



COUNTY GOVERNMENT OF ISIOLO



2023 COUNTY FISCAL STRATEGY PAPER

Equitable and Prosperous County

FEBRUARY 2023

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The document is also available on the website at: <https://www.isiolo.go.ke/>

FOREWORD

The 2023 County Fiscal Strategy Paper (CFSP), the first to be prepared under the new Administration- which is led by H.E. Abdi Ibrahim Hassan. It sets out the Administration's priority programs, policies and reforms to be implemented in the Medium-Term Expenditure Framework (MTEF). The 2023 CFSP comes at a time when the County Government is finalizing the preparation of the third County Integrated Development Plan (CIDP 2023-2027).

The CFSP is framed against a backdrop of global economic slowdown underpinned by the ongoing Russia-Ukraine conflict, elevated global inflation, and the lingering effects of the COVID-19 pandemic and climate change related supply chain disruptions. As the effects of COVID-19 pandemic started to fade away, the Kenyan economy bounced back recording a GDP growth rate of 7.5 percent in 2021. However, the momentum has been disrupted again by the Russia-Ukraine conflict that has disrupted global trade with increased fuel, fertilizer and food prices. For the first time in five years the inflation rate in Kenya is above the Government target range mainly driven by supply side constraints occasioned by external shocks and climate related food and energy prices. Aside from these challenges, the Kenyan economy continues to be confronted by various constraints such as: recurrent drought affecting agricultural productivity; declining manufacturing productivity; skewed access to finance for business and development; rigidities in business regulatory framework; weak governance; and fiscal risks including pension's liabilities, stalled public projects, payment arrears; and high debt service that has hindered the economy from achieving its full potential.

The Fiscal Strategy Paper outlines the Medium-Term Fiscal Framework, which offers mechanisms for entrenching sustainable growth and development for efficient service delivery in Isiolo County. This calls for openness, transparency, accountability, responsiveness, and abiding by the rule of law to facilitate fiscal discipline and maintain macroeconomic stability.

The County Government of Isiolo will focus on implementing priority areas identified in 2023-2027 County Integrated Development Plan (CIDP) and 2023 Annual Development Plan (ADP) that includes: Enhancing County Food Security; Investing in Quality, Affordable and Accessible Health Services; Increase Water Reticulation; Expanding and maintaining the road network; Investing in Education and Vocational Training; Good Governance; and Urban Development.

This Paper articulates Economic Policies and Structural Reforms as well as sector-based expenditure Programmes that the County intends to implement in order to achieve the broad goal of its development agenda.



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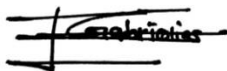
ACKNOWLEDGEMENT

The 2023 CFSP is prepared in compliance with the provisions of the Public Finance Management Act, 2012. It outlines the current state of the economy, provides macro-fiscal outlook over the medium term and specifies the set strategic priorities and policy goals together with a summary of Government spending plans as a basis for the FY 2023/24 budget.

As we finalize the budget for the FY 2022/23 and the medium term, I wish to emphasize that we are operating under tight resource constraints amidst significant revenue shortfalls occasioned by declining economic activities. On the other hand, the Government is confronted with significant expenditure demands. This called for proper prioritization to ensure focus is on critical expenditures with the highest positive impact on the well-being of the people of Isiolo. In this regard, the County Government will continue to prudently manage the use of public resources over the 2023/24-2025/26 Medium Term Expenditure Framework (MTEF).

Funding priority is accorded to completion of ongoing projects, which are supportive to accelerate inclusive growth and development.

The preparation of the 2023 CFSP was a collaborative effort among various departments and we are grateful for their timely inputs. We are also grateful to the core team from the Planning and Budget Department who worked tirelessly to put together inputs from different departments and stakeholders and ensured the document was produced in time while maintaining high quality standards.



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ABBREVIATIONS AND ACRONYMS

A.I.A	Appropriation in Aid
AIDS	Acquired Immunodeficiency Syndrome
CECM	County Executive Committee Member
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
CRA	Commission on Revenue Allocation
DANIDA	Danish International Development Agency
ECD	Early Childhood Development
FY	Financial Year
GDP	Gross Domestic Product
HIV	Human Immunodeficiency Virus
ICT	Information Communication Technology
IFMIS	Integrated Financial Management Information System
Ksh	Kenyan Shilling
LAPSSET	Lamu Port and South Sudan-Ethiopia Transport
MTEF	Medium Term Expenditure Framework
MTP	Medium Term Plan
PAYE	Pay As You Earn
PFM	Public Finance Management
PPP	Public Private Partnership
SBP	Single Business Permit
VAT	Value Added Tax

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About the County Fiscal Strategy Paper

The County Fiscal Strategy Paper (CFSP) is a Government policy document that sets out the broad strategic priorities and policy goals to guide the County Governments in preparing their budgets for the subsequent financial year and over the medium term.

In the document, adherence to the fiscal responsibility principles demonstrates prudent and transparent management of public resources in line with the Constitution and the Public Finance Management (PFM) Act, 2012.

The CFSP is organized into seven chapters detailed as follows.

Chapter 1: Gives an introduction on the various laws governing the preparation of the CFSP, plus the fiscal responsibility principles governing the budgeting process.

Chapter 2: It provides an overview of the recent economic development and the macroeconomic outlook covering the national scene.

Chapter 3: Outlines the forward economic and fiscal policies and the budget framework for the county.

Chapter 4: Gives an analysis of strategic priorities and interventions. It also gives an analysis of the key priority sectors and interventions to be implemented.

Chapter 5: Provides fiscal policy, budget framework and outlines the fiscal framework that is supportive of growth over the medium term period.

Chapter 6: Presents the resource envelope and spending priorities of the proposed MTEF budget for the financial year 2023/24 and the medium term. It further provides the proposed sector ceilings and the baseline ceilings.

Chapter 7: Provides a summarized Conclusion of the 2023 County Fiscal Strategy Paper.

CHAPTER ONE

INTRODUCTION

1.1 Overview

- 1 The preparation of the County Fiscal Strategy Paper (CFSP) is a requirement of Section 117 of the Public Finance Management (PFM) Act, 2012 and thus plays an integral part in the budget making process. It specifies the Broad Strategic Priorities and policy goals and guides the County Government in preparing its budget for the coming financial year and over the medium term period.
- 2 The CFSP 2023 forms the basis for implementation of the third-generation County Integrated Development Plan (CIDP 2023-2027). This Paper has, therefore, been formulated by adopting the priority areas as outlined in the draft Annual Development Plan(ADP), 2023 namely:
 - i. Enhancing food security, sustainability of livestock based livelihoods and commercializing of livestock and crop production
 - ii. Investment in Infrastructure development and expansion i.e. Roads, Water Supply, Market development
 - iii. Investing in quality, affordable and accessible Health Services (i.e. preventative, curative and rehabilitative health care services).
 - iv. Investing in modern urban infrastructure and sustainable land management for socio economic development
 - v. Investing in Education, focusing on construction of more ECDE structures and equipping of youth polytechnics as well as social development of the communities through social programs.
 - vi. Promotion of Tourism, trade and industrial development for a rapidly industrializing economy.
 - vii. Enhancing governance, transparency and accountability in the delivery of services.
 - viii. Investment in conflict resolutions by promoting initiatives for peaceful and cohesive society where all have access to equitable share of resources;

1.2 Legal Basis for County Fiscal Strategy Paper

- 3 The preparation of the CFSP is anchored in the Constitution of Kenya, 2010; and, PFM Act, 2012.

1.2.1 Constitution of Kenya, 2010

- 4 Article 220 (1) states that budgets of the National and County Governments shall contain: -
- a) Estimates of revenue and expenditure, differentiating between recurrent and development expenditure.
 - b) Proposals for financing any anticipated deficit for the period to which they apply; and
 - c) Proposals regarding borrowing and other forms of public debt during the following year.

Sub-article (2) National legislation shall prescribe –

- a) The structure of the development plans and budgets of counties.
- b) When the plans and budgets of the Counties shall be tabled in the county assemblies; and
- c) The form and manner of consultation between the National Government and County Governments in the process of preparing plans and budgets.

1.2.2 Public Finance Management (PFM) Act, 2012

- 5 The County Fiscal Strategy Paper is prepared in accordance with section 117 of the Public Finance Management Act, 2012 which states that:
- a) The County Treasury shall prepare and submit to the County Executive Committee a County Fiscal Strategy Paper (CFSP) for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the county assembly, by the 28th February of each year
 - b) The County Treasury shall align its County Fiscal Strategy Paper with the National objectives in the Budget Policy Statement.
 - c) In preparing the County Fiscal Strategy Paper, the County Treasury shall specify the broad strategic priorities and policy goals that will guide the County Government in preparing its budget for the coming financial year and over the Medium Term.
 - d) The County Treasury shall include in its Fiscal Strategy Paper, the Financial Borrowing for the financial year and over the Medium Term.
 - e) In preparing the Fiscal Strategy Paper, the County Treasury shall seek and take into account views of:
 - i. The Commission on Revenue Allocation (CRA).
 - ii. The Public.

- iii. Any interested persons or groups; and
- iv. Any other forum that is established by legislation.
- f) Not later than fourteen days after submitting the County Fiscal Strategy Paper to the County assembly, the County assembly shall consider and may adopt it with or without amendments.
- g) The County Treasury shall consider any recommendations made by the County Assembly in finalizing the budget proposal for the financial year concerned; and
- h) The County Treasury shall publish and publicize the County Fiscal Strategy Paper within seven days after it has been submitted to the County Assembly.

1.3 Principles of Public Finance and Fiscal Responsibility Principles

1.3.1 Principles of Public Finance

- 6 Article 201 of the Kenyan Constitution, 2010 sets out the following principles of public finance:
- a) There shall be openness and accountability, including public participation in financial matters.
 - b) The public finance system shall promote an equitable society, in particular-
 - i. The burden of taxation shall be shared fairly.
 - ii. Revenue raised nationally shall be shared equitably among national and county governments; and
 - iii. Expenditure shall promote the equitable development of the country, including by making special provision for marginalized groups and areas.
 - c) The burdens and benefits of the use of resources and public borrowing shall be shared equitably between present and future generations.
 - d) Public money shall be used in a prudent and responsible way; and
 - e) Financial management shall be responsible, and fiscal reporting shall be clear.

1.3.2 Fiscal Responsibility Principles

- 7 The Public Finance Management (PFM) Act, 2012 sets out the following fiscal responsibility principles to ensure prudence and transparency in the management of public resources:
- a) The County Government's recurrent expenditure shall not exceed the County government's Total Revenue.
 - b) Over the Medium Term, a minimum of 30 percent of the County government's budget shall be allocated to the Development expenditure.
 - c) The County Governments' 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 Executive Committee Member for Finance in regulations and approved by County Assembly and in line with the PFM act.

- d) Over the Medium Term, the government's borrowing shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.
- e) The County debt shall be maintained at sustainable level as approved by County Assembly.
- f) The fiscal risks shall be maintained 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.

1.4 Budgeting Approach

- 8 The formulation of the CFSP 2023 takes into consideration the classification of devolved functions as a basis for revenue sharing as illustrated in Table 1 below.

Table 1: Departmental Programmes

Code	Department	Program
3511000000	County Assembly Services	0721003510 P21 County Assembly infrastructure, policy and service support
		0722003510 P22 Legislative and oversight
		0724003510 P24 Administration and support services
3512000000	County Executive	0713003510 P13 County Governance and Coordination Affairs
		0716003510 P16 County Devolved Administration Affairs
		0701003510 P1 County Governance and Coordination Affairs Deputy governor
		0708003510 P8 Governors Delivery Unit
		0723003510 P23 County Public Service
3513000000	Finance, Economic Planning, Cohesion Special Programme	0709003510 P9 Administration and support services
		0710003510 P10 Public financial management
		0711003510 P11 Economic Planning and Coordination Services
		0712003510 P12 Cohesion and Peace Building
		0725003510 P25 Special programmes
		0726003510 P26 KDSP (Kenya Devolution Support Programme) Conditional Grant
3514000000	Lands, Urban Planning, Roads, Infrastructure, Housing, And Public Works	0107003510 P7 Housing and urban development and public works
		0109003510 P9 Land Survey and land use planning
		0204003510 P4 Road improvement, accessibility, Logistic and connectivity
3515000000	Agriculture, Livestock and Fisheries Development	0101003510 P1 Livestock Resource Management and Development
		0102003510 P2 Fisheries Development and Management

Code	Department	Program
		0103003510 P3 Administrative, planning, and support services
		P4 Crop Development and Management
		0105003510 P5 Veterinary Services
3518000000	Education, Vocational Training, Youth Sports Culture Gender and Social Services	0501003510 P1 General Administration, Planning and Support Services.
		0502003510 P2 Early Childhood Development
		0503003510 P3 Technical and Vocational Training
		0504003510 P4 Sports development and Youth Empowerment
		0505003510 P5 Culture and Social Services
3519000000	Tourism, Wildlife Trade Cooperatives Enterprise Development, Administration and Public Service Management	0719003510 P19 Public Service Management and Transformation
		0301003510 P1 Trade development and promotion
		0303003510 P3 Co-Operative Development
		0304003510 P4 Tourism Development Promotion
3521000000	Water, Sanitation, Energy, Environment and Natural Resource	1001003510 P1 Administration, Planning and Support services
		1002003510 P2 Water supply and storage services
		1003003510 P3 Environment and Natural resources
3522000000	Health Services	0401003510 P1 Preventive and Promotive services
		0402003510 P2 Administration and planning Support services
		0403003510 P3 Curative Health Services
3524000000	Municipal Administration	0206003510 P6 KUSP
		0207003510 P7 Municipal Administration

1.5 CFSP Preparation Methodology

- 9 Article 118 (1) (b) and 196 (b) of the Constitution of Kenya, 2010 provides that the public should be involved in the budget making process through public participation. In this respect, the county sent out an advertisement requesting for memorandums and inputs from the public; from which the county residents gave their inputs and contributions on their preferred priorities areas for development.

