



**COUNTY GOVERNMENT OF ELGEYO MARAKWET**

**THE COUNTY TREASURY**

---

**2024 COUNTY BUDGET REVIEW AND OUTLOOK PAPER  
(CBROP)**

---

**SEPTEMBER 2024**

© County Budget Review and Outlook Paper (CBROP) 2024

The County Treasury P. O. Box 220-30700 ITEN, KENYA

**Email:** [emcounty2013@gmail.com](mailto:emcounty2013@gmail.com)

**Website:** [www.elgeyomarakwet.go.ke](http://www.elgeyomarakwet.go.ke)

## **FOREWORD.**

The Elgeyo Marakwet County Budget Review and Outlook Paper (CBROP) for the 2024/25 financial year is an essential document in our annual budgeting cycle. It serves as a critical link between our county's strategic policy priorities and detailed financial planning, ensuring that resources are allocated to drive inclusive growth, wealth creation, and economic resilience. The preparation of this CBROP reaffirms our commitment to transparency, accountability, and evidence-based planning as we strive to meet the needs and aspirations of the people of Elgeyo Marakwet.

This 2024/25 CBROP reviews the fiscal performance for the 2023/24 financial year, providing insights into revenue collection, expenditure patterns, and key economic trends that have impacted the county's financial position. It is particularly important to assess these outcomes in the context of ongoing global and national challenges, including the evolving economic environment, climate change effects, and shifting priorities in devolution. As such, this document highlights any deviations from initial budget forecasts, providing explanations for variances while offering recommendations for corrective measures.

This review will further guide the formulation of the 2025/26 budget, ensuring that our fiscal strategies align with the goals articulated in the County Integrated Development Plan (CIDP) and other policy frameworks. By providing a detailed analysis of our county's performance and outlining a forward-looking outlook, this CBROP enhances our ability to make informed decisions that optimize the utilization of resources for the betterment of our citizens.

As we look ahead, we remain committed to prudent fiscal management, fostering sustainable development, and ensuring that public resources are allocated efficiently to deliver tangible benefits to our people. I am confident that the 2024/25 CBROP will serve as a critical tool in guiding our future financial planning and fostering economic resilience in Elgeyo Marakwet.

**ALPHAEUS K. TANUI**

**CECM FINANCE AND ECONOMIC PLANNING**

## **ACKNOWLEDGEMENTS**

This County Budget Review and Outlook Paper (CBROP) was done with support and significant contribution by the County Treasury team and other county officers. This is to appreciate their efforts, which culminated in the development of this document.

Special appreciation goes to CECM Finance and Economic Planning, and Directors of Economic Planning and Budgeting Directorates for their roles in leading a technical team of officers from the Economic Planning and Budgeting Directorate in preparing this document.

I am confident that the county will find this CBROP document a valuable means to enhancing transparency, accountability, service provision and successful implementation of programs in the Medium Term.

**KIPRUTO CHESOS**

**CHIEF OFFICER FINANCE AND ECONOMIC PLANNING**

# TABLE OF CONTENTS

FOREWORD..... 3

ACKNOWLEDGEMENTS..... 4

TABLE OF CONTENTS ..... 5

ABBREVIATIONS AND ACRONYMS..... 8

CHAPTER ONE..... 10

INTRODUCTION ..... 10

    1.2    Legal Framework for the Publication of the County Budget Review and Outlook Paper..... 10

    1.3    Fiscal Responsibility Principles in the Public Financial Management Law ..... 11

    1.4    Objectives of 2024 County Budget Review and Outlook Paper ..... 12

CHAPTER TWO..... 13

2. REVIEW OF FISCAL PERFORMANCE IN FY 2023/24 ..... 13

    2.1    Overview ..... 13

    2.2    Overview of Fiscal Performance in FY 2023/24 ..... 13

    2.3    Revenue Performance ..... 13

        2.3.1    Internal Revenue ..... 13

        2.3.2    External Revenue ..... 14

    2.4    Expenditure Performance ..... 16

        2.4.1    Recurrent Expenditure ..... 17

        2.4.2    Development Expenditure ..... 19

    2.5    2023/2024 Financing and Balance..... 20

    2.6    Implication of FY 2023/24 Fiscal Performance on Fiscal Responsibility Principles and Financial Objectives Contained in the 2024/25 County Fiscal Strategy Paper ..... 20

        2.6.1    Implications on the financial objectives ..... 20

        2.6.2    Implication on Fiscal Responsibility Principles ..... 20

CHAPTER THREE:..... 21

3 RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK ..... 21

    3.1    Macroeconomic Outlook ..... 21

        3.2.1    Global Growth Outlook..... 22

        3.2.2    Domestic Growth Outlook ..... 24

3.2	Fiscal Risks to the Outlook .....	27
CHAPTER FOUR.....		28
4	RESOURCE ALLOCATION FRAMEWORK .....	28
4.1	Adjustment to 2023/24 Budget .....	28
4.2	Resource Allocation Framework .....	28
4.2.1	Implementation of the FY 2024/25 Budget .....	28
4.2.2	Medium Term Expenditure Framework. ....	29
4.2.3	Financial Year 2025/26 Budget Framework .....	30
4.2.4	Revenue Projections .....	30
4.2.5	Expenditure Forecasts .....	32
CHAPTER FIVE.....		34
5	CONCLUSION AND WAY FORWARD .....	34
5.1	Conclusion .....	34
5.2	Way Forward.....	35

**ANNEXES**

Annex 1: County Government Operations FY 2023/24-2025/26.....	36
Annex 2: Total Sector Ceilings for the MTEF Period 2023/24-2025/26.....	37
Annex 3: Budget Process Activity Calendar.....	38

## LIST OF TABLES AND FIGURES

Table 1: Internal Revenue Breakdown FY 2023/24	14
Table 2: External Revenue Performance Report FY 2023/24	15
Table 3a: Aggregate Expenditure	16
Table 3b: Analysis of aggregate expenditure vs actual disbursed funds	17
Table 4: Analysis of the Recurrent Expenditure	18
Table 5: Development Expenditures	19
Table 6: Global Economic Performance	23
Table 7: Resource Envelope	32
Figure 1: Annual Real GDP Growth Rates, percent	22

## ABBREVIATIONS AND ACRONYMS

A/C	Account
ADP	Annual Development Plan
AfCFTA	The African Continental Free Trade Area
ASDSP	Agricultural Sector Development Support Programme
BETA	Bottom-up Economic Transformation Agenda
CAIP	County Aggregation and Industrial Park
CBROP	County Budget Review and Outlook Paper
CECM	County Executive Committee Member
CFSP	County Fiscal Strategy Paper
CG	County Government
CIDP	County Integrated Development Plan
COB	Controller of Budget
COVID-19	CoronaVirus Disease- 2019
CRA	Commission on Revenue Allocation
CRF	County Revenue Fund
DANIDA	Danish International Development Agency
EDA	Equitable Development Act
ELRP	Emergency Locust Recovery Program
FIF	Facility Improvement Fund
FLoCCA	Financing Locally-Led Climate Change Action
FY	Financial Year
GDP	Gross Domestic product
IBEC	Intergovernmental Budget and Economic Council
ICT	Information and Communication Technology
KDSP	Kenya Devolution Support Programme



KISP	Kenya Informal Settlement Program
KES	Kenya Shillings
KUSP	Kenya Urban Support Programme
MTEF	Medium-Term Expenditure Framework
MTFF	Medium-Term Fiscal Framework
OSR	Own Source Revenue
PBB	Programme Based Budget
PFMA	Public Financial Management Act
POS	Point of Sale
PPP	Public Private Partnership
RLMF	Road Levy Maintenance Fund
SDGs	Sustainable Development Goals
SRC	Salaries and Remunerations Commission
UK	United Kingdom
USA	United States of America
WECOS	Wealth Creation Strategy

# CHAPTER ONE

## 1. INTRODUCTION

### 1.1 Background

This is the 11<sup>th</sup> County Budget Review and Outlook Paper (CBROP) to be prepared by the Elgeyo Marakwet County as provided for under the Public Financial Management (PFM) Act, 2012 section 118. CBROP reviews the fiscal performance of the financial year 2023/2024, updated macroeconomic forecast and the experiences in the implementation of the budget estimates for financial year 2023/2024.

