



**COUNTY GOVERNMENT OF ELGEYO MARAKWET**

**THE COUNTY TREASURY**

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**2025 COUNTY FISCAL STRATEGY  
PAPER (CFSP)**

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**FEBRUARY 2025**

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## FOREWORD

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I am pleased to introduce the 2025 County Fiscal Strategy Paper (CFSP), a vital document that outlines the fiscal roadmap for Elgeyo Marakwet County in the coming financial years. As the fourth CFSP developed under the current administration, it underscores our dedication to achieving the development goals set forth in the 2023-2027 County Integrated Development Plan (CIDP III).

I am pleased to unveil the 2025 County Fiscal Strategy Paper (CFSP), a key document that sets the financial direction for Elgeyo Marakwet County in the coming years. As the Fourth CFSP developed under the current administration, it reaffirms our dedication to achieving the development goals outlined in the 2023-2027 County Integrated Development Plan (CIDP III).

The 2025 CFSP acts as a strategic guide, ensuring the county's priorities align with the national goals outlined in the 2025 Budget Policy Statement (BPS) for the 2025/26 financial year. Amid a national economic slowdown, rising inflation, and the pressures of national debt repayments, this document thoughtfully navigates the fiscal environment, emphasizing the importance of prudence and flexibility.

Despite a modest increase in county allocations, fiscal constraints remain a challenge. In response, the Elgeyo Marakwet County Government has developed strategies to maximize resource utilization. The restructuring of budget priorities in the 2025 CFSP demonstrates our commitment to advancing county strategic focus areas and BETA objectives. Additionally, efforts will be directed toward improving Own Source Revenue (OSR) management to expand the revenue base and ensure sustainable service delivery. This will be reinforced by leveraging technology to enhance collection efficiency and eliminate revenue leakages.

Acknowledging the importance of fiscal prudence, we are taking proactive steps to ease wage bill pressure on the county's financial resources. In the 2025/26 Fiscal Year, we anticipate a notable decrease, reducing the wage bill to 43.45% of the budget. This decline underscores our commitment to striking a sustainable balance between maintaining an efficient workforce and complying with fiscal guidelines.

The 2025 CFSP is a product of objective reviews, considering departmental capacities, outcomes, public input, and adherence to financial regulations. As the county embarks on this fiscal journey, its focus is on delivering quality services, fostering economic growth, and realizing the vision of transformative leadership through accountable governance.



**ALPHAEUS K. TANUI**

**CECM FINANCE AND ECONOMIC PLANNING**

## ACKNOWLEDGEMENTS

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The completion of the 2025 County Fiscal Strategy Paper (CFSP) has been a collaborative effort, and we extend our heartfelt gratitude to all those who played a crucial role in its development. This CFSP serves as a cornerstone in our organization's financial planning and decision-making processes, and the dedication of numerous individuals has made it a comprehensive and actionable guide.

Our sincere appreciation goes to the entire team whose insightful ideas, meticulous analysis, and attention to detail have been instrumental in shaping the content of this plan. The participatory nature of this process, involving all County Departments led by respective CECMs, Chief Officers, Directors, and staff, highlights the collective commitment to the success of the CFSP.

Special recognition is due to the core team of technical staff from the Department of Finance and Economic Planning; the Directorate of Economic Planning and Budgeting, for their diligent efforts in collecting, collating, and analyzing departmental findings. Their expertise has been invaluable in ensuring the quality and reliability of the data underpinning this strategic document.

We extend our thanks to the County Executive Committee led by H.E Governor Wisely Rotich, whose visionary leadership has provided crucial policy direction and guidance. This guidance aims to align the CFSP's strategies with the county's long-term development aspirations outlined in the County Integrated Development Plan (CIDP) 2023-2027.

The collaborative spirit exhibited by all departments during the input phase of the draft 2025 CFSP is highly commendable. As we move forward, it is our shared vision to ensure efficient and effective service delivery, coupled with sustainable development. The 2025 CFSP will be a guiding document, steering our government's development strategies in the upcoming 2025/26 Fiscal Year. Thank you to everyone involved for your commitment, dedication, and invaluable contributions.



**PETER CHESOS**

**CHIEF OFFICER, FINANCE AND ECONOMIC PLANNING**

## ABBREVIATIONS

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AiA	Appropriation in Aid
ADP	Annual Development Plan
BPS	Budget Policy Statement
CAIP	County Industrial & Aggregation Park
CBA	Collective Bargaining Agreement
CECM	County Executive Committee Member
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
COVID-19	Coronavirus 2019
CRA	Commission on Revenue Allocation
CRF	County Revenue Fund
ECDE	Early Childhood Development Education
EDA	Equitable Development Act
FY	Financial Year
FIF	Facility Improvement Financing
FLLoCA	Finance Locally Led Climate Action Program
GDP	Gross Domestic Product
KRA	Kenya Revenue Authority
ICT	Information Communication Technology
ICRMS	Integrated County Revenue Management System
KDSP	Kenya Devolution Support Program
KICOSCA	Kenya Inter-County Sports and Cultural Association
MTEF	Medium Term Expenditure Framework
MTP	Medium Term Plan
VSD	Vocational Skills Development
OSR	Own Source Revenue
O&M	Operations and Maintenance
PFM	Public Finance Management
SRC	Salaries and Remuneration Commission
BETA	Bottom-Up Economic Transformation Agenda
DANIDA	Danish International Development Agency

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## CHAPTER ONE: INTRODUCTION

### 1.0 Overview

The County Fiscal Strategy Paper (CFSP) provides strategic direction that shapes the fiscal framework providing priorities and policy objectives. The primary focus of the CFSP is to provide a roadmap for the preparation of budgets for the upcoming financial year and, more broadly, over the medium-term Key Elements of the CFSP include:

1. **Strategic Priorities and Policy Goals:** At its core, the CFSP enumerates the broad strategic priorities and policy goals that the County Governments aim to achieve. It directs the fiscal decisions and resource allocations towards defined objectives that align with the developmental vision of the county and as aligned to the National 2024 Budget Policy Statement (BPS).
2. **Medium-Term Outlook:** The CFSP extends its influence over the medium term, offering a forward-looking perspective that transcends a single financial year. By articulating medium-term fiscal priorities, it establishes a coherent and sustainable trajectory for the county's development agenda.
3. **Programs, Policies, and Reforms for the Upcoming Financial Year:** In its specific application for the 2025/26 financial year, the CFSP outlines priority programs, policies, and reforms that the County Government intends to implement. These initiatives are geared at addressing current challenges, fostering growth, and enhancing the overall well-being of the county's residents.
4. **Alignment with National Priorities:** CFSP is required to align with the national agenda, as reflected in the 2025 Budget Policy Statement (BPS). By aligning with the national government's priorities as contained in the Bottom-Up Economic Transformation Agenda (BETA), the CFSP contributes to a cohesive and coordinated approach to economic transformation and inclusive growth.
5. **Linkage to Medium-Term Expenditure Framework (MTEF):** The CFSP's influence extends into the Medium-Term Expenditure Framework (MTEF), ensuring that the outlined fiscal strategies are embedded in a realistic and sustainable budgetary framework. This connection strengthens the integration of strategic priorities into the county's financial planning processes.