CHAPTER TWO

RECENT ECONOMIC AND MEDIUM TERM OUTLOOK

Overview

- 10 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 grow 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 6.1 percent in 2023, reinforced by the Government's development agenda geared towards economic turnaround and inclusive growth.
- 11 The coordination between monetary and fiscal policies continued to support macroeconomic stability with interest rates remaining relatively stable. Year-on-year overall inflation rate declined for the second consecutive month in December 2022. Inflation rate eased to 9.1 percent in December 2022 from 9.5 percent in November 2022 due to a decline in food prices with the favourable rains and declining international prices of edible oils. However, this inflation rate was higher than the 5.7 percent recorded in December 2021.
- 12 The external sector has remained stable despite the tight global financial conditions attributed to strengthening US Dollar and uncertainties regarding the ongoing Russian-Ukraine conflict. Due to the strong dollar, the exchange rate to the Kenya shilling like all world currencies has weakened but strengthened against other major international currencies. The current account deficit was generally stable at 5.2 percent of GDP in the 12 months to November 2022 compared to 5.4 percent of GDP in November 2021 on account of improved receipts from service exports and resilient remittances. The official foreign exchange reserves at 4.2 months of import cover in November 2022 continues to provide adequate buffer against short term shocks in the foreign exchange market.
- 13 The fiscal policy continues to pursue growth friendly fiscal consolidation to preserve debt sustainability. This will be achieved through enhancing revenue collection and curtailing non-core expenditures while prioritizing high impact social and investment expenditure. As such fiscal deficit is projected to decline from 5.8 percent of GDP in FY 2022/23 to 4.3 percent of GDP in FY 2023/24

2.1.1 Recent Economic Developments and Outlook

Global and Regional Economic Developments

- 14 Global economic outlook has become more uncertain - reflecting the impact of the ongoing Russia-Ukraine conflict, elevated global inflation, lingering effects of COVID-19 pandemic, and persistent supply chain disruptions. Global growth is expected to

slow down to 3.2 percent in 2022 and is projected to slow down to 2.7 percent in 2023 from the earlier forecast of 2.9 percent. The USA economy is projected to slow down to 1.0 percent in 2023 from 1.6 percent in 2022, Euro Area economies will slow down to 0.5 percent from 3.1 percent in 2022. China economy is projected to improve to 4.4 percent from 3.2 percent in 2022

- 15 In the sub-Saharan Africa region, growth is projected at 3.7 percent in 2023 from a growth of 3.6 percent in 2022. This outlook is weaker than the growth of 4.7 percent in 2021 reflecting lower trading partner growth, tighter financial and monetary conditions, and a negative shift in the commodity terms of trade.

2.1.2 National Economic Overview

- 16 The Kenyan economy demonstrated remarkable resilience and recovery from COVID-19 shock due to the diversified nature of the economy and the proactive measures by the Government to support businesses. The economy expanded by 7.5 percent in 2021, a much stronger level from a contraction of 0.3 percent in 2020
- 17 The growth momentum continued in the first three quarters of 2022 averaging 5.5 percent despite subdued performance in agriculture and weaker global growth. The economy grew by 6.7 percent in the first quarter and 5.2 percent in the second quarter compared to a growth of 2.7 percent and 11.0 percent in similar quarters in 2021
- 18 In the third quarter of 2022, the economy grew by 4.7 percent compared to a growth of 9.3 percent in the corresponding quarter of 2021. Most sectors posted slower growths owing to the significantly high growth rates recorded in the third quarter of 2021 that signified recovery from the impact of the COVID-19 pandemic. The growth in the third quarter of 2022 was mainly supported by the service sectors particularly Accommodation and Food Service activities, Wholesale and retail trade, Professional, Administrative and Support services, Education and Financial and Insurance activities. The growth was however slowed by declines in activities of the Agriculture, Forestry and Fishing, and Mining and Quarrying sectors
- 19 The agriculture sector recorded a contraction of 0.6 percent in the third quarter of 2022 compared to a growth of 0.6 percent recorded in the corresponding quarter of 2021. The slowdown in performance of the sector was mainly attributed to unfavorable weather conditions that prevailed in first three quarters of 2022. The decline was reflected in the decline in vegetable exports and milk intake by processors. The sector's performance was cushioned from a steeper contraction by improved production in fruits, coffee and cane.
- 20 The performance of the industry sector slowed down to a growth of 3.4 percent in the third quarter of 2022 compared to a growth of 8.3 percent in the same period in 2021. This was mainly on account of normalization of activities in the manufacturing sub-sector after the strong recovery in 2021. Manufacturing sub-sector expanded by 2.4 percent in the third quarter of 2022 compared to 10.2 percent growth recorded in the same period of 2021. The growth in the industry sector was supported by positive growths in Electricity and Water Supply sub-sector and construction sub-sector which grew by 4.7 percent and 4.3 percent, respectively.

- 21 The activities in the services sector normalized and remained strong in the third quarter of 2022 after a strong recovery in 2021 from the effects of COVID-pandemic. The sector growth slowed down to 6.1 percent in the third quarter of 2022 compared to a growth of 11.4 percent in the third quarter of 2021. This performance was largely characterized by substantial growths in accommodation and food services, wholesale and retail trade, professional, administrative and support services and education sub-sectors

Inflation rate:

- 22 The year-on-year inflation rate eased for the second consecutive month in December 2022 but was still above the 7.5 percent upper bound target. Inflation rate eased to 9.1 percent in December 2022 from 9.5 percent in November 2022 due to a decline in food prices as a result of favorable rains and declining international prices of edible oils. However, this inflation rate was higher than the 5.7 percent recorded in December 2021. Overall annual average inflation increased to 7.6 percent in December 2022 compared to the 6.1 percent recorded in December 2021.
- 23 Kenya shilling exchange rate: The foreign exchange market has largely remained stable despite the tight global financial conditions attributed to strengthening US Dollar and uncertainties regarding the ongoing Russian-Ukraine conflict. Due to the strong dollar, the exchange rate to the Kenya shilling like all world currencies has weakened to exchange at Ksh 122.9 in December 2022 compared to Ksh 112.9 in December 2021. Against the Euro, the Kenya shilling also weakened to Ksh 130.0 from Ksh 127.6 over the same period. The Kenyan Shilling strengthened against the Sterling Pound to Ksh 149.8 in December 2022 from Ksh 150.2 in December 2021.
- 24 Interest rates: Monetary policy stance remains tight to anchor inflation expectations due to the sustained inflationary pressures, the elevated global risks and their potential impact on the domestic economy. In this regard, the Central Bank Rate was raised from 8.25 percent to 8.75 percent in November 2022
- 25 The interbank rate remained stable at 5.4 percent in December 2022 compared to 5.0 percent in December 2021 while the Treasury bills rates increased in December 2022 due to tight liquidity conditions. The 91-day Treasury Bills rate was at 9.4 percent in December 2022 compared to 7.3 percent in December 2021
- 26 Commercial banks' lending rates remained relatively stable in October 2022 supported by the prevailing monetary policy stance during the period. The average lending rate was at 12.4 percent in October 2022 from 12.1 percent in October 2021 while the average deposit rate increased to 7.0 percent from 6.4 percent over the same period. Consequently, the average interest rate spread declined to 5.4 percent in October 2022 from 5.7 percent in October 2021
- 27 Money and Credit: Broad money supply, M3, grew by 7.2 percent in the year to December 2022 compared to a growth of 6.1 percent in the year to December 2021. The growth in December 2022 was mainly due to an increase in domestic credit particularly net lending to the private sector. This growth was however curtailed by a decline in the Net Foreign Assets (NFA).

- 28 Net Foreign Assets (NFA) of the banking system in the year to December 2022 contracted by 51.9 percent, compared to a contraction of 21.0 percent in the year to December 2021. The decline in NFA partly reflected a reduction in reserves at the Central Bank due to scheduled debt service, and the increase in commercial bank's borrowing from foreign sources.
- 29 Net Domestic Assets (NDA) registered a growth of 16.7 percent in the year to December 2022, an improvement compared to a growth of 12.4 percent over a similar period in 2021. The growth in NDA was mainly supported by resilient growth in credit to the private sector as business activities improved. Growth of domestic credit extended by the banking system to the Government moderated to 11.6 percent in the year to December 2022 compared to a growth of 28.3 percent in the year to December 2021. Lending to other public sector also declined during the period, mainly due to repayments by county governments and parastatals.
- 30 Private Sector Credit: Private sector credit improved to a growth of 12.5 percent in the 12 months to December 2022 compared to a growth of 8.6 percent in the year to December 2021. All economic sectors registered positive growth rates reflecting increased credit demand following improved economic activities. Strong credit growth was observed in the following sectors: mining, transport and communication, agriculture, manufacturing, business services, trade, and consumer durables. Monthly credit flows (month on month) have also improved from Ksh 24.8 billion in December 2021 peaking at Ksh 28.0 billion in December 2022.
- 31 The National Government has launched the Hustlers Fund, as an intervention to correct market failure problems that led to predatory lending. This program aims to lift those at the bottom of the pyramid through structured products in personnel finance that includes savings, credit, insurance and investment
- 32 External Sector Developments: The overall balance of payments position improved to a surplus of USD 2,245.4 million (2.0 percent of GDP) in November 2022 from a deficit of USD 976.8 million (0.9 percent of GDP) in November 2021. This was mainly due to an improvement in the capital account despite a decline in the merchandise account reflecting increased imports of petroleum products owing to high international crude oil prices.
- 33 The current account deficit was generally stable at USD 5,771.0 million (5.2 percent of GDP) in November 2022 compared to USD 5,811.6 million (5.4 percent of GDP) in November 2021. The current account balance was supported by an improvement in the net receipts on the services account and the net secondary income balance despite a deterioration in the net primary income balance and merchandise account.
- 34 The capital account balance improved by USD 1,190.2 million to register a surplus of USD 1,386.3 million in November 2022 compared to a surplus of USD 196.1 million in the same period in 2021. Net financial inflows remained vibrant at USD 6,635.1 million in November 2022 compared to USD 6,696.3 million in November 2021. The net financial inflows were mainly in the form of other investments, financial derivatives and direct investments. Portfolio investments registered a net outflow during the period.
- 35 **Foreign Exchange Reserves:** The banking system's foreign exchange holdings

remained strong at USD11,407.7 million in November 2022 from USD 13,503.0 million in November 2021. The official foreign exchange reserves held by the Central Bank stood at USD 7,548.8 million compared to USD 9,306.3 million over the same period.

- 36 **Capital Markets Development:** Activity in the capital markets slowed down in December 2022 compared to December 2021 due to the outflow of investors as advanced economies tightened their monetary policy amid recession fears. The NSE 20 Share Index declined to 1,676 points in December 2022 compared to 1,903 points in December 2021 while Market capitalization also declined to Ksh 1,986 billion from Ksh 2,593 billion over the same period.

2.1.3 National Fiscal Overview

- 37 Budget execution in the first five months of FY 2022/23 progressed well. Revenues continued to record positive growth albeit revenue shortfall reflecting improvement in business environment, tax policy measures and enhanced revenue administration by the Kenya Revenue Authority. Revenue targets for the FY 2022/23 are also expected to be achieved considering the performance in the first five months.
- 38 Overall expenditures were below programme target underpinned by shortfalls recorded in revenue performance and inadequate liquidity in the government securities market. However, ministerial expenditure targets were not fully met partly due to low absorption of foreign and domestic financed projects. Disbursement to the counties was also short of the target for the period to November 2022

Revenue Performance

- 39 Revenue collection to November 2022 grew by 10.6 percent compared to a growth of 29.5 percent in November 2021. This decline in rate of growth is attributed to the fact that the previous FY's growth was anchored on a lower base – a contraction recorded in the FY 2019/20 which had the effects of COVID-19 pandemic. As at end November 2022, the cumulative total revenue inclusive of Ministerial Appropriation in Aid (A-i-A) was Ksh 893.8 billion against a target of Ksh 912.9 billion. This performance was Ksh 19.1 billion below the set target
- 40 Ordinary revenue to November 2022 recorded a growth of 9.5 percent compared to a growth of 27.2 percent in November 2021. This growth was also recorded in all broad categories of ordinary revenue. Specifically, Income tax grew by 10.3 percent, Value Added Tax (VAT) by 8.9 percent, Excise taxes by 7.9 percent, and Import duty by 18.8 percent. In nominal terms, ordinary revenue collection to November 2022 was Ksh 786.5 billion against a target of Ksh 818.7 billion. This performance was Ksh 32.2 billion below the target
- 41 Ministerial A-i-A inclusive of the Railway Development Levy was Ksh 107.3 billion against a target of Ksh 94.3 billion recording a surplus of Ksh 13.1 billion reflecting timely reporting of Semi-Autonomous Government Agencies (SAGAs) A-i-A. Ministerial A-i-A revenue, recorded 19.0 percent growth for the period ending November 2022

Expenditure performance

- 42 Total expenditure and net lending for the period ending November 2022 was Ksh 1,096.6 billion which was below the projected amount of Ksh 1,183.7 billion by Ksh 87.1 billion. Recurrent spending amounted to Ksh 825.6 billion, development expenditure was Ksh 149.0 billion while transfer to County Governments was Ksh 122.1 billion.
- 43 Recurrent spending was below the projected target by Ksh 18.8 billion mainly on account of lower than targeted expenditure on pensions and other CFS and domestic interest. Development expenditure was below target by Ksh 26.0 billion on account of below target disbursements to both domestic and foreign financed programmes by Ksh 14.3 billion and Ksh 11.6 billion respectively.
- 44 Fiscal operations of the Government by end of November 2022 resulted in an overall deficit including grants of Ksh 199.5 billion against a projected deficit of Ksh 268.2 billion. This deficit was financed through net domestic borrowing of Ksh 180.7 billion and net foreign financing of Ksh 39.0 billion.

Fiscal Policy

- 45 The fiscal policy stance over the medium term aims at supporting the economic recovery agenda of the Government through a growth friendly fiscal consolidation plan designed to slowing the annual growth in public debt and implementing an effective liability management strategy, without compromising service delivery to citizens. This is expected to boost the country's debt sustainability position and ensure that Kenya's development agenda honours the principle of inter-generational equity.
- 46 The fiscal policy also indicates a deliberate convergence path towards the fiscal targets under the East African Community Monetary Union Protocol that sets a ceiling of fiscal deficit including grants of 3.0 percent of GDP and deficit excluding grants of 6.0 percent of GDP.
- 47 The fiscal policy will target to grow tax revenues above 17.8 percent of GDP in the FY 2023/24 and above 18.0 percent of GDP over the medium term. As part of the economic turnaround plan, the Government will scale up revenue collection efforts by the Kenya Revenue Authority (KRA) to Ksh 3.0 trillion in the FY 2023/24 and Ksh 4.0 trillion over the medium term.

