

**THE REPUBLIC OF KENYA**  
**COUNTY GOVERNMENT OF MURANGA**  
**COUNTY BUDGET REVIEW AND OUTLOOK**  
**PAPER**

**SEPTEMBER 2020**

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## Foreword

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The County Budget Review and Outlook Paper (CBROP) 2020 has been prepared in line with section 118 of the Public Finance Management (PFM) Act 2012 which requires the county government to prepare the County budget review and outlook paper in respect for each financial year; and submit it to the County Executive Committee by 30th September.

This CBROP reviews fiscal performance of the county for the 2019/20 financial year while comparing it with the budget appropriation. In addition, it provides information on changes in forecasts as indicated in the County Fiscal Strategy Paper (CFSP) 2019; and how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the county financial objectives for that year. It further gives reasons for any deviation from the county financial objectives in the fiscal strategy paper together with proposals to address the deviations. Most importantly, this CBROP is the first one reviewing the performance of the County Government in implementing the second generation CIDP and also provides a future outlook for the remaining implementation period 2019/20 and beyond.

The updated economic and financial outlook presented in this paper will set out the broad fiscal parameters for preparation of the next budget. In particular, the provisional ceilings presented are intended to act as a guide to sector working groups in preparing their budgets.

It is therefore my expectation that the policy paper will be useful in enhancing financial discipline and fiscal responsibilities outlined in section 107 of the PFM Act 2012 that will contribute towards the realization of aspiration of the residents of the county.

David W. Waweru  
Executive Committee Member  
Murang'a County Treasury

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## Acknowledgement

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Briefly acknowledge the teams that supported the preparation process for the CBROP.

The County Budget Review and Outlook paper 2019 reviewing the performance of the year 2019/20 has been prepared in line with section 118 (1) (a) of the Public Finance Management Act 2012. It has made an attempt to review performance of the year and provide the Budget outlook in the medium term. It is my belief that it shall serve as a guide in the preparation of the County Fiscal Strategy Paper and the next fiscal year's budget.

The information contained was obtained from the County Treasury and I want to appreciate the efforts made by the entire County Treasury team in preparing the Document.

Peter G. Kahora  
Chief Officer-Economic planning

## ABBREVIATIONS AND ACRONYMS

CBK	Central Bank of Kenya
CRA	Commission of Revenue Allocation
CBROP	County Budget Review and Outlook Paper
CFSP	County Fiscal Strategy Paper
GDP	Gross Domestic Product
KNBS	Kenya National Bureau of Statistics
MTEF	Medium Term Expenditure Framework
MTP	Medium-Term Plan
PE	Personnel Emoluments
PFM	Public Finance Management
SRC	Salaries and Remuneration Commission
SWG	Sector Working Group

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## Preamble

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

The Budget Review and Outlook Paper (CBROP) is prepared in accordance with Section 118 of the Public Finance Management (PFM) Act 2012. The law stipulates that:

- 1) A county Treasury shall;
  - a. Prepare a CBROP in respect of the County for each year; and
  - b. Submit the paper to the County Executive Committee (CEC) by 30th September of that year.
- 2) In preparing its CBROP, the County Treasury shall specify;
  - a. The details of the actual fiscal performance in the previous year compared to the budget appropriation for that year
  - b. The updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper (CFSP)
  - c. Information on:
    - (i) Any changes in the forecasts compared with the CFSP; or
    - (ii) How actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or financial objectives in the CFSP for that financial year; and
  - d. Reasons for any deviation from the financial objectives in the CFSP together with proposals to address the deviation and the time estimated for doing so.
- 3) The CEC shall consider the CBROP with a view to approving it, with or without amendments, within fourteen days after its submission.
- 4) Not later than seven days after the CBROP is approved by the CEC, the County Treasury shall:

- a. Arrange for the paper to be laid before the County Assembly; and
- b. As soon as practicable after having done so, publish and publicise the paper.

### **Fiscal Responsibility Principles in the Public Financial Management Law**

In line with the Constitution of Kenya 2010, the PFM Act, 2012 sets out the fiscal responsibility principles to ensure prudence and transparency in the management of public resources. Section 107 of the PFM Act, 2012 states that: The County Government's recurrent expenditure shall not exceed the County Government's total revenue;

- 1) Over the medium term, a minimum of thirty (30) per cent of the County Government's budget shall be allocated to the development expenditure;
- 2) The county Government's expenditure on wages 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;
- 3) Over the medium term, the Government's borrowing shall be used only for purpose of financing development expenditure and not for recurrent expenditure;
- 4) The County debt shall be maintained at a sustainable level as approved by County Assembly;
- 5) The fiscal risks shall be managed prudently; and
- 6) 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.

