year overall inflation rate remained low, stable and within the Government target range of  $5\pm 2.5$  percent since end 2017 demonstrating prudent monetary policies. The inflation rate was at 5.6 percent in December 2020 from 5.8 percent in December 2019. This lower inflation was supported by a reduction in food prices.

The foreign exchange market has largely remained stable but was partly affected by a significant strengthening of the US Dollar in the global markets and uncertainty with regard to the Covid-19 pandemic. In this regard, the Kenya Shilling to the dollar exchanged at KSh. 110.6 in December 2020 compared to KSh. 101.5 in December 2019 Short-term interest rates remained fairly low and stable. The Central Bank Rate was retained at 7.00 percent on November 26, 2020 same as in April 2020 to signal lower lending rates in order to support credit access by borrowers especially the Small and Medium Enterprises, distressed by COVID-19 pandemic. The interbank rate declined to 5.1 percent

in December 2020 from 6.0 percent in December 2019 in line with the easing of the monetary policy and adequate liquidity in the money market.

The overall balance of payments position improved to a surplus of US\$ 1,217.2 million (1.2 percent of GDP) in the year to September 2020 from a deficit of US\$ 1,058 million (1.1 percent of GDP) in the year to September 2019. This was mainly due to an improvement in the current account balance. The current account deficit stood at \$ 4,921.0 million (5.0 percent of GDP) in September 2020 from US\$ 5,009.1 million (5.3 percent of GDP) in September 2019. The improvement in the current account balance was mainly due to the improvement in the merchandise account balance and the Net primary income balance.

The banking system's foreign exchange holdings remained strong at US\$ 12,585.0 million in September 2020 up from US\$ 13,083.3 million in September 2019. The official foreign exchange reserves held by the Central Bank was at US\$ 8,765.1 million (5.4 months of import cover) in September 2020 compared with US\$ 9,441.6 million (5.8 months of import cover) in September 2019.

Activity in the capital markets declined in December 2020 compared to December 2019, with equity share prices declining as shown by the NSE 20 Share Index. The decline reflects the volatility in the financial markets as a result of the uncertainty surrounding the covid-19 pandemic. The NSE 20 Share Index was at 1,868 points by end of December 2020 compared to 2,654 points by end December 2019. Consequently, market capitalization declined from KSh. 2,540 billion to KSh. 2,337 billion over the same period.

## **2.2 Impact of National Macroeconomic Variables on County Development**

Economic performance at the national level impacts development discourse of counties for it is able to determine level of economic activity, and amount of resources that counties may access for their development expenditures. The stable macroeconomic environment prevailing in Kenya supports the growth prospects of the country. Low and stable interest rate and competitive exchange rate support exports and encourages spending and investment which leads to economic growth.

Low and stable inflation rate fosters investment, reduces uncertainty, promotes efficient use of productive resources, contributes towards economic growth and stability, and maintains international competitiveness.



## **2.3 Update on Fiscal Performance and Emerging Challenges**

Fiscal framework is anchored on assumptions. Thus, the County Fiscal Strategy Paper is prepared on the assumptions of a strong local revenue collection, increasing equitable share from National Treasury, prudent expenditure controls and a commitment to maintaining sound balance between development and recurrent spending.

### **Fiscal Performance**

#### **Revenue collection**

In FY 2019/20, the County received a total of KSh. 5,785,620,000 against a target of KSh. 6,330,000,000 as equitable share while local revenue amounted to KSh. 779,330,751 against a target of KSh. 900,000,000 representing a 13 percent shortfall. The equitable share allocated to the county in the period under review grew by 7 percent from the previous year.

Similarly, grants in form of HSSF Danida, Kenya Climate Smart Agriculture, Rehabilitation of Village Polytechnic, Roads Maintenance Fuel Levy Fund (RMLF), World Bank grants (KUSP), Sweden Agriculture Sector Development Support Programme (ASDSP), Maternal Health Care Fee, World Bank (KDSP) and Compensation of User Fee amounting to KSh. 966,695,210 was received against a target of KSh. 1,471,363,473.

#### **Expenditure analysis**

In the FY 2019/2020, actual expenditures amounted to KSh. 8,054,998,476 against the projected amount of KSh. 11,567,607,793 representing an absorption rate of 70 percent. of this, KSh. 5,354,605,150 was for recurrent and KSh. 2,700,393,326 was for development. The underspending can be attributed to a difficult operating environment due to Covid-19 pandemic, delays in release of funds by National Treasury and slow procurement processes in finalizing awarding of tenders for development projects.

#### **Emerging Challenges**

- Persistence of Covid-19 Pandemic and its effects on the economy
- Procurement challenges due to slow uptake of e-procurement by the business community
- Delays in release of funds by national government which affected absorption levels
- Unrealistic targets, for example, raising street parking targets and not increasing the number of parking slots

- Frequent health workers strike affecting revenue collection in Health Facilities
- Instability of network connectivity to run IFMIS

## 2.4 Revised Estimates

Table 2.1: Showing FY 2019/20 Budget Revised Estimates

	2019/20	2019/20
	Estimated Budget	Revised Budget
<b>Total Revenue &amp; Grants</b>	<b>11,369,638,524</b>	<b>11,567,607,793</b>
Unspent Bal b/f	2,862,720,134	2,862,720,134
<b>Revenue (Total)</b>	<b>8,506,918,390</b>	<b>8,701,363,473</b>
National Govt Transfers	6,200,000,000	6,330,000,000
Local Revenue	900,000,000	900,000,000
Grants & Others	1,406,918,390	1,471,363,473
<b>CG Expenditure</b>	<b>11,369,638,524</b>	<b>11,567,607,793</b>
Recurrent	5,217,344,197	5,770,951,125
<b>Rec. as a % of CG Expenditures</b>	<b>45.89</b>	<b>50%</b>
Personnel Emoluments	3,260,505,029	4,183,312,662
Operation & Maintenance	1,956,839,168	1,587,638,463
<b>PE as a % of CG Revenues</b>	<b>37.69</b>	<b>36%</b>
Development	6,152,294,327	5,796,656,668
<b>Dev. as a % of CG Expenditures</b>	<b>54.11</b>	<b>50%</b>

As indicated in table 2.1, recurrent expenditure was revised upwards by 10 percent while development expenditure reduced by 6 percent. Personnel emoluments was also upwards by 28 percent. The shift of resources towards recurrent activities could be attributed to employment of new staff and promotions.

