

COUNTY GOVERNMENT OF VIHIGA



DEPARTMENT OF FINANCE AND ECONOMIC PLANNING

**COUNTY BUDGET REVIEW AND OUTLOOK PAPER 2023
(CBROP)**

SEPTEMBER, 2023

© County Budget Review and Outlook Paper (CBROP) 2023

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County Executive Committee Member,

Finance and Economic Planning

The Vihiga County Treasury

P.O. Box 344-50300.

MARAGOLI,

KENYA

Or visit our *Website: www.vihiga.go.ke*

FOREWARD

The Public Finance Management Act Section 118 requires that the County Treasury to prepare the County Budget Review and Outlook Paper (CBROP) on annual basis. CBROP is one of the Budget Policy Documents that enhances financial discipline and fiscal responsibilities within the County public finance management framework. The CBROP has been prepared at a time when the County Government is implementing Governor's manifesto, priority programs, policy, and reforms under the Bottom up Economic Transformation Agenda (BETA). It also provides details of the actual budgetary performance of the previous year updates the economic and fiscal forecasts and provides information on how the County adheres to fiscal responsibility principals.

Fiscal discipline will seek to ensure that County departments and agencies are able to work towards prudent financial management that enhances financial efficiency and effectiveness. The County is committed to sustaining the trend in economic growth and development towards a prosperous and a model County. Towards this end the County shall continue to ensure transparency and accountability in Public Finance Management.

The County Budget Review and Outlook Paper 2023 has been prepared against a background of economic slowdown occasioned by the ongoing Russia-Ukraine conflict and higher-than expected inflation worldwide triggered by higher global oil and food prices and the impact of the global monetary policy that has created tighter financial condition.

In the medium term, the allocation and utilization of resources will be guided by priorities outlined in the County Integrated Development Plan (CIDP), Bottom up Economic and Transformation Agenda (BETA) and other County plans in accordance with section 107 of the PFM Act 2012. Emphasis will be on aggressive revenue mobilization including policy measures to whip in additional revenue and reign on non-core expenditures. This shall reduce the fiscal deficit that will support reduction in the growth of public debt to ensure debt sustainability. 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.

As we implement the FY 2023/24 and the Medium-Term Budget, the Sector Working Groups are required to carefully scrutinize all proposed Departmental budgets for FY 2023/24 and the medium term to ensure that they are not only directed towards improving productivity but are also aligned to the achievement of the objectives.

As we prepare the FY 2024/25 Budget, all spending units are expected to lay emphasis on the priority programs under BETA by increasing investments in Agriculture, Health care, Commerce and Transport departments.

Given the limited resources, the sector working groups and departments are therefore directed to critically review, evaluate, and prioritize all budget allocations to strictly achieve the BETA priorities. The departmental ceilings provided for FY 2024/25 budget and Medium Term will form the basis of the Allocations.

Hon. Dr. Jairus Boston Amayi
County Executive Committee Member,
Finance and Economic Planning

ACKNOWLEDGEMENT

The 2023 CBROP has been prepared in accordance with the Public Finance Management (PFM) Act, 2012 and PFM (County) Regulations 2015. The document outlines fiscal performance for the Financial Year (FY) 2022/23 and highlights on the macro-fiscal outlook over the medium term as well as specifying strategic priorities and resource allocation framework that will be pursued by the County Government of Vihiga for the FY 2023/24 and the Medium-Term Budget. The document also provides an overview of how the actual performance of the FY 2022/23 affected compliance in the fiscal responsibility principles and the financial objectives outlined in the PFM Act.

I wish to express my sincere gratitude to the County Executive Committee led by H.E the Governor and Deputy Governor for their steady leadership in preparation process of County Budget Review Outlook Paper (CBROP) 2023. I would like to acknowledge the County Executive Committee member for Finance and Economic Planning, under whose direction and guidance the process was undertaken. I extend my appreciation to all chief officers and directors for their cooperation in submitting data and information on their budget execution of 2022/2023 fiscal year.

The document also benefited from valuable inputs from various units within the Department of Finance and Economic Planning. I wish to thank the directors and technical staff in Budget and Economic planning directorates for coordinating compilation and finalization of the CBROP 2023. I sincerely appreciate their commitment, dedication and sacrifice that was essential during the assignment.

Finally, allow me to thank all institutions and entities that were consulted as well as the public for their comments and inputs. I wish to reiterate the importance of public participation in the Medium-Term Budget preparation process by calling upon all Sector Working Groups to ensure their proposals are incorporated in all documents prepared in the entire budget cycle.

CPA Joseph Keverenge
Chief Officer
Planning, Budgeting, Monitoring and Evaluation

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ABBREVIATIONS AND ACRONYMS

CBROP	County Budget Review and Outlook Paper
BETA	Bottom Up Economic Transformation Agenda
COVID 19	Corona Virus Disease of 2019
CRA	Commission of Revenue Allocation
CRF	County Revenue Fund
CBROP	County Budget Review and Outlook Paper
CFSP	County Fiscal Strategy Paper
GDP	Gross Domestic Product
FY	Financial Year
FIF	Facility Improvement Fund
IFMIS	Integrated Financial Management Information System
KNBS	Kenya National Bureau of Statistics
MTEF	Medium Term Expenditure Framework
OSR	Own Source Revenue
PFM	Public Finance Management
SBP	Single Business Permit
SWG	Sector Working Group

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

The 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 prepare and submit to -County Executive Committee for approval, by the 30th September in each financial year, a County Budget Review and Outlook Paper, which shall specify:
 - a. The details of the actual fiscal performance in the previous year compared to the budget appropriation for that year;
 - b. Updated macro-economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper.
 - c. Information 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 County Fiscal Strategy Paper for that financial year.
 - d. The reasons for any deviation from the financial objectives together with proposals to address the deviation and the time estimated to do so.
2. 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.
3. Not later than seven days after the County Budget Review and Outlook Paper has been approved by Cabinet, the County Treasury shall:
 - a. Arrange for the paper to be laid before the County Assembly.
 - b. As soon as practicable after having done so, publish and publicize the paper.

Fiscal Responsibility Principles in the Public Finance Management Act

In line with the Constitution, the Public Finance Management (PFM) Act, 2012, sets out the fiscal responsibility principles to ensure prudent and transparent management of public resources. The PFM law (Section 107) states that:

1. The County government's recurrent expenditure shall not exceed the county government's total revenue.
2. Over the medium term a minimum of 30% of the county government's budget shall be allocated to the development expenditure.
3. The county government's expenditure on wages and benefits for public officers shall not exceed a percentage of the county government's total revenue as prescribed by the County Executive Committee for finance in regulations and approved by the County Assembly.
4. Over the medium term, the government's borrowing shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.
5. The county debt shall be maintained at a sustainable level as approved by county assembly.
6. Fiscal risks shall be managed prudently.
7. A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, considering any tax reforms that may be made in the future.

EXECUTIVE SUMMARY

The 2023 CBROP has been prepared in accordance with the PFM Act, 2012 and its Regulations. The document provides an overview of the County government's fiscal performance for the FY 2022/23 including compliance with the fiscal responsibility principles and the financial objectives spelt out in the PFM Act. It also shows macro-economic projections and proposed sector ceilings for the FY 2024/25 and the medium-term budget as well as information on variations from the projections outlined in the 2022 County Fiscal Strategy Paper.

In order to effectively implement County programs and projects as stipulated in the CIDP 2023-2027, the focus for the FY 2023/24 medium term expenditure framework shall be to enhance own source revenue and rationalization of expenditures to core areas addressing economic recovery plans.

On domestic scene, the economy is expected to be strong and increase by 5.5 percent in 2023, 5.6 percent in FY 2023/24 and 5.7 in 2024/25.