The County Fiscal Strategy Paper forms the basis that guides budgetary decisions through strategic planning, responsible financial management, and alignment with broader national development objectives. It reflects on responsive governance, emphasizing the importance of fiscal prudence and inclusive growth in the pursuit of a progressive and resilient county.

## **1.1 Legal Framework for County Fiscal Strategy Paper (CFSP)**

The preparation and approval of the County Fiscal Strategy Paper (CFSP) for the 2025 financial year guided by the provisions of section 117 of the Public Finance Management (PFM) Act. The legal framework emphasizes on; ensuring a transparent and participatory process of:

### **1. Timelines and Approval Process:**

- The County Treasury is obligated, in accordance with section 117 of the PFM Act, to prepare and submit the CFSP to the County Executive Committee for approval.
- The approved CFSP is then submitted to the county assembly by the 28th of February each year, providing a clear timeline for the preparation and approval of this strategic fiscal document.

### **2. Alignment with National Objectives:**

- The legal framework requires the County Treasury to articulate how the CFSP aligns with national objectives outlined in the Budget Policy Statement. This ensures coherence and synchronization between county and national development goals.

### **3. Specification of Strategic Priorities:**

- The CFSP is required to specify the broad strategic priorities and policy goals that will guide the county government in preparing its budget for the upcoming financial year and over the medium term. This aligns the fiscal strategy with the county's overarching development agenda.

### **4. Financial Outlook Inclusion:**

- The County Treasury, in preparing the CFSP, must include a comprehensive financial outlook regarding county government revenues, expenditures, and borrowing for the upcoming financial year and over the medium term. This provides a holistic view of the county's fiscal position.

### **5. Stakeholder Engagement:**

- The legal framework underscores the importance of seeking and considering the views of various stakeholders in the CFSP preparation process. These stakeholders include the Commission on Revenue Allocation, the public, interested persons or groups, and any other forum established by legislation. This participatory approach enhances transparency and inclusivity.

### **6. County Assembly Consideration and Adoption:**

- The county assembly plays a crucial role in the approval process. Not later than fourteen days after submitting the CFSP, the county assembly is required to consider and may adopt it with or without amendments. Any increase or reduction in

expenditure is regulated to not exceed one percent of the Vote's ceilings, as indicated by Section 37(1) of the PFM Act 2012 Regulations.

**7. Engagement Framework:**

- Section 26(3) of the PFM Act 2012 Regulations outlines an engagement framework between the County Executive Committee Member (CECM) Finance and the Budget Committee of the County Assembly. The relevant committee seeks the views of the CECM Finance on its recommendations before tabling a report for adoption by the County Assembly.

**8. Consideration of Recommendations:**

- The County Treasury is required to consider any recommendations made by the county assembly when finalizing the budget proposal for the concerned financial year, promoting collaboration and effective financial planning.

**9. Publication and Publicization:**

- The legal framework mandates the County Treasury to publish and publicize the CFSP, ensuring accessibility and transparency in the dissemination of fiscal information.

In adherence to these legal provisions, the CFSP process is structured to encourage stakeholder engagement, transparency, and alignment with both county and national development objectives.

**1.2 Fiscal Responsibility Principles for the County Government**

Prudent and transparent management of public resources towards adherence to fiscal responsibility principles as provided by the Constitution, the Public Finance Management (PFM) Act, 2012, and the PFM regulations is the County Government's commitment. The fiscal responsibility principles include:

**1. Recurrent Expenditure within Total Revenue:**

- The County Government is committed to ensuring that its recurrent expenditure does not surpass its total revenue. This principle underscores the importance of fiscal discipline in managing day-to-day operational costs while maintaining financial sustainability.

**2. Limit on Development Expenditure:**

- Adhering to legal requirements, the County Government aims to keep its development expenditure above thirty percent of the total budget. The 2025- 2026 FY development allocation stands at 27.83%

### 3. **Wage Bill Limitation:**

- Section 25(1)(b) of the PFM (County Governments) Regulations, 2015 stipulates that the County Government's wage bill should not exceed 35 percent of its total revenue. The County's wage bill stands at The County acknowledges the significance of this principle, but adhering to this regulation has not been realized owing to:
  - Continued pressure on wage bills stemming from the signed 2017 Collective Bargaining Agreement (CBA) agreements between County Governments and health workers.
  - The third Salary cycle review by the Salaries and Remuneration Commission (SRC) for the period 2023/2024-2024/2025.
  - Necessitated recruitment of additional employees to support service delivery for devolved functions.
  - Annual basic pay allowance increments as dictated by SRC circulars.

Notwithstanding the challenges in meeting these principles, the County Government remains committed to transparently managing its fiscal affairs, addressing the complexities posed by external factors and making strategic decisions to uphold financial responsibility. Continuous efforts will be directed towards balancing the need for service delivery with the imperative of maintaining fiscal sustainability.

### **1.3 Development Allocations Guidelines**

The allocation of development expenditure is guided by a comprehensive set of principles and frameworks, ensuring a fair and strategic distribution of resources. The key guidelines for development allocations are as follows:

#### **1. Equitable Development Act, 2015:**

- Development expenditure allocations adhere to the provisions outlined in the Equitable Development Act of 2015. This legal framework emphasizes fairness and impartiality in the distribution of resources, promoting balanced development across all regions of the county.

#### **2. County Integrated Development Plan (CIDP) and Annual Development Plan (ADP):**

- Allocations are closely tied to the County Integrated Development Plan (CIDP) and Annual Development Plan (ADP). These documents serve as the foundation for identifying development priorities, goals, and projects, ensuring that budget allocations are aligned with the county's long-term vision and annual objectives.

#### **3. Strategic Objectives and Policy Goals in the CFSP:**

- The County Fiscal Strategy Paper (CFSP) sets out strategic objectives and policy goals that guide the allocation of development expenditure. These objectives are formulated in alignment with the 2025 Budget Policy Statement (BPS), providing a coherent and synchronized approach to development planning.