## 2.5 County Economic Policy and Outlook

The County Fiscal and Strategy Paper specifies the broad strategic priorities and policy goals that will guide the County government in preparing its budget for the FY 2021/22 and over medium term. Over the medium term, the County government will focus on completion of ongoing programmes and projects set out in the CIDP.

In the medium term, the County will work with the National Government in implementing Post Covid-19 Economic Recovery Strategy (ERS) which will mitigate the adverse impacts of the Pandemic on the economy and further re-position the economy on a steady and sustainable growth trajectory.

In the same period, the County will continue to fast track implementation of targeted interventions to alleviate the adverse effects of Covid-19 on businesses, lives and livelihoods of people in the County.

The interventions as recommended by the Uasin Gishu County Socio-Economic Re-Engineering Committee range from legal and policy interventions such as policy on proper disposal of used masks, domestication of National Protocol on Home based Care for Covid-19 Patients among others; Administrative Interventions including distribution of subsidized hand washing equipment, sanitizers, soaps, PPEs, water tanks, enforcement of Covid-19 MoH regulations in public places and sensitization of stakeholders on the Covid-19 prevention measures; Financial Support and other resources including programmes such as *Inua Biashara Fund*, Education Revolving Fund, County Bursary Fund, *Inua Mama na Kuku*, *Kijana na Acre*, *Operation Maziwa Lita Kumi*, promotional crops among others; Infrastructural Construction and Expansion including market infrastructure, ICT infrastructure, road network, health infrastructure and water services; capacity building; to Humanitarian Interventions such as distribution of food to the vulnerable in the society and County Rescue Centre.

The County government will continue to work with the National Government, development partners and other counties in the region and beyond in addressing development challenges facing residents of the County, especially in health services, roads infrastructure, water, cooperatives & enterprise development, and agriculture.

## **2.6 Risks to the Economic Outlook**

- Delays in disbursement to County Governments resulting from disagreements on revenue sharing formula and division of revenue
- Overreliance on equitable share of revenue hence exposing the County to fiscal shocks occasioned by revenue underperformance at the national level
- Persistence of Covid-19 Pandemic and its effects on the economy
- Underperformance of own source revenue
- Low absorption of budgeted funds may delay envisaged socio-economic transformation
- Occurrence of adverse weather conditions resulting to reduced productions and destructions of basic infrastructure like roads, bridges, among others
- Expenditure pressures due to increasing wage bill thus leaving inadequate resources for development

## **2.7 Proposed Interventions to the Risks**

- Application of fiscal responsibility principles
- Uasin Gishu County Socio-Economic Re-Engineering Committee established to come up with mitigation measures to cushion citizens and businesses from the adverse effects of Covid-19 Pandemic and support economic activities
- Formulation of adequate legislations to guide and manage revenue collection in the county
- Undertaking monthly implementation reporting of all County projects and programmes to ensure planned projects and programmes are implemented and paid on time
- Promote drought resistant variety of crops, crop diversification, changes in cropping pattern and calendar of planting, and adaptation of climate-proofed construction and design of roads
- Developing staffing plan to guide the county in recruitment of various cadres and increasing own source revenue by tracking new revenue sources.

### 3. FISCAL POLICY AND BUDGET FRAMEWORK

The section summarizes consolidated fiscal policy and framework for FY 2021/22 and MTEF, and the key actions the County government will take in budget allocation.

#### 3.1 County Fiscal Policy

In the FY 2021/22 and over the medium, the County will focus on maintaining a balanced budget. This will be achieved through re-prioritizing expenditures from recurrent to development and enhancing local revenue performance. Implementing strategies for economic recovery post Covid-19 will also be pursued.

#### 3.2 Fiscal Framework

The fiscal framework provided in table 3.1 summarizes the aggregated resource envelope and expenditures for the County government for the FY2019/20 to FY 2021/22 period.

Table 3.1: County Government Fiscal Projections FY 2019/20 – 2023/2024 (KSh.)

	2019/2020		2020/21	2021/22	2022/23	2023/24
	Estimate Budget	Revised	Estimated Budget	Projected Ceiling	Proj.	Proj.
<b>Total Revenue &amp; Grants</b>	<b>11,369,638,524</b>	<b>11,567,607,793</b>	<b>11,727,087,098</b>	<b>9,627,712,285</b>	<b>9,916,543,654</b>	<b>10,214,039,963</b>
Unspent Bal b/f	2,862,720,134	2,866,244,320	3,269,022,050		0	0
<b>Revenue (Total)</b>	<b>8,506,918,390</b>	<b>8,701,363,473</b>	<b>8,458,065,048</b>	<b>9,627,712,285</b>	<b>9,916,543,654</b>	<b>10,214,039,963</b>
National Govt Transfers	6,200,000,000	6,330,000,000	6,045,150,000	8,068,858,318	8,310,924,068	8,560,251,790
Local Revenue	900,000,000	900,000,000	991,000,000	950,000,000	978,500,000	1,007,855,000
Grants & Others	1,406,918,390	1,471,363,473	1,421,915,048	608,853,967	627,119,586	645,933,174
<b>CG Expenditure</b>	<b>11,369,638,524</b>	<b>11,567,607,793</b>	<b>11,727,087,098</b>	<b>9,627,712,285</b>	<b>9,916,543,654</b>	<b>10,214,039,964</b>
Recurrent	5,217,344,197	5,770,951,125	5,452,717,885	6,505,119,322	6,700,272,902	6,901,281,089
<b>Rec. as a % of CG Expenditures</b>	<b>45.89%</b>	<b>49.89%</b>	<b>46.50%</b>	<b>67.57%</b>	<b>67.57%</b>	<b>67.57%</b>
Personnel Emoluments	3,260,505,029	3,260,994,029	3,771,850,852	4,245,528,469	4,372,894,324	4,504,081,153
Operation & Maintenance	1,956,839,168	2,509,957,096	1,680,867,033	2,259,590,853	2,327,378,578	2,397,199,936
<b>PE as a % of CG Revenues</b>	<b>38.33%</b>	<b>37.48%</b>	<b>44.59%</b>	<b>44.10%</b>	<b>44.10%</b>	<b>44.10%</b>
Development	6,152,294,327	5,796,656,668	6,274,369,213	3,122,592,963	3,216,270,752	3,312,758,875
<b>Dev. as a % of CG Expenditures</b>	<b>54.11%</b>	<b>50.11%</b>	<b>53.50%</b>	<b>32.43%</b>	<b>32.43%</b>	<b>32.43%</b>