### 1.2 Legal Framework for the Publication of the County Budget Review and Outlook Paper

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

1. The County Treasury shall;
  - a. Prepare a County Budget Review and Outlook Paper in respect of the County for each of the financial year and
  - b. Submit the paper to the County Executive Committee by 30<sup>th</sup> September of that year.
2. The County Budget Review and Outlook Paper shall include:
  - a. Actual fiscal performance in the previous year compared to the budget appropriation for that year;
  - b. The updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper;
  - c. Information on –
    - i. any changes in the forecasts compared with the County Fiscal Strategy Paper; and
    - ii. how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the County Fiscal Strategy Paper for that financial year;

- d. Reasons for any deviation from the financial objectives in the County Fiscal Strategy Paper together with proposals to address the deviation and the time estimated for doing so.
3. The County Executive Committee shall consider the County Budget Review and Outlook Paper with a view to approving it, with or without amendments, within fourteen days after its submission.
4. Not later than seven days after the County Budget Review and Outlook Paper is approved by the County Executive Committee, the County Treasury shall—
  - a. Arrange for the Paper to be laid before the County Assembly; and
  - b. As soon as practicable after having done so, publish and publicize the Paper.

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

In line with the constitution, the Public Financial Management Act, 2012 sets out the fiscal responsibility principles to ensure prudence and transparency in the management of public resources. The PFM law under Section 107 (b) states that:

1. The County government's expenditure shall not exceed its total revenue.
2. Over the medium term a minimum of 30% of the county government's budget shall be allocated to development expenditure.
3. The county government's expenditure on wages and benefits to employees shall not exceed 35 percent of the total revenue by regulations.
4. Over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure; and short-term borrowings shall only be restricted to management of cash flows and shall not exceed five (5%) of most recent audited county government revenue.
5. The County debt shall be maintained at a sustainable level as approved by the County assembly.
6. Fiscal Risks shall be managed prudently.

7. A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, considering any tax reforms that may be made in future.

As will be shown in the subsequent chapters of this document, the county government has laid strategies to comply with these principles and legal requirements.

#### **1.4 Objectives of 2024 County Budget Review and Outlook Paper**

The objective of the 2024 CBROP is to provide a review of the previous fiscal performance for the financial year 2023/2024 and how this impacts the financial objectives and fiscal responsibility principles set out in the last 2023 County Fiscal Strategy Paper (CFSP). This together with updated macroeconomic outlook provides a basis for revision of the current budget in the context of any supplementary estimates and the broad fiscal parameters underpinning the next budget and the medium term.

PFMA, 2012 has provided standards for compliance with the MTEF budgeting process. In this regard, this CBROP will provide indicative sector ceilings that will guide the budget preparation process for the FY 2025/26 and the medium term. The sector ceilings are based on the overall resource envelope that is informed by the medium-term macro-fiscal projections as presented in Chapter Three and Chapter Four. The 2024 CBROP will form the basis for the development allocation for the 2025 CFSP with attendant programmes and projects earmarked for implementation over the medium term as outlined in the Third County Integrated Development Plan (CIDP III 2023-2027). The CBROP will be linking policy, planning, and budgeting.

The document is organized in Chapters as follows: Chapter one provides the Background information, legal framework, fiscal responsibility principles and objectives for the preparation of the CBROP; Chapter two provides a review of the fiscal performance for the FY 2023/24 and its implications on the financial objectives set out in the 2024 CFSP; Chapter three highlights the recent economic developments and outlook; Chapter four presents the proposed resource allocation framework; and Chapter Five presents conclusion.

## CHAPTER TWO

### 2. REVIEW OF FISCAL PERFORMANCE IN FY 2023/24

#### 2.1 Overview

The 2024 CBROP is based on priorities and emerging challenges in the county. Prioritization of resource allocation was based on the County Integrated Development Plan (CIDP) 2023-2027, development policies of the County Government, short term as well as the medium-term priorities identified during the County-wide public consultative forums held across the county, captured in the Annual Development Plan and eventually Programme Based Budget for FY 2023/2024.

#### 2.2 Overview of Fiscal Performance in FY 2023/24

During the period under review, the county government had a total budget of KES. **6,794,102,355** which comprised KES. **4,241,226,805** as recurrent budget and KES. **2,552,875,550** as development budget.

#### 2.3 Revenue Performance

##### 2.3.1 Internal Revenue

During the period under review, the county government collected a total of KES. 278,482,755 against a target of KES. 270,326,633 translating to 103.01% performance. There was an overcollection of KES. 8,156,122. This performance is attributed to rolling out of an integrated revenue management system, enhanced compliance and enforcement and widening of revenue base. Centralization of collection of forest produce cess at the County Conservator of forest's office saw an increase in its collection. Table 2 presents the breakdown of internal revenue realized during the financial year 2023/2024.

Table 1: Internal Revenue Breakdown FY 2023/24

Revenue Sources	Approved Estimates (Net) A	Actual Ksh (Net) B	Variance C=B-A	Percent of Total (%)
Animal Stock auction fees	3,000,000	1,055,181	-1,944,819	35%
Produce and other cess	14,000,000	21,952,730	7,952,730	156.8%
Single Business Permit	19,944,405	16,926,661	-3,017,744	84.86%
Single business permit-Liquor license	0	0	0	0.00%
Lands Rates/Plot Rent	2,500,000	3,737,012	1,237,012	149.05%
Bus Park/motorcycle fees	4,000,000	4,553,600	553,600	113.84%
Trade applications fees	2,000,000	783,450	-1,216,550	39.17%
Slaughter fees	1,897,551	1,220,490	-677,061	64.31%
House rent/stall/ground	2,500,000	2,666,943	166,943	106.67%
Conservancy fees	2,000,000	1,204,610	-795,390	60.23%
Plan approval fees	1,500,000	156,000	-1,344,000	10.40%
Clearance fees	200,000	93,800	-106,200	46.90%
Hide and skins	52,500	300	-52,200	0.57%
Promotion/advert	3,000,000	5162320	2,162,320	172.07%
Hire of road field	229,142	0	-229,142	0.00%
Trade	194,250	25,700	-168,550	13.23%
Fines	1,500,000	533,992	-966,008	35.60%
FI Funds	197,500,000	197,562,724	62,724	100.03%
VSD Funds	-	759,870	759,870	-
Water Department	1,595,672	0	-1,595,672	0.00%
Health Services-Public Health	2,500,000	2,727,950	227,950	109.12%
Youth Affairs and sports	-	0	0	0.00%
Agriculture	-	14200	1420	-
Tourism	1,600,000	496,640	-1,103,360	31.04%
Market fees and others	4,500,000	11,384,247	6,884,247	264.84%
Recoveries	-	1,108,368	1,108,368	-
Others	4,113,113	4,355,967	242,854	105.90%
<b>TOTALS</b>	<b>270,326,633</b>	<b>278,482,755</b>	<b>8,156,122</b>	<b>103.01%</b>

Source: County Treasury

### 2.3.2 External Revenue

For the period under review, the county was allocated an equitable share amounting to KES.4,801,453,188 from the national government. Table 3 shows external revenue breakdown from the national government and donors.

