



COUNTY GOVERNMENT OF NAROK

FINANCE AND ECONOMIC PLANNING

BUDGET REVIEW AND OUTLOOK PAPER

ECONOMIC TRANSFORMATION FOR A SHARED PROSPERITY IN THE COUNTY

2020

Foreword

The County Budget Review and Outlook Paper (C-BROP) is a statutory policy document in the review and analysis of County budget performance. The document has been prepared in accordance with section 118 of Public Finance Management Act (PFM, 2012). In the Act, County Treasuries are required to prepare and submit C-BROPs to respective County Executive Committees by 30th September every year. As a policy document, C-BROP provides an outlook of performance of budget of the previous financial year showing estimates, actuals, and deviations. It is also a review of budget appropriations and their linkages to financial forecasts and compliance with the fiscal responsibility principles and financial objectives outlined in the PFM Law of 2012.

The 2020 C-BROP is structured to show the financial and economic trends not only at the county level but also at the national, regional and global scenes. The trends are applied to inform policy direction, actions and strategies which will be adopted in the 2021 County Fiscal Strategy Paper (CFSP). It's expected that the ceilings in the C-BROP will be firmed up in the 2021 County Fiscal Strategy Paper. The C-BROP will form a basis for the development of the budget for FY 2021/22 and over the medium-term period. Further, the outcome of the fiscal performance for FY 2019/20 budget will be useful in advising the revision of estimates for FY 2020/21.

The policy considerations in this C-BROP have been set in an environment of contracting global economy occasioned by the outbreak and the rapid spread of the Covid-19 Pandemic. The Pandemic and the attendant containment measures has led to contraction of the global economy disrupting businesses including international trade and leading to loss of livelihoods for millions of people globally. The ripple effects of events at global and at the national level started to be felt in Narok County even before the county recorded her first COVID 19 case. This stems from the fact that variations in economic indicators at the national economy have a direct effect on the performance of the economy in the county.

The ban on international travels, cancellation of travel arrangements, lockdown in most of the countries amongst other containment measures in the domestic market forestalled tourists from visiting Maasai Mara game reserve which is the main own source revenue stream for Narok

County. This together with general disruption in supply chains and reduction in business activities has affected our revenue collection in the 3rd and 4th quarter of FY 2019/20. In particular, the revenue shortfalls in the fourth quarter of the FY 2019/20 was largely due to the Covid-19 Pandemic. Revenue performance was further worsened by incentives that were introduced to cushion the citizens of Narok County from the economic impact of the Pandemic.

As we prepare for the FY 2021/22 budget, emphasis should be on development priorities, programmes and projects linked to the global, national, and development policies and strategies including the Constitution of Kenya 2010, the Big four Agenda espoused in the third Medium Term Plan (MTP III) of the Vision 2030, County Integrated Development Plan (2018-2022), National Sector Plans, Sustainable Development Goals (SDGs), and recently the 8-Point Economic Stimulus Programme unveiled by H.E The President, on May 23rd, 2020 to mitigate against the impacts of COVID 19 pandemic.

The 2020 C-BROP is carefully prepared in-order-to align with the Finance Act 2020 which proposes various revenue sources and applicable levies. The Finance Act 2020 takes into account the need promote revenue collection and at the same time leverage on the existing capacities in revenue streams to finance programmes to accelerate and sustain inclusive growth for socio-economic recovery and transformation of lives for all residents in the county. This has taken cognizance of the imminent closure of some donor funded programmes such as Transforming Health Systems (THS), Universal Healthcare in Devolved Systems (UHDS), and Global Alliance for Vaccine and Immunization (GAVI).

In this regard the County Government will endeavour to put in place viable revenue raising strategies for enhancing revenue collection in critical revenue streams with a view of ensuring that the revenue targets are met. Further, the county government will adopt an aggressive intervention to fill anticipated gap in donor funding by applying a targeted scaling-up of budgetary allocation towards the affected programmes including immunization. Kenya's transition to a lower-middle income status has increased the domestic funding obligation for the country's immunization programme, which is now required to achieve full self-funding by 2028.

Given the tight resource envelope, all Sector Working Groups are required to carefully scrutinize all proposed County Departments and Agencies (CDA's) budgets for FY 2021/22 and the medium term to ensure that they remain within the ceilings provided to ensure that the County Government is able to budget within its means and guarantee socio-economic economic development. In this regard, I therefore, call upon all to adhere to the hard sector ceilings, and the strict deadlines provided in this document to facilitate the finalization and appropriation of the FY 2021/22 and the medium-term budget.

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Acknowledgement

The development of Narok County Budget Review and Outlook Paper (C-BROP 2020) has been made possible through the participation of many stakeholders. We are very grateful to the County Executive Committee for overall leadership throughout the entire process. To all county departments, units and agencies, we appreciate your invaluable inputs in the preparation of this policy document.

Special thanks goes to the County Executive Committee Member for Finance, Economic Planning and ICT; Hon. Julius Sasai, for his guidance and coordination in developing this statutory document. We also are grateful for the collaboration and the comments received from the Chief Officers, County technical staffs and other stakeholders. We particularly appreciate Community Health Partners (CHP) for their contribution on the need to enhance the allocation toward immunization in view of the shrinking donor funds.

We would also like to appreciate the members of the secretariat who spent significant time collecting, collating and analyzing data from various entities within the county. The secretariat that comprised of technical staffs from economic planning unit and finance, worked tirelessly and spent extra time to review this document to ensure it satisfies the PFM Act, 2012 and sets out the sector ceilings that will guide the rest of the sectors in the preparation of their FY 2021/22 and the Medium Term Budget.

Finally, and since it would not be possible to list everyone individually in this page, I wish to thank each and every person who was involved in this process for your dedication, sacrifice, commitment and assistance. I wish to reiterate the importance of public participation in FY 2021/22 Medium Term Budget preparation process by calling on all Sector Working Groups to devise an engagement framework that will deepen open public and stakeholders' participation and incorporation of the proposals received.

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Abbreviations and Acronyms

ADP	Annual Development Plan
CFSP	County Fiscal Strategy Paper
C-BROP	County Budget Review and Outlook Paper
CBR	Central Bank Rate
CRA	Commission for Revenue Allocation
FY	Financial Year
GDP	Gross Domestic Product
IMF	International Monetary Fund
KES	Kenya Shillings
KEU	Kenya Economic Update
MDAs	Ministries, Departments and Agencies
MTEF	Medium Term Expenditure Framework
MTP	Medium-Term Plan
PFM	Public Financial Management
PSA	Public Service Administration
PPP	Public Private Partnership
SWG	Sector Working Group
USD	United State Dollar

Legal Basis for the Publication of the Budget Review and Outlook Paper

The 2020 County Budget Review and Outlook Paper is prepared in accordance with Section 118 of the Public Finance Management Act, 2012. The law states that:

1. The County Treasury shall

- a) prepare a County Budget Review and Outlook Paper in respect of the county for each financial year; and
- b) submit the paper to the County Executive Committee by the 30th September of that year include:

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

- a) The details of the actual fiscal performance in the previous year compared to the budget appropriation for that year
- b) The updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper;
- c) Information on any changes in the forecasts compared with the County Fiscal Strategy Paper and how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the County Fiscal Strategy Paper for that financial year;
- d) Reasons for any deviation from the financial objectives in the County Fiscal Strategy Paper together with proposals to address the deviation and the time estimated for doing so.

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

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

- a) arrange for the Paper to be laid before the County Assembly; and
- b) as soon as practicable after having done so, publish and publicize the Paper.

Fiscal Responsibility Principles in the Public Financial Management Law

In line with the Constitution, the new Public Finance Management (PFM) Act, 2012, sets out the fiscal responsibility principles to ensure prudence and transparency in the management of public resources. The PFM law (Section 107(2) states that: In managing the county government's public finances, the County Treasury shall enforce the following fiscal responsibility principles-

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

I INTRODUCTION

Background

1. The County Budget Review and Outlook Paper (C-BROP 2020) has been prepared in line with the provisions of the Public Finance Management, PFM Act, 2012 that are relevant to the devolved systems of Government. Specifically, the Act requires that every County prepares a C-BROP by 30th September of that financial year. The C-BROP reviews the actual fiscal performance of the financial year 2019/20 and makes comparisons to the budget appropriations for the same year. It also provides the recent economic developments and the updated economic and financial forecast with sufficient information to show variations from the initial forecast in FY 2019/20.