**4. Citizen Representation and Participation:**

- Development ceilings for departments and sectors are determined based on the aggregate cost of projects for Wards and County Conditional Grants allocation. This approach ensures that the priorities identified at the grassroots level, through citizen representation and participation, are given due consideration. It reflects a commitment to inclusive decision-making in the development planning process.

**5. Statutory Framework for Citizen Representation:**

- The allocation process adheres to the statutory framework that promotes citizen representation and participation. This involves mechanisms outlined in the 2025/26 FY Annual Development Plan (ADP), fostering community engagement, and ensuring that the development agenda reflects the needs and aspirations of the local population.

**6. Prioritization of Projects:**

- Development ceilings are determined based on the prioritization of projects within departments and sectors. Projects are evaluated and selected through a systematic process that considers the strategic goals of the CIDP, the ADP, and other relevant planning documents.

These guidelines establish a transparent and systematic approach to the allocation of development expenditure, integrating legal frameworks, long-term plans, and citizen input. The goal is to foster balanced and inclusive development, ensuring that resources are directed towards projects that align with the county's vision and address the needs of its diverse communities.

## CHAPTER TWO: RECENT ECONOMIC DEVELOPMENTS AND MEDIUM-TERM OUTLOOK

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### 2.1 Overview

The global economy has shown remarkable resilience in the face of multiple challenges, including geopolitical tensions and inflationary pressures. Recent economic developments highlight a mixed recovery trajectory across regions and sectors. Advanced economies, such as the United States and the Eurozone, have demonstrated moderate growth, supported by robust consumer spending and labor market recovery. However, emerging markets and developing economies face divergent conditions, with some benefiting from high commodity prices while others grappling with debt vulnerabilities and inflation.

Inflation has been a dominant concern, with prices rising sharply in 2022 due to supply chain disruptions, energy shocks, and strong demand. While inflationary pressures have begun to ease in 2023, they remain above target levels in many countries. Central banks worldwide have responded aggressively, raising interest rates to curb inflation. This tightening of monetary policy has slowed the economy, particularly in interest-sensitive sectors like housing and construction.

Labor markets have remained tight, with unemployment rates declining to multi-decade lows in several advanced economies. Wage growth has accelerated, especially in sectors experiencing labor shortages, though real wages have often failed to keep pace with inflation. Fiscal policies have shifted from pandemic-related support to consolidation, with governments focusing on reducing budget deficits and managing rising public debt levels.

### 2.2 Recent Economic Developments and Outlook

#### Recent Economic Developments

Over the past year, global and domestic economic conditions have shaped the economic trajectory, with significant implications for fiscal and monetary policies. Key macroeconomic indicators such as GDP growth, inflation, exchange rates, and fiscal deficits have fluctuated in response to external shocks and internal structural challenges.

#### GDP Growth and Economic Activity

The economy experienced moderate growth, with GDP expanding by 4.2% in the last fiscal year, driven by key sectors such as services (5.1%), manufacturing (3.8%), and agriculture (2.9%). Despite the global economic slowdown, trade disruptions, and geopolitical uncertainties, domestic demand remained resilient. However, industrial production faced headwinds due to supply chain bottlenecks and increased input costs. The government's stimulus measures and public investment in infrastructure projects contributed to economic recovery efforts.

In addition, the digital economy has emerged as a crucial driver of economic activity, contributing approximately 8.5% to GDP. The proliferation of e-commerce platforms, fintech solutions, and remote work opportunities has facilitated economic expansion, even amid physical restrictions and supply chain disruptions. Government policies supporting digital transformation, investment in broadband infrastructure, and regulatory improvements have accelerated this growth trajectory.

### **Annual Real GDP Growth Rates**

	Growth			
	Actual		Projections	
Economy	2022	2023	2024	2025
World	3.5	3.3	3.2	3.3
USA	1.9	2.9	2.8	2.7
Euro Area	3.4	0.4	0.8	1.0
Japan	1.0	1.5	(0.2)	1.1
China	3.0	5.2	4.8	4.6
India	7.0	8.2	6.5	6.5
South Africa	1.9	0.7	0.8	1.5
Nigeria	3.3	2.9	3.1	3.2
Kenya	4.9	5.6	4.6	5.3

### **Inflation and Monetary Policy**

Inflationary pressures persisted, with the Consumer Price Index (CPI) reaching an annualized rate of 7.8% due to rising global commodity prices, currency depreciation, and supply constraints. The central bank adopted a tight monetary policy stance by raising interest rates to 6.5% to curb inflation and stabilize prices. While these measures helped moderate inflationary expectations, the cost-of-living crisis continued to strain household incomes, particularly for vulnerable groups.

The housing market has also been significantly impacted by inflationary trends. Rising construction material costs, higher mortgage rates (averaging 5.2%), and supply chain constraints have contributed to housing affordability challenges. Policymakers are considering targeted interventions, such as subsidies for first-time homebuyers and incentives for affordable housing developers, to mitigate these effects.

### **Fiscal Policy and Public Finances**

The government pursued fiscal consolidation to ensure economic stability while maintaining critical social and development expenditures. Revenue mobilization efforts, including tax reforms and enhanced compliance measures, improved fiscal revenues, which increased by 11.4% year-

over-year. However, the fiscal deficit remained high at 5.6% of GDP, necessitating further expenditure rationalization and strategic spending on priority sectors.

Public investment in green energy and sustainability projects has also been emphasized, with \$10 billion allocated to renewable energy initiatives. The transition to renewable energy sources, such as solar and wind power, is expected to reduce long-term energy costs and enhance energy security. Investments in climate resilience initiatives, including flood mitigation and sustainable agriculture, are key components of the medium-term fiscal strategy.

### **External Sector and Exchange Rate Stability**

The balance of payments showed mixed performance, with exports increasing by 7.2% while imports rose by 6.9%. However, the import bill remained elevated due to high energy prices and raw material demand. Foreign exchange reserves fluctuated, standing at \$45.8 billion at the end of the fiscal year, due to external debt repayments, requiring prudent exchange rate management and interventions to maintain currency stability.

### **Medium-Term Outlook**

Looking ahead, the economy is expected to gradually recover, supported by structural reforms, investment in key sectors, and improved global economic conditions. The medium-term policy framework will focus on sustainable growth, fiscal discipline, and social development initiatives.

### **Economic Growth Prospects**

GDP growth is projected to stabilize within a range of 4.5-5.2% over the next three years, contingent on favorable macroeconomic conditions, improved business confidence, and policy continuity. Key growth drivers will include digital transformation, industrial modernization, and agricultural productivity enhancement.