Table 2: External Revenue Performance Report FY 2023/24

REVENUE SOURCE	2023/24 FY Approved 1st Supplementary	Actual Disbursement	Variance	% Disbursement
CRA Share	4,801,453,188	4,417,336,932	384,116,256	92
Transfer for Library Services	5,795,078	-	5,795,078	-
Balance b/d	932,430,814	932,430,814	-	100
Conditional Allocation	-	-	-	-
Provision of fertilizer subsidy Programme	63,970,782	-	63,970,782	-
Kenya Climate Smart Agriculture Project (KCSAP)	90,000,000	-	90,000,000	-
Kenya Livestock Commercialization Project (KeLCoP)	36,500,000	33,340,445	3,159,555	91
Livestock Value Chain Support Project	35,809,200	-	35,809,200	-
Agriculture Support Development Support Programme (ASDSP) II	1,042,262	500,000	542,262	48
Emergency Locust Response Project (ELRP)	138,144,044	136,959,310	1,184,734	99
Financing Locally Led Climate Action (FLLoCA) Program CCIS Grant	17,091,850	11,000,000	6,091,850	64
Financing Locally Led Climate Action (FLLoCA) Program CCRI Grant	212,500,000	162,011,093	50,488,907	76
Kenya Urban Support Programme (KUSP)	6,097,085	-	6,097,085	-
Kenya Informal Settlement Improvement (KISIP II)	58,324,295	50,000,000	8,324,295	86
Aggregated Industrial Parks Programme (CAIPS)	100,000,000	-	100,000,000	-
Nutrition International	10,000,000	7,500,000	2,500,000	75
DANIDA	14,617,125	14,617,125	-	100
<b>Total</b>	<b>6,523,775,723</b>	<b>5,765,695,719</b>	<b>758,080,004</b>	<b>88</b>

Source: County Treasury

## 2.4 Expenditure Performance

The total expenditure for the period under review amounted to KES.5,402,036,178 against an approved supplementary budget of KES.6,794,102,355 representing an underspending of KES.1,392,066,177 which translates to under absorption of **20.49%**. The under absorption is largely attributed to undisbursed external funds which had been budgeted for, consisting mainly of conditional grants. When the actual disbursed figures are compared with aggregate expenditure, under-absorption reduces from **20%** in Table 3a to **16%** in Table 3b hereunder respectively.

Table 3a: Aggregate Expenditure

DEPARTMENT	Approved Supp. Recurrent	Development	Total Budget	Total Actual Expenditure	Balance	% on Total Expenditure
County Assembly	706,848,845	-	706,848,845	706,716,501	132,344	99.98
Office of the Governor	162,511,550	-	162,511,550	161,641,478	870,072	99.46
Finance and Economic Planning	219,145,884	-	219,145,884	216,453,682	2,692,202	98.77
Agriculture, Livestock, Fisheries and Irrigation	156,927,049	593,410,019	750,337,068	451,310,230	299,026,838	60.15
Water, Environment and Climate Change	56,072,511	534,173,687	590,246,198	259,608,357	330,637,841	43.98
Education & Technical Training	375,248,122	173,159,403	548,407,525	496,931,937	51,475,588	90.61
Health Services	1,771,655,761	408,098,433	2,179,754,194	1,973,438,768	206,315,426	90.53
Lands, Physical Planning, Housing and Urban Development	68,637,885	128,436,166	197,074,051	166,411,117	30,662,934	84.44
Roads, Transport & Public Works	186,415,670	257,581,778	443,997,448	390,206,421	53,791,027	87.88
Cooperatives, Trade, Industrialization, Tourism and Wildlife	75,157,946	369,083,480	444,241,426	85,583,204	358,658,222	19.27
Sports, Youth Affairs, Culture, Children and Social Services	94,837,553	59,835,603	154,673,156	120,705,777	33,967,379	78.04
Public Service, Devolution, Administration, Communications, ICT & e-governance	315,721,588	29,096,981	344,818,569	321,614,274	23,204,295	93.27
County Public Service Board	52,046,441	-	52,046,441	51,414,432	632,009	98.79
<b>Total</b>	<b>4,241,226,805</b>	<b>2,552,875,550</b>	<b>6,794,102,355</b>	<b>5,402,036,178</b>	<b>1,392,066,177</b>	<b>79.51</b>



Source: County Treasury

Table 3b: Analysis of aggregate expenditure vs actual disbursed funds

DEPARTMENT	Approved Supp. Recurrent	Development	Total Budget	Undisbursed Funds	Total Budget Less Undisbursed	Total Actual Expenditure	Balance	% on Total Expenditure
County Assembly	706,848,845	-	706,848,845		706,848,845	706,716,501	132,344	99.98
Office of the Governor	162,511,550	-	162,511,550		162,511,550	161,641,478	870,072	99.46
Finance and Economic Planning	219,145,884	-	219,145,884		219,145,884	216,453,682	2,692,202	98.77
Agriculture, Livestock, Fisheries and Irrigation	156,927,049	593,410,019	750,337,068	194,666,533	555,670,535	451,310,230	299,026,838	81.22
Water, Environment and Climate Change	56,072,511	534,173,687	590,246,198	56,580,757	533,665,441	259,608,357	330,637,841	48.65
Education & Technical Training	375,248,122	173,159,403	548,407,525		548,407,525	496,931,937	51,475,588	90.61
Health Services	1,771,655,761	408,098,433	2,179,754,194	2,500,000	2,177,254,194	1,973,438,768	206,315,426	90.64
Lands, Physical Planning, Housing and Urban Development	68,637,885	128,436,166	197,074,051	14,421,380	182,652,671	166,411,117	30,662,934	91.11
Roads, Transport & Public Works	186,415,670	257,581,778	443,997,448		443,997,448	390,206,421	53,791,027	87.88
Cooperatives, Trade, Industrialization, Tourism and Wildlife	75,157,946	369,083,480	444,241,426	100,000,000	344,241,426	85,583,204	358,658,222	24.86
Sports, Youth Affairs, Culture, Children and Social Services	94,837,553	59,835,603	154,673,156		154,673,156	120,705,777	33,967,379	78.04
Public Service, Devolution, Administration, Communications, ICT & e-governance	315,721,588	29,096,981	344,818,569		344,818,569	321,614,274	23,204,295	93.27
County Public Service Board	52,046,441	-	52,046,441		52,046,441	51,414,432	632,009	98.79
<b>Total</b>	<b>4,241,226,805</b>	<b>2,552,875,550</b>	<b>6,794,102,355</b>	<b>368,168,670</b>	<b>6,425,933,685</b>	<b>5,402,036,178</b>	<b>1,392,066,177</b>	<b>84.07</b>

#### 2.4.1 Recurrent Expenditure

Total Recurrent Expenditure amounted to KES.4,142,678,022 against an approved budget of KES. 4,241,226,805. This represents an absorption rate of 97.68 percent. The table below shows the analysis of the recurrent expenditure

Table 4: Analysis of the Recurrent Expenditure

<b>DEPARTMENT</b>	<b>Approved Supp. Budget Recurrent</b>	<b>Recurrent Expenditure</b>	<b>Balance</b>	<b>% on Total Expenditure</b>
County Assembly	706,848,845	706,716,501	132,344	99.98
Office of the Governor	162,511,550	161,641,478	870,072	99.46
Finance and Economic Planning	219,145,884	216,453,682	2,692,202	98.77
Agriculture, Livestock, Fisheries and Irrigation	156,927,049	153,588,646	3,338,403	97.87
Water, Environment and Climate Change	56,072,511	49,433,594	6,638,917	88.16
Education & Technical Training	375,248,122	374,873,649	374,473	99.90
Health Services	1,771,655,761	1,693,406,548	78,249,213	95.58
Lands, Physical Planning, Housing and Urban Development	68,637,885	66,058,829	2,579,056	96.24
Roads, Transport & Public Works	186,415,670	185,859,194	556,476	99.70
Cooperatives, Trade, Industrialization, Tourism and Wildlife	75,157,946	73,100,015	2,057,931	97.26
Sports, Youth Affairs, Culture, Children and Social Services	94,837,553	94,781,204	56,349	99.94
Public Service, Devolution, Administration, Communications, ICT & e-governance	315,721,588	315,350,250	371,338	99.88
County Public Service Board	52,046,441	51,414,432	632,009	98.79
<b>TOTAL</b>	<b>4,241,226,805</b>	<b>4,142,678,022</b>	<b>98,548,783</b>	<b>97.68</b>

Source: County Treasury

Kindly note that the recurrent budget included recurrent in-nature projects moved from development vote at the Supplementary budget level. Some of these items had not been fully spent at the end of the 2023/24 FY. Also, in the health department, the payment of medical drugs amounting to Kshs. 49,696,227 had not been paid for. In the water department, the bulk of the unexpended amount was the amount budgeted as a conditional grant but was not disbursed by the closure of the 2023/24 FY. Details of the unspent funds constitute the amounts referred to as rollovers and will be contained in the 2024/25 FY Supplementary budget.