Objective of the C-BROP

2. The objective of this paper is to provide;
 - i. Details of the actual County Fiscal performance in financial year 2019/20 compared to the budget appropriation of the same year.
 - ii. An updated economic and financial forecast with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper.
 - iii. Information on any changes in the forecasts compared with the County Fiscal Strategy Paper or how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the County Fiscal Strategy Paper for that financial year.
 - iv. Reasons for any deviation from the financial objectives in the CFSP together with the proposals to address the deviation and the estimated timeframe for doing so.

3. The C-BROP is a key document in linking policy, planning and budgeting. The 2020 C-BROP points to the need to emphasis on development priorities, programmes and projects linked to the global, national, and development policies and strategies including the Constitution of Kenya 2010, the Big four Agenda espoused in the third Medium Term Plan (MTP III) of the Vision 2030, County Integrated Development Plan (2018-2022), National Sector Plans, Sustainable

Development Goals (SDGs), and recently the 8-Point Economic Stimulus Programme unveiled by H.E The President, on May 23rd, 2020 to mitigate against the impacts of COVID 19 pandemic. The policy formulation, planning and programming will be done taking account new development and emerging issues considered in the revised CIDP 2018-2022 scheduled this year.

4. The goal of C-BROP 2020 is three prong; it reviews the budgetary performance in FY 2019/20 and at the same time make fiscal recommendation to guide budgetary execution in the remaining period of FY 2020/21 and guide the preparation of FY 2021/2022 budget. The paper is also structured in a way to facilitate the implementation of the fourth year of the CIDP 2018-22.

5. The rest of the paper is organized as follows. The next section provides a review of the fiscal performance in budget for FY 2019/20. This is followed by brief highlights of the recent Fiscal developments and an updated economic outlook in section III. Section IV provides the resources allocation framework, while section V is a summary of the overall expenditure and revenue performance in FY 2019/20 and policy recommendation for the successive period(s).

II REVIEW OF FISCAL PERFORMANCE IN 2019/20

A. Overview

6. This section provides an overview of the performance and implementation of the budget for the financial year 2019/20 and how this may have affected compliance with the fiscal responsibilities. This will be useful in providing a basis for setting out broad fiscal parameters for subsequent budgets.

7. The revenue and expenditure targets for FY 2019/2020 were estimated in such a manner as to form a balanced budget at KSh. 12,169,977,940 mark. The estimates were in the course of time revised to KSh. 12,740,798,262 and ultimately to KSh. 11,998,125,532. The actual revenue and expenditures realized by June 30th, 2020 amounted to KSh. 10,996,542,047.45 and KSh. 10,631,366,512, respectively.

B. 2019/20 Fiscal Performance

8. Table 1 presents the fiscal performance for the FY 2019/20 and the deviations from the original and revised budget estimates.

Table 1: Deviations from the Initial and Revised Budget Estimates (KES.)

Source	Targets	Revised (1)	Revised (2)	Actual (KSh)	Deviations	
	A	B	C	D	E = (D-A)	F = (D-C)
1. Total Revenue	12,169,977,930	12,740,798,262.37	11,998,125,532.45	10,996,542,047.45	(1,173,435,883)	(1,001,583,485)
Equitable share	7,874,000,000	8,039,100,000.00	8,039,100,000.00	7,347,737,400.00	(526,262,600)	(691,362,600)
Grants	1,019,006,428	1,165,226,759	1,215,494,759.00	950,057,111.00	(61,844,317)	(265,437,648)
DANIDA Grant (Covid 19)	-	-	-	7,105,000.00	-	7,105,000
Grants B/F	281,826,532	320,490,449	320,490,449	320,490,449	38,663,917	-
OSR	2,995,144,970.49	3,190,313,826.85	2,397,373,097.80	2,345,484,860.80	(649,660,110)	(51,888,237)
OSR B/F	-	25,667,226.95	25,667,226.95	25,667,226.95	25,667,227	-
2. Total Expenditures	12,169,977,940	12,740,798,262	11,998,125,532	10,631,366,512	(1,538,611,428)	(1,366,759,020)
Recurrent	7,735,062,334	7,913,989,301	8,046,487,379	7,707,329,888	(27,732,446)	(339,157,491)
Development	4,434,915,606	4,826,808,961	3,951,638,153	2,924,036,624	(1,510,878,982)	(1,027,601,529)
Deviation (1-2)	(10.00)	0.37	0.45	365,175,535.45	365,175,545.45	365,175,535.00

Source: Narok County Treasury

Revenues

9. The cumulative revenue –transfers from the national government and own source revenue - amounted to KES. 10,996,542,047.45 against the revised estimates of KES. 11,998,125,532.45. This represents 91.7% performance on target. Total transfer from national government was KES. 8,304,899,511 while collection from own sources amounted to KES 2,345,484,860.80. The total revenue realized in FY 2019/20 dropped from the targets (revised estimates) by KES. (1,001,583,485). The shortfall is attributable to the effects of COVID 19 pandemic. Table 1 shows the comparison between the targets and the actuals.

10. Transfers from national government – equitable share and grants- fell short of the revised target by KES. 691,362,600 and KES. 265,437,648 respectively. (Table 1). Table 2 further shows the breakdown of the Transfers from the national government.

Table 2: A Breakdown of Transfers from National Government in FY 2019/20 (KSh.)

RECEIPTS FOR FY 2019/20				
TRANSFERS FROM NG				
Item	Budget: Sup 2	Actual Receipts	Variance	% Realized
Equitable Share	8,039,100,000	7,347,737,400	691,362,600	91
Conditional allocation for development of village polytechnics	19,488,298	19,488,298	-	100
Road Maintenance Levy Fund	228,195,188	228,195,188	-	100
H. Centre and Dispensaries user fees	20,595,297	20,595,297	-	100
Conditional grant -Leasing of Medical Equipment	131,914,894	-	131,914,894	-
Loans & Grants-KDSP-Level 1	30,000,000	30,000,000	-	100
Loans & Grants-KDSP-Level 2 Development	185,020,331	185,020,331	-	100
Kenya Urban Support Programme UIG	50,000,000	50,000,000	-	100
Kenya Urban Support Programme- UDG	74,905,300	53,575,177	21,330,124	72
World bank loan THS	38,282,966	27,200,699	11,082,267	71
World bank Loan- National Agri & Rural Growth	350,000,000	255,036,254	94,963,746	73
DANIDA Grant -UHC	19,031,250	19,031,250	-	100
Agricultural Sector Development Support Program (ASDSP)	17,793,235	11,646,618	6,146,617	65
COVID 19 Conditional Grant	50,268,000	50,268,000	-	100
DANIDA Grant-COVID 19	-	7,105,000	- 7,105,000	-
TOTALS	9,254,594,759	8,304,899,511	949,695,248	90

Source: Narok County Treasury

11. The own Source Revenue fell short of the revised target by KES 51,888,237. Table 3 shows the revenue by sources cast against the targets for FY 2019/20. Maasai Mara Game Reserve recorded the highest revenue, KES 2,181,321,198.00 amongst the local sources. The collection from all other OSR streams amounted to KES 164,163,663.00 (Table 3). It's apparent from the foregoing that the performance in revenue collection from Maasai Mara Game Reserve fared relatively well compared to the collection form all other sources. Nevertheless, revenue shortfall from the printed targets is KSh 649,660,109.49 attributable to the effects and impacts of COVID 19. The pandemic necessitated the revision of targets in view of the prevailing economic environment.