2.2 County Economic and Fiscal Overview

2.2.1 County Economic Overview

- 49 Livestock keeping is the mainstay of Isiolo County economy. About 80 percent of the inhabitants derive their livelihood from livestock enterprise. The livestock production employs about 70 percent of the rural labour force. The County is endowed with enormous livestock resources. The estimated livestock population is 198,424 heads of cattle, 398,903 goats, 361,836 sheep and 39,084 camels (2009 census). The main drawbacks to the improvement of the livestock production include: poor governance of the rangelands largely due to the absence of an appropriate legal framework of land tenure, livestock diseases, frequent droughts and sometimes flooding, lack of an organized market for livestock and livestock products, and inappropriate and inadequate systems of social and financial service provision.
- 50 The optimal operationalization of Isiolo International Airport, completion of both LAPSET Project and Isiolo resort city is expected to stimulate rapid economic growth. These projects will turn Isiolo county and its environs into a major tourist destination and a Regional Economic Hub. It will open the northern frontier, thereby attracting both domestic and foreign investments. The completion of Isiolo abattoir will also improve the livelihoods of Isiolo people through improvement of livestock market.

2.2.2 County Fiscal Overview

- 51 The revised Approved Budget under supplementary I for the Financial Year 2022/23 amounts to **Kshs.6,460,705,128** with **Kshs.4,142,009,517** (64.1 percent) allocated for Recurrent Expenditure and **Kshs.2,318,695,611** (35.9 percent) for Development Expenditure.

2.2.2.1 County Revenue Analysis

- 52 To be able to finance the budget for the Financial Year 2022/23, the County Government is expected to receive total revenue of **Kshs.6,460,705,128** whose breakdown is as shown in the table 2 below.

Table 2: 2022/23 Supplementary 1 Expected Revenue

REVENUE	Budget Estimate 2022/23	2022/23 Supplementary Budget estimate	%
EXTERNAL REVENUE ESTIMATES			
EQUITABLE SHARE	4,710,388,265	4,710,388,265	72.91%
General Provisions (Equitable Share)	4,710,388,265	4,710,388,265	72.91%
CONDITIONAL ALLOCATIONS FROM NATIONAL GOVERNMENT	90,800,000	102,000,000	1.58%
Supplement for Construction of County Headquarters	90,800,000	102,000,000	1.58%
CONDITIONAL ALLOCATIONS FROM DEVELOPMENT PARTNERS	518,635,657	401,955,171	6.22%
Current Grants from Foreign Governments Danida	8,937,800	13,642,875	0.21%
Climate Smart Agricultural Project world bank	330,699,130	259,805,034	4.02%
Financing Locally led climate action world bank	125,000,000	22,000,000	0.34%
World bank – emergencylocust response	44,469,550	84,469,550	1.31%
Sweden Agricultural Sector Development Support Programme (ASDSP)	9,529,177	19,697,797	0.30%
Isiolo County KUSP Account UIG world bank		1,145,356	0.02%
Isiolo County KUSP Account UDGworld bank		1,194,559	0.02%
Balanceb/f		1,065,959,923	16.50%
CBK County Revenue Fund 1000171715		552,945,479	8.56%
CBK Isiolo County Health Services 1000270721		22,329,360	0.35%
CBK Isiolo County Fuel Levy 1000293427		11,424	0.00%
CBK Isiolo County Village Poly Proj 1000369377		10,000	0.00%
CBK Isiolo County Kenya Climate Smart Agr 1000371315		270,674,583	4.19%
CBK Isiolo County Urban Development 1000392266		65,320,119	1.01%
CBK Isiolo County Urban Institutional 1000392274		255,182	0.00%
CBK Isiolo County Livestock Support 1000392298		243,151	0.00%
Isiolo County KDSP Account 1000426845		120,482,795	1.86%
Isiolo County Emergency Locust Re Account 1000580615		28,903,581	0.45%
Isiolo County Primary Health Care 1000580607 danida		4,784,248	0.07%
Sub - Total			0.00%
GROSS COUNTY EXTERNAL REVENUE ESTIMATES	5,319,823,922	6,280,303,359	97.21%
GROSS COUNTY OWN SOURCE REVENUE ESTIMATES	113,686,337	180,401,768	2.79%
GROSS COUNTY REVENUE ESTIMATES	5,433,510,259	6,460,705,128	100.00%

53 The total revised budget under supplementary 1 revenue estimate for fiscal year 2022/23 is Kshs. 6,460,705,128 that includes Kshs. 180,401,768 from local revenue sources, Kshs. 4,710,388,265 from equitable share, Kshs. 102,000,000 from additional Conditional Allocations from the National Government (supplement for construction of county head quarters), and Kshs. 401,955,171 from Conditional Allocation from development partners from loans and grants to County Government (includes Ksh 13,642,875 from Danida, Ksh. 259,805,034 for climate Smart Agriculture Project, Ksh. 22,000,000 from

Financing Locally led climate action, Ksh. 84,469,550 from World Bank-emergency locust response and Ksh 19,697,797 from ASDSP. The balance from financial year 2021/22 was Ksh. 1,065,959,923.

Revenue Received from exchequer as at 31st December 2022

54 In the first half of financial year 2022/23, the County had receipts of Ksh. 2,701,674,697 comprising of Ksh. 1,554,428,128 from the equitable share, Ksh. 81,286,646 local revenue and a balance brought forward of Kshs. 1,065,959,923 from financial year 2021/22. The table below provides a summary of the revenues received from the National Government and balances brought forward during the first half of the financial year 2022/23.

Table 3: Direct Transfers from National Government

REVENUE	Approved Estimates for FY 2022/2023	Approved Supplementary 1 for FY 2022/23	Actual Cumulative receipts
EQUITABLE SHARE	4,710,388,265	4,710,388,265	1,554,428,128
General Provisions (Equitable Share)	4,710,388,265	4,710,388,265	1,554,428,128
CONDITIONAL ALLOCATIONS FROM NATIONAL GOVERNMENT	90,800,000	102,000,000	-
Supplement for Construction of County Headquarters	90,800,000	102,000,000	-
CONDITIONAL ALLOCATIONS FROM DEVELOPMENT PARTNERS	518,635,657	401,955,171	-
Current Grants from Foreign Governments Danida	8,937,800	13,642,875	-
Climate Smart Agricultural Project world bank	330,699,130	259,805,034	-
Financing Locally led climate action world bank	125,000,000	22,000,000	-
World bank – emergency locust response	44,469,550	84,469,550	-
Sweden Agricultural Sector Development Support Programme (ASDSP)	9,529,177	19,697,797	-
Isiolo County KUSP Account UIG world bank		1,145,356	-
Isiolo County KUSP Account UDG world bank		1,194,559	-
Balanceb/f		1,065,959,923	1,065,959,923
CBK County Revenue Fund 1000171715		552,945,479	552,945,479
CBK Isiolo County Health Services 1000270721		22,329,360	22,329,360
CBK Isiolo County Fuel Levy 1000293427		11,424	11,424
CBK Isiolo County Village Poly Proj 1000369377		10,000	10,000
CBK Isiolo County Kenya Climate Smart Agr 1000371315		270,674,583	270,674,583
CBK Isiolo County Urban Development 1000392266		65,320,119	65,320,119
CBK Isiolo County Urban Institutional 1000392274		255,182	255,182
CBK Isiolo County Livestock Support 1000392298		243,151	243,151
Isiolo County KDSP Account 1000426845		120,482,795	120,482,795
Isiolo County Emergency Locust Re Account 1000580615		28,903,581	28,903,581
Isiolo County Primary Health Care 1000580607 danida		4,784,248	4,784,248
Sub - Total			
GROSS COUNTY EXTERNAL REVENUE ESTIMATES	5,319,823,922	6,280,303,359	2,620,388,051
COUNTY OWN SOURCE REVENUE ESTIMATES	113,686,337	180,401,768	81,286,646
GROSS COUNTY REVENUE ESTIMATES	5,433,510,259	6,460,705,128	2,701,674,697

Source: County Treasury

Internal Revenue

55 In the first half of financial year 2022/23, the County collected Ksh. 81,286,646.7 out of a half year revised target of Ksh. 90,200,884. This represents a revenue shortfall of 10% of the revised target. The largest revenue contributor was Game fees i.e Ksh 74,888,373 –this represents 83% of the total revenue collection for the first half of FY 2022/23.

56 The table below provides a summary of the revenues received from the various streams during the first half of the financial year 2022/23 against their set targets.

Table 4: Local Revenue Collection Performance in the First half year of FY 2022/23

REVENUE SOURCE	Approved Target	Revised Target-Supplementary 1	Actual Receipt	Percentage of half year revised target
Plot application/Transfer/Sub Division	868,000	868,000	411,400	47%
LAND RENTS	-	-	-	-
Land Rent/Rates – current	3,597,538	3,597,538	1,296,940	36%
Penalties Rent/Rates	750,000	750,000	59,522	8%
Land Rent/Rates – Arreas	2,788,000	2,788,000	3,010,224	108%
CESSSES	-	-	-	-
Livestock Auction	2,094,497	2,094,497	917,590	44%
Sand Cess	7,100,000	7,100,000	840,000	12%
Barter/Murram/Audit/fire charge/hide skin	1,618,776	1,618,776	32,100	2%
OTHER MISCELLANIOUS RECIEPT	-	-	-	-
Miraa export/cess	2,009,078	2,009,078	1,623,450	81%
S.B.P fees	3,278,401	3,278,401	1,195,020	36%
Promotion, Advertisement/branding/Miscellenious	475,000	475,000	-	0%
Liquor liscence	1,900,000	1,900,000	-	0%
Public works/other charges	600,000	600,000	-	0%
Stand Premium	642,768	642,768	36,000	6%
Consent and clearance, Transfer	2,152,998	2,152,998	58,000	3%
Lease extension, survey	627,000	627,000	-	0%
Livestock Veterinary/meat inspection	798,000	798,000	245,000	31%
Weight and Measures	375,000	375,000	9,900	3%
Public Inspection - Public Health	-	-	-	-
Tractor Hire/tourism bus	549,946	549,946	-	0%
Agriculture Training Centre	440,000	440,000	-	0%
PARK REVENUE	-	-	-	-
Game entrance/Royalties	17,065,065	51,422,781	67,484,560	131%
MARKET/TRADE CENTRE	-	-	-	-
Market Stalks/Fee and Produce	715,223	715,223	691,800	97%
VEHICLE PARKING	-	-	-	-
Street parking fees	3,740,000	2,740,000	1,913,066	70%
HEALTH FACILITIES OPERATION ROOM	-	-	-	-
Hospital cost sharing	786,893	786,893	869,055	110%
SLAUGHTER HOUSE	-	-	-	-
Slaughter fees	1,256,788	1,256,788	559,020	44%
TECHNICAL SERVICE	-	-	-	-
Building plan approval/bill and sign board	614,201	614,201	34,000	6%
TOTAL	56,843,168	90,200,884	81,286,647	90%

Source: County Treasury, 2023

Analysis of performance of local revenue in the first half of FY 2013/14 to first half of FY 2022/23 (in Ksh. Millions)

Table 5: Half year OSR performance FY 2013/14 to FY 2022/23

Revenue Source	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Target	180	180	180	125	91	75	78	56	56	90
Actual	73	79	60	58	54	87	96	21	51	81

HALF YEAR OWN SOURCE REVENUE PERFORMANCE FROM FY 2013/14 TO FY 2022/23

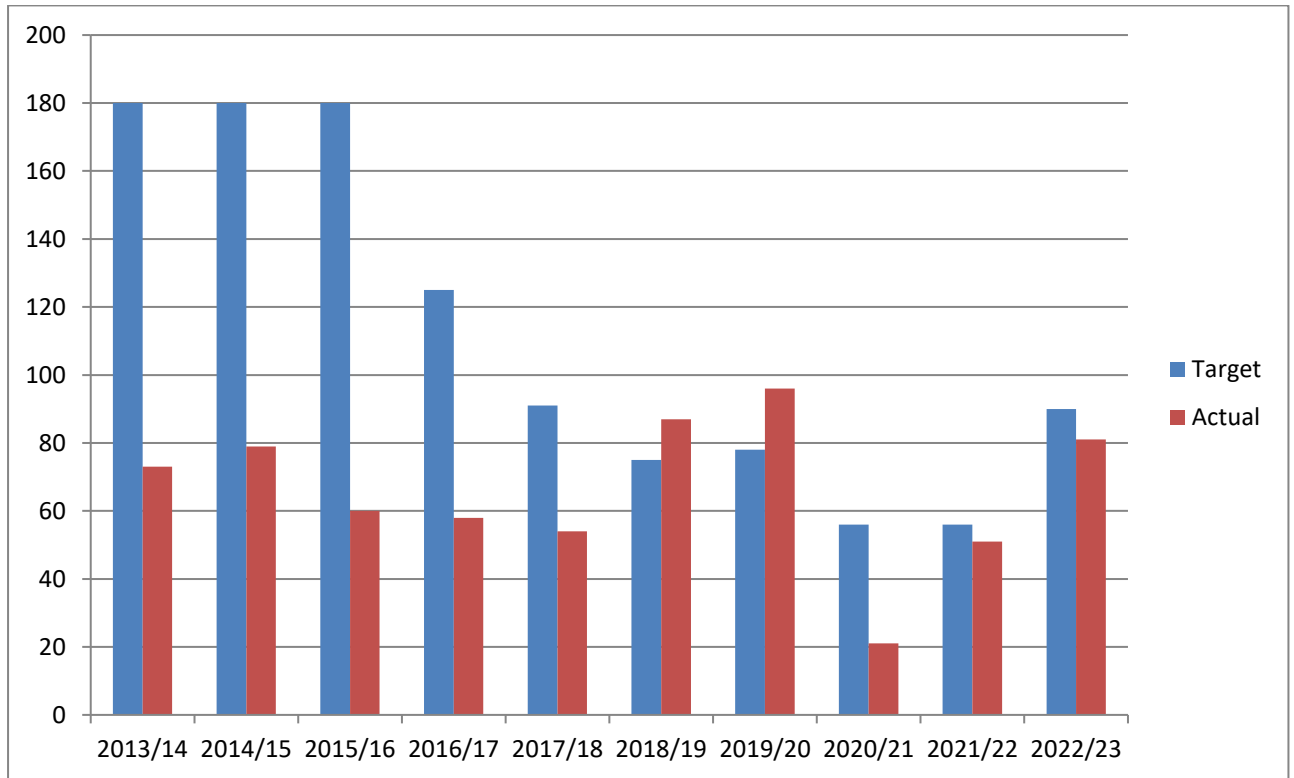


Figure 1: Half Year Local Revenue Performance from FY 2013/14 to FY 2022/23

57 The table below shows a detailed half year performance of local revenue per revenue stream for the FY 2021/22 and 2022/23.