## 1. INTRODUCTION

The County Budget Review and Outlook Paper (CBROP) is prepared in line with section 118 of the Public Finance Management (PFM) Act, 2012. The paper reviews the fiscal performance of the county for the financial year 2019/2020; the updated macro-economic and financial forecasts; and deviations from the approved County Fiscal Strategy Paper (CFSP) 2019 and the reasons for such deviations.

### 1.1 Objective of CBROP

The objective of CBROP is to provide a review of the previous fiscal performance and how this impacts the financial objectives and fiscal responsibility principles to be set out in the CFSP. This together with macroeconomic outlook provides a basis for revision of the current year's (2020/2021) budget in the context of the broad fiscal parameters underpinning the next budget (2021/2022) and the medium term (2022/2023 -2023/2024). The fiscal framework and the medium term policy priorities will be firmed up in the CFSP.

Specifically, the CBROP provides:

- i. Updated economic and financial forecasts in relation to the changes from the forecasts in the most recent County Fiscal Strategy Paper (CFSP);
- ii. Details of the actual fiscal performance in the previous year compared to the budget appropriation for that year;
- iii. Any changes in the forecasts compared with the CFSP;
- iv. Indication on how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the CFSP for that financial year; and
- v. Reasons for any deviation from the financial objectives in the CFSP together with proposed measures to address the deviation and the time estimated for doing so.

### 1.2 Significance of CBROP

The paper is a policy document and links planning with budgeting. It is significant in the budget making process within the Medium Term Expenditure Framework (MTEF) as it reviews previous year's fiscal performance and identifies any deviations from the budget with the aim of providing realistic forecasts for the coming year. It also assesses how fiscal

responsibility principles were adhered to as provided for in section 107 of the PFM Act 2012. In addition, the updated macroeconomic and financial outlook provides a basis for any budget revision and sets out broad fiscal parameters for the next budget. Further, the paper is expected to provide indicative sector ceilings for the FY 2021/2022 budget and in the medium term to guide Sector Workings groups (SWGs) before being affirmed in the CFSP 2021.

### 1.3 Structure

This paper has four other sections. Section Two, reviews the county's fiscal performance for the year 2019/2020. It is further divided into three sub-sections, namely: The Overview; Fiscal Performance; and Implications of Fiscal Performance. Section three reviews recent economic developments and has four subsections comprising of: Recent Economic Developments; Economic Outlook & Policies; Medium Term Fiscal Framework and Risks to the Outlook. Section four, sets out how the county government intends to operate within its resource envelope. It establishes the resources envelope (total revenues) it expects, and allocates these across departments by setting expenditure ceilings for each department. In addition, it has four sub-sections: **adjustment to the proposed budget**; the medium term expenditure framework; proposed budget framework; and projected fiscal balance and likely financing. Lastly, section five gives a conclusion of the entire paper.

## 2. REVIEW OF COUNTY FISCAL PERFORMANCE IN 2019/20.

### 2.1 Overview

In the year 2019/20 the County Government had a total budget of KShs. 8,967,803,595. The Development allocation was KShs. 3,472,573,942 and the recurrent allocation was KShs. 5,495,229,653. The estimates were revised to a total of KShs. 8,823,421,331. The revised estimates comprised of recurrent allocation of KShs. 5,549,938,072 and Development allocation of KShs. 3,273,483,259. The annual expenditure outturn was KShs. 6,870,026,850 comprising of an absorption rate of 77.9%.

### 2.2 Fiscal Performance

The fiscal year 2019/2020 was a very challenging year for the County Government. The year started without the County receiving any equitable share disbursement due to a stand off between parliament and the National Treasury which delayed the enactment of the County Allocation of revenue act 2019.

Table 2.1: Summary of County Fiscal Performance

	2018/19 FY	2019/20 FY			Growth %
	Actual	Approved	Actual	% Deviation	
<b>TOTAL REVENUE &amp; GRANTS</b>	<b>8,100,774,834</b>	<b>8,823,421,331</b>	<b>6,876,611,244</b>	-22%	-17.80%
<b>Unspent Bal from Previous FY</b>	1,037,723,393	525,000,000	400,000,000	-24%	-159.43%
<b>Revenue (Total)</b>	<b>8,100,774,834</b>	<b>8,298,421,331</b>	<b>7,276,611,244</b>	-12%	-11.33%
<b>Equitable Share Allocation</b>	6,248,600,000	6,298,596,826	5,756,691,900	-9%	-8.54%
<b>Local Revenue</b>	699,007,969	960,000,000	552,768,796	-42%	-26.46%
<b>Grants (Total)</b>	429,777,502	1,039,824,505	661,826,499	-36%	35.06%
<b>Total Expenditure</b>	<b>7,856,180,169</b>	<b>8,823,421,331</b>	<b>6,833,883,082</b>	-23%	-14.96%
<b>Recurrent</b>	5,179,959,214	5,549,938,072	4,037,665,957	-27%	-28.29%
<b>Development</b>	2,676,220,955	3,273,483,259	2,796,217,125	-15%	4.29%
<b>Unspent Bal Current FY</b>	<b>1,800,000</b>	525,000,000		-24%	-31.25%