#### 3.3 Adherence to Fiscal Responsibility Principles

Section 107 of the PFM Act, 2012 and Regulations of 2015 requires County governments to adhere to the following fiscal responsibility principles:

*Maintaining a Balanced Budget* – the law states that the county government’s recurrent expenditure shall not surpass its total revenues. The County has maintained a balanced budget and will over the medium-term period.

*Compliance with the Requirement for Expenditure on Wages* – Regulation 25(1) (b) of the PFM (County Governments) Regulations, 2015 requires that county governments’ wage bill shall not exceed 35 percent of their total revenues. The expenditures on wages currently stands at 45 percent of total revenues and is projected to remain at 44 percent in FY 2021/22 and over medium term. There is therefore need to keep the ballooning wage bill within the required limit.

*Adherence with the Requirement for Development Spending Allocations* – the law requires county governments to allocate a minimum of thirty percent of their budget to development expenditures. The County has consistently complied with the requirement and will be maintained at 32 percent over the medium-term.

*County Debt Financing to be used for development* – any government borrowing shall be used only for the purpose of financing development expenditure and not recurrent expenditure. The County is implementing a balanced budget but any borrowing undertaken will be used to finance development projects only in accordance with the PFM Act, 2012 and the Borrowing Framework for sub-nationals.

### **3.4 Fiscal Structural Reforms**

The County will be enacting and implementing the following fiscal structures to enable it to be fully compliant with PFM, 2012:

*Revenue administration* – the County is developing a revenue management bill that will enhance local revenue performance. It will also sensitize public on the importance of paying taxes, decentralize revenue collection to sub-counties and ward levels, implement digital banking platforms, roll-out of Rapid Result Initiative (RRI) and training of revenue staff.

*Enhanced Expenditure Productivity* – under spending reported in the first half of the FY 2020/21 was attributed to low absorption rates especially in the development expenditures by the line departments. To accelerate this, the County will re-organise its structure to focus more on increased development expenditure with raft of measures put towards reducing recurrent expenditure to devote more resources to development.

*Prioritization of programmes and projects* – the County will shift its focus to implementation of prioritized programmes aimed at post Covid-19 economic recovery and fast track completion of all stalled/ongoing projects in line with the recommendations of the Mid Term Review Report.

*Finance staff* - the County will continuously build competencies of the finance staff on IFMIS functions through trainings and roll out and use of process manuals.

### **3.5 Debt Financing Policy**

The County is implementing a balanced budget over the medium term but any deficits that may occur can be financed through borrowing in accordance with Sections 58 and 142 of the PFM Act, 2012 and the Borrowing Framework for Sub-nationals. Such borrowings will, however, be for capital expenditures and maintained at sustainable level as provided in the Debt Management Strategy Paper (DMSP) 2021.

### **3.6 Proposed Budget Framework for FY 2021/22 MTEF**

The budgetary allocation for the County government is summarised as follows:

#### *Revenue Projections*

The resource envelope available for allocations among County departments in the FY 2021/22 is projected at KSh. 9,627,712,285 comprising of KSh. 8,068,858,318 as equitable share, KSh. 950,000,000 as local revenue and KSh. 608,853,967 as conditional grants.