Accordingly, the County Fiscal Strategy Paper (CFSP) for FY 2024/25 should put emphasis on efficiency and effectiveness of public spending and improving revenue collection to stimulate and sustain economic activities.

Articulation Process

The PFM Act 2012 gives credence on effective public engagements in planning, budgeting and implementation of public programmes. The preparation of the 2023 CBROP was therefore prepared in an all-inclusive and engaging process that involved key stakeholders and actors. The following approach was adopted:

- The preparation of the 2023 CBROP was spearheaded by the Department of Finance and Economic Planning, all County Departments;
- Held public consultative meetings with key stakeholders and general public at ward, sub-County and County levels;
- Draft document uploaded on the County website and written submissions received from the public;
- Held a consultative meeting with the H.E the Governor, the cabinet and members of CBEF;

I. INTRODUCTION

Objective of the County Budget Review and Outlook Paper 2023

The 2023 CBROP provides a review of the fiscal performance for the financial year 2022/23 including adherence to the objectives and principles outlined in the 2022 County Fiscal Strategy Paper (CFSP) and the PFM Act, 2012. It also provides a basis for the revision of the current budget and the financial policies underpinning the medium-term plan. The 2023 CBROP will guide development of the 2024 CFSP that will summarize the various departmental ceilings, projects and initiatives that will be undertaken during the Fourth Medium Term Plan (MTP IV 2023-2027).

The fiscal performance in the FY 2022/23 is broadly in line with the financial objectives outlined in the PFM Act, 2012, the 2022 CFSP, and the Budget Estimates for FY 2022/23.

As required by the PFM Act, 2012, the annual budget process aims to improve the efficiency and effectiveness of revenue mobilization and government spending to ensure debt sustainability and stimulate economic activity. In this regard, this CBROP provides sector ceilings which will guide the budget preparation process for the FY 2024/25 and the medium term. The sector ceilings are based on the overall resource envelope that is informed by the medium-term fiscal projections as presented in section IV of this document.

The rest of the document is organized as follows: Section II provides a review of the fiscal performance for the FY 2022/23 and its implications on the financial objectives set out in the 2022 CFSP; Section III highlights the recent economic developments and outlook; Section IV presents the proposed resource allocation framework and Section V provides the conclusion, respectively.

II. REVIEW OF FISCAL PERFORMANCE FOR THE FY 2022/2023

Overview of the FY 2022/23 Budget

The County's approved second supplementary budget for FY 2022/23 was Kshs.6.49 billion, comprising Kshs.1.94 billion (30 per cent) and Kshs.4.55 billion (70 per cent) allocation for development and recurrent programmes respectively. The allocation for personnel emoluments was Kshs. 3.01 billion representing a 46 percent of the total budget allocation.

Table 1: Summary of Second Supplementary Budget FY 2022/23

S/N	VOTE TITLE	Compensatio nto Employees	Other Recurrent	Development	Totals
1	Office of The Governor	125,348,071	158,475,473	7,331,089	291,154,633
2	Finance & Economic Planning	117,770,000	251,310,405	277,899,229	646,979,634
3	Agriculture, Livestock, Fisheries & Cooperatives	103,966,936	85,395,636	421,891,321	611,253,893
4	Health Services	1,082,234,432	375,362,285	268,573,228	1,726,169,945
5	Education, Science, Technical and Vocational Training	239,297,120	207,136,020	144,852,426	591,285,566
6	Gender, Culture, Youth, Sports and Social Services	37,260,000	50,673,186	11,201,656	99,134,842
7	Trade, Industry, Tourism and Entrepreneurship.	16,470,960	48,122,552	50,647,574	115,241,086
8	County Public Service Board	24,260,024	28,952,090	0	53,212,114
9	Environment, Water, Energy & Natural Resources.	27,679,694	93,828,492	226,381,781	347,889,967
10	Transport, Infrastructure & Communication	56,086,187	51,193,302	439,130,772	546,410,261
11	Physical Planning, Land and Housing	41,619,897	45,244,282	63,587,892	150,452,071
12	County Assembly	546,620,824	80,507,976	15,000,000	642,128,800
13	Administration and Coordination of County Affairs	596,117,651	60,091,250	10,500,000	666,708,901
	TOTAL COUNTY EXPENDITURE	3,014,731,795	1,536,292,949	1,936,996,968	6,488,021,712

Source: Vihiga County Treasury

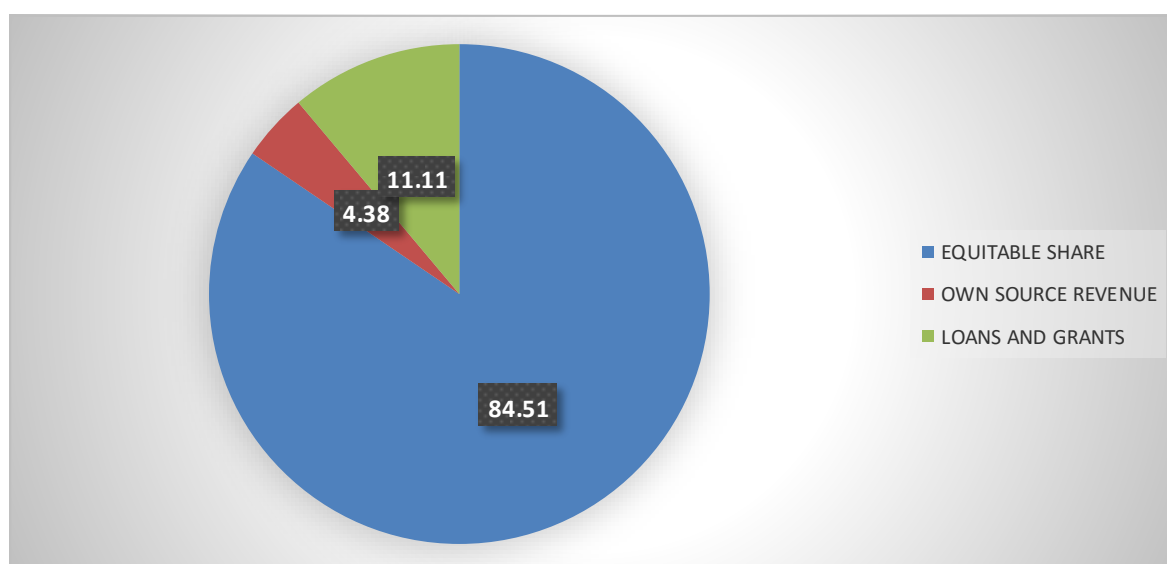
Table 2: Sources of Revenue for FY 2022/23 Budget

Revenue Source	Budget in Kshs.
Equitable Share	5,483,330,684
Road Maintenance Levy	67,725,522
Leasing of Medical Equipment	110,638,298
DANIDA (Danish International Development Agency)	16,493,400
Own Resources	284,073,208
Conditional Grant for Rehabilitation of Village Polytechnics	1,821,234
Transforming Health Systems for Universal Care Project-THS-UHC	48,834,321
National Agriculture and Rural Inclusive Growth Project -NARIGP	328,461,754
Agriculture Sector Development Support Programme -ASDSP II	20,653,959
Kenya Devolution Support Programme - KDSP 1	46,924,215
Kenya Urban Support Programme - UDG Grant	14,053,719
Kenya Urban Support Programme - UIG Grant	1,170,061
World Bank Credit to Finance Locally-Led Climate Action Program	43,366,509
Nutrition International	20,474,828
Total Proposed County Expenditure	6,488,021,712

Source: Vihiga County Treasury

To finance the budget, the County expected to receive Kshs.5.48 billion (84.51 per cent) as equitable share of revenue raised nationally, Kshs.720.62 million (11.11 per cent) as total conditional grants and Kshs.284.07 million (4.38 per cent) from own sources of revenue.