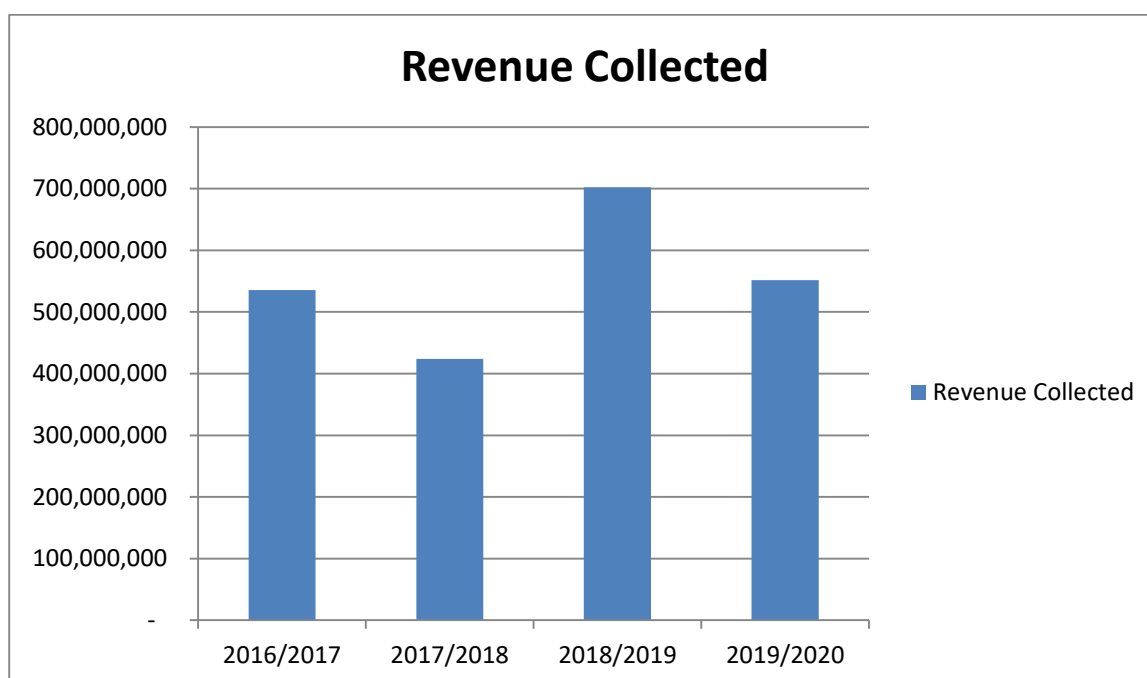
## 2.2.1 Revenue Performance

There was a decline in revenue collected by approximately 26%. This was due to an overall decline in almost all the main revenue lines.