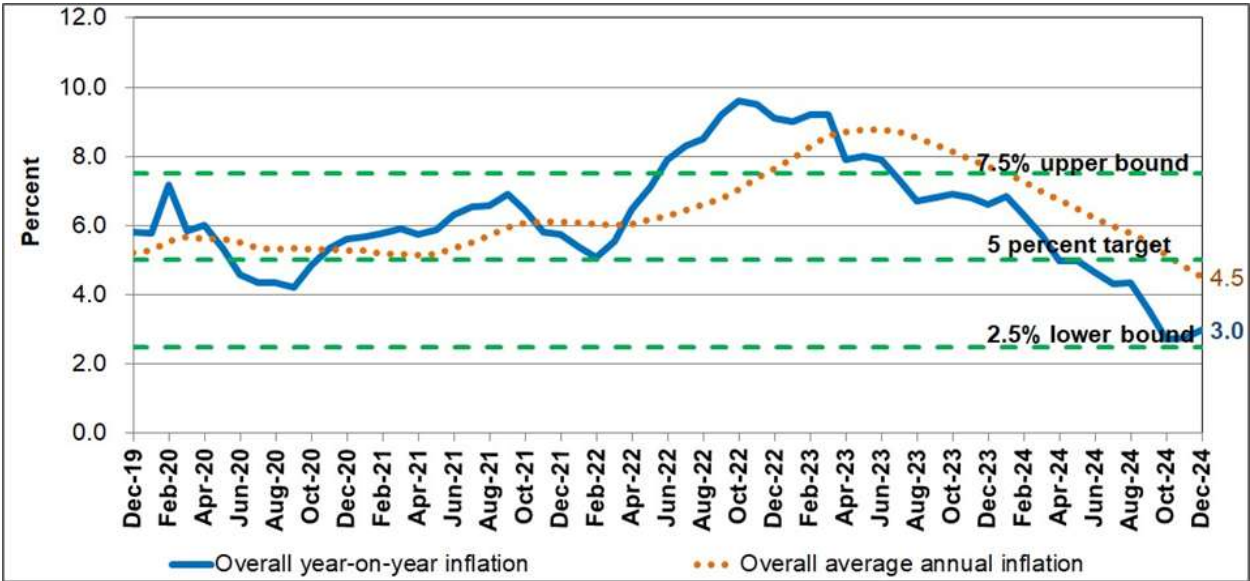
The tourism sector is also poised for a rebound, with visitor arrivals expected to grow by 9.5%, contributing an estimated \$35 billion to the economy. Governments and businesses are investing in infrastructure improvements and marketing campaigns to attract international visitors. Enhanced air connectivity, streamlined visa policies, and diversified tourism offerings are expected to contribute significantly to GDP growth.

### **Inflation and Monetary Policy Direction**

Inflation is anticipated to decline to an average of 5.3% over the next three years as global supply chains normalize and policy measures take effect. The central bank will maintain a balanced approach, ensuring inflation control while fostering an environment conducive to investment and

employment generation. The adoption of targeted credit facilities for SMEs and startups is expected to support economic diversification.

Policymakers are also exploring alternative monetary tools, including digital currencies and financial inclusion strategies, to enhance economic stability. The potential adoption of a central bank digital currency (CBDC) is under consideration, with pilot programs assessing its feasibility and potential benefits.



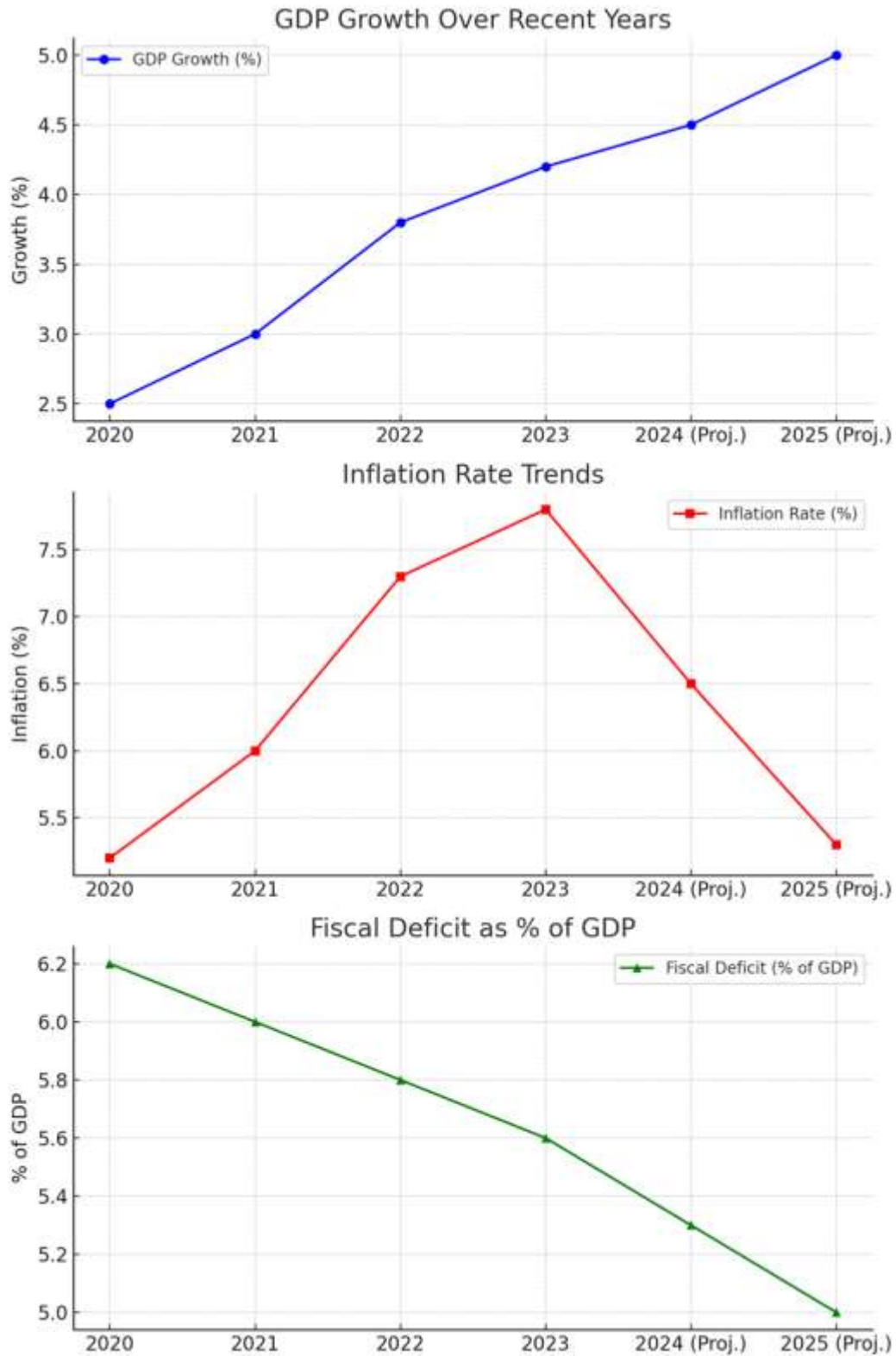
**Fiscal Sustainability and Revenue Mobilization**