Table 6: Comparison of Local Revenue Collection Performance for the First half of FY 2021/22 and 2022/23

REVENUE SOURCE	ACTUAL RECEIPTS IN THE FIRST HALF OF 2021/22(KSH.)	ACTUAL RECEIPTS IN THE FIRST HALF OF 2022/23 (KSH.)	DEVIATION
Plot application/Transfer/Sub Division	676,500	411,400	(265,100)
LAND RENTS	-	-	-
Land Rent/Rates – current	1,206,589	1,296,940	90,351
Penalties Rent/Rates	39,088	59,522	20,434
Land Rent/Rates –Arrears	3,069,447	3,010,224	(59,223)
CESSES	-	-	-
Livestock Auction	1,859,855	917,590	(942,265)
Sand Cess	2,176,000	840,000	(1,336,000)
Barter/Murram/Audit/fire charge/hide skin	143,450	32,100	(111,350)
OTHER MISCELLANIOUS RECIEPT	-	-	-
Miraa export/cess	2,440,050	1,623,450	(816,600)
S.B.P fees	1,118,355	1,195,020	76,665
Promotion, Advertisement/branding/Miscellaneous	-	-	-
Liquor licence	-	-	-
Public works/other charges	-	-	-
Stand Premium	190,000	36,000	(154,000)
Consent and clearance, Transfer	-	58,000	58,000
Lease extension, survey	268,475	-	(268,475)
Livestock Vertinary/meat inspection	27,100	245,000	217,900
Weight and Measures	131,775	9,900	(121,875)
Public Inspection - Public Health	-	-	-
Tractor Hire/tourism bus	-	-	-
Agriculture Training Centre	-	-	-
PARK REVENUE	30,198,925	-	(30,198,925)
Game entrance/Royalties	-	67,484,560	67,484,560
MARKET/TRADE CENTRE	1,078,800	-	(1,078,800)
Market Stalks/Fee and Produce	-	691,800	691,800
VEHICLE PARKING	2,514,534	-	(2,514,534)
Street parking fees	-	1,913,066	1,913,066
HEALTH FACILITIES OPERATION ROOM	3,527,730	-	(3,527,730)
Hospital cost sharing	-	869,055	869,055
SLAUGHTER HOUSE	788,940	-	(788,940)
Slaughter fees	-	559,020	559,020
TECHNICAL SERVICE	14,800	-	(14,800)
Building plan approval/bill and sign board	-	34,000	34,000
TOTAL	51,470,413	81,286,647	29,816,234

Source: County Treasury, 2023

2.2.3 County Expenditure Analysis

58 The County spent a total of Ksh. **1,682,308,793** during the first half of financial

year 2022/23 against a revised annual approved budget of Ksh. **6,460,705,128** which represents an absorption rate of 26% percent of the total budget and a 10 percent increase from the performance in a similar period in FY 2021/22. The total expenditure in a similar period in FY 2021/22 was Ksh. 1,528,485,053.

- 59 A total of Ksh. **1,519,304,515** was spent on recurrent activities in the first half of financial year 2022/23. The recurrent expenditure for the period under review represented 37 percent of the approved supplementary 1 recurrent budget, and an increase of 35% compared to a similar period in financial year 2021/22.
- 60 A total of Ksh. 163,004,278 was spent on development activities in the first half of Financial Year 2022/23. This represents an absorption rate of 7% of the total revised development budget. This is a decrease of 60% from the amount spent in a similar period in financial year 2021/22. (i.e. development expenditure in the first half of FY 2021/22 was Ksh. 406,649,572)

2.2.3.1 Recurrent Expenditure Analysis

- 61 The total recurrent expenditure during the review period (first half of the financial year 2022/23 was Ksh. 1,682,308,793 against a half year recurrent budget of Ksh. 2,071,004,758.5 representing an absorption rate of 73% percent. The county absorbed 37% of the annual revised recurrent budget and this reflected an under absorption of 29% in the first half of the FY 2022/23 caused by delays in procurement of goods and services and release of funds by the exchequer. The table below provides the analysis of recurrent expenditure and budget absorption rate by sectors.

Table 7: Departmental Recurrent Expenditure Analysis for the first half of the FY 2022/23

Department	Approved Recurrent Budget for FY 2022/23	Approved Recurrent Budget for half Year FY 2022/23	Revised Budget (Supp 1) FY 2022/23	Half Year Revised Budget (Supp 1) FY 2022/23	Half Year Actual Recurrent Expenditure for FY 2022/23	Absorption Rate (%)
County assembly	448,252,680	224,126,340	448,252,680	224,126,340	149,406,357	67%
Office of the Governor	290,040,316	145,020,158	327,073,316	163,536,658	149,724,620	92%
County Public Service Board	70,639,215	35,319,608	68,800,000	34,400,000	30,914,075	90%
Deputy Governor	24,000,000	12,000,000	24,900,000	12,450,000	11,500,839	92%
County Secretary	44,692,234	22,346,117	51,292,234	25,646,117	26,256,778	102%
Administration and PSM	187,747,839	93,873,920	248,796,618	124,398,309	41,810,951	34%
Delivery Unit	22,204,882	11,102,441	20,050,207	10,025,104	14,017,849	140%
Cohesion, Intergovernmental Relations, Aid coordination, Disaster Management	35,992,850	17,996,425	33,072,640	16,536,320	19,762,176	120%

Department	Approved Recurrent Budget for FY 2022/23	Approved Recurrent Budget for half Year FY 2022/23	Revised Budget (Supp 1) FY 2022/23	Half Year Revised Budget (Supp 1) FY 2022/23	Half Year Actual Recurrent Expenditure for FY 2022/23	Absorption Rate (%)
Finance and Economic Planning	166,127,379	83,063,690	475,802,507	237,901,254	65,726,466	28%
Special Programmes and ICT	41,663,959	20,831,980	191,466,920	95,733,460	17,324,691	18%
Economic Planning	63,736,173	31,868,087	72,926,773	36,463,387	30,231,410	83%
Lands and Physical Planning	23,873,199	11,936,600	26,630,000	13,315,000	6,398,000	48%
Roads and Infrastructure	16,016,000	8,008,000	16,566,000	8,283,000	5,961,387	72%
Public Works and Housing	22,751,268	11,375,634	21,432,868	10,716,434	22,245	0%
Municipal Administration	57,410,772	28,705,386	66,411,310	33,205,655	15,931,044	48%
Agriculture	55,013,358	27,506,679	55,859,377	27,929,689	2,357,182	8%
Livestock, Veterinary and Fisheries	113,437,775	56,718,888	125,807,775	62,903,888	6,746,650	11%
Education and Vocational Training	228,898,884	114,449,442	229,898,884	114,949,442	22,264,963	19%
Youth and Sports	22,331,991	11,165,996	23,651,991	11,825,996	2,425,200	21%
Culture and Social Services	20,884,319	10,442,160	19,104,319	9,552,160	5,360,000	56%
Tourism and Wildlife Management	139,781,330	69,890,665	136,281,330	68,140,665	79,414,982	117%
Trade, Industries, Cooperatives	25,106,543	12,553,272	26,176,387	13,088,194	4,518,082	35%
Water and Irrigation	56,377,162	28,188,581	61,277,162	30,638,581	21,122,288	69%
Environment and Natural Resources	23,381,772	11,690,886	22,706,772	11,353,386	8,230,358	72%
Health Services	1,302,960,235	651,480,118	1,347,771,447	673,885,724	781,875,922	116%
TOTAL	3,503,322,135	1,751,661,068	4,142,009,517	2,071,004,759	1,519,304,515	73%

Source: County Treasury, 2023

2.2.3.2 Development Expenditure Analysis

62 The total development expenditure during the review period (first half of the financial year 2022/23) was Ksh.163,004,278 against a full year budget of Ksh.2,318,695,611 representing an annual absorption rate of 7 percent and 14% of the projected half year budget. The expenditure is caused by delays in procurement of development projects and releases of funds by the exchequers. The table below provides the analysis of development expenditure during the first half of the financial year 2022/23.

Table 8: Departmental Development Expenditure Analysis for the first half of the FY 2022/23

Department	Approved Development Budget for FY 2022/23	Approved Development Budget for half year of FY 2022/23	Revised Development Budget for FY 2022/23 (Supplementary 1)	Half Year Revised Development Budget (Supp 1) FY 2022/23	Half Year Actual Development Expenditure for FY 2022/23	Absorption rate
County Assembly services	188,000,000	94,000,000	219,000,000	109,500,000	21,710,500	20%
Office of governor	-	-	-	-	-	
CPSB	-	-	-	-	-	
Deputy governor	-	-	-	-	-	
County Secretary	-	-	-	-	-	
Delivery unit	-	-	-	-	-	
Finance	90,800,000	45,400,000	387,118,179	193,559,089	-	0%
Special program	110,000,000	55,000,000	110,000,000	55,000,000	82,500,000	150%
Cohesion	10,000,000	5,000,000	-	-	-	
Planning	10,000,000	5,000,000	10,000,000	5,000,000	-	0%
lands	62,400,000	31,200,000	39,000,000	19,500,000	-	0%
Roads	165,500,056	82,750,028	111,011,424	55,505,712	-	0%
public works	7,000,000	3,500,000	-	-	-	
Municipality	165,036,430	82,518,215	155,551,108	77,775,554	47,581,778	61%
Agriculture	431,117,147	215,558,574	879,936,385	439,968,192	-	0%
Livestock	42,544,000	21,272,000	15,193,151	7,596,576	-	0%
Education	37,965,185	18,982,593	17,375,185	8,687,593	-	0%
Youth & Sport	57,999,944	28,999,972	37,999,944	18,999,972	11,212,000	59%
Culture and social services	24,242,945	12,121,473	7,996,047	3,998,024	-	0%
Tourism and Wildlife	20,000,000	10,000,000	12,000,000	6,000,000	-	0%
Trade	17,590,347	8,795,174	-	-	-	
Public Services	4,000,000	2,000,000	-	-	-	
Administration	20,000,000	10,000,000	7,000,000	3,500,000	-	0%
Water and Sanitation	127,791,804	63,895,902	116,491,804	58,245,902	-	0%
Environment	150,806,983	75,403,492	47,806,983	23,903,492	-	0%
Health Services	187,393,283	93,696,642	145,215,400	72,607,700	-	0%
Total	1,930,188,124	965,094,062	2,318,695,611	1,159,347,805	163,004,278	14%

Source: County Treasury, 2023

- 63 Going forward the county needs to first track the implementation of the budget especially Development Projects by:
- i. Carrying out prefeasibility studies of projects, acquisition of sites, having approved Bill of quantities and any other things that may delay the project implementation.
 - ii. Establishment of project implementation committees
 - iii. Seeking technical expertise aid from other government agencies

CHAPTER THREE FORWARD ECONOMIC AND FISCAL DEVELOPMENTS

Economic Outlook

64 The global economic outlook remains highly uncertain with growth projected to slowdown from 3.2 percent in 2022 to 2.7 percent in 2023. This projected growth in 2023 was revised downwards from the initial projection of 2.9 percent largely reflecting a slowdown in advanced economies despite a gradual pick up in the emerging market and developing economies.

National Forward Economic and Fiscal Development

65 Domestically, the economy continued to expand, albeit at a slower pace than the 7.5 percent recorded in 2021. Real GDP grew by 5.5 percent in the first three quarters of 2022 (6.7 percent in quarter one, 5.2 percent in quarter two and 4.7 percent in quarter three) supported by the ongoing recovery in the services sector, driven by accommodation and food services, wholesale and retail trade, finance and insurance, education and transport and storage.

66 The economy is expected to grow by 5.5 percent in 2022 and recover in 2023 to 6.1 percent and maintain that momentum over the medium-term (in terms of fiscal years the economic growth is projected at 5.8 percent in the FY 2022/23 and 6.1 percent in the FY 2023/24). This growth will be supported by a broad-based private sector growth, including recoveries in agriculture while the public sector consolidates. From an expenditure perspective, private consumption is expected to support aggregate demand, supported by the ongoing labour market recovery, improved consumer confidence, and resilient remittances.

67 The growth outlook will be reinforced by the Government's development agenda geared towards economic turnaround and inclusive growth. Special focus will be placed on increased employment, more equitable distribution of income, social security while also expanding the tax revenue base, and increased foreign exchange earnings. The economic turnaround programme will seek to increase investments in at least five sectors envisaged to have the biggest impact on the economy as well as on household welfare. These include Agriculture; Micro, Small and Medium Enterprise (MSME); Housing and Settlement; Healthcare; and Digital Superhighway and Creative Industry.

68 In furtherance of the agenda on inclusive growth and innovation in Micro, Small, and Medium Enterprises (MSMEs), the Government has launched the Hustlers Fund, as an intervention to correct market failure problems at the bottom of the pyramid. This program aims to lift those at the bottom of the pyramid through structured products in personnel finance that includes savings, credit, insurance and investment. To address the adverse impact of the ongoing drought, the Government in partnership with the Development Partners and the private sector under the auspices of the National Steering Committee on Drought Response has provided response to affected persons, regions and communities. The Committee will work with both the National and County Governments in strengthening the national capacity for resilient recovery to protect development gains from

recurrent drought.

3.3 County Forward Economic and Fiscal Development

- 69 Broad strategic priorities and policy are specified in the CFSP that will guide the County Government in the preparation of the budget for FY 2023/24 and over the medium term. The County Government will ensure that it continues to work with the National Government, development partners and other counties in addressing development challenges facing residents of Isiolo County.
- 70 The County government will implement policies set out in CIDP II over the medium term with a focus on priority programmes identified in public participation forums with a view of securing socio- economic development. The County will focus on resource mobilization through grants and development partners to support development agenda across all sectors over the medium term. Revenue collection will be heightened by ensuring there are sufficient legislations to guide revenue collection, ensure there are no loopholes, improved enforcement and compliance and full integration of revenue collection.

3.3.1 County Fiscal Overview

3.3.1.1 County Revenue Analysis

- 71 The County Government is expected to receive total revenue of Ksh.5,333,489,886 in the financial year 2023/2024. Whose breakdown is as follows:
- i. Equitable share Ksh.4,899,041,209
 - ii. Transfer for Library Service Ksh.7,025,011
 - iii. Financing Locally Led Climate Action(FLLoCA) Ksh.136,000,000
 - iv. UNFPA Ksh.12,476,986
 - v. Local Revenue is however projected at Ksh.271,208,180

The table below provides a summary of the revenue projections.