Figure 1 : Sources of revenue for budget financing in FY 2022/23 as a percentage of the total budget



Revenue Performance

In FY 2022/23, the County collected own source revenue amounting to Kshs.227.71 million against a target of Kshs.284.07 million which is about 19.84 percent below target.

Table 3 : Vihiga County, Trend in ORS by Quarter from FY 2014/15 to FY 2022/23

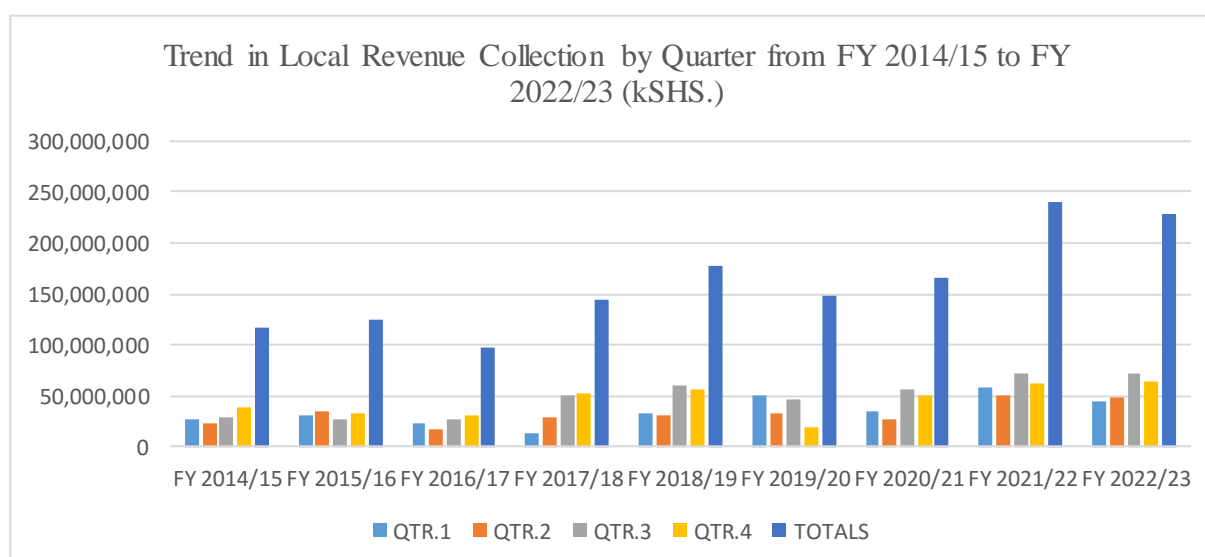
PERIOD	FY 2014/15 Kshs.	FY 2015/16 Kshs.	FY 2016/17 Kshs.	FY 2017/18 Kshs.	FY 2018/19 Kshs.	FY 2019/20 Kshs.	FY 2020/21 Kshs.	FY 2021/22 Kshs.	FY 2022/23 Kshs.
QTR.1	25,624,320	29,925,190	23,563,100	12,820,045	32,673,478	50,087,994	34,854,639	57,458,531	43,277,798
QTR.2	23,095,640	34,891,710	15,954,700	29,069,063	30,214,350	32,738,910	25,811,232	49,983,465	48,999,415
QTR.3	29,423,870	27,377,470	26,129,400	50,549,434	59,145,673	45,956,975	55,185,886	71,222,296	70,789,412
QTR.4	37,896,590	32,925,190	31,300,700	51,092,210	56,137,646	19,415,258	50,042,583	62,226,301	64,647,978
TOTALS	116,040,420	125,119,560	96,947,900	143,530,752	178,171,147	148,199,137	165,894,340	240,890,593	227,714,603

Source: Vihiga County Treasury

Trends in OSR since FY 2014/15 show that FY 2021/22 recorded the highest collection, with FY 2022/23 recording the second highest collection.

From the table above, it is observed that collections in the 1st and 4th quarters of FY 2022/23, there was significant increase in collections as compared to same period in the previous year FY 2021/22.

Figure 2: Yearly trend in OSR collection from FY 2014/15 to FY 2022/23



Proposed Recommendations for Revenue Performance

The County has come with strategies which will help bolster efforts to increase revenue performance which are as follows:

The County needs to review the Vihiga County Trade Licensing Act, 2017 so as to charge Single Business Permits in accordance with the respective business activities undertaken by clients. The County needs to automate revenue collection process in order to address the challenges associated with revenue leakages. The County needs to implement the stipulated house rent rates with respect to County houses so as to realize the forecasted revenue of the stream in the budget. The County needs to hasten the process of preparation

of the valuation roll to facilitate efficient collection of revenue from the land rates revenue stream. The County needs to engage third parties where necessary to partner in collection of land rates so as to maximize collections in the revenue stream. The County needs to hire more technical personnel to support enforcement of collections in plans approval, inspections and physical planning revenue streams. Tap into new revenue sources

Expenditure Performance

Disbursement from Exchequer

During the period under review, the Controller of Budget authorized withdrawal of Kshs. 5.86 Billion from the CRF account, which was 90.1 percent of the approved Second Supplementary Budget FY 2022/23.

Table 4: Summary Transfers from National Treasury-Exchequer Issues-2022/2023

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	5,067,356,827	5,472,745,376	108%
Subtotal				
B	Conditional Grants			
1.	Nutritional International	10,000,000.00	2,500,000.00	25.0
2.	Road Maintenance Levy Fund	-	-	0.0
3.	Leasing of Medical Equipment	110,638,298.00	-	0.0
4.	DANIDA	14,966,438.00	14,966,438.00	100.0
5.	Conditional Grant for Rehabilitation of Village Polytechnics			0.0
6.	Transforming Health Systems for Universal Care Project-THS-UHC			0.0
7.	National Agriculture and Rural Inclusive Growth Project - NARIGP	155,402,308.00	105,120,632.00	67.6
8.	Agriculture Sector Development Support Programme - ASDSP II	4,417,622.00	-	0.0
9.	Kenya Devolution Support Programme - KDSP 1			0.0
10.	Kenya Urban Support Programme - UDG Grant	1,194,559.00	1,194,559.00	100.0
11.	Kenya Urban Support Programme - UIG Grant	1,145,356.00	1,145,356.00	100.0
12.	World Bank Credit to finance Locally-Led Climate Action Program (FLLoCA)	22,000,000.00	22,000,000.00	100.0

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
Subtotal		319,764,581.00	146,926,985.00	45.9
C	Other Sources of Revenue			
13.	Own Source Revenue	181,484,444.00	108,347,381.50	59.7
14.	Balance b/f from FY2021/22	816,827,096.00		0.0
15.	AIA	102,588,764.00	133,002,807.00	129.6
Sub Total		1,100,900,304.00	241,350,188.50	21.9
Grand Total		6,488,021,712	5,861,022,550	90.3

Source: Vihiga County Treasury

Expenditure Performance

Total expenditure in the FY 2022/23, amounted to Kshs. 5.96 billion against a budget of Kshs. 6.49 billion as per the approved second supplementary budget FY 2022/23 as shown in table 5 below. This represented an absorption rate of 91.6 percent. The total recurrent budget was Kshs. 4.55 billion and the total development budget was Kshs. 1.94 billion, the expenditures for recurrent activities in FY 2022/23 amounted to Kshs. 4.49 billion and the expenditures for development activities in FY 2022/23 amounted to Kshs. 1.46 billion.

The absorption rate for recurrent expenditure was 98.71 percent, while the development expenditure was 75.61 percent.

