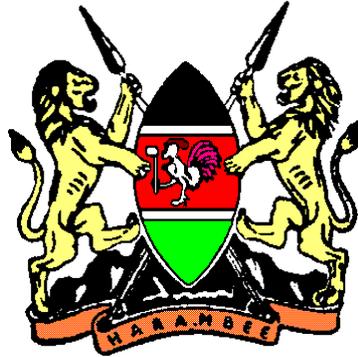


REPUBLIC OF KENYA



COUNTY GOVERNMENT OF KERICHO

BUDGET STATEMENT FOR FINANCIAL YEAR 2020-2021

BY

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*THEME: “STIMULATING THE SOCIO-ECONOMIC  
RECOVERY TO IMPROVE LIVELIHOODS”*

JUNE 2020

**BUDGET STATEMENT PRESENTED TO THE COUNTY ASSEMBLY OF  
KERICHO ON TUESDAY 30<sup>TH</sup> JUNE 2020 BY HON. DR. PATRICK C.  
MUTAI, COUNTY EXECUTIVE COMMITTEE MEMBER–FINANCE AND  
ECONOMIC PLANNING AND HEAD OF COUNTY TREASURY, COUNTY  
GOVERNMENT OF KERICHO WHEN HIGHLIGHTING THE BUDGET  
ESIMATES AND REVENUE RAISING MEASURES FOR FISCAL YEAR  
2020/2021**

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The document is also available on the website at: [www.kericho.go.ke](http://www.kericho.go.ke)

## **1. Overview**

1. Mr. Speaker Sir, it is my honor to present to this Assembly the policy highlights of the Kericho County Budget for the Fiscal Year 2020/21, in fulfilment with section 130 and 132 of the Public Finance Management Act, 2012.

2. Mr. Speaker Sir, allow me to start by thanking His Excellency, the Governor of Kericho County, H.E. Prof. Paul Kiprono Chepkwony for having confidence in me and re-appointing me the Head of County Treasury. On the same vein, Mr. Speaker Sir, I wish sincerely to thank my predecessor Hon. Charles Birech for overseeing the preparation of this year's budget estimates. Further, I want to thank H.E The Governor, H.E Deputy Governor and the entire executive for the immense support in the development of this budget estimates.

3. Mr. Speaker Sir, I take this opportunity to express my sincere appreciation to the Budget and Appropriation Committee of the County Assembly under the wise and very able leadership of Hon. Albert Koech for the constructive engagement with the County Executive and for steering the review of the 2020/21 Budget Estimates and the financing measures.

4. Mr. Speaker Sir, allow me also to appreciate all residents of Kericho County who responded to the call for public participation during the early stages of budget process and those who made their submission via email during this trying COVID-19 pandemic time.

## **2. FY 2020/21 Budget Context**

5. Mr. Speaker Sir, in preparing this budget, I have taken into account developments both at the global and local fronts which have direct and indirect impact on our county operations. Mr. Speaker Sir, the annual

Budget Policy Statement was issued in February 2020 and as the Cabinet Secretary for National Treasury and Planning rightly pointed out, the economic environment was vastly different from where we find ourselves today. The Covid-19 pandemic has inflicted damage not only to the Kenyan economy but all economies around the world. In this unprecedented time, the Cabinet Secretary has had to revise estimates presented in the BPS to take account of the new normal – ‘an economy that is in free fall with unemployment rising’. In the pre pandemic period, the economy was meant to grow at 6.1% in 2020 up from 5.4% in 2019. The IMF, in a recent report, has projected that global economies are expected to contract by as much as 3% and growing to 5.8% in 2021. The projected rebound in 2021 depends critically on the pandemic fading in the second half of 2020, allowing containment efforts to be gradually scaled back and restoring consumer and investor confidence. Nonetheless, IMF estimates show that the level of estimated GDP at the end of 2021 in both advanced and emerging markets

is expected to remain below the pre-virus baseline, highlighting the long-term effects of the pandemic.

6. Mr. Speaker Sir, Real GDP growth in the East African Community declined to 5.9% in 2019 from 6.6% in 2018, with a deceleration recorded across all countries in the bloc. The COVID-19 pandemic has set-off the first recession in Sub-Saharan Africa in 25 years with the region's economy expected to contract by 1.6% in 2020, the worst reading on record. The World Bank estimates that the pandemic will cost the region between \$37 and \$79 billion in estimated output losses in 2020, through a reduction in agriculture productivity, weakening supply chains, increasing trade tensions and exacerbating political and regulatory uncertainty.