Table 9: Summary of Revenue Projections for FY 2023/24

REVENUE BUDGET SOURCES	BUDGET ESTIMATES 2023/24	PERCENTAGE
EXTERNAL REVENUE ESTIMATES		
EQUITABLE SHARE	4,899,041,209	
General Provisions (Equitable Share)	4,899,041,209	91.85%
CONDITIONAL ALLOCATIONS FROM DEVELOPMENT PARTNERS & NAT. GOVT.	163,240,497	
Current Grants from Foreign Governments Danida	7,738,500	0.15%
Financing Locally Led Climate Action(FLLoCA)	136,000,000	2.55%
UNFPA	12,476,986	0.23%
Transfer for Library Service	7,025,011	0.13%
GROSS COUNTY EXTERNAL REVENUE ESTIMATES	5,062,281,706	
INTERNAL COUNTY OWN REVENUE ESTIMATES		
GROSS INTERNAL REVENUE ESTIMATES	271,208,180	5.09%
GROSS COUNTY REVENUE ESTIMATES	5,333,489,886	

Source: Budget Policy Statement, 2023

CHAPTER FOUR STRATEGIC PRIORITIES AND INTERVENTIONS

4.1 Overview

Over the Medium-Term the County government is targeting supporting growth in the following priority areas.

4.1.1 Livestock Management and Crop Productivity

- 72 Low agricultural and livestock productivity, post-harvest losses, value addition, access to markets and financial intermediation and inclusion. Low agricultural productivity arises from inadequate extension services, high reliance of rain fed agriculture, poor quality farm inputs such as seeds and fertilizers, crop and livestock pest diseases and poor farming methods and wildlife destruction. High post-harvest losses are experienced within the county because of poor storage methods, lack of storage facilities and inadequate knowledge on post-harvest management. Poor market linkages and inadequate market information has led to exploitation of farmers by intermediaries hence fetching low prices for produce.
- 73 The government intends to invest in the following as a means of mitigating the challenges above: Scale-up of appropriate climate resilient technologies and best practices [Soil & water conservation; Rainwater harvesting systems for dry land agriculture, Scale-up adoption of value chain-linked farm pond systems, etc, Scale-up integration of Nutrition-sensitive production, Promote market-linked micro-Irrigation agriculture, Technologies & Best practices on Post-harvest loss management, Agribusiness opportunities for Youth, Women & PLWD, Support livestock value chains including poultry production, Bee keeping, Pasture production (Fodder banks & seed Bulking), Scale-up of village group saving schemes and Micro-finance, Entrepreneurship / Agribusiness Training, Financial literacy skills, etc., Promote agribusiness and Value addition along selected value chains (e.g. camel milk) – youth & women and the Support for innovations for livelihood diversification through but not limited to Income Generation Activities (IGAs).
- 74 The above interventions are aimed at strengthening the economic base of Isiolo residents thereby enhancing community resilience and sustainably ensure that different households and communities meet their production related infrastructural needs, gain knowledge.
- 75 The interventions also provide strengthen capacity of all value chain actors – farmers and traders in the various value chain enterprises. Supporting of viable agricultural enterprises targeting youth is geared towards strengthening their resilience. Programme design of the various interventions and programmes therefore takes into account issues of building capacity among households with special interest vested on youth and women to facilitate their transitioning into viable commercial entities. All ensuing programmes from the above interventions will strengthen the capacity of Project Management Committees (PMCs).

4.1.2 Water Resource Management

- 76 The access to water and its basis for food security and drinking remains the most pressing development need in Isiolo County. The major challenges within this thematic area include; long distance to water points, unavailability of water for domestic use and irrigation, land degradation, depletion of water towers, wetlands and catchment areas as well as water governance challenges. These challenges are mainly because of increase in stalling and incompleteness of water projects, poor rains, inadequate water sources, inadequate distribution of the available water, and siltation of earth dams, poor management of water sources, environmental degradation and climate change.
- 77 To address the water challenges, the county intends to invest in water harvesting across the rivers, repair and restore all broken, stalled and incomplete water projects, finalization of draft water policy to guide on household water harvesting and water governance. The County will conduct prefeasibility studies and design dams, which will be designed to be cross-ward/ sub ward. Moreover, the Government will expand the county water coverage initiative, with a target to increase availability, and access to safe water for communities. This will be done through; Construction of 2 medium sized sand dams, drilling 10 new boreholes and promotion of rainwater harvesting at HH and institutions in the medium term.
- 78 Environmental conservation and forestation programme will also be key to ensure water sources and catchment areas are protected. Further, climate smart initiatives shall be integrated in all development initiatives. Water resource management and governance programme will ensure sustainability of water projects and effective management.

4.1.3 Health services

- 79 The County has a poorly distributed health facility network with a number in rural areas that affects Access to Quality and Affordable Health Services. The service delivery is equally affected by shortage of technical staff, inadequate supply of medical equipment and medical supplies/commodities. Inadequate personnel, inadequate medical equipment and drugs in health facilities hamper access to quality health care. The sector prioritizes efforts to enhance the community health strategy to improve access to primary health care at the lowest level in the community. Efforts will be geared towards equipping existing facilities.
- 80 The budget for financial year 2023/24 will focus on reversing the rising burden of communicable and non-communicable conditions by minimizing the health risks through:
- I. Equipping, provision of drugs and medical equipment to all health care centres.
 - II. Rehabilitation, equipping and staffing of the existing health facilities
 - III. Strengthening health management information system; and
 - IV. Strengthening collaboration with private and other sectors that have an impact on health improvements

4.1.4 Early Childhood Development and Vocational Development

- 81 The devolved education function is ECDE and village polytechnics. The public

raised concerns about the quality of technical education in which most of the County Technical Training polytechnics are faced with low enrolment, inadequate equipment and learning tools, inadequate infrastructures as well as community apathy towards training at County polytechnic. The county government will invest in upgrading and restructuring the polytechnics to produce market competitive graduates. The communities raised issues on the quality of ECDE education and proposed interventions to address staffing, infrastructure and retention in ECDEs. The county government will continue to support needy students through scholarships.

4.1.5 Lands, Urban Planning and Development

- 82 This area is critical in enhancing the delivery of basic services to the population and organizes urban development. The challenges posed by poorly organized patterns of settlement in the urban and rural areas making service delivery costly. Further, the public identifies emerging challenging in the sector that includes poor town and market planning, weak implementation of town and market plans, inadequate supportive urban infrastructure poor solid and liquid waste management systems, inadequate time consuming land adjudication services and inadequate survey, mapping and land titles among farmers and land owners in urban areas.
- 83 To address the challenges the government intends to formulate favorable physical planning, housing and land resource land policies for efficient realization of orderly land use and urban development. This includes improving urban planning and infrastructure development, improving land information management (digitization of land registry and the increasing households with secure land tenure system through the following:
- 84 Integrating urban planning, infrastructure development and housing: the focus for intervention will be lighting, drainage, urban road developments, urban land planning and titling, solid and liquid waste management. Increasing urbanization has led to an increasing demand for low cost modern housing.
- 85 Enhancing Land survey, planning and titling: This will target urban land ownership, mapping and issuance of title deeds throughout the county. Land being a key factor of production, titling will provide an impetus to land development. The county will also target to improve slow land succession processes through collaboration with relevant national agencies to unlock land adjudication within the county.

4.1.6 Sports and Talent Development

- 86 In sports and talent development, the public identified limited participation in sporting activities due to poor and inadequate sporting activities. The public prioritized sporting funding at the community level to fully engage the idle youths in productive activities, develop talent and ultimately earn livelihood from sports. The county government will invest in nurturing talents; both performing sporting talents and infrastructure across the county to ensure communities earn livelihoods from their talents.

4.1.7 Youth empowerment

- 87 The youth aged between 18 – 35 years constitute a large proportion of the county

population. The main challenge facing the youth is high unemployment, limited access to economic opportunities and limited mentorship. Additionally, the youths are affected by high incidences of drug and substance abuse as well as increased engagement in criminal activities. The county government has prioritized youth empowerment programme, which will focus on.

- I. Enhancing technical training with market driven courses. This will include establishment of innovation hub at the training centres.
- II. Drug and substance awareness and rehabilitation programme.
- III. Mentorship programme targeting youths in and out of school on life issues as well as career wise; and
- IV. Mainstreaming youth empowerment across the sectoral intervention

4.1.8 Tourism Development and wildlife Conflict Management

- 88 The County has a huge potential in tourism since it is strategically endowed with both natural beauty and abundance of fauna and flora including species which are endemic to the region like Grey Zebra, reticulated giraffe, Somali ostrich, lesser kudu and Beisa Oryx. The County is also endowed with diverse and rich cultural heritage from various ethnic groups living within the County which if marketed has the potential to generate income and create jobs.
- 89 Some sections of the county have been experiencing increased trends of human – wildlife conflict due to the increased competition for limited resources. This has led to loss of livelihoods for farmers and households and in some extreme cases loss of lives from snakebites and being mauled by wild animals. The county government will collaborate with all agencies and jointly work with the communities to empower them to be part of the solution and not merely victims.

4.1.9 Social Protection

- 90 Under social protection, the public prioritized empowerment of the persons living with disability to access economic opportunities. Members of the public raised concerns about the cash transfer programmes targeting the elderly, OVCs and severely disabled persons being inadequate and poor targeting. Other notable issues included gender-based violence, child protection rights and PWD support. The sector will address the issues through:
- I. Mainstreaming disability issues within the main interventions across all sectors
 - II. Roll out a comprehensive Gender Based Violence Recovery mechanism that will encompass provision of legal services to victims of gender-based violence; raising awareness in the communities on effects of gender-based violence and sexual harassment. The intervention will include training.
 - III. Community members (development committees and community resource volunteers) on paralegal as well as establishment of safe houses for the victims of GBV as well as rehabilitation centers.
 - IV. Enhancing child protection rights through children advocacy forums at the ward level.

4.1.10 County Assembly

- 91 The County Assembly will continue to concentrate on development of The County Assembly Chamber.

4.2 CIDP Enablers 2023 - 2027

- 92 Enablers help to create facilitating environment and support systems for the attainment of desired outcomes out of the county programs and projects. The thematic area involves; road network and connectivity, market infrastructure, access to reliable energy, institutional development and knowledge management, effective citizen engagement and Information Technology Infrastructure.
- 93 Key development challenges facing our County include poor road infrastructure, low land owners, connectivity to electricity, limited green energy installation and consumption, low literacy levels of the communities including in management and sustainability of projects and usage of ICT, unclear means of government-citizen feedback and redress mechanism, inadequate access to information, low government services automation and integration.
- 94 To help address poor road infrastructure, the county will develop road network inventory and maintenance modalities to ensure that connectivity is seamless within the county. There is need for development a road network and maintenance policy to guide road network management. Urban Roads and storm water control Improvement. The government will continue to upgrade Isiolo municipal roads to paved standards. More investments will also be targeted at improving and develop Isiolo municipal drainage systems.
- 95 Limited government services automation and integration hamper service delivery and incapacitate the county in tracking, recording and reporting of county processes and finances. The county will now focus on financing finalization of ICT policy and a master plan to map out automation and integration requirements.
- 96 The County Government will leverage on the fibre optic connectivity to enhance access of ICT in the County. This will be in an effort to ensure proper systems automation and integration of County Government services.
- 97 As a means of enhancing staff capacity building at low cost and internal facilitation, the county will create modalities of creating a depository of information and means of structured staff training one another. The depository is to be expanded to include archiving of county processes and milestones that the county government has gone through since 2013. The depository will also be used in engaging the benchmarking visits from national and international delegations to apprise them of our processes and journey. The depository will later evolve to a county academy offering customized trainings of our processes and models especially those of participatory planning and budgeting, civic education and citizen engagement.
- 98 For the enhancement of access to information and strengthening of the people's sovereignty at the grassroots of the county and the support for elected development committees and project management committees. Further, the county government shall optimize the social halls to make them more available to communities and the governance structures as per the public participation policy.
- 99 As much as the county has instituted performance management, it is now needed

to evaluate the impact of the process and flag out issues for improvement. Wide public sector reforms also need to be focused on to improve service delivery. In addition to performance contracting, other public sector reforms for focusing by the county include instituting results based management, performance improvement programs, capacity building and business process re-engineering focusing on redesigning processes based on customer needs and global competitiveness for better service delivery and sustainable results.

CHAPTER FIVE FISCAL POLICY AND BUDGET FRAMEWORK

This section presents consolidated fiscal policies and framework for FY 2023/2024 and MTEF; and measures the County Government will take in budget allocation.

County Fiscal Policy

The policy aims at shifting more public resources from recurrent to development expenditure to promote sustainable and inclusive growth in the long run. Specifically, over the medium term, at least 30 percent of the budget shall be allocated to development expenditure.

Much emphasis will be put on efficiency and improving the productivity of expenditure while at the same time ensuring that adequate resources are available for operations, maintenance, and development. Expenditure will promote equitable development as well as making provisions for any marginalized groups in the County. Much emphasis is placed on prudent fiscal policy to reinforce County Government's commitment to responsible financial management practices as outlined in the Public Finance Management Act 2012.

The County government remains steadfast in implementing sound fiscal policies to create the necessary conditions for enhanced economic prosperity. The policies focus on critical development programmes in livestock management and crop productivity, water resource management, health services, ECDE and vocational development, roads and infrastructural development and tourism and cooperative development. In addition, the County is putting up strategies to improve revenue collection as well as consider external resource mobilization to finance development programmes as outlined in County Integrated Development Plan (CIDP) 2023-2027.

The County's fiscal policy for the FY 2023/24 budget and over the medium term aims at:

- i. Reducing recurrent expenditure to devote more to development;
- ii. Expanding investment inflows by encouraging private sector investments;
- iii. Ensuring a balanced budget is maintained;
- iv. Reforming expenditure management and revenue administration; and
- v. Productivity reforms of the public sector to improve value for money in service delivery.

5.2 County Fiscal Framework

Medium-Term Fiscal Framework is aims at stimulating sustainable socio-economic growth and development while achieving a balanced fiscal policy. The main objective is to support speedy investment and effective delivery of public goods and services in a sustainable manner. The overall budget deficit is expected to remain at zero in the short term. In the long term, however, efforts will be made to maintain the budget deficit at less than a figure approved by the County assembly of total expenditure to secure fiscal sustainability.

The fiscal policy will be achieved through the County Government's commitment in ensuring a strong revenue base. The measures to achieve this is already contained in the County Finance Act, 2015 and is in line with the best practices that will help improve compliance in payment, minimize delays, and strive towards the revenue potential of the County. Further, the County treasury will develop and implement initiatives that will rationalize existing tax incentives, expand the tax base and eliminate the possibility of revenue leakages.

5.2.1 Observing Fiscal Responsibility Principles

The County Government knows that the fiscal position it takes today will have implications in the future. Therefore, in line with the Constitution and the Public Finance Management (PFM) Act of 2012, the principle of sharing the burdens and benefits of the use of resources between the present and future generation implies that we must make prudent policy decisions.