Table 5: Budget Performance by Department in FY 2022/23

Department	Budget Allocation kshs.(Million)		Expenditure in the FY 2022/2023 Kshs. (Million)		Exchequer Issues (Kshs.)		Expenditure to Exchequer Issues %		Absorption Rate Kshs.	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	283.82	7.33	264.53	3.17	268.93		98.36		93.20	43.25
Finance and Economic Planning	369.08	277.9	422.95	251.84	487.87	64.6	86.69	389.85	114.60	90.62
Agriculture, Livestock and Fisheries	189.36	421.89	180.47	229.44	182.49	158.16	98.89	145.07	95.31	54.38
Health Services	1457.60	268.57	1791.44	141.25	1792.5	105.33	99.94	134.10	122.90	52.59
Education and Technical Vocational Training	446.43	144.85	428.72	92.39	433.03	86.88	99.00	106.34	96.03	63.78
Gender, Culture, Youth, Sports and Social Services	87.93	11.20	60.65	4.39	91.4	1.49	66.36	294.63	68.98	39.20
Commerce, Tourism and Cooperatives	64.59	50.65	53.24	42.18	60.55	41.73	87.93	101.08	82.43	83.28
County Public Service Board	53.21		43.61		43.8		99.57		81.96	
Environment, water, Natural Resources and Climate Change	121.51	226.38	114.77	163.59	109.81	99.1	104.52	165.08	94.45	72.26
Transport and Infrastructure	107.28	439.13	104.23	456.44	102.59	254.31	101.60	179.48	97.16	103.94

Department	Budget Allocation kshs.(Million)		Expenditure in the FY 2022/2023 Kshs. (Million)		Exchequer Issues (Kshs.)		Expenditure to Exchequer Issues %		Absorption Rate Kshs.	
Physical Planning, Lands, Housing and Urban Development	86.86	63.59	83.1	57.96	86.07	54.91	96.55	105.55	95.67	91.15
County Assembly	627.13	15.00	409.83	14.47	570.9	14.47	71.79	100.00	65.35	96.47
Public Service and Administration	656.21	10.50	534.94	7.5	486.32	7.68	110.00	97.66	81.52	71.43
TOTAL	4551.02	1936.99	4492.48	1464.62	4716.26	888.66	95.26	164.81	98.71	75.61

Source: Vihiga County Treasury

The departments with the highest development budget absorption was the department of Transport. The department with the lowest absorption for the development budget was the department of Gender, Culture, Youth, Sports and Social Services which had absorption of 39.20 percent.

The recurrent budget observed high absorption rates with most departments absorbing more than 70 percent of their allocation. The department with the highest recurrent absorption was the department of Health Services recording an absorption rate of 122.90%, while the department with the lowest absorption was the department of Gender, Culture, Youth, Sports and Social Services which recorded absorption of 68.98 percent.

Table 6: Comparison of expenditures in FY 2021/22 and 2022/23 in billions

Recurrent Expenditure	2021/22 Kshs.	2022/23 Kshs.	% Variance
		4.11	4.49
Development Expenditure	0.77	1.46	0.69
Total	4.88	5.95	1.07

Source: Vihiga County Treasury

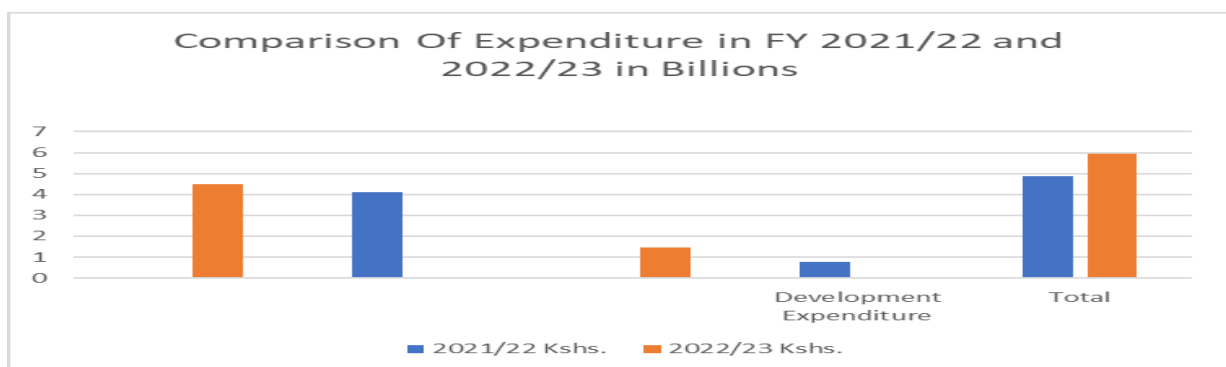


Figure 3: Comparison of expenditures in FY 2021/22 and 2022/23 in billions

Source: Vihiga County Treasury

From the table 6 and figure 3 above, there was a general increment in absorption in FY 2022/23 as compared to FY 2021/22, by 1.07 percent.

The total recurrent expenditure of FY 2021/22 was Kshs. 4.11 billion compared to the total recurrent expenditure for FY 2022/23 which was Kshs. 4.49 billion; this marked an improvement in absorption of the recurrent budget by 0.38 percent.

The total development expenditure of FY 2021/22 was Kshs. 0.77 billion, while the total development expenditure for FY 2022/23 was Kshs.1.46 billion, which represents an increase absorption of 0.69 percent.

Table 7: Expenditure by economic classification for FY 2022/23

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,923,895,944	627,128,800	4,072,718,075	409,834,865	103.8	65.4
Compensation to Employees	2,468,110,971	546,620,824	2,227,926,652	297,029,005	90.3	54.3
Operations and Maintenance	1,455,784,973	80,507,976	1,844,791,423	112,805,860	126.7	140.1
Development Expenditure	1,921,996,968	15,000,000	1,450,154,006	14,474,337	75.5	96.5
Total	5,845,892,912	642,128,800	5,522,872,081	424,309,202	94.5	66.1

Source: Vihiga County Treasury

During the reporting period, expenditure on employee compensation was Kshs.2.52 billion, or 43.0 per cent of the revenue for FY 2022/23 of Kshs.5.86 billion. This expenditure represented an increase from Kshs.2.40 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.13 billion paid to health sector employees, translating to 44.8 per cent of the total wage bill. Further analysis indicates that personnel emoluments costs amounting to Kshs.2.29 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.235.3 million was processed through manual payrolls. The manual payrolls accounted for 9.3 per cent of the total PE cost.

Implication of FY 2022/23 Fiscal Performance

In 2022/23 FY, the County collected own source revenue amounting to Kshs. 227.71 million against a target of Kshs.284.07 million which is about 19.84 percent below target. Total expenditure in the FY 2022/23, amounted to Kshs. 5.95 billion against a budget of Kshs. 6.49 billion as per the approved second supplementary budget FY 2022/23. This represented an absorption rate of 92 percent. The absorption rate for development expenditure was 75.61 percent, which means the County was not able to undertake all the development projects. The County should implement the following recommendations in order to improve budget execution. Enhance Own Source Revenue collection strategies to meet the target. Departments should spend within planned and budgeted programs. Department should ensure timely procurement of goods and services. Prioritize payment of Pending bills.

III. RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

Global Economic Outlook

The 2023 Economic Outlook is prepared in the backdrop of slowdown in the growth of the world economy. The world real GDP growth decelerated to 3.4 per cent in 2022 from a growth of 6.0 per cent in 2021. The deceleration was as a result of the tightening monetary policies in most regions, resurgence of COVID-19 in China and the Russia –Ukraine War that led to supply chain disruptions. The slowdown was experienced by both advanced economies and the Emerging Markets and Developing Economies (EMDEs). Growth in EMDEs was constrained by among other reasons, strengthening of the US dollar against most currencies and recurrence of COVID -19 that negatively impacted on global supply chains. The world inflation rose from 4.7 percent in 2021 to 8.7 percent in 2022 on account of high energy prices, supply chain disruptions associated with Russian –Ukraine war, and significant depreciation of most currencies relative to the US dollar.