Table: 3.1: Analysis of County Revenue Streams

<b>ANNUAL COMPARATIVE LOCAL REVENUE COLLECTIONS (FIGURES IN KSHS,)</b>				
<b>SOURCE</b>	<b><u>2016/2017</u></b>	<b><u>2017/2018</u></b>	<b><u>2018/2019</u></b>	<b><u>2019/2020</u></b>
LICENCES	101,119,123	100,095,924	126,378,883	98,535,344.19
PLOT RENT/LAND RATES	45,816,216	37,600,098	60,126,961	53,226,460.86
MARKET FEES	35,292,095	27,204,081	53,712,820	42,109,538.92
PENALTIES	2,806,646		1,625,805	461,200.18
BUILDING MATERIAL CESS ( sand, stones )	58,177,928	45,758,290	62,713,630	44,979,407.02
BUS PARK FEES	26,907,130	16,185,040	28,719,937	18,962,827.79
PARKING FEE	19,233,498	10,202,620	18,592,165	21,238,708.70
MOTOR BIKES	4,740,250	2,365,460	6,833,610	2,216,045.75
LIQUOR LICENCE	31,093,760	25,642,410	28,003,100	36,924,059.00
PLAN APPROVAL	16,962,594	12,434,670	36,907,306	9,738,904.39
CONSERVANCY	12,155,100	8,563,200	13,515,289	10,244,978.00
OTHER CESS REVENUE	2,321,190	719,900	20,174,817	6,918,950.14
SALE OF FORMS	5,727,400	5,192,420	8,565,260	3,126,132.98
TENDER FORMS	35,000	20,340	10,000	-
ADVERTISEMENTS	10,082,140	10,371,043	17,027,999	7,848,196.10
SELF HELP GROUP	1,764,900	1,705,070	3,825,810	1,335,807.87
LAND SUBDIVISION/TRANSFER	9,492,012	7,015,130	7,114,440	6,285,858.08
HOUSE/STALLS RENT/S.HALL	5,813,211	5,976,080	8,151,673	5,423,449.18
OTHER LAND BASED REVENUE	2,056,700	1,669,776	3,242,610	3,781,063.49
MORGUE FEES	3,016,490	2,020,870	2,341,690	1,784,566.13
SLAUGHTER FEES	594,850	466,850	3,010,010	1,925,601.73
IMPOUNDING	2,063,160	830,490	5,277,070	1,477,577.65
COFFEE CESS	10,500			-
EDUCATION & POLYTECHNICS	154,300	144,000	2,380,606	166,189.00
FIRE	401,000			11,692,551.06
OTHERS	32,978,275	982,060	3,183,230	-
SUB-TOTAL	430,815,468		521,434,721	-
<b><u>B) DEVOLVED FUNCTIONS</u></b>				
HOSPITALS	62,167,855	68,928,546	139,482,031	126,185,812.73
NHIF	3,437,000			-

<b>PUBLIC HEALTH</b>	22,342,165	21,484,306	24,008,915	19,469,831.38
<b>LIVESTOCK (A.I)</b>	1,888,460	1,102,360	3,331,125	2,188,222.76
<b>MEAT INSPECTION</b>	9,011,605	6,284,060	8,210,880	8,861,763.34
<b>VET.CLINICAL SERVICES</b>	915,315	220,370	47,220	1,489,553.00
<b>FISHERIES</b>	99,850	126,000		-
<b>COOPERATIVES</b>	452,690	481,890	840,110	651,505.78
<b>HOUSING &amp; PHYSICAL PLANNING</b>	160,000	646,990	1,302,650	1,266,919.67
<b>WEIGHT &amp; MEASURES</b>	1,122,850	601,950	1,067,250	943,422.17
<b>MARIIRA FARM</b>	2,918,385	472,067	2,483,171	216,773.38
<b>WATER</b>	244,135	482,621	123,930	-
<b>NEMA</b>	8,200			-
<b>SUB-TOTAL</b>	104,768,510		180,897,282	
<b><u>TOTAL</u></b>	<b>535,583,978</b>	<b>423,996,982</b>	<b>702,332,003</b>	<b>551,677,222.40</b>



**Table 2.2 Revenue Performance per stream**

During the financial year 2019/2020 the County did not achieve the set targets this can be attributed to the following challenges:

The onset of the global covid-19 pandemic limited the County Government’s enforcement efforts since the announced containment measures limited close human contact. The global pandemic also led to a huge economic slowdown which negatively affected the economic in all sectors. The worst hit being agricultural,

manufacturing and construction sector. The County's main sources of revenue are in the agricultural and construction sector thus the huge decline in revenue.

### 2.2.2 Expenditure Performance

Out of a total budget of KShs. 8,823,421,331, the County managed to accumulate expenditure totaling approximately KShs.6,833,,883,082 which comes to an absorption rate of 77.5%. The less than 100% absorption rate has been occasioned by the County Government's desire to control expenditure in line with the erratic exchequer releases which pose a significant risk of increasing pending bills at the end of the financial year. Further, it is meant to ensure that any unrealized local revenue targets do not lead to unwarranted deficits. The overall decline in expenditure from the previous year 2019/2020 was also occasioned by the delay in passing CARA 2019 and the withdrawal of development disbursement in the last quarter of the year.

As can be seen in table 2.3 most Departments had more than 50% budget absorption rate. The department with the highest budget allocation was the Department of Health with a total Budget of KShs. 3.26Bn. Out of the KShs.3.26Bn it had an expenditure of approximately KShs.3.0Bn comprising of an absorption rate of 94%. This was an increase of 3% in absorption from the previous year's expenditure.

It is critical to note that while the absorption rate shows expenditure that have been fully settled during the year, it does not show any commitments made in the course of the fiscal year. As such, some Departments especially those undertaking long term on-going projects like the Department of Roads and Public works, Lands, Housing and Urban Development, Department of Trade and Co-operatives could register equally high absorption rates save for the fact that a number of their projects will be completed in the Fiscal year 2020/2021.