Table 3: Local Revenue Sources - County Government of Narok Revenue (KES)

Revenue Source		Printed Targets FY 2019/2020	Revised Targets	Actual Revenue FY 2019/2020	Variance	
		A	B	C	D = (C-A)	E = (C-B)
1.	Single Business Permits	64,325,729.00	21,115,350	19,329,328.00	(44,996,401.00)	(1,786,022)
2.	CESS Revenue	75,938,137.00	57,671,906	55,730,397.00	(20,207,740.00)	(1,941,509)
3.	Markets & Slaughter Fees	68,485,824.00	6,949,413	5,286,220.00	(63,199,604.00)	(1,663,193)
4.	House Rents	49,283,664.00	4,498,565	-	(49,283,664.00)	(4,498,565)
5.	Conservancy & Solid Waste Disposal	21,823,827.00	3,276,679	859,200.00	(20,964,627.00)	(2,417,479)
6.	Vehicle Parking	40,923,556.00	11,880,300	12,172,650.00	(28,750,906.00)	292,350
7.	Other CESS	122,578,970.00	38,805,279	21,124,549.00	(101,454,421.00)	(17,680,730)
8.	Plot Rent	110,784,345.00	33,333,107	25,356,347.00	(85,427,998.00)	(7,976,760)
9.	Miscellaneous Income	146,744,944.00	44,091,697	24,304,972.00	(122,439,972.00)	(19,786,725)
10.	Mara Game Reserve	2,294,255,975.00	2,175,750,802	2,181,321,198.00	(112,934,777.00)	5,570,396
Total Local Sources		2,995,144,970.49	2,397,373,098	2,345,484,861.00	(649,660,109.49)	(51,888,237)

Source: Narok County Treasury

12. The local revenue collection was highest in the first quarter of FY 2019/2020 at KES. 1,243,052,803.00. Similar to performance in FY 2018/19 review, local revenue collection in FY 2019/2020 was lowest in the fourth quarter at KES 47,776,126.00. The first quarter coincides with the Wildebeest Migration which attracts high number of tourists to Maasai Mara Game reserve. On the other hand, the depressed collection in the second, third and fourth quarters coincides with low arrivals of tourists coupled with the effects of the rapidly spreading COVID 19 pandemic. This largely explains the variance in revenue collection. Table 4 shows the quarterly flow of revenue in FY 2019/20.

Table 4: Quarterly Revenue Flows in FY 2019/20 (KSh)

Revenue Category	30/09/ 2018	31/12/2018	31/01/2019	30/06/2019	Cumulative
CENTRAL GOVERNMENT TRANSFERS	TOTAL Q1	TOTAL Q2	TOTAL Q3	TOTAL Q4	TOTALS
TOTAL FROM NATIONAL	1,625,023,731.00	1,517,719,316.35	1,788,285,416.70	3,373,871,047.25	8,304,899,511.30
i. Equitable Share	1,398,803,400.00	1,447,038,000.00	1,567,624,500.00	2,934,271,500.00	7,347,737,400.00
Conditional Grants	226,220,331.00	70,681,316.35	220,660,916.70	439,599,547.25	957,162,111.30
TOTAL LOCAL SOURCES	1,243,052,803.00	653,799,092.00	400,856,840.00	47,776,126.00	2,345,484,861.00
i. Mara Game Reserve	1,197,515,573.00	600,834,864.00	349,885,400.00	33,085,361.00	2,181,321,198.00

Revenue Category	30/09/ 2018	31/12/2018	31/01/2019	30/06/2019	Cumulative
ii. Other sources	45,537,230.00	52,964,228.00	50,971,440.00	14,690,765.00	164,163,663.00
GRAND TOTAL	2,124,781,291.00	2,784,642,938.00	1,686,710,885.00	3,097,087,147.00	10,650,384,372.30

Source: Narok County Treasury

13. Revenue flow from national government has not been consistent a situation that left a total of KSh 691 million undisbursed by the close of the financial year. The irregular flow of revenue had a negative fiscal and financial implication to the county. It impacted on the capacity of the county government to implements projects and programmes and to meet its non-discretionary expenses on time.

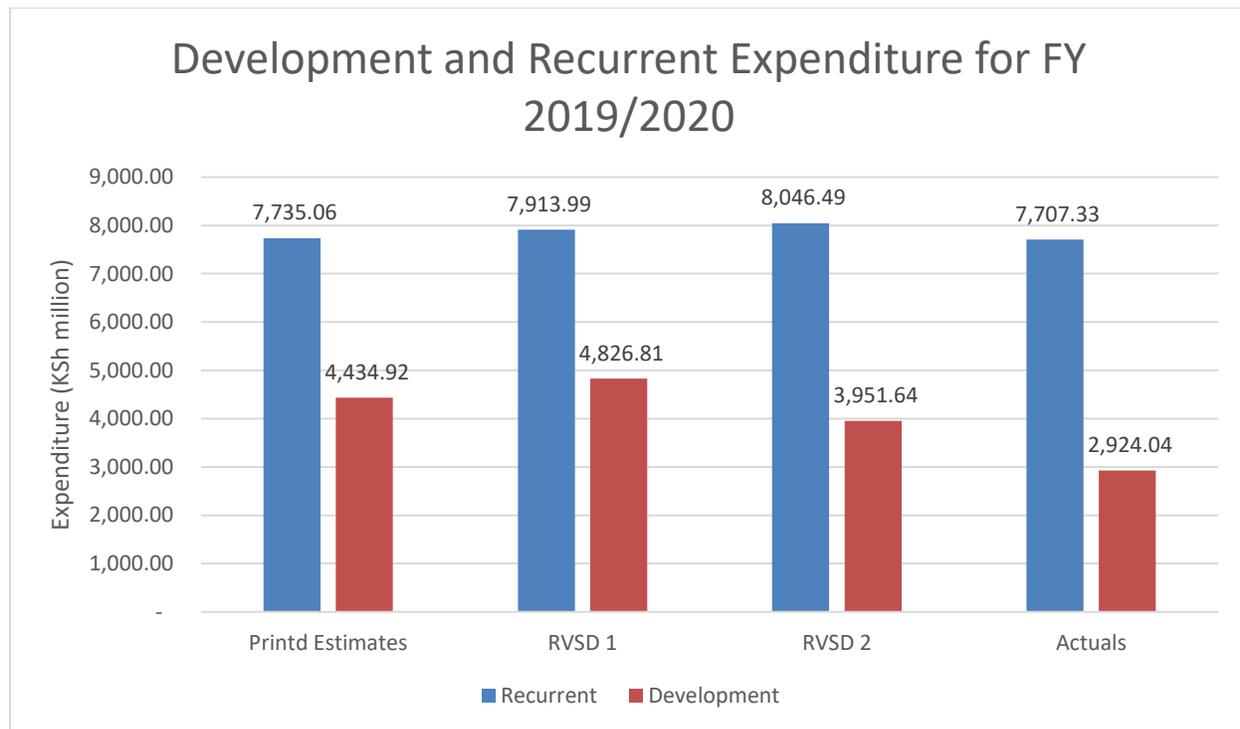
Expenditure

14. Recurrent expenditure amounted to KES. 7,707,329,888 against a revised target of KSh. 8,046,487,379.00. Thus, the total expenditure on recurrent at the close of FY 2019/20 represents 95.8% rate of absorption when compared against the approved estimates on expenditures for recurrent.

15. Development expenditure amounted to KSh. 2,924,036,624 compared to a revised target of KSh. 3,951,638,153. This represents 74.0% rate of absorption when compared against the

16. In overall, expenditure side of the budget had an 87.4% absorption when viewed in terms of approved expenditure estimates and 88.6% when viewed in terms of revised targets. In comparison the ratio of recurrent versus development expenditure is 2.6:1. The total expenditure on development was 27.5%. Figure 1 shows a comparison between estimates/ targets against the actuals at the close of the financial year.

Figure 1: Narok County Government Expenditures on Recurrent and Development (Estimates Against Actuals)



Source: Narok County Treasury

Overall balance and financing

17. Reflecting on the above performance in revenue and expenditure, the total expenditure amounted to KSh. 10,631,366,512.00 in FY 2019/20 against the revised estimates of KSh. 11,998,125,532. On the other hand, the total revenue realized amounted to KSh. 10,996,542,047.45 against the revised target of KSh. 11,998,125,532. The upshot of the forgoing is that the performance in the budget execution in FY 2019/20 would have been much higher had it not been for the rapidly spreading pandemic.