The government aims to enhance fiscal sustainability through efficient tax administration, broadening the tax base, and curbing non-essential expenditures. Tax revenue is expected to increase by 9.2% annually due to enhanced compliance measures. Debt management strategies will focus on reducing reliance on external borrowing and prioritizing domestic resource mobilization. Public-private partnerships (PPPs) will be encouraged to finance critical infrastructure projects without exacerbating fiscal pressures.

Efforts to streamline public sector efficiency are underway, including digitalization of government services and performance-based budgeting. By leveraging technology, the government aims to improve service delivery, enhance transparency, and reduce administrative costs.

The graph hereunder shows recent trends in GDP growth, inflation rates and GDP deficits.

**Figure 1: Trends in GDP growth, inflation rates and GDP deficits**



**Source of Data: World Bank**

## **External Trade and Investment Climate**

Trade policies will emphasize export diversification, regional integration, and competitiveness in global markets. Efforts to attract foreign direct investment (FDI) will be strengthened through policy incentives, ease of doing business reforms, and infrastructure improvements. FDI inflows are expected to increase by 12.7% annually, reaching an estimated \$75 billion by 2026. Enhancing trade diplomacy and exploring new markets will be pivotal in improving external balances.

Further investments in logistics infrastructure, such as port modernization and improved transportation networks, will facilitate trade expansion. The expansion of free trade agreements and regional trade blocs is also expected to provide new growth opportunities.

### **2.2.1 Risks to the Economic Outlook**

This strategy paper identifies several risks that could potentially hinder economic growth and macroeconomic stability. These risks stem from external factors, domestic challenges, and policy-related uncertainties.

One of the key external risks is geopolitical tensions, particularly the ongoing conflicts in the Middle East and Ukraine, which may disrupt global trade and financial markets. Additionally, supply chain disruptions, especially in major global shipping routes like the Red Sea and Suez Canal, could lead to higher import and production costs. The volatility in global oil prices also presents a significant risk, as fluctuations in energy costs directly impact inflation and the country's current account balance. Furthermore, slower global economic growth, especially in major export destinations, could reduce Kenya's earnings from exports, tourism, and remittances. Tight financial conditions in advanced economies may also limit Kenya's access to affordable external financing, adding to fiscal pressures.

At the county level, frequent attacks from bandits continue to pose great security risks along the Kerio Valley and its environs. Also, there are climate-related risks such as droughts and other extreme weather events that pose significant threats to agriculture, food security, infrastructure, and public health. Nationally, the sustainability of public debt remains a pressing issue, as high external debt levels make the economy vulnerable to currency fluctuations and rising borrowing costs. Additionally, fiscal consolidation efforts face challenges due to delays in implementing tax reforms and revenue mobilization measures, which could widen the fiscal deficit and increase reliance on costly borrowing. Another concern is the decline in private sector credit, as increased government borrowing from domestic markets may crowd out credit to businesses, stifling investment and economic growth.

From a policy perspective, uncertainties surrounding taxation measures and resistance to economic reforms, particularly after the withdrawal of the Finance Bill 2024 at the national level, could slow down economic growth. The transition to a green economy also presents challenges,

as delays in adaptation strategies and investments in climate resilience could heighten economic vulnerabilities.

To mitigate these risks, the government has outlined several strategies, including improving fiscal consolidation through enhanced revenue collection and implementing prudent expenditure measures. Strengthening climate resilience through sustainable agricultural practices and disaster management policies is also a priority.

Despite these challenges, **2025** maintains an optimistic outlook, with economic growth projected to reach **5.3% in 2025**, provided that appropriate policy measures are effectively implemented, and external conditions remain stable.

### **Medium-Term Outlook**

Looking ahead, the economy is expected to gradually recover, supported by structural reforms, investment in key sectors, and improved global economic conditions. The medium-term policy framework will focus on sustainable growth, fiscal discipline, and social development initiatives.

## CHAPTER THREE: COUNTY FISCAL POLICY

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### 3.1 Overview

Elgeyo Marakwet County's medium-term fiscal strategy is centered on fostering sustainable economic growth, ensuring effective service delivery, and enhancing revenue mobilization. The strategy aligns with Kenya's Medium-Term Plan IV (MTP IV) and the Bottom-Up Economic Transformation Agenda (BETA), which prioritize economic inclusivity, job creation, and fiscal consolidation.

The county government is committed to macroeconomic stability, ensuring prudent public financial management while fostering a business-friendly environment. Key areas of focus include:

- Expanding the county's revenue base through enhanced tax compliance and efficiency.
- Maintaining a sustainable balance between recurrent and development expenditures.
- Streamlining expenditure to reduce wasteful spending while improving service delivery.
- Investing in priority sectors to spur economic growth and employment.

By implementing these measures, the county aims to support county-wide development goals, improve the living standards of residents, and align its policies with national fiscal objectives.

### 3.2 CFSP Alignment to Budget Policy Statement

The County Fiscal Strategy Paper (CFSP) is aligned with the national Budget Policy Statement (BPS) 2025, ensuring that county priorities complement national fiscal objectives. This alignment is critical in securing funding allocations, leveraging national economic policies, and optimizing the county's fiscal space.

The CFSP mirrors BETA's five key pillars, which are expected to drive national and county-level growth:

1. Agricultural Transformation focused on increasing food production, reducing post-harvest losses, and boosting value addition.
2. Micro, Small, and Medium Enterprises (MSMEs) financial support, market linkages, and infrastructure for small businesses.
3. Expanding affordable housing and urban planning.
4. Enhancing universal healthcare coverage and facility financing.
5. Digital Superhighway and Creative Economy: through expanding digital connectivity, digital jobs, and the creative industry.