Table 2.3 Showing Absorption rates by sectors and Comparison with CFSP 2019 (Illustrative) <sup>1</sup>

SECTOR	MINISTERIAL DEPARTMENTS	C-FSP 2019			BUDGET ALLOCATION 2020/21		Cumulative Expenditure 2019/20			Absorption (%)	Deviation (%) CFSP - BUDGET
		REC	DEV	TOTAL	REC	DEV TOTAL	REC	DEV	TOTAL		
PUBLIC ADMIN	Governor's Office										
	Finance										
	County Public Service Board										
	Public Administration										
	Public Service Management										
	Economic Planning										
	County Assembly										
	SUB-TOTALS										
INFRASTRUCTURE	ICT and E-Government										
	Roads, Transport and Infrastructure										
	Water, Environment, Energy and Natural Resources										
		SUB-TOTALS									
HEALTH	Health Services										
	TOTAL										

<sup>1</sup> See annex 1 on this Document.

### 2.2.2.1 Recurrent and development expenditure

The County Government had a budget of KShs. 8,823,421,331 comprising of a recurrent budget of KSh. 5.5B and development expenditure of KSh. 3.3B. However, the expenditure outturn comprised a ratio of 59% recurrent to 41% development of the entire budget. This was within the requirements of fiscal responsibility principles that in the medium term, a minimum of 30% of the County Government's expenditure should be allocated to Development.

S/No.	DETAILS	RECURRENT	DEVELOPMENT	TOTAL	RATIO DEVELOPMENT TO TOTAL
1.	2016/17	4,035,118,000	3,376,290,000	7,411,408,000	45%
2.	2017/18	5,378,287,259	3,534,533,827	8,613,154,676	41%
3.	2018/19	5,262,196,658	3,588,583,176	8,850,779,834	40%
4.	2019/20	5,549,938,072	3,273,483,259	8,823,421,331	37%

### 2.2.2.2 Expenditure per economic classification

Provide detailed explanations of the expenditures in line with the Chart of Accounts on IFMIS i.e. per economic classification. Here you need to also provide detailed explanations.

ECONOMIC CLASS	AMOUNT
Compensation of Employees	3,288,475,353
Use of goods and services	1,440,601,449
Subsidies	-
Transfers to Other Government Units	-
Other grants and transfers	532,181,434
Social Security Benefits	133,392,294
Acquisition of Assets	1,054,959,207
Finance Costs, including Loan Interest	900,000
Repayment of principal on borrowings	-
Other Payments	383,373,346
<b>TOTAL</b>	<b>6,833,883,082</b>

Compensation of employees remains the highest class of expenditure at 48% of the total county expenditure, followed by use of goods and services and acquisition of assets. The County Government expects that in the medium term it will achieve the recommended 35% by fiscal responsibility principles as a significant number of its work force is set to leave due to natural attrition. Equally there are concerted efforts to improve the productivity of its workforce through training and implementation of performance management mechanisms among them annual appraisals. These efforts are expected to pay off and bring down the wage bill.

### 2.2.2.3 Implications for the FY 2020/21 performance

The fiscal year 2019/20 has been a very challenging year. It pushed the County Treasury's expectations to its limit with an enhanced regulatory environment and major shifts in policies such as an unexpected budget cut within the fiscal year. The County treasury shall remain alert to this possibility in the current financial year and shall be very prudent in undertaking expenditures.

All Efforts shall be made to rationalize expenditure, to ensure that maximum value of funds is achieved. The ceilings set in the Medium Term shall be reviewed to ensure they are aligned to the expenditure outturns. However, the County Treasury shall ensure that the fiscal responsibility principles are upheld and adhered to.

### **3. RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK**

#### **3.1 Recent Economic Developments**

The global COVID-19 pandemic has had a devastating effect on the global economy. This has led to a projected global economic contraction of approximately 4.9% in the calendar year 2020 from a growth of 2.9% in the year 2019. The containment measures undertaken to prevent the spread of the virus in Kenya led to a decline in growth of economy from 5.5% in the first quarter year 2019 to 4.9% in the first quarter of 2020.

The Kenyan economy is however expected to grow by 4% in the year 2020/21 and 5.9% in the medium term. Due to the pandemic the Government instituted fiscal measures meant to cushion citizens and businesses from the negative effects of the pandemic. These measures included; lowering the pay as you earn and corporate tax from 30% to 25% and offering 100% waiver on taxes to citizens earning less than KSHs.24,000; lowering VAT from 16% to 14% and reduction of turnover tax rate from 3% to 1%. This will see the Government approximately KSHs. 172 Billion in revenues.