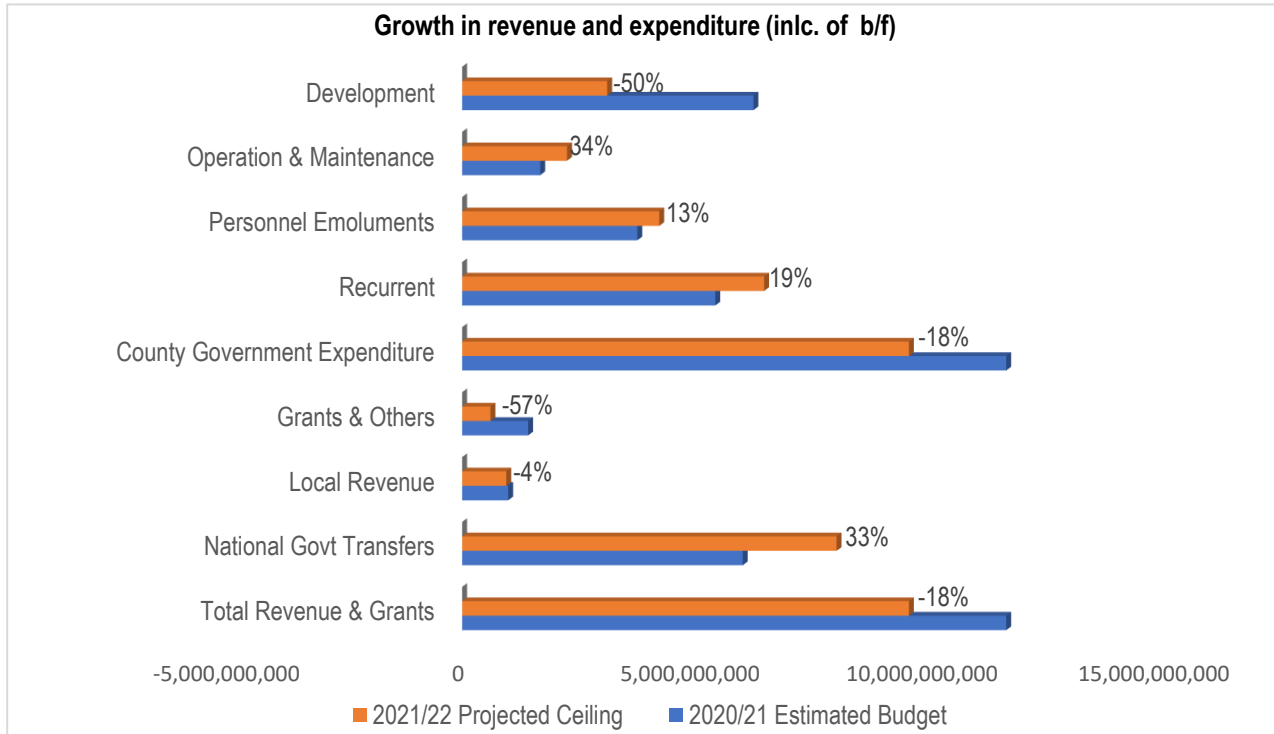
#### *Expenditure Projections*

The government has remained committed in maintaining the expenditure ceilings within the prescribed levels over the previous financial years with spending pressures managed through supplementary budgets. Towards this, the County targets total expenditures of KSh. 9,627,712,285 in FY 2021/22 budget. Out of this, recurrent is KSh. 6,505,119,322 accounting for 68 percent of total budget and development is KSh. 3,122,592,963 accounting for 32 percent as indicated in table 3.1.

#### *Ward Based Projects for Equitable Development*

The County Government is implementing the Uasin Gishu County Equitable Development (UGCED) Act, 2019 which requires that 40 percent of total development expenditures is allocated to ward projects identified by the residents. Towards this, allocation for FY 2021/22 is projected at KSh. 1,232,347,172 to be shared equally by all the thirty wards translating to KSh. 41,078,239.07 per ward.

Figure 3.1: Average Growth in Revenue and Expenditure Allocations, FY 2020/21 – 2021/22



As shown in figure 3.1, local revenue is projected to decline by 4 percent from the previous year while equitable share allocation will grow by 33 percent. Additionally, development expenditure is projected to decline by 50 percent due to overall reduction in projected revenues i.e., local revenue and conditional grants. Further, PE is also projected to grow by 13 percent in the same period and this calls for measures such as optimal staffing levels, recruitment of essential staff only, among others, to reverse the trend.

### 3.7 Summary

The County Government is committed to adhering to the fiscal responsibilities’ principles outlined in the PFM Act, 2012 and PFM Regulations, 2015 to actualize priority programmes outlined in the CIDP (2018-2022). It is also cognizant of the adverse impact of Covid-19 pandemic and will therefore implement pro-growth strategies.



## **4. FY 2019/20 BUDGET & MEDIUM-TERM EXPENDITURE FRAMEWORK**

This section discusses expenditure priorities for the three-year spending framework of the County Government.

### **4.1 2020/2021 Fiscal Framework**

The overall county budget is expected to drop by 17 percent in FY 2021/22 due to decrease in allocation of conditional grants by 57 percent as projected in the 2021 Budget Policy Statement, local revenue by 4 percent and unspent balances. However, this is expected to improve over the medium-term with a projected growth of 3 percent.

#### **Resource Projections**

Total revenue for the FY 2021/22 budget is projected to decline by one percent from the previous year to KSh. 9,627,712,285 due to reduction in allocation of conditional grants to the County and lower projection of local revenue. The amount comprises of KSh. 8,068,858,318 as equitable shareable revenue, KSh. 608,853,967 as conditional grants and KSh. 950,000,000 as local revenue.

#### **Expenditure Projections**

In FY 2020/21, overall expenditure is projected to reduce by 17 percent to KSh. 9,627,712,285 from KSh. 11,727,087,098 in the FY 2020/21 largely attributed to decrease in allocations of conditional grants and unspent balances brought forward from the FY 2019/20 budget. The wages and salaries are projected to grow to 47 percent of total expenditure over the medium-term, making it the single largest expenditure item. The expenditures projected will support priority programmes and projects outlined in the Paper.

#### **Overall Budget Financing**

The County will be implementing a balanced budget over the FY 2021/22 – 2023/24 MTEF period and does not anticipate any deficits. However, any occurrence of a distress can be supported by borrowing in line with the PFM Act, 2012 and the Borrowing Framework for Sub-nationals. The County will also enhance local revenue performance and ensure efficiency and effectiveness in public spending to actualize the budget.

## **4.2 Medium-Term Spending Proposals**

Table 4.1 provides the projected baseline ceilings for the 2021/22–2023/24 MTEF period, classified by sector and sub-sector.

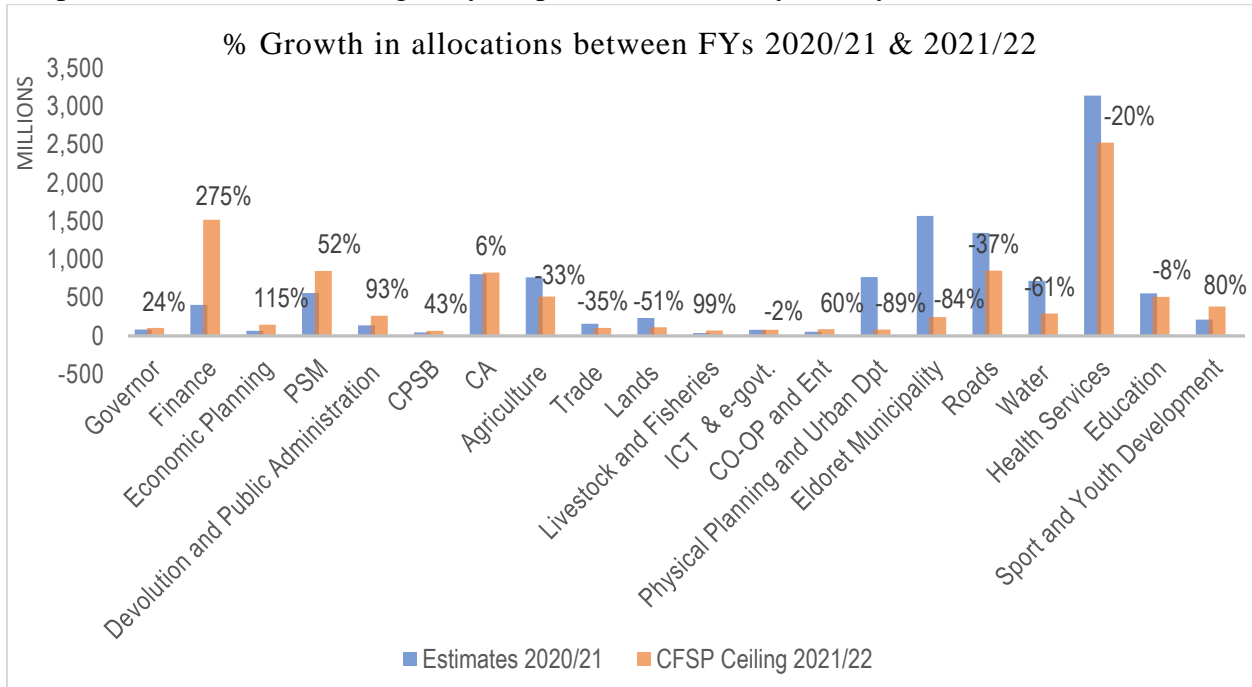
Table 4.1: Medium Term Sector Ceilings, 2020/21 - 2022/23 (KSh.)