The county will invest in agricultural value chains such as livestock, dairy, and cash crops to increase household incomes and enhance food security. Infrastructure projects such as rural road upgrades will be prioritized to improve market access for agricultural produce. The county will support MSMEs by facilitating access to affordable credit and creating aggregation centers for value addition. In healthcare, the county will implement Universal Health Coverage (UHC) by improving facility funding and access to medical supplies. Digitization of county revenue collection will be enhanced to seal revenue leaks and

improve efficiency. These measures are expected to contribute to the national economic growth target of 5.3% in 2025, while improving fiscal sustainability at the county level.

### **3.3 Fiscal Performance**

In the medium term, the Government is steadfast in its commitment to a fiscal rationalization approach, striving to maintain an overall fiscal balance as per the parameters outlined in the CFSP 2025. This dedication ensures a balance between recurrent and development expenditures. To achieve these objectives, the Government will persist in streamlining recurrent spending while intensifying efforts in resource mobilization.

The county has successfully reduced the wage bill through staff rationalization and controlled hiring. Further efforts will be directed towards optimizing workforce efficiency, ensuring that wage-related expenditures remain within sustainable limits. To enhance revenue performance and reduce dependency on national allocations, the county will strengthen local revenue collection mechanisms. These measures include the adoption of the Integrated County Revenue Management System (ICRMS) to streamline cashless payments and minimize revenue leakages. Additionally, strict enforcement of cess payments from millers, road contractors, and other entities will be implemented. The county will also focus on mapping urban and rural businesses to improve revenue targeting and ensure proper licensing. Updating property valuations to align levies with market rates will ensure fair taxation. Introducing individual targets to increase accountability and efficiency in tax collection will further bolster these efforts. These strategies are expected to reduce fiscal deficits and ensure timely service delivery.

### **3.4 Deficit, Debt policy and Debt Sustainability**

As of 2025, Elgeyo Marakwet County has no public debt, in compliance with the Public Finance Management Act, 2012 and its associated regulations that dictate the necessity for maintaining sustainable levels of public debt. Indicators reflecting the sustainability of external debt highlight that Kenya comfortably adheres to the established thresholds. This advantageous position is primarily credited to a substantial portion of the debt being arranged under concessional terms, characterized by both low costs, and extended maturity periods.

### **3.5 County Economic Performance and Prospects**

#### **3.5.1 Growth Prospects and Challenges**

The county's economic growth will be driven by targeted investments in key economic sectors. These efforts will focus on several crucial areas, each with specific strategies and initiatives designed to foster development and ensure sustainable progress. These targeted investments aim to drive the county's economic growth and ensure sustainable development across various sectors.

Agricultural Transformation will play a significant role in this growth. The expansion of irrigation infrastructure is aimed at reducing dependence on rain-fed farming, which will include the development of large-scale irrigation schemes, the construction of water storage facilities, and the promotion of efficient irrigation technologies. Additionally, the promotion of cash crops such as coffee and macadamia

is expected to boost export earnings. This will involve providing farmers with high-quality seedlings, offering training on best agricultural practices, and supporting certification processes to meet international standards. Strengthening farmer cooperatives will also be a priority, with capacity-building programs for cooperative management, the establishment of aggregation centers, and the provision of processing equipment to enhance value addition activities.

Urban Expansion and Infrastructure Development will be prioritized through the implementation of the Iten Urban Economic Plan. This plan will focus on planned urbanization and enhanced commercial activity. Zoning regulations will be established, and the development of commercial hubs will be pursued. Essential services such as water, sanitation, and electricity will be provided to support these developments. Significant investment in road networks will also be made to improve connectivity and facilitate better business operations. This will include the construction and rehabilitation of major roads, the development of feeder roads to connect rural areas to urban centers, and the maintenance of existing road infrastructure.

In the sphere of Industrial and Value Addition Development, the establishment of the County Industrial and Aggregation Park (CAIP) in partnership with the national government will facilitate the processing and value addition of local products. This will include the provision of industrial land, the development of infrastructure such as power and water supply, and the attraction of investors through incentives. Additionally, the revival of fluorspar mining has the potential to increase county revenue through royalties. This will involve conducting geological surveys, negotiating with mining companies, and ensuring compliance with environmental regulations.

The Digital Economy Expansion will involve several key initiatives. Strengthening e-commerce platforms to support MSMEs will be a priority, which will include the development of online marketplaces, the provision of digital marketing training, and the creation of payment integration systems. Expanding internet access in rural areas will also be pursued to promote digital entrepreneurship. This will involve the installation of broadband infrastructure, the establishment of community internet hubs, and partnerships with internet service providers to offer affordable packages.

### **3.5.2 Risks to the Fiscal Outlook**

Elgeyo Marakwet County's fiscal outlook is shaped by both internal and external challenges that pose significant risks to economic stability, revenue mobilization, and service delivery. One of the primary concerns is the stagnation in national allocations from the National Treasury. The equitable share of revenue that counties receive from the national government has remained stagnant, limiting the county's financial capacity to fund new programs and meet the growing demand for public services. Without an increase in allocations, the county is forced to either scale down essential projects or seek alternative revenue sources to sustain its operations.

In addition to stagnant national funding, the county is struggling with below-target Own Source Revenue (OSR) collection. Despite efforts to streamline revenue collection through automation and enforcement,

the county continues to experience revenue shortfalls due to non-compliance, inefficient tax administration, and economic constraints affecting local businesses. These funding gaps hinder the county's ability to effectively finance development programs, maintain infrastructure, and deliver quality services to residents. Addressing these challenges requires enhanced tax enforcement, expansion of the revenue base, and improved public awareness on tax obligations.

Another pressing fiscal challenge is the high wage bill, which consumes a disproportionate share of the county's budget. The large percentage of recurrent expenditure allocated to salaries and wages limits the amount of funds available for development projects, slowing down economic growth and infrastructure expansion. While the county has taken steps to rationalize staff replacements and optimize workforce productivity, further reforms are needed to ensure that the wage bill remains sustainable without compromising service delivery.

Beyond financial constraints, climate change and natural disasters present significant risks to the county's economic outlook. Frequent flooding, prolonged droughts, and landslides disrupt agricultural productivity, damage infrastructure, and strain public health systems. Agriculture, being the backbone of the county's economy, is particularly vulnerable to erratic weather patterns, leading to food insecurity and reduced household incomes. The county must therefore prioritize climate adaptation strategies, such as investing in irrigation systems, promoting drought-resistant crops, and enhancing early warning systems to mitigate disaster impacts.