## 2.4.2 Development Expenditure

Total cumulative development expenditure for the period under review amounted to KES.1,259,358,156 against an approved supplementary budget of KES.2,552,875,550. This reflects an absorption rate of 49.33%. This absorption has been distorted by the undisbursed conditional allocations amounting to KES. 359,576,820 resulting in an underrepresentation by 8.1%. Table 6 shows the breakdown of Development expenditure by departments and absorption as a percentage of total expenditure and as a percentage of total expenditure excluding undisbursed funds.

Table 5: Development Expenditures

DEPARTMENT	Approved Supp. Budget Development	Undisbursed Funds	Total Budget Less Undisbursed	Total Development Expenditure	Balance	% on Total Expenditure	% on Total Expenditure (Less Undisbursed Funds)
County Assembly	-		-	-	-		
Office of the Governor	-		-	-	-		
Finance and Economic Planning	-		-	-	-		
Agriculture, Livestock, Fisheries and Irrigation	593,410,019	194,666,533	398,743,486	297,721,584	101,021,902	50.17	74.66
Water, Environment and Climate Change	534,173,687	50,488,907	483,684,780	210,174,763	273,510,017	39.35	43.45
Education & Technical Training	173,159,403		173,159,403	122,058,288	51,101,115	70.49	70.49
Health Services	408,098,433		408,098,433	280,032,220	128,066,213	68.62	68.62
Lands, Physical Planning, Housing and Urban Development	128,436,166	14,421,380	114,014,786	100,352,288	13,662,498	78.13	88.02
Roads, Transport & Public Works	257,581,778		257,581,778	204,347,227	53,234,551	79.33	79.33
Cooperatives, Trade, Industrialization, Tourism and Wildlife	369,083,480	100,000,000	269,083,480	12,483,189	256,600,291	3.38	4.64
Sports, Youth Affairs, Culture, Children and Social Services	59,835,603		59,835,603	25,924,573	33,911,030	43.33	43.33
Public Service, Devolution, Administration, Communications, ICT & e-governance	29,096,981		29,096,981	6,264,024	22,832,957	21.53	21.53
County Public Service Board	-		-	-	-		
<b>Total</b>	<b>2,552,875,550</b>	<b>359,576,820</b>	<b>2,193,298,730</b>	<b>1,259,358,156</b>	<b>933,940,574</b>	<b>49.33</b>	<b>57.42</b>

Source: County Treasury

## **2.5 2023/2024 Financing and Balance**

The analysis in Table 6 shows that KES.1,293,517,394 for development was not absorbed in the financial year 2023/2024. This translates to 50.67% of the total capital allocation.

## **2.6 Implication of FY 2023/24 Fiscal Performance on Fiscal Responsibility Principles and Financial Objectives Contained in the 2024/25 County Fiscal Strategy Paper**

### **2.6.1 Implications on the financial objectives**

The performance in the FY 2023/24 affected the financial objectives set out in the 2024 County Fiscal Strategy Paper and the Budget for FY 2024/25. Revenue projections and expenditure needed some slight adjustments to reduce the chances of generating pending bills at the end of the period.

During the period under review, the county government had planned to collect revenue amounting to KES.278,482,755. At the close of the financial year, the county had collected KES.270,326,633 translating to 103.01% performance. This performance can be attributed to roll out of integrated revenue management system, enhanced compliance, centralization of forest cess at the conservator's office and enforcement and widening of revenue base.

### **2.6.2 Implication on Fiscal Responsibility Principles**

The implication of the FY 2023/2024 Fiscal Performance on the Fiscal Responsibility Principles was as follows: -

- The County Government will continue to put in place revenue enhancement measures to ensure increased revenue collections
- The county will continue to strive to ensure that 30% of the County's allocation expenditure should be development oriented. The county will continue to work and ensure that this minimum threshold is met.
- Compensation of employees exceeded the required level of 35% of the total county budget, consequently, the county government has institutionalized staff rationalization programs on replacements across various cadres which has reduced compensation of employees by 3% of the budget.

## CHAPTER THREE:

### 3 RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

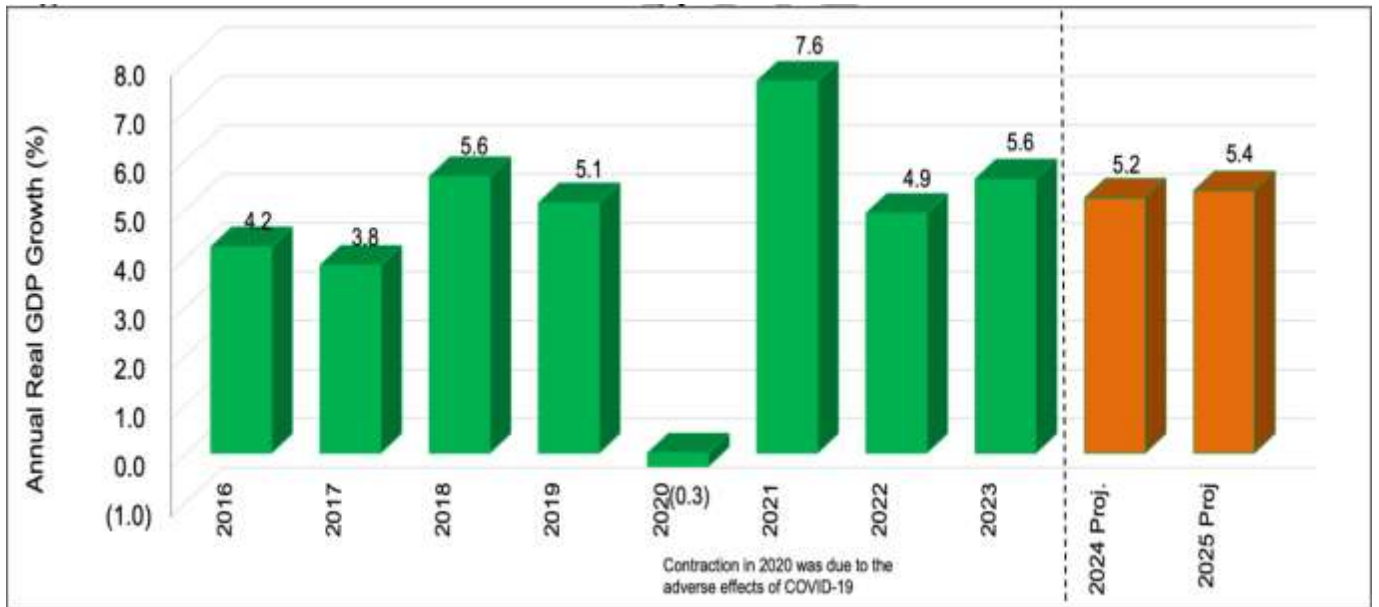
#### 3.1 Macroeconomic Outlook

Kenya's economic performance is projected to remain stable over the medium term. Growth is expected to moderate from 5.6 percent in 2023 to a forecast of 5.2 percent in 2024 and 5.4 percent in 2025. The growth in 2024 and 2025 will benefit from the enhanced agricultural productivity and a resilient services sector.

The rebound in Kenya's agricultural sector is expected to be largely driven by favorable weather conditions and productivity-enhancing government interventions. The industrial sector will see growth primarily in manufacturing, largely reflecting the reduction in costs of production and easing of exchange rate pressures; and in construction partly attributed to increased public spending on affordable housing. The services sector is expected to remain resilient, with ICT reforms boosting growth in financial services, health, and public administration. However, increased uncertainties in both the external and domestic environments, such as the escalation of geopolitical tensions and potential disruptions in supply chain networks, could negatively impact commodity markets and slow down this potential growth.