Sector	MDAs	Estimates			FY 2021-2022					2022/2023		2023/2024	
		2020/21			CBROP Indicative Ceiling Gross Total	CFSP Ceiling			% Change 2020/21 and 2022	Projections		Projections	
		Rec. Gross	Dev. Gross	Gross Total		Rec. Gross	Dev. Gross	Gross Total		Rec. Gross	Dev. Gross	Rec. Gross	Dev. Gross
PUBLIC ADMIN.	Governor	83,046,590	0	83,046,590	114,153,499	102,899,629	0	102,899,629	23.91%	105,986,618	0	109,166,217	0
	% of Total Expenditure	1.52%	0.00%	0	1.10%	1.58%	0.00%	1.07%		1.58%	0.00%	1.58%	0.00%
	Finance	404,609,768	0	404,609,768	1,870,496,565	275,494,409	1,242,347,172	1,517,841,582	275.14%	283,759,241	1,366,581,890	292,272,019	1,407,579,346
	% of Total Expenditure	7.42%	0.00%	0	18.00%	4.24%	39.79%	15.77%		4.24%	41.37%	4.24%	41.37%
	Economic Planning	68,605,271	0	68,605,271	154,163,087	147,163,087	0	147,163,087	114.51%	151,577,979	0	156,125,319	0
	% of Total Expenditure	1.26%	0.00%	0	1.48%	2.26%	0.00%	1.53%		2.26%	0.00%	2.26%	0.00%
	PSM	546,302,421	11,830,079	558,132,500	714,844,777	837,228,231	10,415,268	847,643,499	51.87%	862,345,078	10,727,726	888,215,431	11,049,558
	% of Total Expenditure	10.02%	0.19%	0	6.88%	12.87%	0.33%	8.80%		12.87%	0.32%	12.87%	0.32%
	Devolution and Public Administration	38,052,103	98,358,355	136,410,458	200,869,059	108,171,136	154,513,277	262,684,414	92.57%	111,416,271	159,148,676	114,758,759	163,923,136
	% of Total Expenditure	0.70%	1.57%	0	1.93%	1.66%	4.95%	2.73%		1.66%	4.82%	1.66%	4.82%
	CPSB	45,614,234	0	45,614,234	63,150,973	65,149,506	0	65,149,506	42.83%	67,103,991	0	69,117,111	0
	% of Total Expenditure	0.84%	0.00%	0	0.61%	1.00%	0.00%	0.68%		1.00%	0.00%	1.00%	0.00%
CA	686,014,946	120,000,000	806,014,946	745,677,577	735,677,577	120,000,000	855,677,577	6.16%	757,747,904	123,600,000	780,480,341	127,308,000	
% of Total Expenditure	12.58%	1.91%	0	7.17%	11.31%	3.84%	8.89%		11.31%	3.74%	11.31%	3.74%	
<b>Sub-Totals</b>	<b>1,872,245,333</b>	<b>230,188,434</b>	<b>2,102,433,767</b>	<b>3,863,355,536</b>	<b>2,271,783,576</b>	<b>1,527,275,717</b>	<b>3,799,059,293</b>	<b>80.70%</b>	<b>2,339,937,083</b>	<b>1,660,058,291</b>	<b>2,410,135,196</b>	<b>1,709,860,040</b>	
<b>% of Total Expenditure</b>	<b>34.34%</b>	<b>3.67%</b>	<b>0</b>	<b>37.17%</b>	<b>34.92%</b>	<b>48.91%</b>	<b>39.46%</b>		<b>34.92%</b>	<b>50.26%</b>	<b>34.92%</b>	<b>50.26%</b>	
ARD	Agriculture	234,160,047	528,939,963	763,100,010	374,445,264	232,025,133	281,360,116	513,385,249	-32.72%	238,985,887	289,800,920	246,155,464	298,494,947
	% of Total Expenditure	4.29%	8.43%	0	3.60%	3.57%	9.01%	5.33%		3.57%	8.77%	3.57%	8.77%
	Trade	4,374,227	155,717,168	160,091,395	346,779,310	59,483,823	44,272,114	103,755,937	-35.19%	61,268,338	45,600,277	63,106,388	46,968,286
	% of Total Expenditure	0.08%	2.48%	0	3.34%	0.91%	1.42%	1.08%		0.91%	1.38%	0.91%	1.38%
	Lands	13,006,144	218,987,187	231,993,331	119,104,725	65,716,241	47,853,760	113,570,000	-51.05%	67,687,728	49,289,372	69,718,360	50,768,054
	% of Total Expenditure	0.24%	3.49%	0	1.15%	1.01%	1.53%	1.18%		1.01%	1.49%	1.01%	1.49%
	Livestock and Fisheries	4,151,502	32,387,596	36,539,098	73,923,082	42,782,649	30,012,803	72,795,453	99.23%	44,066,129	30,913,187	45,388,113	31,840,583
	% of Total Expenditure	0.08%	0.52%	0	0.71%	0.66%	0.96%	0.76%		0.66%	0.94%	0.66%	0.94%
	ICT & e-govt.	41,848,541	38,308,950	80,157,491	82,848,333	62,692,940	15,622,902	78,315,841	-2.30%	64,573,728	16,091,589	66,510,940	16,574,336
	% of Total Expenditure	0.77%	0.61%	0	0.80%	0.96%	0.50%	0.81%		0.96%	0.49%	0.96%	0.49%
	CO-OP and Ent	4,654,065	50,578,104	55,232,169	102,000,170	39,456,292	48,987,098	88,443,390	60.13%	40,639,980	50,456,711	41,859,180	51,970,412
	% of Total Expenditure	0.09%	0.81%	0	0.98%	0.61%	1.57%	0.92%		0.61%	1.53%	0.61%	1.53%
Physical Planning and Urban Dpt	76,366,332	690,219,922	766,586,254	75,709,383	61,228,839	21,734,610	82,963,450	-89.18%	63,065,705	22,386,649	64,957,676	23,058,248	