18. The main challenges experienced in the financial year under review is the effects and impacts of COVID 19 pandemic, and delays in the receipts of equitable share from the national government. These situations significantly affected timely delivery of service in Narok County. In addition, some budget implementation institutional framework and systems have not been in optimal utilization. Going forward, there is need of strengthening the functions of research, planning, budget formulation and implementation, monitoring and evaluation and reporting on sectoral performance.

C. Implication of 2019/20 fiscal performance on fiscal responsibility principles and financial objectives contained in the 2020 CFSP

19. During the period under review, the county government had planned to collect revenue amounting to KSh. 11.998 billion. At the close of the financial year, the county had received revenues amounting to KSh. 10.997 billion. The review of performance in FY 2019/20 reveals that the missed revenue targets were mainly in transfers from the national government at KSh.956.8 million. The overall performance in revenue and expenditure points to the need to adjust the estimates for FY 2020/2021. The adjustments may be executed through supplementary budget for FY 2020/2021.

20. Additional implications borders on the capacity of the county government to implement its budget in FY 2020/21 and in the subsequent years. In view of the foregoing, appropriate measures have been applied in the context of this C-BROP, taking into account the budget outturn for 2019/20. The County Treasury will consider engaging with national government, state agencies and financial experts with a view of improving performance in in view of the effects of COVID 19 pandemic.

III. RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

A. Recent Economic Developments

Overview

21. The performance of the county was largely dependent on the global, regional and country's economic performance in an environment of rapid spread of COVID 19 pandemic. The Coronavirus disease (COVID-19) has continued to cause serious challenges across the world, not only overburdening the health care systems but also causing massive losses in the global economy. Prior to the manifestation and before the effects of COVID 19 and its impacts began to be felt in Kenya and at the County level, it was believed that the virus would not last for long. As a result, financial projections assumed a normal operating environment.

22. This changed following the wide spreading pandemic. The disease has been spreading across the globe at an alarming rate since it was first reported in December 2019. The first case of infection in Kenya was recorded on 13th March 2020. Since then the infection cases had risen to 36,393 cases as of 16th September 2020. Narok County recorded her first case on 13th June 2020, almost six months after the first case was reported in China and about three months since Kenya recorder her first case in March 2020. The cases had risen to 256 cases as at 16th September 2020.

23. Although Narok County had yet to record any COVID-19 case in the earlier days and months, the ripple effects of events at global and at the national level were already being felt at the county level. This stems from the fact that variations in economic indicators at the national economy have a direct effect on the performance of the economy in the county.

24. The ban on international travels, cancellation of travel arrangements, lockdown in most of the countries amongst other containment measures in the domestic market forestalled tourists from visiting Maasai Mara game reserve which is the main own source revenue stream for Narok County. This together with general disruption in supply chains and reduction in business activities has affected the collection of revenue in the 3rd and 4th quarter of FY 2019/20.

Global Scene

25. According to the National Treasury, the result of the effects of COVID 19 is that the global economy is now projected to contract by 4.9 percent in 2020 from a growth of 2.9 percent in 2019 with prospects across countries and regions remaining highly uncertain. On this basis and taking into account the available indicators for second quarter for 2020, the economy is projected to grow by 2.6 percent in the calendar year 2020 compared to the initial projection of 6.1 percent in the 2020 Budget Policy Statement. According to National 2020 BRP, the economy is projected to rebound to 5.3 percent in 2021 and 5.9 percent over the medium term. In terms of fiscal years, the economy is projected to grow by 4.0 percent in the FY 2020/21 and 5.9 percent over the medium term.

26. The contraction by 9.3 percent in the accommodation and food services sector exacerbated the decelerated growth in the first quarter of 2020 according to the National Treasury report in the 2020 Budget Review and Outlook Paper. It is, nevertheless, reported that the economy was cushioned by strong agricultural activities that strengthened to 4.9 percent in the first quarter of 2020 from 4.7 percent over the same period in 2019. It's also apparent that a resilient non-agriculture sector also supported growth, despite a slowdown to 5.2 percent from 5.9 percent over the period under review.

Inflation Rate

27. Year-on-year overall inflation has remained within the government target range since end 2017 demonstrating prudent monetary policies. The inflation rate was at 4.4 percent in August 2020, declining from 5.0 percent in August 2019. This decline reflected favourable weather conditions which resulted to declines in the prices of key food items such as cabbages, tomatoes, Irish potatoes, spinach and loose maize grain.

Kenya Shillings Exchange Rate

28. The foreign exchange market has experienced some volatility in 2020, largely due to uncertainties with regard to the impact of Covid-19 Pandemic and a significant strengthening of the US Dollar in the global markets. However, the Kenya Shilling remained competitive supported by a stable current account deficit. The Shilling depreciated against the US Dollar, Sterling pound and the Euro exchanging at an average of Ksh 107.3, Ksh 135.3 and Ksh 122.5 in July 2020 from Ksh 103.2, Ksh 128.7 and Ksh 115.8 in July 2019, respectively.

Interest Rates

29. Short-term interest rates remained fairly low and stable. The Central Bank Rate was retained at 7.0 percent on July 29, 2020 same as in April 2020 to signal lower lending rates in order to support credit access by borrowers especially the Small and Medium Enterprises distressed by Covid-19 pandemic. The interbank rate remained low and fairly stable at 2.5 percent in August 2020 from 3.6 percent in August 2019 in line with the easing of the monetary policy and adequate liquidity in the money market. The improved liquidity in the money market has resulted in stable

commercial bank rates. The average lending rate declined from 12.5 percent in June 2019 to 11.9 percent in June 2020

B. Medium Term Economic Outlook

Global Growth Outlook

30. The National Treasury through the 2020 Budget Review and Outlook Paper opines that due to the effects of COVID 19, the global economy is projected to contract by 4.9 percent in 2020 from a growth of 2.9 percent in 2019. According to the review, this economic outlook is worse than the growth reported during the 2008-2009 global financial crisis. On a positive note, world economic growth is projected to rebound to 5.4 percent in 2021 mainly supported by a gradual strengthening in consumption and investment is also expected to firm up.

31. Growth in the advanced economies is projected at negative 8.0 percent in 2020 recovering to 4.8 percent in 2021. This reflects deeper than anticipated effects of the pandemic on economic activity in the first half of 2020 and more gradual recovery in the second half of the year. Significant contraction of the economy is projected in the United States (-8.0 percent), Japan (-5.8 percent), the United Kingdom (-10.2 percent), Germany (-7.8 percent), France (-12.5 percent), and Italy and Spain (-12.8) percent. Growth in the Euro area is expected to contract by 10.2 percent in 2020 before recovering to grow at 6.0 percent in 2021.

32. The emerging markets and developing economies are also projected to contract by 3.0 percent in 2020. Better prospects are however expected in 2021 with growth forecasted at 5.9 percent; this recovery is well echoed in the forecasted growths of Emerging and Developing Asia and Europe, Latin America and the Caribbean, and Sub-Saharan Africa.

33. The Sub-Saharan African region has not been spared the negative impact of the pandemic with the region projected to contract by 3.2 percent in 2020. Consistent with forecast in the other regions, economic growth in the region is expected to recover to 3.4 percent in 2021 as most of the economies in the region recover from the adverse effects of the Covid-19 pandemic.

Domestic Growth Outlook

34. On the domestic scene, prior to the outbreak of Covid-19 pandemic, Kenya’s economy was strong and resilient despite the challenging global environment. The economy expanded by 4.9 percent in the first quarter of 2020 supported by the agricultural sector on account of favorable weather conditions.

35. Leading economic indicators for the second quarter point to continued strong performance in agriculture, mainly due to favorable weather conditions and lifting of restrictions in the key export markets. However, the negative effects of covid-19 on the economy are projected to more than offset the gains in the agricultural sector leading to an overall projected growth, in calendar years, of 2.6 percent in 2020. On a positive note, economic growth is projected to recover to 5.3 percent in 2021 and 5.9 percent in the medium term. In terms of fiscal years, economic growth is projected to grow by 4.0 percent in FY 2020/21 and further to 5.9 percent over the medium term.