Available economic indicators for the first half of 2024 point to mixed performance in the economy reflecting sustained performance in agriculture, improved exports and services sector and subdued industrial sector. In view of this and other considerations including domestic and external factors, economic growth is projected at 5.2 per cent in 2024 and 5.4 per cent from earlier projections of 5.5 per cent, respectively. These projections are underpinned by broad based private sector growth and ongoing Government interventions and strategies under the Bottom-Up Economic Transformation Agenda (BETA). Additionally, implementation of prudent fiscal and monetary policies will continue to support economic activity. The figure hereunder shows a graph of recent trends in GDP growth rates.

Figure 1: Annual Real GDP Growth Rates, percent



Source of Data: Kenya National Bureau of Statistics

The country’s economic performance is projected to remain strong and resilient over the medium term following various national and county government interventions, structural reforms and policies that have supported economic recovery. The economy expanded by 5.0 percent in the first quarter in 2024 compared to a growth of 5.5 percent in the corresponding quarter in 2023. In Spite of the slow growth in the economy, this growth was largely driven by a strong rebound in the agricultural sub sector, which benefited from favorable weather conditions after two years of severe droughts and the robust performance of the services sector.

## Medium Term Fiscal Framework

### 3.2.1 Global Growth Outlook

Global economy has stabilized with global growth projected at 3.2 percent in 2024 and 3.3 percent in 2025 from 3.3 percent in 2023 as shown in the table hereunder. The outlook reflects economic recovery in China, Euro area and UK, despite a slowdown in activity in the USA and Japan. The main risks to the global growth outlook relate to further escalation of geopolitical tensions, interest rates remaining higher-for-even-longer in advanced economies, and policy uncertainty attributed to changes of Government in some major economies. Global inflation has moderated, with central banks in some major economies lowering interest rates. International oil prices have moderated, but the risk premium from the Middle East conflict

has increased following the recent escalation.

Global economic output showed resilience in the first half of 2024, with modest growth anticipated in 2024 and 2025, mainly due to improving economic activities in the United States, China, and India. Global growth was estimated at 3.3 percent for 2023 and is projected to continue at the same pace in 2024 and 2025.

Even though global headline inflation concerns are diminishing, core inflation remains persistently high. Financial market conditions have remained stable throughout 2024, reflecting improved global investor sentiment and a softening of labor markets. However, the outlook faces significant downside risks, including escalating conflicts in the Middle East, uncertainties around the US elections, and consistently high interest rates in advanced economies.

Table 6: Global Economic Performance

Economy	Growth (%)			
	Actual	Estimate	Projections	
	2022	2023	2024	2025
<b>World</b>	3.5	3.3	3.2	3.3
<b>Advanced Economies</b>	2.6	1.7	1.7	1.8
<i>Of which: USA</i>	1.9	2.5	2.6	1.9
<i>Euro Area</i>	3.4	0.5	0.9	1.5
<i>United Kingdom</i>	4.3	0.1	0.7	1.5
<i>Japan</i>	1.0	1.9	0.7	1.0
<b>Emerging and Developing Economies</b>	4.1	4.4	4.3	4.3
<i>Of which: China</i>	3.0	5.2	5.0	4.5
<i>India</i>	7.0	8.2	7.0	6.5
<b>Sub-Saharan Africa</b>	4.0	3.4	3.7	4.1
<i>Of which: South Africa</i>	1.9	0.7	0.9	1.2
<b>Nigeria</b>	3.3	2.9	3.1	3.0
<b>Kenya*</b>	4.9	5.6	5.2	5.4

Source: IMF World Economic Outlook, July 2024 (National Projection)

Growth in the advanced economies is projected to remain stable at 1.7 percent in 2024 and 1.8 percent in 2025. Growth in the US has been revised downwards by 0.1 percentage points from the

World Economic Outlook (WEO) April projections as consumption moderated and the labor market eased. The Euro area and the UK are projected to grow by 0.9 percent and 0.7 percent, respectively in 2024.

In the emerging market and developing economies, growth is projected at 4.3 percent in 2024 and 2025, reflecting stronger activity in Asia particularly China and India. In Sub-Saharan Africa (SSA), economic growth is projected to rise from an estimated 3.4 percent in 2023 to 3.7 percent in 2024 and 4.1 percent in 2025. Nigeria and South Africa are expected to grow by 3.1 percent and 0.9 percent in 2024, respectively.

### **3.2.2 Domestic Growth Outlook**

The economy expanded by 5.0 per cent in the first quarter of 2024 compared to a growth of 5.5 per cent in the corresponding quarter of 2023. The growth was primarily buoyed by robust growths in Agriculture, Forestry and Fishing activities (6.1%), Real Estate (6.6%), Financial and Insurance (7.0%), Information and Communication (7.8%) and Accommodation & Food Services (28.0%). Similar to the first quarter of 2023, agricultural production was vibrant in the corresponding quarter of 2024, owing to favourable weather conditions that supported crop and animal production during the quarter.

Performance of transportation activities was comparably high relative to the similar quarter of 2023, partly attributable to thriving agricultural activities. Similarly, growth of the financial and insurance activities accelerated from 5.9 per cent in the first quarter of 2023 to 7.0 per cent during the review quarter.

During the first quarter of 2024, the Kenyan Shilling depreciated against all major currencies compared to the corresponding quarter of 2023. On average, the Kenyan shilling ceded ground against Pound Sterling, Euro, and US Dollar by 23.6 per cent, 19.8 percent and 18.4 percent, respectively. Similarly, the Kenyan Shilling depreciated against the South African Rand, Tanzania Shilling and Uganda Shilling.

The primary sector grew by 5.0 percent in the first quarter of 2024 compared to a growth of 5.3 percent in the first quarter of 2023. This was because of the robust growth in the agriculture sub-sector. Activities in the agriculture and livestock sub-sector expanded by 6.1 percent in the first quarter of 2024 compared to a growth of 6.4 percent in a similar quarter in 2023. The performance was evident in the significant increase in production of tea, milk and sugarcane during the quarter under review.

Industrial sector performance remained subdued, with growth of the sector slowing down to 1.1 percent in the first quarter of 2024 from a growth of 2.5 percent in a similar quarter of 2023. This was mainly on



account of a slowdown in activities in all its sub-sectors, i.e. the manufacturing, electricity & water supply and construction sub sectors.

On the demand side, aggregate domestic demand is expected to remain resilient even as the public sector consolidates with the private sector playing a stronger role in Kenya's medium-term recovery. Bumper agricultural harvests, moderate inflation, a recovery in employment, and modest growth of credit to the private sector will support growth in private consumption. Moreover, remittance inflows to Kenya are projected to remain resilient, providing further support to household incomes. Private consumption is expected to complement moderate government consumption in the context of fiscal consolidation.

Private investment will be supported by measures aimed at improving competitiveness, inclusivity, market efficiency, positive business sentiment, access to the international market, and projected FDI inflows. Investment will also benefit from an increased focus on Public Private Partnerships (PPPs), following the near completion of the harmonization of the Public Investment Policy, which will align PPP and Public Investment Management frameworks. In the medium term, the Government targets PPP investments in key economic sectors to complement its development agenda. These sectors include Agriculture, Roads and Transport. Urban Development and Housing, Energy, Water, Information, Communication Technologies (ICT), and Health. The PPPs are also expected to partly fill the investment financing gap in the wake of ongoing fiscal consolidation efforts which would reduce government domestic borrowing and lower yields on government securities.

Government consumption and investments are expected to slow down in 2024 and 2025 due to the ongoing growth friendly fiscal consolidation efforts. However, the development will be complemented with private sector investments in commercially viable development projects. Growth over the medium term will also be driven by sustained Government investments in the Bottom-Up Economic Transformation Agenda. Particularly, investments in the nine priority value chains (Leather, Cotton, Dairy, Edible Oils, Tea, Rice, Blue economy, Natural Resources (including Minerals and Forestry), and Building Materials). Government interventions towards climate change adaptation and mitigation measures that include rehabilitation of wetlands and reforestation are expected to support growth over the medium term.