The ratio of development to recurrent expenditure will be at least 30:70 over the medium term, as set out in the law. In order to address the risks associated with wage bill and other operational and expense crowding out development, the proportion will be managed in a manner that it should decrease or remain constant as the total expenditure increases. To ensure that the County Government get competitive rates for goods and services from its suppliers, payments shall be made on timely basis to nurture confidence and creditworthiness.

The County Government is also guided by Article 201 of the Constitution of Kenya that provides the public finance principles to be followed that include openness, accountability and public participation in financial matters. In this regard the County will involve the Public in developing priority programmes/projects for implementation. The County government shall also involve the various stakeholders in determining fees and levies for services offered which are expected to be fair with the overall goal being to promote equitable development of the County.

The County plans to raise its revenue through efficient collection methods, widening of revenue base, and applying reasonable revenue rates. It is therefore imperative to reform and modernize the revenue regimes to ensure stability of

revenue effort, while at the same time continuing to restructure expenditure systems to ensure efficiency and create fiscal space required to fund priority programmes on sustainable basis.

5.2.2 Fiscal and Public Financial Management Reforms

The County Government shall strengthen enforcement and restructure the organizational structure of finance department to enhance collection of revenues. Revenue automation will be applied to all key revenue collection points.

Reforms in policy, planning and budgeting will focus on strengthening data collection/analysis and reviewing budget procedures to ensure budget formulation process is appropriately integrated with planning.

The County Government will undertake several measures in improving revenue and expenditure performance. These include modernizing revenue administration infrastructure to ensure efficient and effective service delivery. The County will continue with expenditure management reforms to improve efficiency and reduce wastage in line with the PFM Act (2012) and embracing the Integrated Financial Management Information System (IFMIS).

To ensure full stakeholder participation, transparency and accountability, and adherence to the PFM Act on budget process, public consultation shall be ensured on all matters of planning and budgeting.

5.3 Budget Framework for 2023/24

The budget framework for financial year 2023/24 targets strategic priorities outlined in the ADP for financial year 2023/24 and CIDP 2023-2027. The County Government will continue to re-direct most of its expenditure from non-core recurrent items to finance development activities. During the medium term, the County Government will continue to diversify its revenue sources with great emphasis on developing new revenue streams. Public Private Partnerships (PPPs) will be encouraged in order to create fiscal space, which is important for development.

5.3.1 Revenue Forecasts

The total revenue projection estimate for the financial year 2023/24 is Ksh.5,333,489,886. This is in line with figures provided in the Budget Policy Statement (BPS). The figures will be amended once the County Allocation of Revenue Bill and the grants bill are enacted. Currently the county grants bill which was supposed to guide the distribution of grants for financial year 2023/24 amongst all counties has not yet been tabled to the Senate. This CFSP will be updated once we get the full information.

5.3.2 Expenditure Forecasts

To fully implement the expenditure forecast by sectors for the financial year 2023/24, the expenditure forecast for priority programmes in the financial year 2023/24 stands at **Ksh.5,333,489,886** comprising of a recurrent expenditure forecast of **Ksh.3,754,872,578** and development expenditure forecast of **Ksh.1,578,617,308**. Both recurrent and development expenditure forecasts over the medium term are presented in table 10 and 11 respectively.

The resources that the County will require to implement priority programmes in the Annual Development Plan, 2023/24 will be partly met through the Medium-Term Expenditure Framework (MTEF) budget. The projected revenue target for the Financial Year 2023/24 is **Ksh.5,333,489,886** against the total sector expenditure projections of **Ksh.5,333,489,886**.

Given that the County will be operating within a tight budgetary framework, full realization of the strategic objectives as outlined in the County Annual Development Plan, 2023/24 will largely depend on the goodwill of other development partners.

5.3.2.1 Recurrent Expenditure Forecasts

The table below provides the recurrent expenditure forecast by sectors over the medium term (Financial Year 2023/24 to Financial Year 2025/26).

Table 10: Departmental Recurrent Expenditure Forecast for FY 2023/24 to 2025/26

DEPARTMENT	FY 2022/23 SUPPLEMENTARY I ESTIMATES	FY 2022/23 SUPPLEMENTARY II ESTIMATES	FY 2023/24 RECURRENT PROJECTION	FY 2024/25 RECURRENT PROJECTION	FY 2025/26 RECURRENT PROJECTION
	RECURRENT	RECURRENT	RECURRENT	RECURRENT	RECURRENT
COUNTY ASSEMBLY	448,252,680	448,252,680	539,252,680	560,822,787.20	583,255,698.69
OFFICE OF GOVERNOR	327,073,316	344,842,083	202,030,306	210,111,518.24	218,515,978.97
COUNTY PUBLIC SERVICE BOARD	68,800,000	59,282,755	57,000,996	59,281,035.84	61,652,277.27
DEPUTY GOVERNOR	24,900,000	24,900,000	25,500,000	26,520,000.00	27,580,800.00
COUNTY SECRETARY	51,292,234	46,322,234	35,192,234	36,599,923.36	38,063,920.29
DELIVERY UNIT	20,050,207	16,900,583	15,050,207	15,652,215.28	16,278,303.89
COUNTY ATTORNEY			42,500,000	44,200,000.00	45,968,000.00
INTERGOVERNMENTAL			6,000,000	6,240,000.00	6,489,600.00
FINANCE	475,802,507	541,848,597	131,718,459	136,987,197.36	142,466,685.25
SPECIAL PROGRAMMES	191,466,920	372,237,996	125,100,000	130,104,000.00	135,308,160.00
COHESION	33,072,640	32,904,640	22,692,850	23,600,564.00	24,544,586.56
ECONOMIC PLANNING	72,926,773	69,429,453	53,946,773	56,104,643.92	58,348,829.68
REVENUE SERVICES			29,170,000	30,336,800.00	31,550,272.00
ICT AND INNOVATION			10,800,000	11,232,000.00	11,681,280.00
LANDS AND PHYSICAL PLANNING	26,630,000	20,235,000	20,703,060	21,531,182.40	22,392,429.70
ROADS AND INFRASTRUCTURE	16,566,000	13,952,120	13,776,000	14,327,040.00	14,900,121.60
PUBLIC WORKS	21,432,868	19,805,068	11,172,868	11,619,782.72	12,084,574.03
HOUSING AND URBAN DEVELOPMENT			3,000,000	3,120,000.00	3,244,800.00
MUNICIPAL ADMINISTRATION	66,411,310	65,678,869	47,811,310	49,723,762.40	51,712,712.90
AGRICULTURE & IRRIGATION	55,859,377	54,009,377	53,859,377	56,013,752.08	58,254,302.16
LIVESTOCK,VETERINARY	125,807,775	136,112,775	111,543,535	116,005,276.40	120,645,487.46
FISHERY DEVELOPMENT			7,544,240	7,846,009.60	8,159,849.98
EDUCATION AND CDE	229,898,884	242,791,884	164,963,884	171,562,439.36	178,424,936.93
YOUTH AND SPORTS	23,651,991	22,256,827	19,023,991	19,784,950.64	20,576,348.67
CULTURE,GENDER AND SOCIAL SERVICES	19,104,319	17,958,319	23,297,264	24,229,154.56	25,198,320.74
VOCATIONAL TRAINING			4,000,000	4,160,000.00	4,326,400.00
TOURISM AND WILDLIFE	136,281,330	143,076,830	91,781,330	95,452,583.20	99,270,686.53
TRADE AND INVESTMENT	26,176,387	24,666,387	10,264,387	10,674,962.48	11,101,960.98
MSME & COOPERATIVES			8,700,000	9,048,000.00	9,409,920.00
PUBLIC SERVICE MANAGEMENT	238,896,003	182,293,163	379,222,350	394,391,244.00	410,166,893.76

DEPARTMENT	FY 2022/23 SUPPLEMENTARY I ESTIMATES	FY 2022/23 SUPPLEMENTARY II ESTIMATES	FY 2023/24 RECURRENT PROJECTION	FY 2024/25 RECURRENT PROJECTION	FY 2025/26 RECURRENT PROJECTION
	RECURRENT	RECURRENT	RECURRENT	RECURRENT	RECURRENT
DEVOLVED UNITS	9,900,615	9,600,615	30,020,000	31,220,800.00	32,469,632.00
CIVIC EDUCATION&PUBLIC PARTICIPATION			10,053,000	10,455,120.00	10,873,324.80
WATER AND SANITATION	61,277,162	59,719,387	47,110,893	48,995,328.72	50,955,141.87
ENVIRONMENT AND CCA	22,706,772	23,457,030	24,881,772	25,877,042.88	26,912,124.60
MINING AND NATURAL RESOURCES			3,300,000	3,432,000.00	3,569,280.00
RENEWABLE ENERGY			4,200,000	4,368,000.00	4,542,720.00
MEDICAL SERVICES	1,347,771,447	1,384,982,068	1,150,496,314	1,196,516,166.51	1,244,376,813.17
PUBLIC HEALTH			218,192,498	226,920,197.97	235,997,005.89
TOTAL RECURRENT EXPENDITURE	4,142,009,517	4,377,516,740	3,754,872,578	3,905,067,481	4,061,270,180

5.3.2.2 Development Expenditure Forecast

The table below provides the development Expenditure forecast over medium term (Financial Year 2023/24 to Financial Year 2025/26)

Table 11: Departmental Development Expenditure Forecast for FY 2023/24 to 2025/26

DEPARTMENT	FY 2022/23 SUPPLEMENTARY I ESTIMATES	FY 2022/23 SUPPLEMENTARY II ESTIMATES	FY 2023/24 DEVELOPMENT PROJECTION	FY 2024/25 DEVELOPMENT PROJECTION	FY 2025/26 DEVELOPMENT PROJECTION
	DEVELOPMENT	DEVELOPMENT	DEVELOPMENT	DEVELOPMENT	DEVELOPMENT
COUNTY ASSEMBLY	219,000,000	149,000,000	40,000,000	41,600,000.00	43,264,000.00
OFFICE OF GOVERNOR				-	-
COUNTY PUBLIC SERVICE BOARD				-	-
DEPUTY GOVERNOR				-	-
COUNTY SECRETARY				-	-
DELIVERY UNIT				-	-
COUNTY ATTORNEY				-	-
INTERGOVERNMENTAL				-	-
FINANCE	387,118,179	392,618,179	40,000,000	41,600,000.00	43,264,000.00
SPECIAL PROGRAMMES	110,000,000	110,000,000	110,000,000	114,400,000.00	118,976,000.00
COHESION				-	-
ECONOMIC PLANNING	10,000,000	2,748,300	6,000,000	6,240,000.00	6,489,600.00
REVENUE SERVICES			1,000,000	1,040,000.00	1,081,600.00
ICT AND INNOVATION			3,000,000	3,120,000.00	3,244,800.00
LANDS AND PHYSICAL PLANNING	39,000,000	9,000,000	54,080,782	56,244,013.28	58,493,773.81
ROADS AND INFRASTRUCTURE	111,011,424	111,011,424	100,500,056	104,520,058.24	108,700,860.57
PUBLIC WORKS				-	-
HOUSING AND URBAN DEVELOPMENT			6,000,000	6,240,000.00	6,489,600.00
MUNICIPAL ADMINISTRATION	155,551,108	137,890,180	118,036,430	122,757,887.20	127,668,202.69
AGRICULTURE & IRRIGATION	879,936,385	869,936,385	6,550,000	6,812,000.00	7,084,480.00
LIVESTOCK,VETERINARY	15,193,151	15,060,151	208,544,000	216,885,760.00	225,561,190.40
FISHERY DEVELOPMENT			4,170,000	4,336,800.00	4,510,272.00
EDUCATION AND CDE	17,375,185	13,010,000	105,700,000	109,928,000.00	114,325,120.00
YOUTH AND SPORTS	37,999,944	22,999,944	28,000,000	29,120,000.00	30,284,800.00
CULTURE,GENDER AND SOCIAL SERVICES	7,996,047	7,996,047	27,500,000	28,600,000.00	29,744,000.00
VOCATIONAL TRAINING			22,840,370	23,753,985.16	24,704,144.57
TOURISM AND WILDLIFE	12,000,000	12,000,000	15,000,000	15,600,000.00	16,224,000.00
TRADE AND INVESTMENT	0	-	250,000,000	260,000,000.00	270,400,000.00
MSME & COOPERATIVES				-	-
PUBLIC SERVICE MANAGEMENT	0	-	6,000,000	6,240,000.00	6,489,600.00
DEVOLVED UNITS	7,000,000	3,000,000	5,000,000	5,200,000.00	5,408,000.00
CIVIC EDUCATION&PUBLIC PARTICIPATION				-	-
WATER AND SANITATION	116,491,804	116,491,804	107,316,619	111,609,283.76	116,073,655.11
ENVIRONMENT AND CCA	47,806,983	29,806,983	166,870,282	173,545,093.28	180,486,897.01
MINING AND NATURAL RESOURCES			2,000,000	2,080,000.00	2,163,200.00
RENEWABLE ENERGY			4,000,000	4,160,000.00	4,326,400.00
MEDICAL SERVICES	145,215,400	80,618,990	55,476,986	57,696,065.44	60,003,908.06
PUBLIC HEALTH			85,031,783	88,433,054.32	91,970,376.49
TOTAL DEVELOPMENT EXPENDITURE	2,318,695,611	2,083,188,387	1,578,617,308	1,641,762,001	1,707,432,481

5.4 Risk Management

To ensure fiscal discipline, the County government will have a balanced budget in the Financial Year 2023/24. The County Government will ensure that the allocated resources for spending are commensurate to the revenues expected. The budget will be financed through transfer from the National Government and revenue collected from local sources such as fees and charges, rates, among others as allowed by the County Government Acts.

The table below gives a breakdown of the various risks, their impact and the mitigation measures to be employed.