The economy continues to experience macroeconomic stability with low and stable interest rates and competitive exchange rates to support exports. The inflation rate remains within the target range standing at 5% in August 2020. However, the Kenya shilling depreciated against all major trading currencies. This will put further burden on the economy when paying its foreign currency debt the bulk of which is dollar denominated. The current account deficit stood at 5.2% of GDP in June 2020 from 3.8% in June 2019.

From the foregoing, while the prospects for growth are positive, it is imperative that County Governments exercise precaution in their expenditure. This is due to the unpredictable effects of the pandemic to the international economy and the Country. Further, the loss of the shilling to other global trading currencies and shrinking government revenues present a lurking fiscal risk that cannot be wished away.

##### **3.1.1 County Economic Outlook and Policies**

The County Government is seeking to address low income and poverty through undertaking initiatives aimed at enhancing earnings from small scale farming and businesses which are the backbone of the County economy. These initiatives include

enhancing the value chain network of the County's agricultural output of avocados, nuts, tea, coffee and small traders support through financial lending.

These initiatives coupled with the Government's post covid -19 stimulus program are expected to boost the County's local economy and overcome the covid-19 shock.

### 3.2 Medium Term Expenditure Framework

In the year 2020/21 the County Government projects to raise KShs. 900M. While the County missed its target for the year 2019/20, in the current year the county intends enhance its enforcement efforts. The revenue department shall continue following up on all property rents and rates defaulters. Efforts shall continue to be undertaken to ensure that big farms such as Delmonte, Kakuzi and other major flower farms undertake to pay property rates on their large holdings and cess on their produce.

The County Government shall be very prudent in engaging in any commitments and expenditures. Emphasis shall be put into priority programs moreso ones intended to cushion the citizens from the shock of the pandemic. Further, the County Government shall ensure that most of its resources are allocated to development as opposed to recurrent. Equally in allocation to development priority shall be made to completing initiated projects; clearing any outstanding pending bills and implementing projects aligned to the Big Four national agenda and County flagship projects.

The County Treasury shall monitor closely expenditure from the rest of the entities and ensure that it has utmost value within the available opportunities. The National Treasury has signaled its intentions to cut down on avoidable expenses, aggressive implementation of cost cutting measures all aimed at fiscal consolidation.

### 3.3 Risks to the Outlook

The County's main activity is agriculture, and the various factors affecting the agricultural sector such as drought, poor quality of farm inputs or a shock to the sector will have a negative effect to the County's economy due to low income leading to decline in purchasing power.

The erratic and unpredictable exchequer releases shall remain a challenge to the realization of the mandate of the County to its citizens. The County Government shall continue to aggressively monitor the pace of the release and advise entities accordingly. This will be aimed at ensuring that outstanding bills at the end of the

fiscal year are within manageable levels within the medium term expenditure framework.

## 4. RESOURCE ALLOCATION FRAMEWORK

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This section establishes the resource envelope the county expects and how it will be allocated across all the sectors for 2021/22 FY and MTEF

### 4.1 Adjustment to the FY 2020/21 Budget

The County Government prepared a balanced budget totaling to KShs.8,885,055,035 From this ; the Equitable share is KShs. 6,997,258,100; Grants total to KShs. 987,796,935 and Local revenues total to KShs. 900,000,000.

The County Government shall consider within the law, need for adjustment to the budget for the financial year 2020/2021. In adjusting the budget, the County Treasury shall consider broadly the following issues:

- Flagship projects shall rank the highest and shall be adequately funded since they have transformative outcomes.
- Priority shall be given to on-going projects; new projects allocations will be scaled down to initiation stage or done away with completely.
- Recurrent allocation shall also be rationalized in order to ensure that Fiscal responsibility principles are adhered to.

### 4.2 Medium Term Expenditure Framework

Allocation and utilization of resources in the medium term will be guided by the priorities outlined in county integrated development plan and other county plans; and in accordance with section 107 of the PFM Act 2012. For effective utilization of public finances for enhanced expenditure productivity, the county government will prioritize expenditures within the overall sector ceilings and strategic sector priorities.

Table 5 below therefore provides indicative sector ceilings for the 2021/2022 – 2023/24 MTEF period. The projections are inclusive of conditional allocations and grants/loans.