The Sub-Sahara economy grew by 3.9 percent in 2022 compared to 4.8 percent in 2021 on account of decline in household consumption and private investments. The East African community GDP expanded by 4.9 percent in the period under review against a growth of 6.7 percent in 2021.

Figure 4: Trend in World GDP Growth



Domestic Outlook

The real Gross Domestic Product (GDP) expanded by 4.8 percent in 2022 compared to a revised growth of 7.6 percent in 2021. The growth was more pronounced in the service-oriented activities including the Financial and insurance (12.8%) information and communication (9.9%), transport and storage (5.6%). Nominal GDP increased from KShs 12,027.7 billion in 2021 to KShs 13,368.3 billion in 2022. Despite the decline in terms of volumes, Agriculture remained the dominant sector accounting for 21.2% of the overall GDP in 2022. Gross National Income (GNI) rose from KShs

11,823.5 billion in 2021 to KShs 13,163.2 billion in 2022. Gross National Disposable Income (GNDI) increased by 11.5 per cent to stand at KShs 13,932.0 billion in 2022. Gross domestic product per capita at current prices increased from KShs 237,861 in 2021 to KShs 260,024 in 2022. During the review period, inflation raised from 6.1 per cent in 2021 to 7.4 per cent in 2022, mainly driven by a surge in food and energy prices.

Figure 5: Trend in GDP Growth



2023 Economic Outlook

Kenya’s economy is expected to remain resilient in 2023, supported by a robust performance in the services sector and expected recovery in agriculture. The agriculture sector is likely to rebound in 2023 from two consecutive annual contractions supported by favorable weather conditions and subsidized fertilizer from the Government. Economic performance in 2023 is likely to be reinforced by the Government’s Bottom up economic transformation Agenda (BETA) aimed at achieving economic turnaround and inclusive growth. On the downside, the 2023 growth will be hampered by a decline in domestic demand as a result of elevated inflation and sustained high interest rates. The reduction in domestic demand is likely to suppress private investment. The weakening of the Kenya Shilling against the US Dollar is likely to make imports expensive and slow trade with the rest of the world. Additionally, the projected decline in global demand due to deceleration in the global economy is expected to reduce demand for Kenyan goods

County Economic outlook and growth prospects

Vihiga County operates within the global and domestic micro economic framework that influences fiscal decisions. The medium-term prospects for County growth are stronger with the County government renewed commitment and strategy as spelt out in the 3rd generation CIDP 2023-27. County economy is expected to rebound be augmented by increased production in agriculture

supported by favorable weather and the government support to farmers through subsidized farm inputs and fertilizer as well as commercialization and value addition. Additionally, the County projects an increase in growth of GCP and incomes occasioned by increased investments in industry and mining sector through, Establishment of industrial park and Mining industries, supporting MSMEs and expansion of transport infrastructure.

Key Sector Performance

AGRICULTURE, LIVESTOCK, FISHERIES & COOPERATIVES

During financial year 2022/23, the sector realized significant achievement that included: Construction of liquid waste management system at Serem and Lunyerere slaughter houses; Inseminated of 8,139 cattle; Undertook disease surveillance and issued 476 permits, vaccinated 182,908 animals against various diseases, increased fish production through supply of 51,120 fingerlings to farmers, supplied 3,500 chicks and 25 beehives to poultry and beekeeping farmers respectively, strengthened capacities of 37 service providers to champion roll out of agricultural technologies and innovations, completed the establishment of Wemilabi irrigation scheme, supported establishment of 45 farm ponds, constructed Hay ban at Sabatia Dairy Cooperative society, banana aggregation centres in Hamisi and Sabatia under NARIGP.

COMMERCE, TOURISM AND COOPERATIVES

In the period under review, the sector achieved the following: Constructed 2 Eco-toilets in market centres; Rehabilitated 10 pit latrines; Renovated Mwibona Stock market; Installed high mast floodlight at Wemilabi and Hamisi Market; Advanced credit to 1,375 MSMEs through the trade and enterprise fund; Strengthened management of markets through training of market committees; Revitalized 2 Co-operative societies and registered 25 new cooperatives and undertook savings mobilisation of KShs 13M from cooperative societies.

TRANSPORT AND INFRASTRUCTURE

The sector is critical enabler in attainment of the envisaged socio-economic transformation in the CIDP, the Fourth Medium-Term Plan (MTP IV) and the Kenya Vision 2030. The key roles of the sector include; facilitating the development and maintenance of a cost-effective road network, provision of design, documentation and supervision services for public buildings and infrastructure, inspection and maintenance of county

vehicles, plant and machinery as well as overseeing fire and rescue services and fleet management.

Sector Priorities

Ensure there is efficient and reliable road network in the County, fire response and rescue services in the county establish efficient transport System and Sustainable public infrastructure development

Key Sector achievements.

Improved the condition of county roads by Maintenance of 105.9km through ward-based program and 156.6km through labor-based program, strengthened the supervision of Public infrastructure development and operationalized Mechanical Unit at Manyatta

Challenges in the Sector.

Limited institutional framework including office space and critical technical personnel to steer the sector objectives

Limited resources to effectively implement programs and projects in the sector Delays in disbursement of funds and payment for works certified.

Logistical and resource challenges to facilitate effective design and supervise projects across the county

Increasing inflation and costs of goods and services effecting the timely implementation of projects, increase O&M budgets.

Unpredictable rain patterns and rugged terrain often have an impact on roads and other infrastructure development

Lessons Learnt

Need to strengthen the institutional, human resource capacity as well as supervision and management of public infrastructure development.

More fund allocation and prioritizing of value for money will enable the department to be efficient and cost effective in project implementation.

There is need to intensify collaboration and create synergies with other sector players for effective project and program implementation.

EDUCATION, SCIENCE, TECHNICAL AND VOCATIONAL TRAINING

Achievements

During the period under review the sector achieved the following; developed a draft ECDE capitation policy. **Enrolled** 153 students to the Governor's scholarship programme, increased enrolment in TVET from 5224 in 2022 and to 5,674 in 202, increased

enrollments in ECDE from 44,638 in 2022 to 45,868 in 2023, Training of Managers and Accounts Clerks on procurement and accounting. We have trained Officers at Kenya Education Management Institute (KEMI) in Quality Assurance and Standard, Conducted co-curricular activities both in ECDE up to National Level. ECDE -Music festivals, TVET – Drama and Film festivals. We acquired Tools and Equipment for Busaina and Ebusiratsi VTCs., furniture for the new ECDE Centres, Commissioned 4 ECDE classroom projects. We have dewormed and given Vitamin A Supplementation in ECDE, capacity build ECDE Teachers on CBC, Conducted mentorship programme for scholarship beneficiaries. Conducted mentorship programme for pioneer scholarship students, organized first County career fair. Appointment and Training of Boards of Governors for 34 Vocational Training Centres has been done.

Challenges

Our budgetary allocation is Inadequate to implement department activities/ programmes. We have inadequate qualified and competent Trainers. We lack Quality Assurance and Standards Officers for ECDE and TVET.

Inadequate modern tools and equipment in VTCs, inadequate modern workshops for various courses in VTCs. Demoralized staff due to lack of promotion. Lack of adequate infrastructure for Chanzeywe, Muhanda, Kegendirova, Jepkose, Kabinjari, Senende, Shamakhokho, Busaina and Ebusiratsi exposing the Institutions to the risk of closure by the TVET Authority. Lack of land for Chanzeywe VTC.