Table 12: Risk Management over the Medium Term Period

Risk	Impact	Mitigation
Pending bills	Crippling the County Government’s ability to deliver in subsequent financial years.	Implementing projects in a timely manner and adherence to budget lines
Reduction in funding	Inconsistent rate of infrastructural development in the County.	Enhanced resource mobilization from.
Late Disbursement of Funds	Increased county operating costs and accumulation of pending bills.	Prepare a procurement plan that is in sync with the cash flow.
Inefficient Utilization of Resources	Wastage and slow achievement of the county goals.	Full enforcement of existing Government assets management frameworks.
Planning and Implementation Process Risks	Inadequate project ownership and sustainability of projects. Untimely approvals of County plans, budgets, policies and laws.	Restructuring of public participation. Adequate time and consultation for each of the laws, policies, plans and budget.
Procurement	Lack of developed specifications, inappropriate procurement methods, inadequate preparation of tender documents and advertising, improper evaluation and selection of firms and individuals, poor negotiations of contract and contract administration.	Enforcing Public Procurement and Disposal Act, 2015 Designing of implementable work plans for execution.
Accounting and Reporting Risks	Internal audit oversight and accounting errors.	Skilled financial accounting staff with adequate supervision. Regular review of financial statements and approved selection of accounting policies.
Technical Risks.	Sub-standard quality of infrastructure and systems installation	Strengthening of the design and BQ section.
Absorptive Risks	Delayed delivery of service.	Monthly and quarterly implementation reporting of all county projects and programmes. Strict adherence to financial procedures and regulations in project implementation. Performance contracting for County employees.
Inadequate Legal Framework	Delayed implementation of projects due to litigations as a result of loopholes in the legal framework in the County institutions.	Profiling of departments with institutional legal framework.
Change Management Risks	Implementation of projects outside sector needs and duplication of projects.	Strengthening of the Sector Working Groups.
Natural calamities	Floods and famines resulting in reallocation of budget to accommodate the situation.	Establishment of an emergency fund
Court cases.	Litigations and court injunctions may derail timely execution of the Budget.	Strict adherence to the provisions of the law and existing legal frameworks
Political risks	Delayed approval of bills and laws, hampering legal timelines and implementation of projects and programmes.	Continuous engagement with the County Assembly.

CHAPTER SIX MEDIUM TERM EXPENDITURE FRAMEWORK

Overview

The FY2023/24 budget and the Medium Term Budget Framework builds on the Isiolo County Governments’ effort to support economic recovery and mitigate against the

adverse effects of the severe drought. This will be done by prioritizing implementation of programs outlined in the CIDP (2023-2027).

In the view of the limited resources, MTEF budgeting will entail adjusting non priority expenditures to cater for the priority ones. The identified priority sectors will continue to receive more resources. These sectors are required to utilize the allocated resources more efficiently to generate fiscal space to accommodate other strategic interventions.

The County Government is committed towards improving access to clean and safe water to all its residents. Increasing share of resources will go to Water sector to increase water availability to households, livestock, and for irrigation project in the County. All other sectors including health, education, and tourism will continue to receive adequate resources in line with our County’s commitment to a balanced sector development to enhance the quality of life for the residents of the County.

Resource Envelope

The resource envelope projections for the financial year 2023/24 and over the medium term will largely target the transfers from the National Government as provided for by the County Revenue Allocation of Revenue Bill 2023 and the local revenue collection as per the County Finance Act.

All the conditional transfers from the National Government are included in the resource envelope for financial year 2023/24. The County will also continue to benefit from grants intended to support health sector service delivery from World Bank and the Republic of Denmark. These funds will be allocated to County Governments based on the criteria specified in the financing agreement between the Government of Kenya and the development partners. The table below shows the resource envelope over the medium term.

Table 13: Resource Envelope for FY 2023/24

REVENUE	Approved Estimates for FY 2022/2023	Approved Supplementa ry I for FY 2022/23	Approved Supplementar y II for FY 2022/23	Revenue Projection For FY 2023/24	Revenue Projection For FY 2024/25	Revenue Projection For FY 2025/26
EQUITABLE SHARE	4,710,388,265	4,710,388,265	4,710,388,265	4,899,041,209	5,095,002,857	5,298,802,972
General Provisions (Equitable Share)	4,710,388,265	4,710,388,265	4,710,388,265	4,899,041,209	5,095,002,857	5,298,802,972

REVENUE	Approved Estimates for FY 2022/2023	Approved Supplementar y I for FY 2022/23	Approved Supplementar y II for FY 2022/23	Revenue Projection For FY 2023/24	Revenue Projection For FY 2024/25	Revenue Projection For FY 2025/26
CONDITIONAL ALLOCATIONS FROM NATIONAL GOVERNMENT	90,800,000	102,000,000	102,000,000	7,025,011	7,306,011	7,598,252
Supplement for Construction of County Headquarters	90,800,000	102,000,000	102,000,000			
Transfer for Library Service				7,025,011	7,306,011	7,598,252
CONDITIONAL ALLOCATIONS FROM DEVELOPMENT PARTNERS	518,635,657	401,955,171	401,955,171	156,215,486	162,464,105	168,962,670
Current Grants from Foreign Governments Danida	8,937,800	13,642,875	13,642,875	7,738,500	8,048,040	8,369,962
Financing Locally led climate action world bank	125,000,000	22,000,000	22,000,000	136,000,000	141,440,000	147,097,600
UNFPA				12,476,986	12,976,065	13,495,108
Climate Smart Agricultural Project world bank	330,699,130	259,805,034	259,805,034			
World bank – emergency locust response	44,469,550	84,469,550	84,469,550			
Sweden Agricultural Sector Development Support Programme (ASDSP)	9,529,177	19,697,797	19,697,797			
Isiolo County KUSP Account UIG world bank		1,145,356	2,339,915			
Isiolo County KUSP Account UDGworld bank		1,194,559				
Balanceb/f		1,065,959,923	1,065,959,923			
CBK County Revenue Fund 1000171715		552,945,479	552,945,479			
CBK Isiolo County Health Services 1000270721		22,329,360	22,329,360			
CBK Isiolo County Fuel Levy 1000293427		11,424	11,424			
CBK Isiolo County Village Poly Proj 1000369377		10,000	10,000			
CBK Isiolo County Kenya Climate Smart Agr 1000371315		270,674,583	270,674,583			
CBK Isiolo County Urban Development 1000392266		65,320,119	65,320,119			
CBK Isiolo County Urban Institutional 1000392274		255,182	255,182			
CBK Isiolo County Livestock Support 1000392298		243,151	243,151			
Isiolo County KDSP Account 1000426845		120,482,795	120,482,795			
Isiolo County Emergency Locust Re Account 1000580615		28,903,581	28,903,581			
Isiolo County Primary Health Care 1000580607 danida		4,784,248	4,784,248			
Sub - Total						
GROSS COUNTY EXTERNAL REVENUE ESTIMATES	5,319,823,922	6,280,303,359	6,280,303,359			
COUNTY OWN SOURCE REVENUE ESTIMATES	113,686,337	180,401,768	180,401,768	271,208,180	187,416,507	194,913,167

REVENUE	Approved Estimates for FY 2022/2023	Approved Supplementa ry I for FY 2022/23	Approved Supplementar y II for FY 2022/23	Revenue Projection For FY 2023/24	Revenue Projection For FY 2024/25	Revenue Projection For FY 2025/26
GROSS COUNTY REVENUE ESTIMATES	5,433,510,259	6,460,705,128	6,460,705,128	5,333,489,886	5,452,189,481	5,670,277,061

Source: Budget Policy Statement, 2023

Proposed Resource Allocation Prioritization Criteria

The resources available will be shared in accordance with the following prioritization criteria:

- (i) **Non-Discretionary Expenditure:** This expenditure takes first charge and includes payment of staff salaries and other statutory payments. Personnel emoluments are projected to account for about 45 percent of the resource envelope. This is due to non revenue growth accompanied by annual increments, promotions and new recruitments.
- (ii) **Operations and Maintenance:** These are resources available to sectors for basic operations and maintenance. This will account for about 25 percent of the non-discretionary expenditures.
- (iii) **Development Expenditure:** This will account for 30 percent of the projected revenue. Development expenditures will be shared based on the programs that address the County priorities and other strategic interventions as in the 2023, Annual Development plan.

The following guideline will be used on the development expenditure:

- (i) **Outstanding Projects:** Greater emphasis will be put on the completion of on-going projects.
- (ii) **Strategic Interventions:** Priority will be given to policy interventions with high impact on poverty reduction, climate change mitigation and adaptation, environmental conservation, and value chain addition.

6.4 Overall Spending Priorities

In finalizing the preparation of the budget for the financial year 2023/2024, the County Government will continue to pursue the policy of limiting less productive expenditures and redirecting resultant savings to capital investment. Effective use of resources will be sought across spending departments and any identified saving will be redirected to deserving priority expenditures.

6.5 Baseline Ceilings

The 2022/23 baseline estimates depicts the department’s current spending levels. In the recurrent expenditure category, expenditures on compensation of employee’s accounts for about 43 percent of the resource envelope and it take the first charge. Expenditure on operations and maintenance accounts for 21 percent of the total County Resource Envelope. Overall, the recurrent expenditure on compensation to employees and operations and maintenance account for about 64 percent of the projected resource

envelope. The balance of 36 percent from total resource envelope is the resources available to fund planned development programmes.

The 2023/24 projected estimates depict the department’s current spending levels. In the recurrent expenditure category, expenditures on compensation of employee’s accounts for about 45 percent of the resource envelope and it take the first charge. Expenditure on operations and maintenance accounts for 25 percent of the total County Resource Envelope. Overall, the recurrent expenditure on compensation to employees and operations and maintenance account for about 70 percent of the projected resource envelope. The balance of 30 percent from total resource envelope is the resources available to fund planned development programmes.

Table 14: Summary Basis for Setting of Ceilings Estimates

Sector	Sub Sector	Item Classification	2023/24 Estimates (Kshs.)	% Total Budget
County Assembly	County Assembly	Recurrent	539,252,680	10.11%
		Compensation to Employees	247,673,202	4.64%
		Operations and Maintenance	291,579,478	5.47%
		Development	40,000,000	0.75%
		Sub Total	579,252,680	10.86%
		Sector Total	579,252,680	10.86%
County Executive	Office of Governor	Recurrent	202,030,306	3.79%
		Compensation to Employees	111,921,686	2.10%
		Operations and Maintenance	90,108,620	1.69%
		Development	-	0.00%
		Sub Total	202,030,306	3.79%
	Intergovernmental relations and Donor coordination	Recurrent	6,000,000	0.11%
		Compensation to Employees	-	0.00%
		Operations and Maintenance	6,000,000	0.11%
		Development	-	0.00%
		Sub Total	6,000,000	0.11%
	Office of County Attorney	Recurrent	42,500,000	0.80%
		Compensation to Employees	-	0.00%
		Operations and Maintenance	42,500,000	0.80%
		Development	-	0.00%
		Sub Total	42,500,000	0.80%
	CPSB	Recurrent	57,000,996	1.07%
		Compensation to Employees	31,647,996	0.59%
		Operations and Maintenance	25,353,000	0.48%
		Sub Total	57,000,996	1.07%
	County Secretary	Recurrent	35,192,234	0.66%
		Compensation to Employees	8,468,760	0.16%
		Operations and Maintenance	26,723,474	0.50%
		Sub Total	35,192,234	0.66%
	Deputy governor	Recurrent	25,500,000	0.48%
		Compensation to Employees	8,962,848	0.17%
		Operations and Maintenance	16,537,152	0.31%
		Sub Total	25,500,000	0.48%
	Delivery Unity	Recurrent	15,050,207	0.28%
		Compensation to Employees	11,031,840	0.21%
		Operations and Maintenance	4,018,367	0.08%
Sub Total		15,050,207	0.28%	
	Sector Total	383,273,743	7.19%	
FINANCE, ECONOMIC PLANNING, REVENUE, SPECIAL PROGRAMS & ICT	Finance	Recurrent	131,718,459	2.47%
		Compensation to Employees	76,532,103	1.43%
		Operations and Maintenance	55,186,356	1.03%
		Development	40,000,000	0.75%
		Sub Total	171,718,459	3.22%
Revenue Services	Recurrent	29,170,000	0.55%	

Sector	Sub Sector	Item Classification	2023/24 Estimates (Kshs.)	% Total Budget	
		Compensation to Employees	9,170,000	0.17%	
		Operations and Maintenance	20,000,000	0.37%	
		Development	1,000,000	0.02%	
		Sub Total	30,170,000	0.57%	
	Economic Planning	Recurrent	53,946,773	1.01%	
		Compensation to Employees	14,370,240	0.27%	
		Operations and Maintenance	39,576,533	0.74%	
		Development	6,000,000	0.11%	
		Sub Total	59,946,773	1.12%	
	Special Programmes	Recurrent	125,100,000	2.35%	
		Compensation to Employees	31,000,000	0.58%	
		Operations and Maintenance	94,100,000	1.76%	
		Development	110,000,000	2.06%	
		Sub Total	235,100,000	4.41%	
	ICT and Innovation	Recurrent	10,800,000	0.20%	
		Compensation to Employees	6,000,000	0.11%	
		Operations and Maintenance	4,800,000	0.09%	
		Development	3,000,000	0.06%	
		Sub Total	13,800,000	0.26%	
	Peace and Cohesion	Recurrent	22,692,850	0.43%	
Compensation to Employees		6,000,000	0.11%		
Operations and Maintenance		16,692,850	0.31%		
Development		-	0.00%		
	Sub Total	22,692,850	0.43%		
	Sector Total	533,428,082	10.00%		
LANDS & PHYSICAL PLANNING, ROADS, URBAN HOUSING	Lands and Physical Planning	Recurrent	20,703,060	0.39%	
		Compensation to Employees	10,282,020	0.19%	
		Operations and Maintenance	10,421,040	0.20%	
		Development	54,080,782	1.01%	
		Sub Total	74,783,842	1.40%	
	Roads and Infrastructure	Recurrent	13,776,000	0.26%	
		Compensation to Employees	9,906,000	0.19%	
		Operations and Maintenance	3,870,000	0.07%	
		Development	100,500,056	1.88%	
		Sub Total	114,276,056	2.14%	
	Public Works	Recurrent	11,172,868	0.21%	
		Compensation to Employees	7,898,160	0.15%	
		Operations and Maintenance	3,274,708	0.06%	
		Development	-	0.00%	
		Sub Total	11,172,868	0.21%	
	Housing and Urban Development	Recurrent	3,000,000	0.06%	
		Compensation to Employees	-	0.00%	
		Operations and Maintenance	3,000,000	0.06%	
		Development	6,000,000	0.11%	
		Sub Total	9,000,000	0.17%	
	Sector Total	209,232,766	3.92%		
AGRICULTURE, LIVESTOCK & FISHERIES	Agriculture	Recurrent	53,859,377	1.01%	
		Compensation to Employees	47,332,420	0.89%	
		Operations and Maintenance	6,526,957	0.12%	
		Development	6,550,000	0.12%	
		Sub Total	60,409,377	1.13%	
	Livestock Production	Recurrent	111,543,535	2.09%	
		Compensation to Employees	91,952,452	1.72%	
		Operations and Maintenance	19,591,083	0.37%	
		Development	208,544,000	3.91%	
		Sub Total	320,087,535	6.00%	
	Fisheries	Recurrent	7,544,240	0.14%	
		Compensation to Employees	4,014,240	0.08%	
		Operations and Maintenance	3,530,000	0.07%	
		Development	4,170,000	0.08%	
		Sub Total	11,714,240	0.22%	
		Sector Total	392,211,152	7.35%	
	EDUCATION & ECDE, VOCATIONAL	Education and Early Childhood Development	Recurrent	164,963,884	3.09%
			Compensation to Employees	153,701,707	2.88%
			Operations and Maintenance	11,262,177	0.21%