7. Mr. Speaker Sir, The Kenyan economy has been battered by the COVID-19 pandemic and added to that was the infestation of desert locusts and floods that have resulted in destruction of homes, deaths, agricultural output and infrastructure. From these shocks, all sectors of

the economy have been adversely affected. The fiscal deficit for the current financial year is expected to be 8.3% of GDP up from 6.3% in the previous year. The deficit is projected to improve to 7.5% in 2020/20201 and 6.1% in 2021/2022.

8. Mr. Speaker Sir, The country's debt has risen significantly over the last few years and its composition has also changed with a little over half the debt now coming from external sources with higher interest rates and greater risk of exchange rate fluctuation. The National Government has received loans from the IMF and World Bank amounting to US\$ 739 million and US\$ 1 billion respectively on concessional terms to help protect against the shock of the COVID-19 pandemic.

9. Mr. Speaker Sir, the recovery of Kenya's economy from the effects of the COVID-19 pandemic is predicated on normal weather supportive of agricultural output and a swift and well targeted policy response to

COVID-19. The crisis is inflicting heavy damage on otherwise healthy firms through four channels: Falling demand and revenues, reduced input supply, tightening of credit conditions, and increased uncertainty. The damage is aggravated by the presence of a large informal sector, high poverty rate and unemployed youth population. The National government has already put in place several measures to support liquidity and cash-flow including tax cuts (income tax and VAT), expediting VAT refunds and the payment of pending bills. Additionally, there remains significant headroom for monetary stimulus to support economic activity as Kenya's core inflation remains low and the output gap is sharply negative. The CBK has lowered the Central Bank Rate (CBR) to 7% while also reducing the Cash Reserve Ratio (CRR) to 4.25% thereby injecting an estimated KShs. 35.2 billion into the banking system.

10. Mr. Speaker Sir, our County Government operations will be directly or indirectly impacted by the outcomes of the above highlighted economic scenarios since we shall operate within that economic system.

### **3. 2020/2021 Financial Year budget.**

11. Mr. Speaker Sir, The 2020/2021 Budget Estimates have been prepared in accordance with Article 201 of the Constitution of Kenya 2010 and Section 129 to 130 of The Public Finance Management (PFM) Act, 2012. It's geared towards the key strategic priorities and policy goals desirable by the county residents. The programs and projects herein reflect the concerns of Kericho residents and are anchored under the Kenya Vision 2030, Second Generation County Integrated Development Plan 2018-2022, Annual Development Plan 2020/2021, Sustainable Development Goals (SDG's) and the "BIG FOUR" pillars as set out by the national government.

12. Mr. Speaker Sir, I now wish to highlight the proposed expenditure for each of the main departments of the County Government of Kericho. The total budget estimates for Financial Year 2020/2021 stands at Kshs 8,852,766,093 of which Kshs 4,699,764,657 has been set aside for recurrent expenditure while Kshs 4,153,001,436 has been allocated towards development expenditure. Mr. Speaker, 53% of the total budget has been allocated towards recurrent expenditure while 47% of the total budget has been allocated towards development expenditure therefore the fiscal responsibility principle of ensuring that a minimum of 30% of total budget has been allocated for development expenditure over the medium term as envisaged in Section 107 of the Public Finance Management Act, 2012 has been attained.

## **COUNTY ASSEMBLY SERVICES**

13. Mr. Speaker Sir, The county assembly plays a significant role in their oversight role and in ensuring that public resources are utilized in a responsible manner. In this regard adequate allocation has been provided for to enable the assembly to function at optimal level. The funds have been provided to facilitate the members of the County Assembly to serve their respective electorate. In this regard, I propose to allocate Kshs 628 million for recurrent activities and Kshs 13.78 million for development expenditure.