**Table 5 Summary of Indicative Sector Ceilings for FY 2020/21 MTEF<sup>2</sup>**

Sector	MDAs	Total Expenditure Kshs.					% Share of Total Expenditure				
		Revised Estimates	Estimates	Projections			Estimates	Ceilings	Projections		
		2019/20	2020/21	2021/22	2022/23	2023/24	2019/20	2019/20	2021/22	2022/23	2023/2024
PUBLIC ADMIN.	Governor's Office										
	Finance										
	Economic Planning										
	Public Service Management										
	Devolution & Public										
	County Public Service Board										
	County Assembly										
	Livestock Development & ...										
	Trade, Investment & Industrialisation										
	Co-op & Enterprise Dev										
	Physical Planning & Urban										
	Land s and Housing										
	Water, Environment, Natural Resource										
ICT & e-govt.											
Health	Health Services										

See annex 3 of the Document.

<sup>2</sup> See Annex 3



The sector ceilings have changed in line with the estimates approved for the fiscal year 2020/2021. These ceilings take into account various amendments undertaken to align compensation to employees according to departments and ensure that costing of programs and activities is well reflected.

### 4.3 The Proposed 2021/22 Budget Framework

In the fiscal year 2021/22 the National Government has averred that depending on the performance of the economy it shall consider allocating an additional KShs. 50 Bn to funds devolved to the County Government. In light of this, Murang'a county Government is expected to earn tentatively an additional KShs. 880 M.

#### 4.3.1 Revenue Projections

<b>PROJECTED REVENUE BUDGETS PER SOURCE FOR F/Y 2019/20/21/22</b>			
<b>FINANCIAL YEAR</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
<b>TOTAL REVENUE(KSHS)</b>	9,329,307,808	9,329,307,808	9,329,307,808

In projecting the estimates of revenue the County Treasury has taken a conservative approach. This is because assuming adding the extra KShs. 880m the County is poised to receive from the National Government, the total revenue would be KShs. 9,765,055,055. However, given the prevailing economic conditions, it would be imperative that the County Government leaves room for unforeseen and unpredictable shortfalls in realizable revenues.

#### 4.3.2 Projected Fiscal Balance

The proposed county budget 2021/22 and the medium term is balanced, however, any shortfall in revenue that may occur within the year will be addressed through supplementary as approved by the Public Finance Management Act 2012.

## **5. CONCLUSION**

Due to the prevailing economic situation, the County Government shall continue exercising prudence in its expenditure and budget management. Further, going by the performance of the fiscal year 2019/2020 and the ongoing global pandemic whose effects cannot be reliably predicted, the fiscal risks that befell Counties are still lurking.

The countenance from the National Government that it would allocate an additional Kshs. 50 Bn to County Governments would be very effective in enhancing the County government's fiscal space. It will also enable County Governments improve on their fiscal parameters.

The ceilings indicated shall be reevaluated and firmed up in the County Fiscal Strategy Paper. These ceilings shall act as a guide to departments in preparing their budgets for the year 2021/22. Overall, the County Government is well positioned to implement the programs planned for the current year and in the five-year period.

**ANNEX 4: TABLE 5**

Sector	MDAs	Total Expenditure Kshs.					% Share of Total Expenditure				
		Revised Estimates	Estimates	Projections			Estimates	Ceilings	Projections		
		2019/20	2020/21	2021/22	2022/23	2023/24	2019/20	2020/21	2021/22	2022/23	2023/2024
<b>PUBLIC ADMIN</b>	Governor's Office	332,244,113	270,324,366	283,840,584	283,840,584	283,840,584	332,244,113	3.30%	3.04%	3.04%	3.04%
	Finance	294,926,738	346,000,250	363,300,263	363,300,263	363,300,263	294,926,738	6.00%	3.89%	3.89%	3.89%
	County Public Service Board	46,185,249	44,638,485	46,870,409	46,870,409	46,870,409	46,185,249	0.50%	0.50%	0.50%	0.50%
	Public Service Management	945,675,079	587,915,401	617,311,171	617,311,171	617,311,171	945,675,079	12.50%	6.62%	6.62%	6.62%
	Education	672,406,264	630,211,303	661,721,868	661,721,868	661,721,868	672,406,264	5.00%	7.09%	7.09%	7.09%
	County Assembly	805,143,240	835,143,240	876,900,402	876,900,402	876,900,402	805,143,240	9.00%	9.40%	9.40%	9.40%
	Agriculture Livestock Development & Fisheries	852,123,651	816,647,706	857,480,091	857,480,091	857,480,091	852,123,651	11.70%	9.19%	9.19%	9.19%
	Trade, Investment & Industrialisation	254,982,095	290,650,166	305,182,674	305,182,674	305,182,674	254,982,095	4.00%	3.27%	3.27%	3.27%
	Roads, Transport and Infrastructure	909,827,962	799,931,892	839,928,487	839,928,487	839,928,487	909,827,962	5.00%	9.00%	9.00%	9.00%
	Youths,Sports, culture	195,217,690	125,706,604	131,991,934	131,991,934	131,991,934	195,217,690	3.00%	1.41%	1.41%	1.41%
	Land s and Housing	159,335,980	331,484,742	348,058,979	348,058,979	348,058,979	159,335,980	1.00%	3.73%	3.73%	3.73%
	Water, Environment, Natural Resource s,Tourism &Wildlife	92,879,262	78,069,186	81,972,645	81,972,645	81,972,645	92,879,262	2.00%	0.88%	0.88%	0.88%
<b>Health</b>	Health Services	3,262,474,008	3,728,331,714	3,914,748,300	3,914,748,300	3,914,748,300	3,262,474,008	37.00%	41.96%	41.96%	41.96%
	<b>Total</b>	<b>8,823,421,331</b>	<b>8,885,055,055</b>	<b>9,329,307,808</b>	<b>9,329,307,808</b>	<b>9,329,307,808</b>	<b>8,823,421,331</b>				