% of Total Expenditure	1.40%	11.00%	0	0.73%	0.94%	0.70%	0.86%		0.94%	0.68%	0.94%	0.68%	
Eldoret Municipality	16,516,969	1,548,848,345	1,565,365,314	771,535,552	75,921,571	168,729,269	244,650,840	-84.37%	78,199,218	173,791,147	80,545,194	179,004,882	
% of Total Expenditure	0.30%	24.69%	13.35%	7.42%	1.17%	5.40%	2.54%		1.17%	5.26%	1.17%	5.26%	
<b>Sub-Totals</b>	<b>395,077,827</b>	<b>3,263,987,235</b>	<b>3,659,065,062</b>	<b>1,946,345,819</b>	<b>639,307,487</b>	<b>658,572,673</b>	<b>1,297,880,160</b>	<b>-64.53%</b>	<b>658,486,712</b>	<b>678,329,853</b>	<b>678,241,313</b>	<b>698,679,748</b>	
<b>% of Total Expenditure</b>	<b>7.25%</b>	<b>52.02%</b>	<b>1</b>	<b>18.72%</b>	<b>9.83%</b>	<b>21.09%</b>	<b>13.48%</b>		<b>9.83%</b>	<b>20.54%</b>	<b>9.83%</b>	<b>20.54%</b>	
Infrastructure	Roads	408,093,613	935,229,486	1,343,323,099	871,232,150	570,279,808	282,501,777	852,781,585	-36.52%	587,388,202	290,976,830	605,009,848	299,706,135
	% of Total Expenditure	7.48%	14.91%	0	8.38%	8.77%	9.05%	8.86%		8.77%	8.81%	8.77%	8.81%
	Water	118,201,759	599,688,631	717,890,390	335,959,611	138,452,491	139,342,584	277,795,075	-61.30%	142,606,065	143,522,862	146,884,247	147,828,548
	% of Total Expenditure	2.17%	9.56%	0	3.23%	2.13%	4.46%	2.89%		2.13%	4.34%	2.13%	4.34%
<b>Sub-Totals</b>	<b>526,295,372</b>	<b>1,534,918,117</b>	<b>2,061,213,489</b>	<b>1,207,191,761</b>	<b>708,732,299</b>	<b>421,844,361</b>	<b>1,130,576,660</b>	<b>-45.15%</b>	<b>729,994,268</b>	<b>434,499,692</b>	<b>751,894,096</b>	<b>447,534,683</b>	
<b>% of Total Expenditure</b>	<b>9.65%</b>	<b>24.46%</b>	<b>0</b>	<b>11.61%</b>	<b>10.89%</b>	<b>13.51%</b>	<b>11.74%</b>		<b>10.89%</b>	<b>13.15%</b>	<b>10.89%</b>	<b>13.15%</b>	
Health	Health Services	2,236,586,956	900,478,579	3,137,065,535	2,587,363,742	2,209,618,482	298,479,005	2,508,097,487	-20.05%	2,275,907,036	307,433,375	2,344,184,247	316,656,377
	% of Total Expenditure	41.02%	14.35%	1	24.89%	33.97%	9.56%	26.05%		33.97%	9.31%	33.97%	9.31%
	<b>Sub-Totals</b>	<b>2,236,586,956</b>	<b>900,478,579</b>	<b>3,137,065,535</b>	<b>2,587,363,742</b>	<b>2,209,618,482</b>	<b>298,479,005</b>	<b>2,508,097,487</b>	<b>-20.05%</b>	<b>2,275,907,036</b>	<b>307,433,375</b>	<b>2,344,184,247</b>	<b>316,656,377</b>
<b>% of Total Expenditure</b>	<b>41.02%</b>	<b>14.35%</b>	<b>1</b>	<b>24.89%</b>	<b>33.97%</b>	<b>9.56%</b>	<b>26.05%</b>		<b>33.97%</b>	<b>9.31%</b>	<b>33.97%</b>	<b>9.31%</b>	
Education	Education	406,495,482	147,627,518	554,123,000	462,849,453	416,999,817	91,986,715	508,986,532	-8.15%	429,509,812	94,746,316	442,395,106	97,588,706
	% of Total Expenditure	7.45%	2.35%	0	4.45%	6.41%	2.95%	5.29%		6.41%	2.87%	6.41%	2.87%
	Sport and Youth Development	16,016,915	197,169,330	213,186,245	327,273,736	258,677,661	124,434,491	383,112,153	79.71%	266,437,991	128,167,526	274,431,131	132,012,552
	% of Total Expenditure	0.29%	3.14%	0	3.15%	3.98%	3.98%	3.98%		3.98%	3.88%	3.98%	3.88%
	<b>Sub-Totals</b>	<b>422,512,397</b>	<b>344,796,848</b>	<b>767,309,245</b>	<b>790,123,190</b>	<b>675,677,479</b>	<b>216,421,206</b>	<b>892,098,685</b>	<b>16.26%</b>	<b>695,947,803</b>	<b>222,913,843</b>	<b>716,826,237</b>	<b>229,601,258</b>
	<b>% of Total Expenditure</b>	<b>7.75%</b>	<b>5.50%</b>	<b>0</b>	<b>7.60%</b>	<b>10.39%</b>	<b>6.93%</b>	<b>9.27%</b>		<b>10.39%</b>	<b>6.75%</b>	<b>10.39%</b>	<b>6.75%</b>
<b>Grand Totals</b>	<b>5,452,717,885</b>	<b>6,274,369,213</b>	<b>11,727,087,098</b>	<b>10,394,380,048</b>	<b>6,505,119,322</b>	<b>3,122,592,963</b>	<b>9,627,712,285</b>	<b>-17.90%</b>	<b>6,700,272,902</b>	<b>3,303,235,054</b>	<b>6,901,281,089</b>	<b>3,402,332,106</b>	
<b>% of Total Expenditure</b>	<b>67%</b>	<b>33%</b>	<b>100%</b>		<b>70%</b>	<b>30%</b>	<b>100.00%</b>		<b>70%</b>	<b>30%</b>	<b>70%</b>	<b>30%</b>	