Challenge of registration of trainees for National examinations. Delayed disbursement of Capitation to VTCs leading to ineffective service delivery and Trainees dropout. Inadequate / dilapidated ECDE infrastructure in some schools. Inadequate indoor and outdoor learning and play materials in ECDE. Uncoordinated or lack of feeding programs in ECDE. Lack of office space and office equipment in most sub counties. Lack of capitation for ECDE children. Non-disbursement of funds to pay pending claims/ bills in the Directorate. Erratic and limited supply of clean and reliable water and sanitation in most of the ECDE Centres and VTCs. Absence of distinct Board of Management for the ECDE. Lack of Departmental vehicles for the CECM, Chief Officer and the Directorates for use by the Officers to carry out supervision and other field activities.

HEALTH SERVICES

During the period under review the sector achieved the following: Constructed and equipped 90-Bed Capacity Wards Complex in Emuhaya Hospital and Hamisi Twin Theatre block; Renovated Lyanaginga, Kapchamwani, Ebukanga health facilities, Emusire Sub-County Hospital and continued with construction of VCRH Hospital Plaza; Completed the Funeral Home at Mbale; Established Non-Communicable Disease Clinic in Hamisi and constructed Eye, Psychiatric and oncology units at VCRH. The sector enhanced human resource for health and hence; Number of Doctors per population ratio (per 10,000 population-0.78, Number of Nurses per population ratio (per 10,000 population-5.99. The average distance to nearest health facility improved to 2.3 Km, Increased access to specialized health care in management of lifestyle diseases (Renal, Cancer, Diabetes and Cardiovascular Diseases), OPD per capita utilization rate was 4.0, % of inpatient (admissions) and Bed occupancy rate is 25.2%. The percentage of TB patients completing treatment -78%, % of eligible HIV clients on ARVs-85%, % of children under five years treated for Diarrhea with ORS & Zinc-89.1%, % of school age children de-wormed -88%. On maternal health care, the sector performed as follows: % of Pregnant women attending at least 4 ANC visits-61%. % of Women of reproductive age (WRA) receiving family planning (FP) commodities-30%, proportion of pregnant women getting IFAS supplements at 1st ANC-84.5% and % of deliveries conducted by skilled attendants in health facilities-71%.

ENVIRONMENT, WATER AND SANITATION

The sector achieved the following: Finalized a water, Sand Harvesting policies, PCRA and Climate Change Action Plan and drafted Eucalyptus Management Policy. Under Water and Sanitation, solarised Vagina, Muhudu, Chango, Muhanda, Muchula, south west bunyore, Emanyinya, Chekombero, Gaga, Jepkoyai (Kitagwa) and Gisambai Majengo water schemes; Expanded and rehabilitated Busali, Mugogo water project, Vihiga Water Supply rising main, Hamisi, Chango and Vihiga Water supply reticulation system; Rehabilitated boreholes and schemes at Vagina, Ebuyalu, Mwibona, Muhudu, Ebukhaya, Emanyinya, Esirulo, Sabatia, Gamalenga, Mangongo and Matsigulu. Laying of pipes; Triple T up to Esinamutu PAG church, Luanda town-Big Ben, Sosiani to Simbi pressed steel elevated tank, Ebunangwe water supply, Shamakhokho tank to Losengeli Tank, Gaga Water supply, Stand Kisa- Viyalo-Wamage and Connected Emuhaya hospital with a reliable line and

constructed latrines in Jebrok and Serem markets.

Under Environmental Management Services: Procured 12 waste holding skips; Acquired a waste holding site at Ebuyangu; Conserved 15 km of wetland (River Edzava) by growing 5,000 No. of Bamboo seedlings; Protected and re-afforested 15 acres of Maragoli Hills and 4 existing community forests; Established 2 training tree Nursery at Maragoli and Ebusikwe Hills; Implemented School Greening Program. Under Climate Change Mitigation and Adaptation: Undertook community project identification in 9 wards; Completed Participatory Climate Risk Assessment (PCRA) Process in line with the FLLOCA Program; Finalized the Vihiga County Climate Change Action Plan; Validated the Climate Information Service (CIS) Plan, signed an M.O.U for Climate Change Centre in Partnership with Kaimosi University.

PHYSICAL PLANNING, LANDS AND HOUSING

Physical Planning, Lands and Housing realized the following: Completed the preparation of the Local Physical Development Plan for Luanda; Continued construction of the Governor & Deputy Governor residence; Validated draft County valuation roll; Acquired modern survey equipment; Renovated 9 government houses and undertook land banking for public utility. Under KUSP, maintained 3 High mast floodlights at Lotego, Kidundu Stadium and Mutsulyu; Maintained 0.37 km Vihiga County link Road and repair of the U-drains from Event Building to Mbale Equity Bank.

GENDER, YOUTH, SPORTS, CULTURE AND SOCIAL SERVICES

During the period under review the sector achieved the following: Facilitated 17 Vihiga United team, Vihiga queens, Vihiga volleyball team, athletics and Vihiga Netball team among other teams through the County Sports Funds; Rehabilitated Goibei primary school play grounds; Organized 4 County cultural festivals, supported teams to participate in the Kenya Music and Cultural Festival, equipped Shiru cultural centre, supported inter County sporting activities (KICOSCA games), promoted talents through the annual youth extravaganza, renovated Ivona and Ebusiratsi talent centres, organized a 16-day campaign against Gender Base Violence (GBV) and digitized indigenous knowledge, youth film making and production.

PUBLIC SERVICE AND ADMINISTRATION

ICT programmes- The County through the Department of Public Service and Administration invested in technology as it's an enabler across all Sectors. Including: -

Installed Wifi in two Markets (Mbale and Chavakali), developed and upgraded County Website for purposes of enhancing communication and Servicing of computer hardware and software across the county.

Infrastructure development- Included Construction of Hamisi sub county Administrators office. Refurbishment of the county headquarter building. Extension and renovation of call center

Service Delivery: - Developed and operationalized the County Government organization structure. Initiated the development of service charters in all department and directorates Produced and disseminated documentaries and newsletters highlighting the county Government achievement. Coordinated the disbursement of bursaries and Governors scholarships. Formulated ward development coordination committees operationalized the Directorate of Inspectorate and enforcement. Migrated 1080 employees from manual payroll to IPPG

Challenges

Inadequate budgetary allocations which affect service delivery.

Weak human resource development framework including absence training and development policies. Lack of the necessary tools and equipment for the enforcement officers. Weak performance management framework. Uncoordinated county communication framework. Limited staff and equipment in the County Radio. Stiff competition from established radio stations Absence of Administrative Offices at the Ward and sub-county levels Limited involvement of Administrators in developments at the wards

OFFICE OF THE GOVERNOR

In the year under review, our sector Priorities 2022/23 were;

To strengthen institutional, policy and legal framework. To Enhanced Human resource capacity in the county Government. Strengthening devolved systems in the county. Promote alcoholic drinks and control initiatives in collaboration with National Government and stakeholders. Strengthen county Information & records management and archives. Integrating ICT in all aspects of public service delivery, strengthening devolved systems in the county. Promote alcoholic drinks and control initiatives in collaboration with National Government and stakeholders.

Strengthen county Information & records management and archives Integrating ICT in all aspects of public service delivery. Strengthening devolved systems in the county.

Strengthen Human Resource Performance Management Framework.