Kenya's external position is expected to remain supportive of macroeconomic stability. Overall, the current account deficit is expected to be stable in the medium term. Exports are expected to recover, both from improvements in the global and regional trade outlook, and domestic conditions. Exports are expected to benefit from the ongoing implementation of trade agreements such as regional economic communities and the AfCFTA. Increased remittance inflows and tourism receipts are expected to further provide foreign exchange buffer. Imports are expected to grow as domestic demand recovers, particularly because of raw materials, fuels, and intermediate goods, consistent with investment growth and stability in the foreign exchange market.

The County's economic growth shares similarities with the National economic outlook. Recovery in national and global economies will ensure favorable local and national markets for locally produced goods in partnership with different stakeholders, especially the pyrethrum, coffee, tea, and horticultural sectors that hold the key to the county's economic growth prospects. This has been boosted by the formulation and implementation of Wealth Creation Strategy (WECOS) which focuses on ensuring the county has adopted 'one cash crop one ward'. This strategy will ensure that every household in the county has a piece of land dedicated to cash crop production.

The County economy is expected to be supported by the strong recovery in the agriculture and livestock sector that drives the industrial sector. The adequate rainfall during the long rain season and the anticipated short rains later in 2024 will continue to support activities in agriculture. Agricultural productivity will also benefit from collaboration between County Government and National Government programs to access affordable fertilizer and other inputs.

### **3.2 Fiscal Risks to the Outlook**

Kenya's growth outlook suggests a stable macroeconomic environment in the medium term. However, several downside risks could impact on this outlook, arising from both domestic and external factors. Externally, geopolitical tensions—especially related to conflicts in the Middle East and Ukraine—pose significant risks. Additionally, ongoing supply disruptions from shipping crises in the Red Sea and Suez Canal may increase import and production costs. Uncertainty surrounding international oil prices further complicates the situation. Internally, extreme weather events, such as droughts or floods, could negatively affect agricultural output, lead to asset destruction, increase food insecurity, and cause a rise in waterborne diseases.

Lower-than-expected global economic growth, particularly in major export destinations, could reduce Kenya's export revenues, tourism income, and remittance growth. Simultaneously, rising global fuel prices may elevate Kenya's import costs. Tight global financial conditions, resulting from inflation not returning to target levels, could further strain Kenya's ability to meet external financing needs. Nonetheless, the government's commitment to fiscal consolidation and a focus on concessional borrowing are expected to help mitigate these risks.

The wage bill presents a significant risk to the medium-term fiscal outlook, placing considerable strain on the budget, which is likely to continue affecting the County Government's financial stability. Additionally, the county, which includes the Kerio Valley, faces ongoing security challenges due to frequent attacks by bandits. It is also vulnerable to natural disasters such as landslides, flooding, and drought, which threaten lives, property, food security, utilities, transportation networks, and public health. These events will demand substantial financial resources, further increasing the fiscal risk for the county government.

## **CHAPTER FOUR**

### **4 RESOURCE ALLOCATION FRAMEWORK**

#### **4.1 Adjustment to 2023/24 Budget**

A supplementary budget was prepared to adjust the 2023/24 FY budget to achieve specific objectives i.e.; incorporate 2022/23 commitments (roll-over, pending commitments and pending bills) both for development allocations; incorporate Conditional grants (DANIDA, FLoCCA & KUSP) allocation from Development partners in the budget which disbursement after the FY 2022/23 had been closed. Re-allocate identified projects by WDCs and to provide for additional revenue from Local Revenue sources

#### **Medium-Term Expenditure Framework**

The FY 2024/25 budget framework continues to build on the County Government's efforts to stimulate and sustain economic activities through the wealth creation strategy and provides a structured approach to public financial management (PFM). To protect the gains already made, the county Government will continue to emphasize on the implementation of policy measures such as automation and completion of ongoing projects.

#### **4.2 Resource Allocation Framework**

##### **4.2.1 Implementation of the FY 2024/25 Budget**

Implementation of the FY 2024/25 budget has begun well with indicators in the first quarter pointing to meeting the end year target in regard to revenue collection. There is uncertainty in terms of expected share of the CRA allocation due to impasse on the Division of Revenue Act 2024. The Medium-Term Fiscal Framework (MTFF) for FY 2024/25 emphasizes efficiency and effectiveness of public spending and improving revenue collection to stimulate and sustain economic activities. It also involves fiscal consolidation on the backdrop of reduced equitable share occasioned by rejection of the 2024 finance bill consequently a supplementary budget will be prepared to rationalize expenditure.

#### 4.2.2 Medium Term Expenditure Framework.

Over the medium term, the county will prioritize operating within a balanced budget framework to ensure the achievement of its financial and economic goals, while focusing on advancing its key priorities. The government's fiscal policy will strategically allocate resources to high-impact areas such as Infrastructure, Agriculture, Health, Water, and Education, while promoting sustainable resource use to support long-term growth and development.

Allocation and utilization of resources in the medium term will be guided by priorities outlined in the County Integrated Development Plan (CIDP) and other County plans and in accordance with section 107 of the PFM Act 2012. For effective utilization of public finances for enhanced expenditure productivity, the County Government will prioritize expenditures within the overall sector ceilings and strategic sector priorities. The County Government unveils its ambitious Wealth Creation and Optimization strategy, charting a course towards a prosperous future built on 3 pillars of agricultural transformation, enhanced trade and market access, and robust collective community actions.

In addition, County Government in partnership with the national government will work on the construction of County Aggregation and Industrial Park whose main objective is to grow manufacturing and investments through Agro-Industries and enhance productivity of agriculture sector in a sustainable manner hence creating inclusive decent jobs, increase farmers' income; Increase foreign exchange, provide platform where farmers, processors, exporters, research institutions, industrial bodies and Government can engage for agro-industrial development.

Allocation of these resources should ensure the following: Completion of on-going and stalled programmes/projects, Linkage of the Programme/sub-programmes with Kenya Vision 2030, MTP IV, the Government's Bottom-up Economic Transformation Agenda (BETA), CIDP 2023-27, SDGs and other international commitments; the extent to which the programme is addressing core poverty alleviation interventions, job and wealth creation; Level to which the Programme is addressing the core mandate of the department Prioritize alternative applications of public funds by applying the principle of marginal utility using measures of cost effectiveness. Provision of counterpart funding for donor funded projects. Cost effectiveness, efficiency and sustainability of the Programme/projects within the MTEF period. Linkage with other programmes to be implemented in the County.

#### 4.2.3 Financial Year 2025/26 Budget Framework

The 2025/26-2027/28 MTEF builds up on the National Government's efforts to stimulate and sustain economic activity. This framework is strategically aligned to support economic recovery, address persistent risks, elevated inflation, food insecurity, climate change effects and strengthen resilience in line with key national and regional development priorities. This will be achieved through implementation of the programmes aimed at economic recovery, priorities in the MTP V of the Kenya Vision 2030 and the priorities in the CIDP 2023-2027.

The County Government will continue with its policy of expenditure prioritization with a view to achieving the transformative development agenda, which is anchored on provision of core services, wealth creation, ensuring equity and minimizing costs through the elimination of duplication and inefficiencies, creation of employment opportunities and improving the general welfare of the people. Realization of these objectives will have implications in the budget ceilings provided in this County Budget Review and Outlook Paper. The following criteria will serve as a guide for allocating resources:

- (i) Linkage of Programmes to the BETA;
- (ii) Linkage of Programmes to the wealth creation strategy;
- (iii) Degree to which a programme addresses job creation and poverty reduction;
- (iv) Degree to which the programme is addressing the core mandate of the Spending entities;
- (v) Expected outputs and outcomes from a programme;
- (vi) Cost effectiveness and sustainability of the programme;

#### 4.2.4 Revenue Projections

Revenue mobilization measures will be strengthened to enhance local revenue performance measures. These measures will include;

1. Expand and enhance automation of revenue streams.
2. Mapping of additional county revenue resources in order to identify untapped and under collected revenue sources in the County.
3. Mopping up outstanding land rates and plot rent arrears
4. Digitization of all the county mutations to allow prompt management of property liable to property tax.