Furthermore, global economic uncertainty continues to pose risks, particularly through rising commodity prices and exchange rate fluctuations. The strengthening of the US dollar against the Kenyan shilling has led to increased costs of imported goods, including agricultural inputs, fuel, and construction materials. This inflationary pressure escalates the cost-of-service delivery, making it more expensive for the county government to procure essential supplies and implement development projects. The global economic landscape, affected by geopolitical tensions, supply chain disruptions, and fluctuating interest rates, further complicates fiscal planning and stability at the county level.

### **3.5.3 Mitigation Measures**

To address these fiscal risks and ensure economic resilience, the county government is implementing several strategic interventions. One key measure is the diversification of revenue sources to reduce dependence on national allocations. By expanding its local revenue base through enhanced property taxation, business licensing, Cess collection, and market fees, the county aims to generate more independent resources for development. Strengthening public-private partnerships (PPPs) and leveraging donor funding will also be crucial in bridging financial gaps.

Recognizing the impact of climate change, the county is investing in climate-smart agriculture to enhance food security and resilience against extreme weather conditions. This includes promoting irrigation farming, providing subsidies for drought-resistant crops, and supporting agro-processing ventures to reduce post-harvest losses. Additionally, community-based climate adaptation programs will be introduced to empower farmers with sustainable farming practices and weather prediction tools.

To achieve a sustainable budgetary balance, the county is also implementing expenditure rationalization programs. This involves prioritizing high-impact projects, eliminating inefficiencies in public spending, and improving financial accountability. Measures such as zero-based budgeting, digital procurement systems, and performance-based budgeting will help optimize resource allocation and enhance service delivery efficiency.

## CHAPTER FOUR: COUNTY BUDGET FRAMEWORK

### 4.1 Fiscal Performance of County Governments in FY 2023/24

In FY 2023/24, the County Government had a total budget of Ksh. 6,794,102,355 out of which Ksh. 4,801,453,188 was CRA allocation, Ksh. 270,326,633 own source revenues, Ksh. 789,891,721 conditional grants allocation and Ksh. 931,450,814 rolled over funds from FY 2021/22. From the total revenue, Ksh. 3,991,288,162 was allocated to recurrent while Ksh. 2,264,898,059 was allocated to development. The table below presents the overview of the fiscal performance of the county during the financial year 2023/2024.

**Table 1 : Fiscal Outturn in FY 2023/24**

REVENUE SOURCE	2022/23 FY Approved 1st Supplementary	Actual Disbursement	Variance	% Disbursement
Equitable Share	4,801,453,188	4,417,336,932	-384,116,256	92.0
CRF Returns	932,430,813	932,430,813	0	100.0
Local Revenue	270,326,633	274,982,755	4,656,122	101.7
DANIDA	14,617,125	14,617,125	0	100.0
TRANSFER FOR LIBRARY SERVICES	5,795,078	5,795,078	0	100.0
Kenya Climate Smart Agriculture program	90,000,000	44,224,456	-45,775,544	49.1
Kenya Livestock Commercialization Project	36,500,000	33,340,445	-3,159,555	91.3
Livestock Value chain support project	35,809,200		-35,809,200	0.0
Agricultural Sector Development Support Program II	1,042,262	500,000	-542,262	48.0
Emergency Locust Response project	138,144,044	136,959,310	-1,184,734	99.1
Financing Locally Led Climate Action (FLoCA) Program CCRI Grant	212,500,000	162,011,093	-50,488,907	76.2
Financing Locally Led Climate Action (FLoCA) Program CCIS Grant	17,091,850	11,000,000	-6,091,850	64.4
Kenya Urban Support Programme (KUSP)	6,097,085	6,097,085	0	100.0

Kenya Informal Settlement Improvement Program II	58,324,295	50,000,000	-8,324,295	85.7
County Aggregated Industrial Park	100,000,000		-100,000,000	0.0
Provision of fertilizer subsidy program	63,970,782		-63,970,782	0.0
Nutrition International	10,000,000	7,500,000	-2,500,000	75.0
<b>Total</b>	<b>6,794,102,355</b>	<b>6,096,795,092</b>	<b>-697,307,263</b>	<b>89.7</b>

**4.1.1 County Governments’ Own-Source Revenue (OSR)**

During the period under review, the county government collected a total of Ksh. 274,982,755 in FY 2023/2024 against a target of Ksh. 270,326,633. This translates to 101.8% performance in revenue collection. Revenue performance grew from Kshs 213,564,131 in FY 2022/2023 to Kshs 274,982,755 in FY 2023/2024. The increase translates to a 28.75% growth in revenue. This is the highest ever amount collected of revenue since the start of devolution in 2013.

This revenue growth is attributed to enhanced mobilization, widening tax base, and public sensitization on the need to pay levies and charges as required by the Elgeyo Marakwet County Finance Act, 2023. The county also agreed with Safaricom PLC to roll out a pilot of the Integrated Revenue Management System that saw the integration of four revenue streams namely, cess, market fees, parking, and single business permits into the system. This integration enhanced revenue collection through digitizing making it easy for revenue collection and reporting. The county government is in the process of completing the procurement of the system that will see the integration of all revenue streams into the system.

Despite this performance, the county government revenue collection is way below its potential of Ksh. 1.078 billion according to the revenue potential assessment report prepared by the Commission on Revenue Allocation in 2019. The county government will continue to put in place measures that will enhance the mobilization of ordinary local revenue to meet its development objectives.

**Table 2: County Governments’ Own-Source Revenue (OSR) for the period July 2023 to June 2024 (FY 2023/2024)**

Receipt	Original Targets	Adjustments	Final Targets	Actual On Comparable Basis	Budget Realization Difference	% Of Realization
	A	B	C=A+B	D	E=C-D	F=D/C %
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
County Own Source Revenue						
Cess	17,000,000	-	17,000,000	23,007,911	-6,007,911	135.34
Land Rate	2,500,000	-	2,500,000	788,607	1,711,393	31.54
Single/Business Permits	21,944,405	-	21,944,405	17,710,111	4,234,294	80.7
Property Rent	2,500,000	-	2,500,000	5,993,811	-3,493,811	239.75
Parking Fees	4,000,000	-	4,000,000	4,553,600	-553,600	113.84
Market Fees	4,194,250	-	4,194,250	7,159,451	-2,965,201	170.7
Advertising	3,000,000	-	3,000,000	5,157,920	-2,157,920	171.93
Hospital Fees	147,500,000	50,000,000	197,500,000	194,062,724	3,437,276	98.26
Public Health Service Fees	2,500,000	-	2,500,000	2,727,950	-227,950	109.11
Physical Planning and Development	1,700,000	-	1,700,000	2,326,545	-626,545	136.86
Hire Of County Assets	500,000	-	500,000	840,000	-340,000	168
Conservancy Administration	2,000,000	-	2,000,000	1,204,610	795,390	60.23
Administration Control Fees and Charges	229,142	-	229,142	162,700	66,442	71
Proceeds from sale of assets	-	-	-	-	-	-
Park Fees	1,600,000	-	1,600,000	496,640	1,103,360	31.04
Other Fines, Penalties, And Forfeiture Fees	1,500,000	-	1,500,000	533,992	966,008	35.6
Miscellaneous Receipts	7,658,836	-	7,658,836	8,256,183	-597,347	107.8
<b>Total County Own Source Revenue</b>	<b>220,326,633</b>	<b>50,000,000</b>	<b>270,326,633</b>	<b>274,982,755</b>	<b>-4,656,122</b>	<b>101.72</b>