36. This growth outlook for the calendar year 2020 and the FY 2020/21 and the medium term, will be supported by the stable macroeconomic environment, investments in the strategic areas under the “Big Four” agenda, the ongoing public investments in infrastructure projects, the Economic Stimulus Program being implemented and the planned Post Covid-19 Economic Recovery Strategy. These factors will push up consumer demand and increase both public and private sector investment reinforcing the projected growth. The economic growth projections over the medium term are aligned to those of the Third Medium Term Plan (2018-2022) which is implementing Vision 2030

Partnerships

37. As regards collaborations, the enhanced global partnership proved attractive for increased investment particularly in infrastructure developments. This was mainly through bilateral agreements and increased donor support. There were a number of programmes/projects implemented through support from development partners especially at the national level. They include key roads, the standard gauge Railway, ports, airports, and rural electrification projects.

Growth Outlook at County level

38. The County further experienced expansion in building and construction sector attributable to increased demand for housing and business premises. Narok is one of the fast growing towns in the south rift due to its strategic position connecting the south rift to Nyanza. There was expansion in the hospitality industry, wholesale and retail trades which have ready market due to increasing population. Communication continue to be on an upward trend as a result of the proliferation of the service by the main mobile service providers. This has improved the ease of doing business.

39. County government has prioritized key strategic interventions across all departments to accelerate economic growth for social economic transformation and prosperity. The main areas include; increasing agriculture productivity, improved access to quality healthcare particularly immunization, clean water, empowering youth, promoting education and facilitating infrastructural development. The largest spender in the county for the FY 2019/20 was Health and Sanitation at KES 2.8 billion followed by Education, Youth, Sports, Culture & Social Services at KES 1.6 billion.

40. The expenditure on health care system accounted for 26% of the total expenditure in FY 2019/20. However, much of the expenditure was on recurrent aggravated by resource allocation to respond to COVID 19 pandemic. The leasing of eleven ambulances and the provision of medicine in public hospitals are ongoing programmes under the recurrent expenditure. The ambulances are a major boost in the attendance of emergency cases. Comprehensive and sustainable strategy to improve the health care system is necessary.

41. To improve the transition and retention rate in secondary schools and colleges the County Government through the county department of Education, Youth and Social Welfare have continued to implement the bursary programme. In addition, the department put in place measures to address the rate of unemployment among the youths and empowerment of women, the county has established youth support programme in this regard.

C. Medium Term Fiscal Framework

42. The mid-term review of the County Integrated Development Plan (2018– 2022) is scheduled this year. The plan together with the Third Medium Term Plan (MTP) spells out clear priority areas investment to achieve the county vision and objectives. Moving forward, the implementation of the second CIDP (2018-2022) will deliberately continue to ensure there is gender parity and management of environment and climate change as an integral part of development. The county government shall adopt a fiscal macroeconomic framework that seeks to address high levels of unemployment and basic support services.

43. The county administration will continue to improve finance management systems at all levels of county government to improve on efficiency of public finance management. This is expected to build investor/creditor confidence to participate in promoting higher growth rates. With respect to revenue, the County Government hopes to maintain a strong revenue effort by sealing existing leakages and strengthening of automation of rates/fees collection points in line using modern technology. The technology is expected to result to improved tax compliance and enhanced administrative measures to enhance the collection of revenue. The County Government will harmonize existing tariffs regimes, offer reliefs incentives and widen the tariff base.

44. In public finance management, the county government shall continue with prudent public finance management. This will help maintain county development expenditure above the 30 per cent threshold provided in the PFM law. On the expenditure side, compliance with PFM Act, 2012 is expected to accelerate reforms in expenditure management system.

45. Significant efforts were made in the F/Y 2019/20 to boost the Agriculture sector through promotion of value chains courtesy of the NARIG project. This sector is the highest contributor to the county economy. Going forward, strategies to ensure value addition of both agriculture and livestock products such as post-harvest loss prevention were stepped-up in FY 2020/21 budget and over the medium term.

46. During the FY 2019/20 there were several non-core expenditures which were necessary in order to have the county render service effectively and also provide a stable administrative framework. They included construction and refurbishment of offices, purchase of furniture, computers, other office equipment and purchase of vehicles. Moving forward, the departments should consider reallocating resources away from these items without crippling the respective programmes. This policy paper further recommends the reallocation of resources to core, high impact areas of expenditure.

47. As regards Public Service Management, the recommendations in various staff audit reports will be applied in coming up with the best institutional management structures aimed at improving efficiency in service delivery.

Growth Prospects

48. The County Government of Narok endeavored to achieve a broad-based expansion touching in all sectors of the economy. Emphasis was given to key sectors of Health and Education development, infrastructural investment, youth empowerment and the supportive service in the administration.

49. Over the medium-term period, the County Government will continue to invest in agricultural infrastructure and equipment to increase productivity in the sector through promoting value addition. The government will continue investing in social-economic sectors of education, health and social protection. Expansion of road networks, and an increase in the access to clean and safe water will also be prioritized.

D. Risks to the Outlook

50. The county continues to be susceptible to risks that adversely affects the national fiscal framework and outlook which is influenced by the global macroeconomic context. Tourism being one of the major main stay in the county economy, faces numerous challenges ranging from COVID 19 pandemic that has led to disruption in the tourism industry, encroachment into Mara

game reserve. Internal conflicts in some parts of the county, high rates of unemployment, growing number of dependents, erratic weather patterns are major threats to performance.

51. Public expenditure pressures particularly the rising wage bill eat into other expenditure thereby compromising the allocation for development expenditure. With the commitment to improve infrastructure within the county, the share of resources going to priority physical infrastructure sector such as roads Health, Agriculture, Education and water should ordinarily increase gradually. The county government will undertake appropriate measures to cushion these pressures to safeguard fiscal stability.

52. Although agriculture is the main driver of the county economy it is faced with unreliable weather patterns. In the recent past, the county has experienced drought spells and threat of locust invasion which has seen significant decline in agricultural produce and livestock. To ensure sustainability of the sector the county will continue to invest in technologies and projects which will reduce overreliance of rain fed production

53. The share of donor funds is expected to shrink in coming years posing a huge risk to programmes that benefit from donor support. For instance, Kenya's transition to a lower-middle income status has increased the domestic funding obligation for the country's immunization programme which is largely funded by multilateral donors such as Global Alliance for Vaccine and Immunization (GAVI) through UNICEF. Kenya is now required to achieve full self-funding by 2028. Other funds due for closure includes World Bank Grant for Transforming Health Systems (THS), and DANIDA Grant for Universal Healthcare in Devolved Systems (UHDS)

54. The County Government is continually monitoring these risks and taking appropriate fiscal policy measures to strengthen resilience in the economy. To cushion the county against the downsides of the risks emanating from the Covid-19 pandemic, the County Government will collaborate with the National government in implementing the 8 point Economic Stimulus Package to protect lives and livelihoods. The County Government is also involved in developing a Post Covid-19 Economic Recovery Strategy to return the economy on a stable growth path.

Additionally, the diversified nature of our economy continues to offer resilience to any global and domestic challenges.

55. On risks emanating from domestic sources, the County Government has laid foundations to enhance faster and lasting growth through the 2020 Annual Development Plan, which will unlock better growth, and positively impact on the lives of people through jobs creation and poverty reduction. This will further be refined once the CIDP 2018-2022 is reviewed in the course of the year to integrated emerging issues and needs. Meanwhile, the County Government is promoting value addition in agriculture through interventions such as the inclusive growth projects. Further, the County Government is accelerating infrastructure development to support trade and agriculture and improve access to service centres. The county will also promote expenditure rationalization with a view of reducing wage related pressures thereby creating fiscal space necessary for economic sustainability. Finally, the county government will endeavour to institutionalize a resource mobilization strategy within the framework of PFM Act 2012

IV. RESOURCE ALLOCATION FRAMEWORK

A. Adjustment to 2020/21 Budget

56. Adjustments to the 2020/21 budget will take into account the actual performance of expenditure so far and absorption capacity in the remainder of the financial year. The focus will be on accelerating the absorption of available resources in the implementation of programmes and projects. Measures will also be put in place to improve the collection of Own Source Revenue taking into account the operative fiscal environment arising from the effects of COVID pandemic.