ANNEX 2: TABLE 2.3

SECTOR	MINISTRIAL DEPARTMENTS	C-FSP 2019			BUDGET ALLOCATION 2019/20			CUMULATIVE EXPENDITURE 2019/20			Absorption %	DEVIATION (%) CFSP - BUDGET
		REC	DEV	TOTAL	REC	DEV	TOTAL	REC	DEV	TOTAL		
	Governor's Office	261,816,297		261,816,297	332,244,113	-	332,244,113	292,750,475	-	292,750,475	88%	- 30,934,178
	Finance	407,886,457	93,143,175	501,029,631	278,926,738	16,000,000	294,926,738	188,500,000	-	188,500,000	64%	312,529,631
PUBLIC ADMIN.	County Public Service Board	39,669,136		39,669,136	46,185,249	-	46,185,249	27,001,465	-	27,001,465	58%	12,667,671
	Education	169,158,775	227,532,585	396,691,360	398,537,966	273,868,298	672,406,264	294,666,801	211,836,988	506,503,789	75%	- 109,812,430
	Public Service Management	991,728,399		991,728,399	945,675,079		945,675,079	883,536,384	-	883,536,384	93%	108,192,015
	Trade Industry and Investments	51,859,245	344,832,114	396,691,360	24,149,981	230,832,114	254,982,095	17,477,322	221,310,682	238,788,004	94%	157,903,355
	County Assembly	671,357,935	42,686,512	714,044,447	775,143,240	30,000,000	805,143,240			-	0%	714,044,447
	Agriculture Livestock and Fisheries	75,055,838	242,297,250	317,353,088	259,630,948	592,492,703	852,123,651	126,800,000	537,065,277	663,865,277	78%	- 346,512,189
								-		-		-
	Youth, Sports, Culture, Gender and Social Services	126,410,213	111,604,602	238,014,816	122,217,690	73,000,000	195,217,690	71,489,760	47,200,345	118,690,105	61%	119,324,711
	SUB-TOTALS	2,794,942,296	1,062,096,237	3,857,038,533	3,182,711,004	1,216,193,115	4,398,904,119	1,902,222,207	1,017,413,292	2,919,635,499	66%	937,403,033
INFRASTRUCTURE	Roads, Transport and Infrastructure	74,607,255	853,650,526	928,257,781	80,340,627	829,487,335	909,827,962	61,100,000	678,863,029	739,963,029	81%	188,294,752
	Water, Environment, Energy and Natural Resources	92,561,317	66,115,227	158,676,544	48,879,262	44,000,000	92,879,262	29,500,000	10,240,488	39,740,488	43%	118,936,056
	Lands Housing and Physical Planning	27,603,813	51,734,459	79,338,272	87,398,380	71,937,600	159,335,980	64,500,000	5,605,499	70,105,499	44%	9,232,773
	SUB-TOTALS	194,772,386	971,500,211	1,166,272,597	216,618,269	945,424,935	1,162,043,204	155,100,000	694,709,016	849,809,016	73%	316,463,581
HEALTH	Health Services	2,044,207,549	891,308,511	2,935,516,060	2,150,608,799	1,111,865,209	3,262,474,008	1,980,343,750	1,084,094,817	3,064,438,567	94%	- 128,922,506
	TOTAL	5,033,922,230	2,924,904,960	7,958,827,190	2,150,608,799	1,111,865,209	8,823,421,331	4,037,665,957	2,796,217,125	6,833,883,082	77%	1,124,944,108