## **PUBLIC SERVICE MANAGEMENT**

14. Mr. Speaker Sir, the department plays critical role in coordination of county activities especially during this COVID-19 pandemic time. An efficient, effective and accountable public service is essential in sustaining our development agenda in order to move our county forward to a level where residents enjoy high quality life in a sustainable environment. To

realize this goal, I am proposing a total of Kshs 347.49 million towards this function and out of this Kshs 327.8 million shall go to recurrent expenditure while the balance of Kshs 19.6 million is for development. Development projects to be financed during the year will be refurbishment of Sub County offices and the construction of a fire station which once completed will go a long way in enhancing service delivery.

### **OFFICE OF THE GOVERNOR.**

15. Mr. Speaker Sir, we have to recognize the pivotal role played by the Chief Executive of the county in administration and coordination of county activities; indeed it is a central point where all county government departments get directions in pursuit to delivery of services to all residents fairly. Mr. Speaker Sir, I therefore propose that the top office of the executive arm be funded with Kshs 98.3 million and the whole amount is for recurrent expenditure.

## **COUNTY PUBLIC SERVICE BOARD**

16. Mr. Speaker Sir, County Public Service Board ensures that the County has an established and robust public service that can deliver the services to the residents efficiently and effectively. The board has continuously continued to recruit health workers during this pandemic time as required by the National Government and therefore has helped the county boost its capacity in fighting the corona virus disease. I propose to allocate Kshs 61.5 million to the County Public Service Board.

## **14. FINANCE AND ECONOMIC PLANNING**

17. Mr. Speaker Sir, the department of Finance and Economic Planning play the key roles of co-coordinating the management of financial functions of the county government in an efficient and effective manner

and also act as a link with various constitutional organs like National Treasury, Commission on Revenue allocation and the office of Controller of Budget.

18. Mr. Speaker Sir, I propose an allocation of Kshs 797 million to this department and out of it recurrent expenditure will be Kshs 374.7 million while the balance of Kshs 422.3 million will be utilized for development. In the recurrent expenditure, the amount includes the presidential support to fight against the COVID-19 brought forward as a grant at Kshs. 116.2 million. Emergency relief stands at Kshs 30 million, Domestic Mortgages at Kshs13.5 million to provide an avenue for county staff to procure personal houses while general insurance and motor vehicle insurance at Kshs 50 million. Mr. Speaker Sir, The projects and programs under the development expenditure proposed to be undertaken during the year include the midterm review of the second County Integrated Development Plan 2018-2022 at Kshs. 5 million, Preparation of County Strategic plan,

Automation of Revenue (ERP) and Resource Centre Establishment each at Kshs 5 million. An additional Kshs 132.49 million for Kenya Devolution Support Programme a conditional grant from World Bank. An amount of Kshs 94.8 million has been brought forward as unspent balance relating to the financial year 2019/2020.

## **HEALTH SERVICES.**

19. Mr. Speaker Sir, the county government recognizes the fact that a healthy population is a wealthy population. During this pandemic period the department has played a key role in ensuring the county is prepared to handle cases of the corona virus disease. Mr. Speaker Sir, under the leadership of H.E the Governor, Kericho County now has an able 300 bed capacity isolation centers. The department was also able to sensitize the public on COVID-19 and conducted mass screening on every entry point to Kericho County. Furthermore Mr. Speaker Sir, the County has been able to fumigate and setup water points within Kericho County for hand

washing. This department also has distributed masks and sanitizers to health facilities across the County.

20. Mr. Speaker Sir, I propose to inject a total of Kshs 2.52 billion to the health sector with a recurrent expenditure taking a big chunk of Kshs 1.95 billion. Recurrent expenditure mainly will cater for personal emoluments for health staff, purchase of drugs as well as purchase of non-pharmaceutical items for our health facilities; more specifically Mr. Speaker Sir, a total of Kshs 156.6 million will cater for specialized materials and supplies which include drugs, non-pharmaceuticals and laboratory materials. Mr. Speaker, I propose an allocation of Kshs 565.7 million towards development expenditure which will be utilized towards purchase of medical equipment and development of health centers and dispensaries and maintenance of existing infrastructure countywide.