57. Table 6 provides a reflection in the C-BROP 2020 of the proposals for fiscal adjustments for FY 2020/21 and projections for FY 2021/22.

Table 5: Fiscal Projections for 2020/2021 - 2021/2022 (KSh)

Revenue by Source/Stream	Estimates FY2019/2020	Actual FY2019/2020	Adjustments of FY2020/2021		FY2021/2022 Projections
			CFSP'20	C-BROP'20	CFSP'21
REVENUE	11,998,125,532	10,996,542,047	11,256,020,000	11,229,041,288	12,818,944,643

Revenue by Source/Stream	Estimates FY2019/2020	Actual FY2019/2020	Adjustments of FY2020/2021		FY2021/2022 Projections
			CFSP'20	C-BROP'20	CFSP'21
i. Equitable Share	8,039,100,000	7,347,737,400	7,121,250,000	8,039,100,000	8,844,790,000
ii. Equitable Share (B/F)	-	-	-	691,362,600	-
iii. Grants	1,215,494,759	950,057,111	1,000,846,497	1,000,846,497	1,337,044,235
iv. Grants B/F	320,490,449	320,490,449	-	115,335,487	-
v. OSR	2,397,373,098	2,345,484,861	3,133,923,503	1,017,221,159	2,637,110,408
vi. OSR B/F	25,667,227	25,667,227	-	-	-
vii. B/F Others	-	-	-	365,175,545.45	-
EXPENDITURE	11,998,125,532	10,631,366,512	11,256,020,000	11,229,041,288	12,818,944,643
Recurrent	8,046,487,379	7,707,329,888	7,636,220,000	7,848,038,488.96	8,696,526,966.16
Development	3,951,638,153	2,924,036,624	3,619,800,000	3,381,002,799.39	4,122,417,676.84

Source: Narok County Treasury

Adjustment on Revenue

58. The recommended adjustment is in accordance with the overall performance in FY 2019/20 and the reality with regard to the financial environment in the wake COVID 19. We expect a depressed performance in OSR in FY 2020/2021 especially in the 1st quarter, which coincides with peak season for tourists visit to Maasai Mara game reserve. Maasai Mara revenue stream accounted for 93% of own source revenue in FY 2019/2020. The 1st quarter accounted for 54.9% of the total collection against this stream alone. The first and second quarters of this stream registered 82.4% of collection from this stream alone and 76.7% of the total OSR in FY 2019/2020. Business activities related to this stream were hugely affected by COVID 19 and are experiencing a slow recovery. The OSR performance in 1st quarter of FY 2020/21 was below KSh 200 million.

59. Equitable share informed by the Senate resolution to maintain FY 2020/21 equitable share at the level precedented in FY 2019/20. The provision for balance brought forward in FY 2020/21 is based on available data including the National Treasury communication to release the balance of equitable share for FY 2019/20. The allowance for balances of grants brought forward is predicated on the roll over nature of the grants in that the funds do not expire but is carried over in successive financial years. The share of expenditure between recurrent and development has been informed by performance in FY 2019/2020 and the need to adhere to fiscal responsibility principles dictated in PFM Act 2012.

Adjustment on Expenditure

60. The directive to reopen schools in the second quarter of FY 2020/21 instead of January 2021 as earlier anticipated will result in expenditure pressure arising from the need to cater for the requirements contained in the guidelines on health and safety protocols for reopening of basic education institutions amid covid-19 pandemic. This calls for additional budgetary allocation for the departments of Health, Education, Water

61. Resources earmarked for development purposes will be utilized for development projects. Utilization of public finances, resource allocation and utilization in the remainder of the financial year will be guided by the following.

- i. Ongoing projects
- ii. Emerging priorities
- iii. Priorities of the CIDP 2018-2022
- iv. Compliance with the PFM law

62. Also shown in table 6 are revenue projection and expenditure estimates for FY 2021/2021. The revenue projections for Narok County will be informed by the revised fiscal targets which will be firmed up in the context of the County Fiscal Strategy Paper 2021. The County Government will continue to maintain fiscal responsibility principles by making necessary adjustments to meet financial objectives during the implementation of the budgetary plans for FY 2021/22 and over the medium-term period.

B. Medium-Term Expenditure Framework

63. With the County Government's commitment in improving infrastructure countywide, the share of resources going to priority physical infrastructure sector, such as roads, early childhood development centers, health facilities, Immunization, water infrastructure amongst others will continue to rise over the medium term period. This will help the sector provide quality and reliable services.

64. The priority social-economic sectors will continue to receive adequate resources to promote development. The Health, Education and social service sectors will receive significant share of resources in the budget in coming years. The sector actors are thus required to utilize the allocated resources more efficiently in order to generate fiscal space to accommodate other strategic interventions like disease outbreaks and improved productivity per man hour.

65. The economic sectors including agriculture and livestock will receive increasing share of resources to boost agricultural productivity with a view to promote value addition and deal with threats in food security in the county. In addition, the priority programmes under tourism, wildlife, trade, industry and cooperatives will be allocated adequate resources based on programme based budgeting.

66. Further, the county government will adopt an aggressive intervention to fill anticipated gap in donor funding by applying a targeted scaling-up of budgetary allocation towards the affected programmes including immunization. This is informed by the fact that Kenya's transition to a lower-middle income status has increased the domestic funding obligation for the country's immunization programme, which is now required to achieve full self-funding by 2028. There is therefore need to undertake an incremental budget allocation to health and to immunization as early intervention measure.

C. 2021/22 Budget framework

67. The 2021/22 budget framework is set against the backdrop of the medium-term macro-fiscal framework set out in this document and the County Government's strategic objectives that will be outlined in a number of policy documents and plans that will be coming up in the course of FY 2020/21 and coming years. Key amongst these includes Constitution of Kenya 2010, the Big four Agenda espoused in the third Medium Term Plan (MTP III) of the Vision 2030, County Integrated Development Plan (2018-2022), National Sector Plans, Sustainable Development Goals (SDGs), the 8-Point Economic Stimulus Programme unveiled by H.E The President, on May 23rd,

2020 to mitigate against the impacts of COVID 19 pandemic, and the CFSP 2021 and other agreed development policies.

Revenue Projections

68. The 2021/22 budget targets internal revenue collections of KSh. 2,637,110,408 and transfers national government amounting to KSh. 10,181,834,235. These projections are revenue based and will be underpinned by national government policy guidelines and reforms and county revenue raising measures espoused in the corresponding Finance Act. As such, total revenues projection is KSh. 12,818,944,643.

69. The projection is based on the promises of the reopened economy resilience of the citizens following a period of restrictions in accordance with the Ministry of Health protocols to combat COVID 19. In this regard the County has already put in place viable revenue raising strategies for enhancing revenue collection in critical revenue streams with a view of ensuring that the revenue target is met. Further, the intervention by the National Government to scale-up efforts to boost the tourism sector by promoting aggressive post Covid-19 tourism marketing and providing support for hotel refurbishment through soft loans will reinvigorate the tourism sector in Narok county.

70. The resumption in tourism activities and related business is expected to raise the revenue prospects for Narok County leading to the attainment of the set targets. The situation of poor performance in OSR is expected to have corrected by July -September 2021. However, the modest projection takes into account the segment of population who will have not recovered and business which will not have resumed hence the target of KSh. 2.6 billion FY 2021/22. The upshot of the foregoing is that it's unlikely for OSR performance to jump back sooner to the levels it were in FY 2018/19 at 2.9 billion.

71. In the 2021/22 budget, overall expenditure is estimated at KSh 12,818,944,643. The recurrent expenditure is estimated at KSh. 8,696,526,966 while developments vote will carry KES.