### 4.3 Apportionment of Base Ceilings

The allocations in the spending ceilings have taken into account the priority programmes in the CIDP, re-allocation of underspending programmes and completion of all ongoing capital projects within the current term. While on the other hand, the ceiling of the County Assembly is apportioned on the advisory of the Commission of Revenue Allocation (CRA).

Figure 4.1: Showing Growth in Allocations between FY 2020/21 Budget and Proposed FY 2021/22 Budget by Department/ County Entity



As shown in Figure 4.1, allocations to the Finance department is projected to grow significantly by 275 percent in the FY 2021/22 attributed to an allocation of ward projects as required by the Uasin Gishu Equitable Development Act, 2019 followed by Economic Planning with 115 percent and Livestock and Fisheries with a growth of 99 percent. Sector wise, Public Administration Sector will receive the highest allocation accounting for 39 percent of the total budget followed by Health Services and ARD with 26 and 13 percent respectively. Education and Infrastructure Sectors will receive the lowest allocations of 9 and 11 percent in that order.

### 4.4 Details of Sector Priorities

The medium-term expenditure framework for 2021/22 – 2023/24 has taken into account the need to allocate resources to prioritized programmes in the CIDP (2018 – 2022) and strategic policy initiatives of the County Government. It has also focused on the post Covid-19 economic recovery efforts that will help the County recover from the effects of Covid-19. The specific interventions

are therefore aligned to the Budget Policy Statement, 2021 and were subjected to consultations during sector hearings held in November, 2020.

#### **4.4.1 Public Administration Sector**

The sector seeks to entrench good governance, provide effective and efficient services to the public and prudent management of public resources.

During the 2017/18 – 2019/20 MTEF period, the sector made major achievements which included: construction of 3 sub-county and 13 ward offices, modernized customer care unit, rolled-out internship programme benefiting more than 652 and 622 youths in FY 2018/19 and FY 2019/20 respectively; operationalized HR policies and manuals, automated revenue collection, developed policy documents and plans, and prepared PFM reports.

In the 2021/22 – 2023/24 MTEF period, the sector’s key planned outputs include: construction of 3 sub-county offices at Turbo, Kesses and Soy, and 11 ward offices; establish service delivery centres in all the six sub-county headquarters; complete the legal library; archive all financial records; and prepare PFM policy documents and plans.

In order to implement these programmes, the sector has been allocated KSh. 3,799,059,293 in the FY 2021/22 out of which KSh. 2,271,783,576 is for recurrent and KSh. 1,527,275,717 for development.

#### **4.4.2 Infrastructure Sector**

The sector is responsible for provision of an efficient and reliable road and transport infrastructure, clean and portable water, restore and conserve the environment, promote tourism and use of green energy, and response to disaster.

During the MTEF period 2017/18 – 2019/20, the sector recorded achievements in major programmes notably: grading and graveling of 3,725 KM and 836 KM of roads respectively, construction of 42 bridges and box culverts, installation of 10,150 M of culverts and 3,943 streetlights, construction of Burnt forest fire station, construction of 92 boda-boda shades and maintenance of 24 government buildings. It also developed 100 community water projects, maintained 6 water supplies, desilted 54 dams, protected 22 springs, acquired specialized plants and machineries, planted over 118,000 seedlings countywide and developed 12 tourism infrastructure and products.

Key outputs planned for the 2021/22 – 2023/24 MTEF period include: construction of 24 KM of new road to bitumen standard, grading and graveling of 1,550 KM of roads and maintenance of 1,300 KM, construction of 18 bridges and box culverts, and installation of 4,200 M of culverts and 3,300 streetlights. The sector also plans to develop 560 community water projects, maintain 6 water supplies, rehabilitate 55 dams, drill and equip 55 boreholes and acquire specialized machinery and equipment. It will also prioritize development of a recycling plant at Kipkenyo dumpsite, develop 12 tourism infrastructure and products and promote use of green energy.

To achieve the above outcomes in the MTEF period 2021/22 – 2023/24, the sector has been allocated KSh. 1,130,576,660 of which KSh. 708,732,299 is for recurrent and KSh. 421,844,361 for development in FY 2021/22.

#### **4.4.3 Agriculture and Rural Development Sector**

The sector plays an important role in ensuring attainment of food security, trading and industrialization, ICT services, cooperatives, housing, sustainable land management and urban development.

During the Medium-Term period, 2017/18 – 2019/20 the sector implemented various programmes that made the following key achievements: upscaling of *Inua mama na Kuku* and *Kijana na acre* projects benefiting 535 and 259 women and youth groups respectively; supported directly 756 farmers under the KCASP; subsidizing of maize seeds and AI services; construction of 2 high capacity cereal stores at Mafuta and Tuiyo; construction of 24 new cattle dips and 2 slaughter houses; construction of a modern hostel at ATC; connecting 46 milk cooler structures with electricity; distribution of 6 million seedlings of promotional crops; vaccination of over 300,000 heads of livestock; and acquisition of agricultural machinery and implements. It also prepared 15 physical development plans and 7 valuation rolls; renovated 14 county houses; land banking of 5 Ha, surveying of 8 trading centres and securing of 13 public utility land; and implementing of 11 projects within Municipality of Eldoret under the KUSP.