## **AGRICULTURE, LIVESTOCK AND FISHERIES.**

21. Mr. Speaker Sir, the mandate of this department is to promote and facilitate production of food and agricultural raw materials for food security, enhance sustainable use of land resources as a basis for agricultural enterprises. Mr. Speaker Sir, to fulfill this mandate, the department will focus attention on six main areas: namely, Livestock pest and disease Control Program; Livestock Breeding Program; Soil Agricultural Training Centre Modernization; Enhancement of Industrial Crops; Agricultural Mechanization Technology Development project; and Agricultural Extension Services Programme. These interventions are also boosted by grants from external donors such as Agricultural Sector Development Support Programme 2 and Kenya Climate Smart Agriculture Project to be executed through projects and programs in order to bring coherence in implementation and facilitate measurement of impacts created at the community level. Mr. Speaker Sir, in order to realize

the above objectives, I propose an allocation of Kshs 558.8 million towards the same projects.

22. Mr. Speaker Sir, I propose allocating Kshs 753 million for this department in this budget, from this, an allocation for recurrent expenditure at Kshs 194 million while the balance as development expenditure as mentioned before.

### **17.1. EDUCATION, YOUTH AFFAIRS, CULTURE AND SOCIAL SERVICE.**

23. Mr. Speaker Sir, to implement the proposed projects in this sector, I propose an allocation of Kshs 1.138 billion to be shared between recurrent expenditure at Kshs 525.9 million and development expenditure taking Kshs 612.1 million.

24. Mr. Speaker Sir, Kshs 132.5 million is proposed to be allocated towards bursaries designed for needy students across the county. Mr.

Speaker Sir, provision of quality ECD education is key to ensuring access to basic education, enhanced retention and improved transition rates among learners. In this regard, the county is committed to affording learners an equal chance for a good education. In order to realize this objective we intend to complete and construct more ECDE centers. Kshs 190 million has been allocated towards construction of ECDE centers and ablution blocks, renovation of ECDE centers and purchase of education aids and related equipment.

25. Mr. Speaker Sir, support and development of sports remains a vital priority in order to nurture the talent of our youth, foster cohesion and promote peace among the residents of Kericho County. Additionally, in order to give our youth a competitive edge in the labour market, it remains important for sustained investment in vocational and technical training. Kshs 22.8 million is proposed to go to development of Youth Polytechnics

as a conditional grant from the National Government and Kshs 29.8 million for development of sports, sports infrastructure and youth empowerment.

## **PUBLIC WORKS, ROADS AND TRANSPORT.**

26. Mr. Speaker Sir, the Infrastructure and mainly roads is globally considered as enabler of economic growth and development. Efficient infrastructure attracts centers of production and consumption. I therefore propose an allocation of Kshs 1.372 billion. Out of this, Kshs. 683.8 Million will be used to construct access road network across the County. A total Kshs. 116 Million will be used in construction of bridges & culverts to improve on county connectivity. A further Kshs 5 million for street lighting installation and maintenance is proposed to improve security and increase the working hours of our business community. Kericho and Litein Bus Parks and construction of bodaboda shades to be funded with Kshs 31 million. Mr. Speaker Sir, from the conditional grants a total of Kshs. 162.2 Million has been allocated towards construction and rehabilitation of

major roads within the county. This is an amount allocated through the Kenya Road Board (KRB) from the fuel levy and utilized under issued terms and conditions.

27. Mr. Speaker Sir, I therefore propose to allocate Kshs 1.266 billion towards development, recurrent expenditure will take up Kshs 105.8 million out of the proposed total allocation.

**TRADE, INDUSTRIALIZATION, CO-OPERATIVE  
MANAGEMENT, TOURISM AND WILDLIFE**

28. Mr. Speaker Sir, I propose an allocation Kshs 163.2 million to this sector, of which, Kshs 84.8 million will be utilized for recurrent expenditure while Kshs 78.4 million is proposed to be allocated to development.

29. Markets are considered as important business hubs in our agriculturally rich county and it's for this reason that I have allocated Kshs 26 M for trade

and markets development. I further propose an additional Kshs 3 million for the construction of a modern market in Kericho town,

30. Mr. Speaker Sir, Additionally, I propose Kshs 5 million to fund various projects and programs in the co-operative sub sector for training of cooperative societies members to improve their skills for better returns and value chain.

## **WATER, ENVIRONMENT, ENERGY, NATURAL RESOURCES AND FORESTRY**

31. Mr. Speaker Sir, Supply of water and protection of the environment will continue to be regarded highly by this county administration. The importance of access to safe and reliable water to the county residents cannot be overemphasized. A clean environment impacts highly on the health of Kericho residents. Mr. Speaker Sir, during this financial year,

this sector will engage in key areas that are geared towards improving our environment and more so tackling the challenges of water shortage through rain water harvesting, garbage collection and rehabilitation of dumpsites.