Formulation and strengthening of Human Resource institutional, policy and legal framework. Implementation of the Human resource management information system including biometrics. Strengthen Human resource Capacity through regular staff capacity building programs/ Strengthen Human resource welfare programmes

Performance

The department had an absorption rate of 82% of the funds disbursed with a development index of 44%. In asset management, the department scored 11%. The pending bills stood at 68 million which the department committed itself to clearing within a stipulated period

The departments key achievements

Developed the County Government organization structure. Initiated the development of Service Charters in all the departments and directorates. Developed and upgraded the County Website. Produced and disseminated documentaries and newsletters highlighting county's achievements. Installed Wifi in two Markets (Mbale and Chavakali) Facilitated radio talk shows on Vihiga FM covering all the sectors within the County to articulate Government policies and programs. Key among them was the Covid-19 response talks and civic education on Nutrition, ECDE and TVET programmes.

Disbursed bursaries and identified potential beneficiaries of Governors scholarships

Sector challenges.

Inadequate budgetary allocations which affect service delivery. Weak human resource development framework including absence training and development policies. Lack of the necessary tools and equipment for the enforcement officers. Weak performance management framework. Uncoordinated county communication framework. Limited staff and equipment in the County Radio. Stiff competition from established radio stations. Absence of Administrative Offices at the Ward and sub-county levels. Limited involvement of Administrators in developments at the wards

Lessons learnt and recommendations: Need to allocate more funds on human resource development and training. Need for development of scheme of service for all cadre of staff for effective service delivery. Need to have a functional performance framework including strengthening the monitoring and evaluation system in the county. Need for development of a proper and reliable communication framework. Need to enhance interdepartmental

coordination and synergy.

FINANCE AND ECONOMIC PLANNING

During the period under review, the sector achieved the following; eestablished the County Audit Committee (CAC) and the County Budget and Economic Forum (CBEF), prepared statutory policy documents that include, the CIDP 2023/27, the ADPs, CAPR, CFSP, CBROP, the Finance Bill and the Debt Management Strategy Paper reduced historical pending bills to less than 300million shillings in F/Y 2022/23.

Update on Fiscal Performance and Emerging Challenges

The Fiscal policy over the medium-term aimed at enhancing revenue mobilization and improving finance management systems at all levels of County government so as to improve on efficiency of public finance management. The updated fiscal economic framework is on a positive trajectory, given the improving trends in own source revenue collection through expansion and automation of some revenue streams.

Going forward, the County Government will put greater attention to the policy of expenditure rationalization with a view to provide more funds to core services. It will also focus on engagements with the private sector actors so as to enhance public private partnerships. This will create fiscal space for the implementation of the Governor’s Agenda “Bottom -Up Economic Transformation Agenda (BETA)” and The CIDP 2023-2027.

Risks to the Outlook

Table 8: Risks to the Outlook

Category	Risk	Risk Implication	Risk Level (Low, Medium, High)	Mitigation measures
financial	<ul style="list-style-type: none"> • Failure to meet Own Source Revenue targets • Delayed procurement processes. 	<ul style="list-style-type: none"> • Unfunded budget • Delayed programme implementation 	Medium	<ul style="list-style-type: none"> • Prudent financial management and adherence to PFMA • Strengthen resource mobilization strategies • Fully automation of revenue, accounting and auditing processes • Timely initiation of procurement processes.
	<ul style="list-style-type: none"> • Delay in exchequer releases 	<ul style="list-style-type: none"> • Low Absorption of budget by Departments 	• Medium	<ul style="list-style-type: none"> • National Treasury ensure timely disbursement of funds.
Organizational\ administrative	<ul style="list-style-type: none"> • Recurrent Expenditure pressure due to expanded programs and increasing wage bills 	<ul style="list-style-type: none"> • Diminishing proportion of development expenditure 	• High	<ul style="list-style-type: none"> • Cuts in recurrent Expenditure and sustainable planning
	<ul style="list-style-type: none"> • Low enforcement of policies 	<ul style="list-style-type: none"> • Weak performance 	• Medium	<ul style="list-style-type: none"> • Full Implementation of all policies and procedures

Category	Risk	Risk Implication	Risk Level (Low, Medium, High)	Mitigation measures
		management		
	<ul style="list-style-type: none"> • Corruption 	<ul style="list-style-type: none"> • Increased wastage 	<ul style="list-style-type: none"> • Medium 	<ul style="list-style-type: none"> • Enforcement of Code of Ethics • Implementation of audit reports recommendations
Strategic risks	<ul style="list-style-type: none"> • Contingency Liabilities 	<ul style="list-style-type: none"> • Late or non-remittance of statutory deductions. 	<ul style="list-style-type: none"> • Medium 	<ul style="list-style-type: none"> • County to comply with legal requirements on statutory deductions to avoid being surcharged.
Agricultural risks	<ul style="list-style-type: none"> • Climate Change Related risks 	<ul style="list-style-type: none"> • Lowering of tax revenues and increase in public spending to mitigate the disasters 	<ul style="list-style-type: none"> • Medium 	<ul style="list-style-type: none"> • Adapt to green economic considerations • Develop and implement disaster recovery plan
Technological risk	<ul style="list-style-type: none"> • Failure/ Network challenges with IFMIS 	<ul style="list-style-type: none"> • Low 	<ul style="list-style-type: none"> • Delayed transactions on IFMIS 	<ul style="list-style-type: none"> • Upgrading of stems

The County Government will undertake appropriate measures to safeguard fiscal stability should these risks materialize by mitigating against them.

IV. RESOURCE ALLOCATION FRAMEWORK

Implementation of the FY 2023/24 Budget

Implementation of the FY 2023/24 budget has begun well with indicators in the first months pointing to meeting the end year target in regards to absorption of funds and improved strategies in revenue collection.

The Medium-Term Fiscal Framework (MTFF) for the FY 2024/25 emphasizes on efficiency and effectiveness of public spending and improving revenue collection to stimulate and sustain economic activities.

Medium Term Expenditure Framework

Allocation and utilization of resources in the medium term will be guided by priorities outlined in the County Integrated Development Plan (CIDP) 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.

During the Medium Term Expenditure period 2023/24-2025/26, the County Government will endeavor to pursue the flagship projects and other development projects as contained in the County Integrated Development Plan (2023-2027) in order to achieve the transformative development agenda which entails implementation of the constitution, provision of core services, creation of employment opportunities, improving the general welfare of the people and above all ensuring equity and minimizing costs through elimination of duplication and inefficiencies. Allocation of these resources should ensure the following: Completion of on-going and stalled programmes. Linkage of the Programme/sub-programmes with Kenya Vision 2030, MTP IV, the Bottom-up Economic Transformation Agenda (BETA), CIDP 2023-27, SDGs and other international commitments. The extent to which the programme is addressing core poverty intervention, job and wealth creation. Level to which the Programme is addressing the core mandate of the department Prioritize alternative applications of public funds by applying the principle of marginal utility using measures of cost effectiveness. Provision of counterpart funding for donor funded projects. Cost effectiveness, efficiency and sustainability of the Programme/projects within the MTEF period. Linkage with other programmes implemented in the County

Financial Year 2024/25 Budget Framework

The 2023/24-2025/26 MTEF builds up on the National Government's efforts to stimulate and sustain economic activity. The document is framed against a backdrop of global economic slowdown occasioned by the ongoing Russia-Ukraine conflict, elevated global inflation, lingering effects of the COVID-19 pandemic, persistent supply chain disruptions, food security and climate change effects. This will be achieved through implementation of the programmes aimed at economic recovery, priorities in the MTP IV of the Kenya Vision 2030 and the priorities in the CIDP 2023-2027.

Revenue Projections

The Kenyan Economy continued to expand in 2022, albeit at a slower pace than the 7.5 percent recorded in 2021. Real GDP is expected to have grown by 5.5 percent in 2022 supported by the services sector despite subdued performance in agriculture and weaker global growth. The economy is projected to rebound to 5.6 percent in FY 2023/24 and over the medium term through the Government's Bottom-Up Economic Transformation Agenda geared towards economic turnaround and inclusive growth, as stipulated in the Budget Review and Outlook Paper 2023.