Other key achievements are construction and rehabilitation of 180 retail markets and 120 modern stalls countywide; participating and organizing trade exhibitions/symposiums/investment; strengthening cooperative movement with 22 cooperatives societies revived and 60 newly registered and disbursement of KSh.334 M loans to 96 cooperatives societies countywide. The sector also established ICT centres, integrated 3 systems with GIS, developed an integrated

communication platform, connected 9 county offices with point-to-point connectivity, completed 12 cabling structures and trained 400 staff officers.

The sector's key planned output during the 2021/22 – 2023/24 MTEF period include: construction of 3 high-capacity cereal stores, 2 modern hostels at ATC and 15 new cattle dips; support 22,896 direct beneficiaries and 227 common interest group under KCASP, revamp agricultural extension services, avail to farmers subsidized AI semen and maize seeds, provide crop insurance to farmers, issuance of seedlings for crop diversification, promote value addition and agri-business and invest on mechanized agriculture. It will also upscale *Kijana na acre* and *Inua mama na kuku* programmes targeting 300 and 535 youth groups respectively. Strengthening of cooperative movement by reviving dormant co-operative societies and registration of new ones, capacity building, automation, issuance of affordable credits and development of cottage industries and incubation centres will also be undertaken.

ICT will establish 10 ICT centres, link 35 county offices with point-to-point connectivity, automate sectoral functions, secure 5 systems, establish structured cabling and off-site data centre and recovery site, install more outdoor LED screens and CCTVs, digitize land records and mentor youths on ICT solutions. In addition, the Trade sub-sector will develop market facilities and business incubation centres, facilitate value addition initiatives, support cottage industries, train traders on export promotion, avail credit to SMEs through *Inua Biashara Fund*, establish investor support centres and promote regional integration through NOREB.

In regard to lands sub-sector, land banking of 90 Ha for public use will be targeted, issuance of 1,500 title deeds, preparation of valuation rolls for 6 urban centres and towns and physical development plans for 30 urban centres; renovation of 15 county houses and 3 offices and re-developing of one estate at Turbo; secure public utility, digitize land records and provide office space. In addition, it will improve infrastructure within the Municipality of Eldoret by implementing Kenya Urban Support Programme (KUSP) whose key outputs include: construction of 8.1 KM of roads to bitumen standard, 5.1 KM of NMT and 2.7 KM of walkways, streetlighting, installation of traffic lights, construction of storm water drainage, beautification, construction of 64 stadium and acquisition of machineries and equipment for waste storage, transportation and disposal.

During the MTEF period FY 2021/22-2023/24, the sector has been allocated KSh. 1,297,880,160 in the FY 2021/22 out of which KSh. 639,307,487 is for recurrent and KSh. 658,572,673 is for development.

#### **4.4.4 Education Sector**

The sector aims to enhance access to quality education at ECDE and tertiary levels, preserve the county's cultural heritage and promote gender and sports development.

During the MTEF period, 2017/18 – 2019/20, notable achievements for the sector included: construction of educational facilities comprising 280 ECDE classrooms, 11 VTC workshops, 3 VTC hostels and VTC 6 administration blocks; construction of dining hall, kitchen and administration block at Homecraft and perimeter fence and 2 dormitories at Rescue Centre. It also established PWDs fund and disbursed KSh.29 M and held cultural exhibitions and festivals. To promote sports in the county, the designs for 64-stadium were prepared, 18 playfields were upgraded and hosted Eldoret City marathon. The sector also disbursed KSh. 95M annually to needy students as bursaries and supported 1,200 youths access tertiary education from the Uasin Gishu Education Revolving Fund.

In the MTEF period 2021/22 – 2023/24, key outputs planned by the sector include: construction and equipping of ECDE and VTC facilities, establishment of a cultural centre, issuance of instructional materials to ECDE centres, refurbishing of social amenities and development of 64-stadium and other sports facilities. The sector will also continue to issues bursaries to needy students at secondary and tertiary level and provide assistive devices to PLWDs.

In order to implement the prioritized programmes, the sector has been allocated KSh. 892,098,685 in FY 2021/22 to be spent on recurrent KSh. 675,677,479 and development KSh. 216,421,206.

#### **4.4.5 Health Sector**

The sector aims to provide quality healthcare to the residents through quality, efficient and effective healthcare services that is affordable and accessible.

During the MTEF period 2017/18 – 2019/20, the sector major achievements included: upgrading of the Ziwa hospital to level 5 and construction of phase II of Kesses hospital which are at different levels of completion, construction of Eldoret West Maternity, refurbishment of health facilities countywide, strengthening of referral systems by issuing modern ambulances to high volume



health facilities and acquisition of medical equipment for specialized diagnostic and treatment services.

The sector's key planned outputs for the 2021/22 – 2023/24 MTEF period include: completion of Ziwa level 5 hospital and phase II of the Kesses sub-county hospitals, West Maternity hospital and a Trauma and emergency Centre at Turbo sub-county hospital. It also plans to set-up an oxygen plant, renovate 100 health facilities, construct 6 incinerators in the sub-county hospitals and acquire a CT Scan and telemedicine equipment. In addition, to enhance service delivery, sub-county hospitals will be linked with fast internet and services automated and acquire 3 EPI compliant vehicles and 8 utility vehicles.

To implement the programmes outlined above, the sector has been allocated KSh. 2,508,097,487 out of which KSh. 2,209,618,482 is for recurrent and KSh. 298,479,005 for development.

## **5. CONCLUSION**

The CFSP, 2021 has set out the broad strategic priorities and policy goals that will guide preparation of the County FY 2021/22 MTEF budget. The broad priorities include: strengthening healthcare systems and access to education, agricultural production and food security, infrastructure development and ICT, cooperatives and enterprise development and creating a conducive business environment. These priorities have been aligned to the Covid-19 Social Economic Re-engineering and Recovery Strategy 2020/21 – 2022/23 which seeks to facilitate recovery of the County economy from the adverse impact of Covid-19 pandemic. Implementation of these development initiatives will be financed by a total resource envelope of KSh. 9,627,712,285 raised from equitable share, conditional grants and local revenue, and should be able to address the prevailing socio-economic challenges facing the County and re-position it on the right track.