Sector	Sub Sector	Item Classification	2023/24 Estimates (Kshs.)	% Total Budget	
TRAINING, YOUTH, SPORTS & GENDER		Development	105,700,000	1.98%	
		Sub Total	270,663,884	5.07%	
	Technical and Vocational Training	Recurrent	4,000,000	0.07%	
		Compensation to Employees	-	0.00%	
		Operations and Maintenance	4,000,000	0.07%	
		Development	22,840,370	0.43%	
		Sub Total	26,840,370	0.50%	
		Youth and Sports	Recurrent	19,023,991	0.36%
			Compensation to Employees	7,700,360	0.14%
			Operations and Maintenance	11,323,631	0.21%
		Development	28,000,000	0.52%	
		Sub Total	47,023,991	0.88%	
		Gender Culture and Social Service	Recurrent	23,297,264	0.44%
			Compensation to Employees	16,787,280	0.31%
	Operations and Maintenance		6,509,984	0.12%	
	Development		27,500,000	0.52%	
		Sub Total	50,797,264	0.95%	
Total		395,325,509	7.41%		
TOURISM, TRADE, MSME, PSM, CEPP & DEVOLVED UNITS	Tourism and Wildlife	Recurrent	91,781,330	1.72%	
		Compensation to Employees	79,939,560	1.50%	
		Operations and Maintenance	11,841,770	0.22%	
		Development	15,000,000	0.28%	
		Sub Total	106,781,330	2.00%	
	Trade and Investment	Recurrent	10,264,387	0.19%	
		Compensation to Employees	6,503,520	0.12%	
		Operations and Maintenance	3,760,867	0.07%	
		Development	250,000,000	4.69%	
		Sub Total	260,264,387	4.88%	
		MSME and Cooperatives	Recurrent	8,700,000	0.16%
			Compensation to Employees	6,000,000	0.11%
			Operations and Maintenance	2,700,000	0.05%
	Development		-	0.00%	
		Sub Total	8,700,000	0.16%	
		PSM	Recurrent	379,222,350	7.11%
			Compensation to Employees	103,500,350	1.94%
			Operations and Maintenance	275,722,000	5.17%
	Development		6,000,000	0.11%	
		Sub Total	385,222,350	7.22%	
		Devolved Units and Inspectorate	Recurrent	30,020,000	0.56%
			Compensation to Employees	20,000,000	0.37%
			Operations and Maintenance	10,020,000	0.19%
	Development		5,000,000	0.09%	
		Sub Total	35,020,000	0.66%	
		Civic Education and Public Participation	Recurrent	10,053,000	0.19%
			Compensation to Employees	5,000,000	0.09%
			Operations and Maintenance	5,053,000	0.09%
	Development		-	0.00%	
		Sub Total	10,053,000	0.19%	
		Sector Total	806,041,067	15.11%	
	WATER, ENVIRONMENT, NATURAL RESOURCES & RENEWABLE ENERGY	Water and Sanitation	Recurrent	47,110,893	0.88%
			Compensation to Employees	28,763,320	0.54%
Operations and Maintenance			18,347,573	0.34%	
Development			107,316,619	2.01%	
		Sub Total	154,427,512	2.90%	
		Mining and Natural Resources	Recurrent	3,300,000	0.06%
			Compensation to Employees	-	0.00%
			Operations and Maintenance	3,300,000	0.06%
Development			2,000,000	0.04%	
		Sub Total	5,300,000	0.10%	
		Renewable Energy	Recurrent	4,200,000	0.08%
			Compensation to Employees	-	0.00%
			Operations and Maintenance	4,200,000	0.08%
Development			4,000,000	0.07%	
		Sub Total	8,200,000	0.15%	
			Recurrent	24,881,772	0.47%
			Compensation to Employees	19,463,040	0.36%

Sector	Sub Sector	Item Classification	2023/24 Estimates (Kshs.)	% Total Budget
	Environment and Climate Change and Adaptation	Operations and Maintenance	5,418,732	0.10%
		Development	166,870,282	3.13%
		Sub Total	191,752,054	3.60%
		Sector Total	359,679,566	6.74%
HEALTH SERVICES	Medical Services	Recurrent	1,150,496,314	21.57%
		Compensation to Employees	937,641,526	17.58%
		Operations and Maintenance	212,854,788	3.99%
		Development	55,476,986	1.04%
	Total	1,205,973,300	22.61%	
	Public Health	Recurrent	218,192,498	4.09%
		Compensation to Employees	118,024,979	2.21%
		Operations and Maintenance	100,167,519	1.88%
		Development	85,031,783	1.59%
		Sub Total	303,224,281	5.69%
Sector Total		1,509,197,581	28.30%	
MINICIPALITY	Municipal Administration	Recurrent	47,811,310	0.90%
		Compensation to Employees	21,000,000	0.39%
		Operations and Maintenance	26,811,310	0.50%
		Development	118,036,430	2.21%
		Total	165,847,740	3.11%
		Sector Total	165,847,740	3.11%
		Grand total	5,333,489,886	100.00%

Medium Term Expenditure Ceilings

- 2 The departmental budget ceilings for financial year 2023/24 are as provided in table 16 below. Development expenditure allocations are shared out amongst departments based on the County Integrated Development Plan (CIDP) 2023-27 and Annual Development Plan (ADP) 2023/24 as well as other strategic objectives and policy goals identified in the CFSP.

Table 15: Medium Term Expenditure Ceilings.

FY 2022/23 SUPPLEMENTARY II ESTIMATES			FY 2023/24 PROPOSED CEILINGS			FY 2024/25 PROPOSED CEILINGS			FY 2025/26 PROPOSED CEILINGS		
RECURRENT	DEVELOPMENT	TOTALS	RECURRENT	DEVELOPMENT	TOTALS	RECURRENT	DEVELOPMENT	TOTALS	RECURRENT	DEVELOPMENT	TOTALS
448,252,680	149,000,000	597,252,680	539,252,680	40,000,000	488,252,680	560,822,787.20	41,600,000.00	602,422,787.20	583,255,698.69	43,264,000.00	626,519,698.69
344,842,083		344,842,083	202,030,306	-	213,030,306	210,111,518.24	-	210,111,518.24	218,515,978.97	-	218,515,978.97
59,282,755		59,282,755	57,000,996	-	51,945,996	59,281,035.84	-	59,281,035.84	61,652,277.27	-	61,652,277.27
24,900,000		24,900,000	25,500,000	-	25,500,000	26,520,000.00	-	26,520,000.00	27,580,800.00	-	27,580,800.00
46,322,234		46,322,234	35,192,234	-	33,692,234	36,599,923.36	-	36,599,923.36	38,063,920.29	-	38,063,920.29
16,900,583		16,900,583	15,050,207	-	12,050,207	15,652,215.28	-	15,652,215.28	16,278,303.89	-	16,278,303.89
			42,500,000	-	42,500,000	44,200,000.00	-	44,200,000.00	45,968,000.00	-	45,968,000.00
			6,000,000	-	6,000,000	6,240,000.00	-	6,240,000.00	6,489,600.00	-	6,489,600.00
541,848,597	392,618,179	934,466,775	131,718,459	40,000,000	130,118,459	136,987,197.36	41,600,000.00	178,587,197.36	142,466,685.25	43,264,000.00	185,730,685.25
372,237,996	110,000,000	482,237,996	125,100,000	110,000,000	219,100,000	130,104,000.00	114,400,000.00	244,504,000.00	135,308,160.00	118,976,000.00	254,284,160.00
32,904,640		32,904,640	22,692,850	-	28,292,850	23,600,564.00	-	23,600,564.00	24,544,586.56	-	24,544,586.56
69,429,453	2,748,300	72,177,753	53,946,773	6,000,000	59,226,773	56,104,643.92	6,240,000.00	62,344,643.92	58,348,829.68	6,489,600.00	64,838,429.68
			29,170,000	1,000,000	30,170,000	30,336,800.00	1,040,000.00	31,376,800.00	31,550,272.00	1,081,600.00	32,631,872.00
			10,800,000	3,000,000	13,800,000	11,232,000.00	3,120,000.00	14,352,000.00	11,681,280.00	3,244,800.00	14,926,080.00
20,235,000	9,000,000	29,235,000	20,703,060	54,080,782	79,323,842	21,531,182.40	56,244,013.28	77,775,195.68	22,392,429.70	58,493,773.81	80,886,203.51
13,952,120	111,011,424	124,963,544	13,776,000	100,500,056	125,276,056	14,327,040.00	104,520,058.24	118,847,098.24	14,900,121.60	108,700,860.57	123,600,982.17
19,805,068	-	19,805,068	11,172,868	-	13,172,868	11,619,782.72	-	11,619,782.72	12,084,574.03	-	12,084,574.03
			3,000,000	6,000,000	9,000,000	3,120,000.00	6,240,000.00	9,360,000.00	3,244,800.00	6,489,600.00	9,734,400.00
65,678,869	137,890,180	203,569,050	47,811,310	118,036,430	166,847,740	49,723,762.40	122,757,887.20	172,481,649.60	51,712,712.90	127,668,202.69	179,380,915.58
54,009,377	869,936,385	923,945,762	53,859,377	6,550,000	60,409,377	56,013,752.08	6,812,000.00	62,825,752.08	58,254,302.16	7,084,480.00	65,338,782.16
136,112,775	15,060,151	151,172,926	111,543,535	208,544,000	321,787,535	116,005,276.40	216,885,760.00	332,891,036.40	120,645,487.46	225,561,190.40	346,206,677.86
			7,544,240	4,170,000	11,514,240	7,846,009.60	4,336,800.00	12,182,809.60	8,159,849.98	4,510,272.00	12,670,121.98
242,791,884	13,010,000	255,801,884	164,963,884	105,700,000	245,463,884	171,562,439.36	109,928,000.00	281,490,439.36	178,424,936.93	114,325,120.00	292,750,056.93
22,256,827	22,999,944	45,256,771	19,023,991	28,000,000	54,023,991	19,784,950.64	29,120,000.00	48,904,950.64	20,576,348.67	30,284,800.00	50,861,148.67
17,958,319	7,996,047	25,954,366	23,297,264	27,500,000	47,597,264	24,229,154.56	28,600,000.00	52,829,154.56	25,198,320.74	29,744,000.00	54,942,320.74
			4,000,000	22,840,370	22,465,185	4,160,000.00	23,753,985.16	27,913,985.16	4,326,400.00	24,704,144.57	29,030,544.57
143,076,830	12,000,000	155,076,830	91,781,330	15,000,000	109,081,330	95,452,583.20	15,600,000.00	111,052,583.20	99,270,686.53	16,224,000.00	115,494,686.53
24,666,387	-	24,666,387	10,264,387	250,000,000	260,264,387	10,674,962.48	260,000,000.00	270,674,962.48	11,101,960.98	270,400,000.00	281,501,960.98
			8,700,000	-	11,600,000	9,048,000.00	-	9,048,000.00	9,409,920.00	-	9,409,920.00
182,293,163	-	182,293,163	379,222,350	6,000,000	392,122,350	394,391,244.00	6,240,000.00	400,631,244.00	410,166,893.76	6,489,600.00	416,656,493.76
9,600,615	3,000,000	12,600,615	30,020,000	5,000,000	35,000,000	31,220,800.00	5,200,000.00	36,420,800.00	32,469,632.00	5,408,000.00	37,877,632.00
			10,053,000	-	8,753,000	10,455,120.00	-	10,455,120.00	10,873,324.80	-	10,873,324.80
59,719,387	116,491,804	176,211,191	47,110,893	107,316,619	161,902,697	48,995,328.72	111,609,283.76	160,604,612.48	50,955,141.87	116,073,655.11	167,028,796.98
23,457,030	29,806,983	53,264,013	24,881,772	166,870,282	191,752,054	25,877,042.88	173,545,093.28	199,422,136.16	26,912,124.60	180,486,897.01	207,399,021.61
			3,300,000	2,000,000	6,300,000	3,432,000.00	2,080,000.00	5,512,000.00	3,569,280.00	2,163,200.00	5,732,480.00
			4,200,000	4,000,000	9,200,000	4,368,000.00	4,160,000.00	8,528,000.00	4,542,720.00	4,326,400.00	8,869,120.00
1,384,982,068	80,618,990	1,465,601,058	1,150,496,314	55,476,986	1,255,828,300	1,196,516,166.51	57,696,065.44	1,254,212,231.95	1,244,376,813.17	60,003,908.06	1,304,380,721.23
			218,192,498	85,031,783	290,124,281	226,920,197.97	88,433,054.32	315,353,252.29	235,997,005.89	91,970,376.49	327,967,382.38
4,377,516,740	2,083,188,387	6,460,705,128	3,754,872,578	1,578,617,308	5,333,489,886	3,905,067,481	1,641,762,001	5,546,829,482	4,061,270,180	1,707,432,481	5,768,702,661

CHAPTER SEVEN CONCLUSION

The CFSP 2023 is prepared as a guiding tool for budget preparation of financial year 2023/24. It is meant to broadly define the expected revenues and expenditure over the medium term as well as propose strategies of financing any anticipated deficit. Isiolo County Government is expected to prepare a balanced budget in financial year 2023/24.

The set of policies outlined in the CFSP reflects circumstances that are in line with the fiscal responsibilities as outlined in the PFM Act, 2012. They are also consistent with the County Government strategic objectives pursued as a basis for allocation of public resources. These strategic objectives are provided in the County Government priorities spelled out in the national policies and Isiolo CIDP, 2023-2027.

The adoption of Programme Based Budgeting (PBB) will ensure that all County resources are linked to specific projects outputs and outcomes. The use of the Integrated Financial Management Information System (IFMIS) and the introduction of e-Procurement System will also make it possible for the County to track the resources to results achieved in a more efficient manner.

In the budget for the financial year 2023/24, key priority areas are livestock (abattoir), investment in surface and underground water resources, road infrastructure network, Health services, tourism promotion and Education will receive considerate allocation while maintaining reasonable growth on other County sectors. Allocation of funds to these County key priority areas will generally reflect the critical needs of the County residents. It is envisaged that the enhancement of these key areas will drive the County economy up by creating greater supply hence improving the per capita income of households.