5. Physical mapping of business premises for monitoring of billed premises to ensure increased processing rate
6. Automation of parking fee collection to enhance revenue collection and administration efficiency
7. Enhancing compliance and enforcement e.g. spot checks
8. Conducting continuous education and sensitization programs to create public awareness about the importance of paying taxes, fees, and licenses.

In FY 2024/2025, the County government aims to raise KES. **300,000,000** as its own source revenue. To achieve this target, the county intends to build staff capacity and move towards sealing revenue leakages by automating the revenue collections. Further, the county is expected to receive KES. **4,873,385,244** as equitable share from the National and a further KES. **1,120,905,575** as conditional grants. Further, the county has adopted resource mobilization strategies to bridge funding gaps.

Table 7: Resource Envelope

Sources	2023/24	2024/25	Projections 2025/26
CRA Equitable Share	4,801,453,188	4,873,385,244	5,019,586,801
Conditional grants	333,731,806	1,120,905,575	1,154,532,742
Own Source Revenue	220,326,633	297,784,971	300,000,000
<b>TOTAL</b>	<b>5,355,511,627</b>	<b>6,292,075,790</b>	<b>6,474,119,544</b>

Source: County Treasury

The County Government will over the medium term ensure compliance with the fiscal responsibility principles as outlined in section 107 of the PFM Act 2012. The County Government is expected to enhance expenditure productivity in the proposed year and manage the rising wage bill to be within the required limit. The County Government will continue to allocate resources while adhering to the fiscal responsibility principle and further ensuring budget credibility. The projected resource envelope is Kshs.6.5 billion.

#### 4.2.5 Expenditure Forecasts

In pursuing a balanced budget requirement, the County Government has projected that overall expenditure will equal the forecasted county receipts for FY 2024/25. In this regard, the county government's total expenditure will be KES.6.5 billion in the FY 2024/25.

Compensation to employees will account for 40.15 percent of the total County budget. Although, this proportion of the County wage bill is still way above the envisaged level of 35 percent of total revenues as recommended in section 25 of the PFM (County Government Regulations), 2015. In trying to adhere to this provision, the County Government has initiated austerity measures including rationalization of staff across the public service for common cadres, recruitment of only key technical competencies to replace retiring staff at entry levels.

The growth in County allocation for salaries and wages is mainly on account of the rise in annual



salary increments and harmonization of wages across the public service by the Salaries and Remuneration Commission (SRC). The introduction of 1.5% Housing Levy in the Finance Act, 2023 is likely to drive the proportion further upwards. Further, allocation for other recurrent expenditures shall decrease despite the marginal increase in County revenues because of the wage increase and adherence to 30% allocation to development expenditures.

## CHAPTER FIVE

### 5 CONCLUSION AND WAY FORWARD

#### 5.1 Conclusion

Departmental performances in FY 2023/24 had implications on financial objectives elaborated in the last County Fiscal Strategy Paper approved by the County Assembly in March 2023. The county government continued to struggle with high wage bills which subdued the county government fiscal policy initiatives and responsibilities.

The allocation of resources aligned with key frameworks and economic blueprints such as the Kenya Vision 2030, the EMC CIDP 2023-27 and the Bottom-up Economic Transformation Agenda (BETA), with a focus on job creation, poverty reduction, and wealth generation. Notable flagship project is The County Aggregation and Industrial Park initiative which is particularly promising for enhancing agricultural productivity and expanding the manufacturing sector.

This County Budget Review and Outlook Paper outlines the changing fiscal circumstances adhering to the fiscal responsibility principles contained in the PFM Act, 2012. However, the County faces fiscal constraints, such as a high wage bill that exceeds the recommended limits and a projected marginal increase in own-source revenue. While compensation for employees' accounts for a significant portion of the budget, austerity measures like staff rationalization are in place to manage this challenge. Revenue mobilization efforts, including enhanced automation, other improved modes of payments and enforcement, are key to closing revenue gaps and enhancing revenues in a bid to meet the budgetary gaps.

Overall, the budget framework presents a balanced approach, ensuring that fiscal discipline and growth are maintained despite external and internal challenges. With continued focus on cost-effectiveness, sustainability, and adherence to fiscal responsibility.

## 5.2 Way Forward

The cumulative revenue forecast for FY 2024/25 is anticipated to increase as the county government focuses on collaboration with development partners and donors. The county's own source revenues are also expected to grow, having taken into account the implementation of the County government agendas of widening the resource base and sealing loopholes on revenue collection. The legislative reviews of the current revenue related laws through the Finance bill, 2023 are also expected to strengthen local revenue base and performance.

In the FY 2025/26 budget, all the spending entities are expected to lay emphasis on the priority programmes and Sub- Programmes that have been accorded priority status in the 2023-2027 County Integrated Development Plan (CIDP III); spanning five key sectors within the county: Health; Infrastructure; Productive and Economic; Social; and Administrative and Governance. The priorities for the five sectors are categorized under nine fundamental pillars that will serve as the foundation for the county's development priorities. These nine pillars include:

- i. Establishing an Efficient and High-Quality Healthcare System
- ii. Advancing Modern Roads and Transport Infrastructure
- iii. Fostering Water Security in Habitable Communities
- iv. Driving Accelerated Growth through Human Settlement and Urban Development
- v. Promoting Food Security and Wealth Creation Strategies
- vi. Facilitating Commercial Empowerment for a number of Investments and Industrialization
- vii. Enhancing the Quality, Equity, and Accessibility of Education and Training,
- viii. Promoting Empowerment through Sports, Social Welfare, and Inclusion, and
- ix. Fostering Transformative Leadership through Accountable Governance.

The projected departmental ceilings annexed herewith will guide the county sectors and sub sectors in implementation of the FY 2024/25 budget.

**ANNEXES**

**Annex 1: County Government Operations FY 2024/25-2026/27**

Sub Sector / Department	2024/25 APPROVED BUDGET			2025/26 APPROVED BUDGET			2026/27 PROJECTIONS		
	Recurrent	Development	Total	Recurrent	Development	Totals	Recurrent	Development	Totals
COUNTY ASSEMBLY	701,876,015	0	701,876,015	736,969,816	0	736,969,816	773,818,307	0	773,818,307
OFFICE OF THE GOVERNOR	143,969,165	6,300,000	150,269,165	151,167,623	6,615,000	157,782,623	158,726,004	6,945,750	165,671,754
FINANCE AND ECONOMIC PLANNING	213,022,344	0	213,022,344	223,673,461	0	223,673,461	234,857,134	0	234,857,134
AGRICULTURE, LIVESTOCK, FISHERIES AND IRRIGATION	146,919,958	426,846,322	573,766,280	154,265,956	448,188,638	602,454,594	161,979,254	470,598,070	632,577,324
WATER, ENVIRONMENT AND CLIMATE CHANGE	44,380,814	247,451,634	291,832,448	46,599,855	259,824,216	306,424,070	48,929,847	272,815,426	321,745,274
EDUCATION AND TECHNICAL TRAINING	306,547,124	222,260,196	528,807,320	321,874,480	233,373,206	555,247,686	337,968,204	245,041,866	583,010,070
HEALTH AND SANITATION	1,805,596,625	223,388,729	2,028,985,354	1,895,876,456	234,558,165	2,130,434,622	1,990,670,279	246,286,074	2,236,956,353
LANDS, PHYSICAL PLANNING, HOUSING AND URBAN DEVELOPMENT	56,468,893	355,782,161	412,251,054	59,292,338	373,571,269	432,863,607	62,256,955	392,249,833	454,506,787
ROADS, PUBLIC WORKS AND TRANSPORT	112,065,786	413,125,131	525,190,917	117,669,075	433,781,388	551,450,463	123,552,529	455,470,457	579,022,986
COOPERATIVES, TRADE, INDUSTRIALIZATION, TOURISM AND WILDLIFE	69,003,947	279,029,493	348,033,440	72,454,144	292,980,968	365,435,112	76,076,852	307,630,016	383,706,868
SPORTS, YOUTH AFFAIRS, CULTURE, CHILDREN AND SOCIAL SERVICES	44,836,674	71,997,890	116,834,564	47,078,508	75,597,785	122,676,292	49,432,433	79,377,674	128,810,107
PUBLIC SERVICE, DEVOLUTION, ADMINISTRATION, COMMUNICATIONS, ICT AND E-GOVERNANCE	317,245,603	41,581,064	358,826,667	333,107,883	43,660,117	376,768,000	349,763,277	45,843,123	395,606,400
COUNTY PUBLIC SERVICE BOARD	45,380,222	0	45,380,222	47,649,233	0	47,649,233	50,031,695	0	50,031,695
<b>TOTAL</b>	<b>4,007,313,170</b>	<b>2,287,762,620</b>	<b>6,295,075,790</b>	<b>4,207,678,829</b>	<b>2,402,150,751</b>	<b>6,609,829,580</b>	<b>4,418,062,770</b>	<b>2,522,258,289</b>	<b>6,940,321,058</b>