4,122,417,677. The allocation for development is 32%, which is above the minimum set out in the PFM Act 2012 and in other recommended best practices.

72. Preliminary ceilings for FY 2021/22 are therefore provided, (Table 7) to guide sectors in the preparation of sector reports. The ceilings will be firmed in County Fiscal Strategy Paper (2021) which will be prepared on the basis of the priorities and programme incorporated in the Second County Integrated Development Plan (CIDP) for the period 2018-2022.

Table 6: Tentative Ceilings for FY 2021/22(Amount in millions KSh)

Departments	Recurrent	Development	Total Rec & Dev	% Share of Allocation
County Assembly	808,127,563.65	245,162,794.05	1,053,290,357.69	8.2%
Office of The Governor	176,779,907.47	-	176,779,907.47	1.4%
Treasury, Economic Planning, and ICT	878,924,629.82	503,828,272.34	1,382,752,902.16	10.8%
County Transport, Public Works and infrastructure	332,393,123.31	911,958,783.11	1,244,351,906.41	9.7%
Education Youth Affairs, Sports Culture and Social services	1,280,115,190.61	513,531,294.23	1,793,646,484.83	14.0%
Environment & Natural Resources	239,170,378.56	141,454,796.13	380,625,174.69	3.0%
County Public Service Board	98,670,166.18	-	98,670,166.18	0.8%
Agriculture, Livestock and Fisheries	361,597,004.41	380,672,781.00	742,269,785.41	5.8%
County Health and Sanitation	2,877,881,898.99	984,788,389.83	3,862,670,288.83	30.1%
Lands, Housing, Physical Planning & Urban Development	174,529,120.11	166,841,866.86	341,370,986.97	2.7%
Tourism and Wildlife	445,348,205.02	113,167,756.38	558,515,961.40	4.4%
County Administration and Public service Management	898,091,842.62	114,830,480.79	1,012,922,323.41	7.9%
Trade and Industrialization	124,897,935.42	46,180,462.12	171,078,397.54	1.3%
Totals	8,696,526,966.16	4,122,417,676.84	12,818,944,643.00	100.0%

V. CONCLUSION AND WAYFORWARD

73. The fiscal outcome for 2019/20 together with the updated fiscal projections has had implication of the financial objectives elaborated in the County Integrated Development Plan and the fiscal responsibility principles outlined in the PFM law. The outcome is a testimony of the continuation of the pursuit for prudent fiscal policy through the reorientation of expenditure toward priority programmes within the mandate of the County Government.

74. All Sector Working Groups are required to make reference to the sector ceiling provided here above in the drafting and submission of sector budget proposals within the timelines of the budget calendar for FY 2021/2022. The departments should adhere to programme based budgeting in allocating resources and adopt strategies that improves the rate of absorption going forward. The next County Fiscal Strategy Paper due in February 2021 shall firm up the baseline expenditure ceilings proposed in this paper.

75. Ultimately, County Integrated Development Plan (CIDP) for the period 2018-2022 and the Annual Development Plan (ADP 2021/2022) and the sectoral plans shall continue to advise the priorities in resource allocation in the coming years.

Annex I: Budget Calendar

	Activity	Responsibility	Timeframe/Deadline	Obligation of Members of the Public
1.	Issue guidelines for preparation of 2021/22 and MTEF County Budget	CEC Finance & Planning	By 30 th August, 2020	Read to know when, where and how to participate in the budget process
2.	Submission of Annual Development Plan (ADP 2021/22) to the County Assembly	CEC for Finance and Economic Planning	By 1 st September 2020.	Read the plan, and can submit written Memorandum
3.	Undertaking of Departmental Expenditure Reviews and submit to County Treasury ensuring that ecological, social, environmental and institutional issues are highlighted	All Departments	8 th - 14 th September, 2020	
4.	Estimation of Resource Envelope and Preliminary allocation to sectors for preparation of County Budget Review and Outlook Paper (CBROP 2020)	County Treasury	15 th – 28 th September, 2020	
5.	Submission CBROP to the County Executive Committee for deliberation and approval	County Treasury	By 30 th September, 2020	
6.	Deliberation and approval of CBROP 2020 by the County Executive Committee	County Executive Committee	1 st - 12 th October 2020	
7.	Submission of County Budget Review and Outlook Paper (CBROP 2020) to the County Assembly	CEC for Finance and Economic Planning	By 16 th October, 2020	Access, Read and comment.
8.	Launch of Sector Working Groups and Start of Sector Consultations ensuring that ecological, social, environmental and institutional issues are highlighted	All Departments- Finance and planning to co-ordinate	By 16 th October, 2020	Physical Presence, giving input, suggestions, opinions, reviews of content through oral or written memorandum, or (un) solicited feedback on access to service and quality
9.	Sector consultative forums and Drafting of Sector Reports ensuring that ecological, social, environmental and institutional issues are well addressed	Sector Working Groups	23 rd Oct – 30 th Nov, 2020	Access, Read and comment.
10.	Submission of final sector reports to County Treasury ensuring that ecological, social, environmental and institutional issues are well addressed.	All CECs for their respective Departments	By 30 th November, 2020	Access, Read and comment.
11.	Public Consultative Forums	County Treasury	By 5 th February 2021	Physical Presence, giving input, suggestions, opinions, reviews of content through oral or written memorandum, or (un) solicited feedback on access to service and quality
12.	Drafting of County Fiscal Strategy Paper (CFSP 2021) ensuring that ecological, social, environmental and institutional issues are well addressed	County Treasury	By 12 th February, 2021	Access, Read and comment.

	Activity	Responsibility	Timeframe/Deadline	Obligation of Members of the Public
13.	Submission of County Fiscal Strategy Paper (CFSP 2021) to County Executive Committee for approval	CEC Finance and Economic Planning	By 19 th February, 2021	
14.	Submission of the CFSP to County Assembly	County Treasury	By 26 th February, 2021	Access, Read and comment.
15.	Circulate approved County Fiscal Strategy Paper (CFSP 2021) and Final guidelines on preparation of 2021/22 MTEF Budget	County Treasury	By 15 th March, 2021	Access, Read and comment.
16.	Submission of budget proposals for 2021/22 MTEF Budget to County Treasury	All Accounting Officers	By 22 nd March, 2021	
17.	Consolidation of Budget Estimates for F/Y 2021/2022	County Treasury	By 13 th April, 2021	Access, Read and comment.
18.	Submission of Budget Estimates F/Y 2021/2022 to County Executive for approval	County Treasury	By 16 th April, 2021	
19.	Presentation of Budget Estimates to County Assembly	C.E.C Finance & Planning	By 30 th April, 2021	
20.	Review of Budget Estimates and public consultations ensuring that ecological, social, environmental and institutional issues are well addressed	County Assembly	By 17 th May, 2021	Physical Presence, giving input, suggestions, opinions, reviews of content through oral or written memorandum, or (un) solicited feedback on access to service and quality
21.	Report on Draft Budget Estimates F/Y 2021/2022 From County Assembly	County Assembly	24 th May, 2021	Access, Read and comment.
22.	Consolidation of the final Budget Estimates	County Treasury	By 28 th May 2021	
23.	Submission of Appropriation Bill to County Assembly	County Treasury	By 4 th June 2021	
24.	Budget Statement/Speech	County Treasury	By 30 th June 2021	Access, Read and comment.
25.	Appropriation Bill Passed	County Assembly	By 30 th June, 2021	
26.	Performance Review, Monitoring and Evaluation.	All departments	May and June 2021	Physical Presence, giving input, suggestions, opinions, reviews of content through oral or written memorandum, or (un) solicited feedback on access to service and quality