32. Mr. Speaker Sir, to address the above priorities, I therefore propose to allocate Kshs.566.8 million as a total budget for this department. Development expenditure will take the lion share at Kshs. 428.4 million while recurrent stands at Kshs. 138.4 million.

### **LANDS, HOUSING AND PHYSICAL PLANNING.**

33. Mr. Speaker Sir, there is need to enhance investment in production of affordable and decent housing particularly for low income segments of the population. I therefore propose to allocate Kshs 5 million for preparation of development plans and another Kshs 5 million for up-

grading of informal settlement to curb unplanned informal settlements development in our county.

34. Mr. Speaker Sir, land is a vital factor of production in the economy as a resource, the county government through the department of water has been developing water infrastructure across the county to enhance distribution of water. In view of the above, I propose to allocate Kshs 10 million for acquisition of land to place water tanks owned by KEWASCO for use in distributing water. The County government has also increased its investment in markets and as such I propose to allocate Kshs 29 million for purchase of land for the construction of new markets.

35. Mr. Speaker Sir, the department of lands expects to receive support of the World Bank, under Kenya Urban Support Programme (KUSP), a total of Kshs. 30.2 Million has been provided towards various projects under the terms of this support.

36. Mr. Speaker Sir, I propose total allocation for the department of Lands, Housing and Physical Planning in this budget at Kshs 268.1 million and out of this Kshs 109 million is for recurrent expenditure while the balance of Kshs 158.5 million is reserved for development.

### **INFORMATION, COMMUNICATION AND E-GOVERNMENT**

37. Mr. Speaker Sir, ICT plays a crucial role in realizing development objectives. Towards the attainment of the objectives and to leverage on technology, I propose an allocation of 28.4 million in this budget to go towards development which focuses in expanding I C T networking and communication and related infrastructure across the county.

38. Mr. Speaker Sir, having proposed the above on development programs, a balance of Kshs 95.9 million will be reserved for recurrent expenditure.

## **REVENUE RAISING MEASURES**

39. Mr. Speaker Sir, to finance the FY 2020/2021 budget, the county government will use the equitable share from the National resources with a provision of Kshs. 5.44 billion, Conditional grants of Kshs. 203.1 million and own source revenue estimated at Kshs. 965 million inclusive of Facility improvement funds and NHIF rebates and donors funds of Kshs547.7 million. The conditional grants include; the compensation of the user fees forgone, development of youth polytechnic grant and roads maintenance fuel. Donor funds include; DANIDA Fund from Danish government aid, Agricultural Sector Development Support Fund, Transformative Health System, Kenya Devolution Support Project, Climate Smart Agriculture Project and the Kenya Urban Support Program all funded by world bank. The main sources of internally generated revenue will be; Cess Receipts, Plot rates, Property Rates, House Rents, Single Business Permits, Licenses, Water and sewerage rates, Parking Fees and Market Fees.

40. Mr. Speaker Sir, in order to achieve the local revenue targets, the County Government does not intend to increase fees and charges but will intensify efforts to enforce the already existing sources. With the County having an almost fully automated system, cash handling will be limited and therefore enhanced collection.

## **CONCLUSION.**

41. Mr. Speaker Sir, the implementation of this budget requires the collective efforts of not only our two arms of government but also the esteemed residents of this county and at this juncture, I would like to draw our attention to Chapter six of the constitution, 2010. As leaders, this chapter reminds us of the Authority assigned to us as state officers. The constitution states that we are entrusted with this Authority by the people. Therefore, Mr. Speaker Sir, we are all expected to exercise the public trust in a manner that promote public confidence in the integrity of our offices.

42. Mr. Speaker Sir, on the same note, the county Government will continue to abide by the constitutional provisions and more so emphasize on article 201 of constitution of Kenya 2010 which spells out the principles of public finance. Further, the County Treasury will continue to cooperate with all relevant oversight institutions including this Assembly to ensure that the resources are utilized in a prudent manner.

43. Finally, Mr. Speaker Sir, once again, my gratitude goes to all those who made contributions towards the preparation of this budget.

God Bless You All

Thank You