Table 9: County Government Fiscal Projections in Kshs. For FY 2024/25

Sources	FY 2022/23 Budget Kshs	FY 2023/2024 Budget Kshs	Projections FY 2024/25 Kshs
County Equitable Share	5,067,356,827	5,267,026,885	5,588,315,525
Own Source Revenue	284,073,208	300,549,454	300,549,454
Conditional Grants	283,792,791	764,189,625	595,198,778
Total	5,635,222,826	6,331,765,964	6,457,728,623

Source: Vihiga County Treasury

In the proposed 2024/25 budget, the County Equitable Share is projected to increase by 5.6 percent as indicated in the table above. In this regard, the County Government will over the medium term ensure compliance with the fiscal responsibility principles as outlined in the sections 107 of the PFM Act 2012. The County Government is expected to enhance expenditure productivity in the proposed year and manage the rising wage bill to be within the required limit. The County Government will continue to allocate resources while adhering to the fiscal responsibility principle and further ensuring budget credibility. The projected resource envelope is Kshs. 6.46 billion. The table 10 provides the projected estimate ceilings for the FY 2024/25.

Table 10: Projected estimate ceilings for the FY 2024/25

Department	CFSP 2022 Ceilings Kshs.Millions	Projected Additional Revenue Bill	Projected Ceilings 2024/25 Kshs. Millions
Office of The Governor	275,372,321		275,372,321
Finance and Economic Planning.	504,478,049		504,478,049
Agriculture, Livestock & Fisheries	310,482,762	361,986,124	310,482,762
Health Services	1,480,249,608	133,212,654	1,480,249,608
Education & Technical Vocational Training	600,458,432		600,458,432
Gender, Culture, Youth, Sports and Social Services	182,127,499		182,127,499
Commerce, Tourism and Cooperatives.	209,893,214	100,000,000	209,893,214
County Public Service Board	50,812,039		50,812,039
Environment, Water, Natural Resources and Climate Change	361,497,562		361,497,562
Transport & Infrastructure	300,738,645		300,738,645
Physical Planning, Lands, Housing & Urban Development	233,144,601		233,144,601
County Assembly	604,741,175		604,741,175
Public Service & Administration	324,254,479		310,628,479
County Attorney	14,500,000		28,126,000
Ward Based Development	409,806,459		409,806,459
TOTAL COUNTY EXPENDITURE	5,862,529,845	595,198,778	5,862,529,845

Source: Vihiga County Treasury

SECTION V: CONCLUSION

Global economic outlook has become more uncertain reflecting, the impact of the ongoing Russia-Ukraine conflict, effects of COVID-19 containment measures, elevated inflationary pressures, volatile financial markets, and persistent supply chain disruptions. The Kenyan economy demonstrated remarkable resilience and recovery to the COVID-19 shock due to its diversified nature and the proactive measures by the Government to cushion the vulnerable, support businesses and accelerate economic recovery.

To ensure continued development in Vihiga, the County Government in the MTEF period, will focus on resource mobilization and reduction of non-core expenditures with a view of prioritizing on programs that reduce the adverse effects of Covid-19 pandemic and strategic intervention that strengthen economic recovery. The Kenyan economy is expected to expand by 5.6 percent in the FY 2023/24

The FY 2022/23, the County collected own source revenue amounting to KShs 227.71million against the target of KShs 284.07 million which is about 19.8 percent below target. The FY 2022/23 the fiscal performance was positive with a total expenditure of KShs 5.95 billion compared to KShs 4.88 billion in FY 2021/22 which represent an increase of 1.07 percent.

As we prepare the FY 2024/25 Budget, all spending units are expected to lay emphasis on the priority programs under Governors manifesto by increasing investments in Agriculture, Health care, Commerce and Transport departments.

Given the limited resources, the sector working groups and departments are therefore directed to critically review, evaluate, and prioritize all budget allocations to strictly achieve the Governors manifesto. The departmental ceilings provided for FY 2024/25 budget and Medium Term will form the basis of the Allocations.

ANNEX 1: BUDGET CALENDAR

<i>S/No.</i>	<i>Activity</i>	<i>Responsibility</i>	<i>Timeframe/Deadline</i>	<i>Obligation of Members of the Public</i>
1.	Issue guidelines for preparation of 2024/25 and MTEF County Budget	C.E.C Finance & Planning	30 th August, 2023	Read to know when, where and how to participate in the budget process
2.	Submission of Annual Development Plan (ADP 2024/25) to the County Assembly	CEC for Finance and Economic Planning	1 st September, 2023	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	4 th - 8 th September, 2023	
4.	Estimation of Resource Envelope and Preliminary allocation to sectors for preparation of County Budget Review and Outlook Paper (CBROP 2023)	County Treasury	11 th - 18 th September, 2023	
5.	Submission of CBROP to County Budget and Economic Forum CBEF	County Treasury	25 th - 27 th September, 2023	
6.	Submission of CBROP to the County Executive Committee for deliberation and approval	County Treasury	28 th September, 2023	
7.	Submission of County Budget Review and Outlook Paper (CBROP 2023) to the County Assembly	CEC for Finance and Economic Planning	20 th October, 2023	Access, Read and comment.
8.	Sector consultative forums and Drafting of Sector Reports ensuring that ecological, social, environmental and institutional issues are well addressed. Launch of Sector Working Groups	County Treasury	6 th - 10 th November 2023	Access, Read and comment.
9.	Submission of final sector reports to County Treasury ensuring that ecological, social, environmental and institutional issues are well addressed.	All C.E. Cs for their respective Departments	30 th November, 2023	Access, Read and comment.
10.	Drafting of County Fiscal Strategy Paper (CFSP 2024-) and County Debt Management Strategy Paper.	County Treasury	8 th - 12 th January, 2024	Access, Read and comment.

11.	Public Participation exercise	County Treasury	6 th -8 th February, 2024	Read the budget, and can submit written Memorandum
12.	Submission of County Fiscal Strategy Paper(CFSP 2023) to CBEF	CEC Finance and Economic Planning	14 th -16 th February,2024	Read the paper, and can submitwritten Memorandum
13.	Submission of CFSP to County ExecutiveCommittee for approval	CEC Finance and Economic Planning	23 rd February 2024.	Read the paper, and can submitwritten Memorandum
14.	Submission of the CFSP to County Assembly	County Treasury	28 th February, 2024	Access, Read and comment.
15.	Deliberation and approval of CFSP by County Assembly		1 st -14 th March 2024	
16.	Circulate approved County Fiscal Strategy Paper (CFSP 2024) and Final guidelines on preparation of 2024/25 MTEF Budget	County Treasury	15 th March, 2024	Access, Read and comment.
	Submission of budget proposals for 2023/24MTEF Budget to County Treasury	All CECMs and Accounting Officers	30 th March 2024	
17.	Public Participation of Budget Estimates	County Treasury	17 th -19 th April, 2024	
18.	Consolidation of Budget Estimates for F/Y2024/25	County Treasury	20 th – 23 rd April, 2024	Access, Read and comment.
19	Submission of Budget Estimates to CBEF	County Treasury	24 th -25 th April, 2024	
20	Submission of Budget Estimates F/Y 2023/24 to County Executive for approval	County Treasury	26 th April, 2024	Access, Read and comment
21	Presentation of Budget Estimates to CountyAssembly	C.E.C Finance &Planning	By 30 th April, 2024	
22.	Deliberations and Approval of Budget Estimates F/Y 2024/25	County Assembly	30 th April– 30 th June, 2024	Access, Read and comment.
23.	Finance Bill & ACT	County Treasury &County Assembly	30 th September within 90 days	Access, Read and comment