Annex II: MTEF Sectors Classification in Narok County

S/No.	MTEF SECTORS	MDAs
1.	Agriculture Rural and Urban Development	<ul style="list-style-type: none"> ▪ Agriculture (Crop development) ▪ Livestock development and fisheries ▪ Veterinary Services Department ▪ Land, Housing and physical Planning ▪ Town Management Committee
2.	Energy, Infrastructure And ICT	<ul style="list-style-type: none"> ▪ Public works department ▪ County roads and transport ▪ Information, communication and e-government
3.	Public Administration And International Relations (PAIR)	<ul style="list-style-type: none"> ▪ Office of the Governor ▪ County Public Service Management ▪ Office of County Secretary ▪ County Public Service Board ▪ County Assembly ▪ County Assembly Service Board ▪ Governor and County Executive Services
4.	General Economic, Commercial And Labour Affairs (GECLA)	<ul style="list-style-type: none"> ▪ Trade and industrialization ▪ Cooperative development, ▪ Tourism & wildlife
5.	Social Protection, Culture And Recreation	<ul style="list-style-type: none"> ▪ Education ▪ Youth affairs ▪ Sports and Talent Development ▪ Culture & social services
6.	Environmental Protection And Water	<ul style="list-style-type: none"> ▪ Environment Conservation and Management ▪ Water and Irrigation ▪ Energy and natural resources
7.	Health	<ul style="list-style-type: none"> ▪ Health and Sanitation
8.	Macro Working Group	<ul style="list-style-type: none"> ▪ County Treasury ▪ County Economic Planning

Annex III: Format for Presentation Of Programme-Performance Based Budgets (PBB)

Vote No.:

Vote Title:

Part A: Mission

Part B: Vision

Part C: Context for Budget Intervention

This section is supposed to be a review of MTEF period 2018/19 – 2020/21 and should briefly discuss the following

- *Expenditure trends;*
- *Major achievements for the period;*
- *Constraints and challenges in budget implementation and how they are being addressed; and*
- *Major services/outputs to be provided in MTEF period 2021/22 – 2023/24 (the context within which the budget is required)*

Part D: Programme Objectives/*Overall outcome*

*(List all the programmes and their strategic objectives. Please note that each programme must have only one strategic objective/*outcome*)*

Part E: Summary of the Programme Outputs and Performance Indicators for FY 2021/22 -2023/24

Programme	Delivery Unit	Key Outputs (KO)	Key Performance Indicators (KPIs)	Baseline 2020/21	Proposed Estimate 2021/22	Targets	
						2022/23	2023/24
Name of Programme							
Outcome:							
SP1.1							
SP.2							
...							
SP.N							

Part F: Summary of Expenditure by Programmes, 2021/22 -2023/24 (KSh. Millions)

Programme	Estimates 2020/21	Proposed Estimates 2021/22	Projected Estimates	
			2022/23	2023/24
Programme 1: <i>(State the name of the programme here)</i> ¹				
Sub Programme (SP)				
SP 1. 1				
SP 1. 2.				
... N				
Total Expenditure of Programme 1				

¹NB. Repeat as shown in the Table under section "E" above for all Programmes. Provide total expenditure for each programme and their summation must equal the total expenditure of the vote.

Programme	Estimates 2020/21	Proposed Estimates 2021/22	Projected Estimates	
			2022/23	2023/24
Programme 2: (State the name of the programme here)				
SP 2. 1				
SP 2. 2.				
... N				
Total Expenditure of Programme 2				
Total Expenditure of Vote -----				

**Part G. Summary of Expenditure by Vote and Economic Classification²
(KSh. Million)**

Expenditure Classification	Estimates 2020/21	Proposed Estimates 2021/22	Projected Estimates	
			2022/23	2023/24
Current Expenditure				
Compensation to Employees				
Use of goods and services				
Current Transfers Govt. Agencies				
Other Recurrent				
Capital Expenditure				
Acquisition of Non-Financial Assets				

² The total current expenditure and capital expenditure must be equal the total expenditure vote given in tables E, F, & G.

Expenditure Classification	Estimates 2020/21	Proposed Estimates 2021/22	Projected Estimates	
			2022/23	2023/24
Capital Transfers to Government Agencies				
Other Development				
Total Expenditure of Vote				

Part H. Summary of Expenditure by Programme, Sub-Programme and Economic Classification (KSh. Million)

Expenditure Classification	Estimates 2020/21	Proposed Estimates 2021/22	Projected Estimates	
			2022/23	2023/24
Programme 1: (State the name of the programme here)				
Current Expenditure				
Compensation to Employees				
Use of goods and services				
Current Transfers Govt. Agencies				
Other Recurrent				
Capital Expenditure				
Acquisition of Non-Financial Assets				
Capital Transfers to Govt. Agencies				
Other Development				
Total Expenditure				
Sub-Programme 1: (State the name of the Sub-Programme here)				
Current Expenditure				

Expenditure Classification	Estimates 2020/21	Proposed Estimates 2021/22	Projected Estimates	
			2022/23	2023/24
Compensation to Employees				
Use of goods and services				
Current Transfers Govt. Agencies				
Other Recurrent				
Capital Expenditure				
Acquisition of Non-Financial Assets				
Capital Transfers to Govt. Agencies				
Other Development				
Total Expenditure				

- Repeat as above in cases where a Ministry/Department has more than one programme and/or sub-programmes

Annex IV: Sector Working Group Report Format

TABLE OF CONTENTS

(Please ensure that Headings and Sub-headings are identical to those in the report)

⁸ Chapters 1 – 4 should form the main body of the report and should be divided into logical sections and subsections, using appropriate headings and numbering. Its purpose is to explain the conclusions and to justify the recommendations.

EXECUTIVE SUMMARY

(Restate conclusions for each section and summarize findings and recommendations under this section)

CHAPTER ONE:

1. INTRODUCTION

- 1.1. Background
- 1.2. Sector Vision and Mission
- 1.3. Strategic goals/Objectives of the Sector
- 1.4. Sub-Sectors and their Mandates
- 1.5. County Corporations
- 1.6. Role of Sector Stakeholders

(The introduction should briefly describe context; identify general subject; describe the problem or issue to be reported on; define the specific objective for the report; outline the scope of the report; and comment on any limitations of the report)

CHAPTER TWO

2.0 PERFORMANCE REVIEW 2018/19 – 2020/21

- 2.1 Performance of sector Programmes – delivery of outputs
- 2.2 Review of Key indicators of Sector Performance
- 2.3 Expenditure Analysis
 - 2.3.1 Analysis of programme expenditure
 - 2.3.2 Analysis of programme Expenditure by economic classification
 - 2.3.3 Analysis of capital projects by Programmes
- 2.4 Review of Pending Bills
 - 2.4.1 Recurrent Pending Bills
 - 2.4.2 Development Pending Bills

CHAPTER THREE

2. MEDIUM TERM PRIORITIES AND FINANCIAL PLAN FOR THE MTEF PERIOD *2021/22 – 2023/24*

- 2.1. Prioritization of Programmes and Sub-Programmes
 - 2.1.1. Programmes and their Objectives
 - 2.1.2. Programmes, Sub-Programmes, Expected Outcomes, Outputs, and Key Performance Indicators for the Sector
 - 2.1.3. Programmes by Order of Ranking
- 2.2. Analysis of Resource Requirement versus allocation by:
 - 2.2.1. Sector (recurrent and development)
 - 2.2.2. Sub-Sectors (recurrent and development)
 - 2.2.3. Programmes and Sub-programmes
 - 2.2.4. Semi-Autonomous Government Agencies
 - 2.2.5. Economic classification
 - 2.2.6. Resource Allocation criteria

CHAPTER FOUR

3. CROSS-SECTOR LINKAGES AND EMERGING ISSUES CHALLENGES

CHAPTER FIVE

5. RECOMMENDATIONS

This section should outline future actions. The Recommendations should be action orientated, and feasible; Relate logically to the Conclusions; be arranged in order of importance; and be to the point

CHAPTER SIX

6. CONCLUSION

This section should summarize the key findings of the report, as outlined in the discussion under the chapters 1-5 of the report. The Conclusions should relate specifically to the report's objectives (as set out in the introduction); identify the major issues; be arranged in order of importance; be specific, and to the point; and be a list of numbered points

REFERENCES

This section should list the sources referred to in the report

APPENDICES

Appendices should contain information that is too complex to include in the report. You need to direct readers to this information, as in "Appendix A provides an overview of the Budget of Department X".