Source: County Treasury



**Annex 2: Total Sector Ceilings for the MTEF Period 2023/24-2026/27**

SECTOR	Sub Sector /Department	APPROVED		PROJECTIONS	
		2023/24	2024/25	2025/26	2026/27
<b>Public Service Administration &amp; Governance</b>	County Assembly	706,848,845	701,876,015	736,969,816	773,818,307
	Office of the Governor & Executive Administration	162,511,550	150,269,165	157,782,623	165,671,754
	Finance & Economic Planning	219,145,884	213,022,344	223,673,461	234,857,134
	Public Service, Devolution, Administration, Communications, ICT & -governance	344,818,569	358,826,667	376,768,000	395,606,400
	County Public Service Board	52,046,441	45,380,222	47,649,233	50,031,695
<b>Infrastructure</b>	Roads, Transport, and Public Works	443,997,448	525,190,917	551,450,463	579,022,986
	Water, Environment and Climate Change	590,246,198	291,832,448	306,424,070	321,745,274
	Lands, Physical Planning, Housing, & Urban Development	197,074,051	412,251,054	432,863,607	454,506,787
<b>Social Protection and Empowerment</b>	Sports, Youth affairs, Culture, Children and Social Services	154,673,156	116,834,564	122,676,292	128,810,107
	Education and Technical Training	548,407,525	528,807,320	555,247,686	583,010,070
<b>Health, Water and Sanitation</b>	Health Services	2,179,754,194	2,028,985,354	2,130,434,622	2,236,956,353
<b>Productive and Economic Sector</b>	Cooperatives, Trade, Industrialization, Tourism and Wildlife	444,241,426	348,033,440	365,435,112	383,706,868
	Agriculture, Livestock, Fisheries and Irrigation	750,337,068	573,766,280	602,454,594	632,577,324
<b>TOTALS</b>		<b>6,794,102,355</b>	<b>6,295,075,790</b>	<b>6,609,829,580</b>	<b>6,940,321,058</b>

Source: County Treasury

### Annex 3: Budget Process Activity Calendar

TIMELINE	BUDGET ACTIVITY
30 <sup>th</sup> August	County Executive Committee Member for Finance and Economic Planning issues <b>Budget circular</b> to all county entities which contains recommended ceilings for each department/entity, key policy areas and issues to be taken into consideration when preparing the budgets) as per <b>s.128 of PFM Act, 2012</b> .
1 <sup>st</sup> September	County Executive Member for Finance and Economic Planning <b>submits Annual Development Plan (ADP)</b> to County Assembly for approval, with copy to the CRA and National Treasury as per <b>s.126(3) of PFM Act, 2012</b>  The ADP contains long term and medium-term plans as per <b>s.125(1)(a) of PFM Act, 2012</b>
30 <sup>th</sup> September	<b>County Budget Review and Outlook Paper (CBROP)</b> to be prepared by county treasury and submitted to the county executive committee as stated in;  <b>s.118(1)-(2) of PFM Act, 2012</b> ; County Executive committee considers and approves CBROP with or without amendments, and  <b>s.118(3) of PFM Act, 2012</b> ; County Treasury causes CBROP to be laid before county assembly.
By 15 <sup>th</sup> October	CBROP is published and publicized as per <b>s.118(4)(b) of PFM Act, 2012</b>
28 <sup>th</sup> February	County Treasury prepares and submits <b>County Fiscal Strategy Paper (CFSP)</b> to the County Assembly. The CFSP must be aligned to national objectives in the Budget Policy Statement as per <b>s. 117(1) &amp; (2), s.117(4) and s. 117(1) of PFM Act, 2012</b>
14 <sup>th</sup> March	County Treasury submits <b>County Debt Management Strategy (CDMSP)</b> to County Assembly as per <b>s.123(1) of PFM Act, 2012</b>
	The CECM Finance and Economic Planning will submit the CDMSP to CRA and Intergovernmental Budget and Economic Council (IBEC) by CECM, Finance and Economic Planning as per <b>s.123(3) of PFM Act, 2012</b>
14 <sup>th</sup> March	Within 14 days of the County Fiscal Strategy being submitted to the county assembly, the County Assembly shall consider and adopt it with or without amendments. as per <b>s.117(6) of PFM Act, 2012</b>

21 <sup>st</sup> March Mid-March to Mid- April	County Fiscal Strategy Paper to be published and publicized.as per s.117(8) of PFM Act, 2012
30 <sup>th</sup> April	CECM for Finance and Economic Planning submits <b>Budget Estimates</b> to the county assembly which must be in line with the Approved County Fiscal Strategy Paper as per <b>s. 129(2) of PFM Act, 2012</b>
30 <sup>th</sup> April	County Assembly Clerk submits <b>Budget Estimates for County Assembly</b> with a copy to the CECM for Finance and Economic Planning as per <b>s.129(3) of PFM Act, 2012</b>
15 <sup>th</sup> May	CECM Finance and Economic planning presents <b>comments on the budget estimates</b> to the county assembly as per <b>s.129(4) of PFM Act, 2012</b> CECM Finance and Economic Planning publishes and publicizes Budget Estimates as per <b>s.129(6) of PFM Act, 2012</b>
15 <sup>th</sup> June	County government must submit <u>Annual cash flow projection</u> to the Controller of Budget (COB) as per <b>s.127(1) of PFM Act, 2012</b>
Before County Assembly considers the estimates	Before the County Assembly considers the estimates the relevant committee of the County Assembly shall meet and consider the estimates and make <u>recommendations</u> to the County Assembly, but should take into account the views of the CECM for Finance as per <b>s.131(2) of PFM Act, 2012</b>
30 <sup>th</sup> June	County Assembly to consider estimates with a view to approving with or without amendments in time for the <b>County Appropriation Law</b> to be passed by 30 <sup>th</sup> June as per <b>s.131 s.131(2) and s.131(3) of PFM Act, 2012</b>
30 <sup>th</sup> June	After the county Assembly has approved estimates, CEC for finance and Economic Planning shall prepare and submit a <b>County Appropriation Bill</b> to the county assembly as per <b>s.129(7) of PFM Act, 2012</b>
30 <sup>th</sup> June	Appropriation Bill to be passed by the County Assembly as per <b>s.131(1) of PFM Act, 2012</b>
As soon as the Budget Estimates have been approved	CECM Finance and Economic Planning makes a pronouncement on <u>revenue raising measures</u> as per <b>s.132(1) of PFM Act, 2012</b> At the same time as making the pronouncement under s.132 (1) the CEC Finance must submit the <b>Finance Bill</b> to



	the county assembly as per <b>s.132(2) s.131(1) of PFM Act, 2012</b>
As soon as the Budget Estimates have been approved	The County Assembly may consider the revenue measures but must (a) ensure the total amount of revenue is consistent with the fiscal framework and the County Allocation of Revenue Act, and (b) must take into account various matters including the recommendation of the CECM for Finance and Economic Planning as per <b>s.132(3) &amp; (4) of PFM Act, 2012</b>
Not later than 90 days after the Appropriation Act passed	The County Assembly must consider the Finance Bill and approve with or without amendments.133 of PFM Act, 2012