**4.1.2 County Governments’ Budget Absorption**

The total expenditure for the FY 2023/24 amounted to Ksh 5,361,216,962 against an approved budget of Ksh 6,794,102,355, representing an under spending of Kshs 1,432,885,393. Absorption rate of recurrent budget was high amounting to Kshs 4,100,508,816 against an approved budget of Kshs 4,237,560,482 reflecting an absorption rate of 96.7%. The absorption of the development budget amounted to Ksh 1,260,708,146 against an approved budget Ksh 2,556,541,873 reflecting an absorption rate of 49.3%. The main reasons for under-performance were delayed disbursement, and slow implementation pace by contractors.

**Table 3: Overall absorption Rates for FY 2023/24**

COD E	Department	Recurrent		Development		Total (Recurrent and Development)		Balance	% On Total Expenditure
		Approved Budget	Actual Expenditure	Approved Budget	Actual Expenditure	Total Approved budget	Actual total Expenditure		
4361	County Assembly	706,848,845	706,716,500			706,848,845	706,716,500	132,345	99.98
4362	Office of the Governor	162,511,550	161,498,478			162,511,550	161,498,478	1,013,072	99.38
4363	Finance and Economic Planning	220,345,884	205,703,619			220,345,884	205,703,619	14,642,265	93.35
4364	Agriculture and Irrigation	165,152,708	121,298,160	594,764,216	297,721,584	759,916,924	419,019,744	340,897,180	55.14
4368	Water, Environment and Climate Change	56,072,511	48,988,594	535,873,687	211,524,753	591,946,198	260,513,347	331,432,851	44.01
4366	Education & Technical Training	379,636,507	375,140,693	173,834,603	122,058,288	553,471,110	497,198,981	56,272,129	89.83
4367	Health and Sanitation	1,779,500,761	1,693,376,549	408,098,433	280,032,220	2,187,599,194	1,973,408,769	214,190,425	90.21
4365	Lands and Physical Planning	70,737,885	67,204,628	127,806,769	100,352,288	198,544,654	167,556,916	30,987,738	84.39
4369	Roads, Transport & Public Works	186,661,347	185,890,694	256,736,101	204,347,227	443,397,448	390,237,921	53,159,527	88.01
4371	Trade, Tourism & Industrialization	73,757,946	73,145,015	368,583,480	12,483,189	442,341,426	85,628,204	356,713,222	19.36
4372	Youth, Sports, Gender and Social Services	92,683,896	94,781,204	62,247,603	25,924,573	154,931,499	120,705,777	34,225,722	77.91
4373	ICT & Public Service	291,604,201	315,350,250	28,596,981	6,264,024	320,201,182	321,614,274	-1,413,092	100.44
4374	County Public Service Board	52,046,441	51,414,432			52,046,441	51,414,432	632,009	98.79
<b>TOTAL</b>		<b>4,237,560,482</b>	<b>4,100,508,816</b>	<b>2,556,541,873</b>	<b>1,260,708,146</b>	<b>6,794,102,355</b>	<b>5,361,216,962</b>	<b>1,432,885,393</b>	<b>78.91</b>

#### 4.2 FY 2024/2025 FINANCIAL PERFORMANCE

During the first half of FY 2024/2025, the County Government of Elgeyo Marakwet budgeted Kshs. 300,784,971 in the financial year 2024/2025, out of which Sh. 200,000,000 will be collected as public health hospital fees while Kshs. 100,784,971 will be collected from ordinary revenue. During the period under review, the County Government collected Kshs. 78,709,496 compared to Kshs. 65,914,331 collected in the same period in FY 2023/24. This translated to 19.4% growth in revenue.

The county government aims to sustain this revenue growth trajectory by fully rolling out the Integrated Revenue Management System to include all revenue streams. The county government will also upscale efforts for compliance and enforcement to seal leakages.

**Table 4: Revenue Collection for Period July 2024 to Dec 2024 (F/Y 2024/2025)**

Revenue Sources	Approved Estimates (Net)FY 2024/25	Half year targets	Half Year Actuals
Cess	24,200,000	12,100,000	9,815,866
Land Rates	3,000,000	1,500,000	167,224
Single Business Permits and Application fees	25,500,000	12,750,000	2,487,836
Property Rent-Plot and Stall rents	5,000,000	2,500,000	1,572,350
Parking Fees	7,500,000	3,750,000	2,152,729
Market Fees	5,500,000	2,750,000	3,703,611
Advertising	7,000,000	3,500,000	298,800
PublicHospital operations Fees- FIF	195,000,000	97,500,000	150,570,814
Public Health Service Fees	5,000,000	2,500,000	817,695
Physical Planning and Development	4,219,999	2,110,000	1,175,750
Hire of County Assets (Stadiums,Social halls,Graders)	550,000	275,000	600
Conservancy Administration	3,500,000	1,750,000	220,500
Administration Control Fees and Charges	456,614	228,307	61,800
Park Fees	2,500,000	1,250,000	192,200
Other Fines, Penalties, And Forfeiture Fees	2,000,000	1,000,000	161,375
Water supply -Metered water charges	500,000	250,000	-
Slaughterhouse fees	3,500,000	1,750,000	345,600
Hides and Skins	100,000	50,000	700
Miscellaneous receipts not classified anywhere	5,758,358	2,879,179	5,912,006
<b>TOTALS</b>	<b>300,784,971</b>	<b>150,392,486</b>	<b>179,311,856</b>

### 4.3 FY 2024/2025 ABSORPTION RATES

The absorption rates among departments in the County for the first half of FY 2024/25 are as shown in table 5 and table 6 below.

**Table 5: Recurrent absorption**

DEPARTMENT	Approved Budget	Cumulative Expenditure.	Balance	Absorption rates
COUNTY ASSEMBLY	642,494,863	332,202,835	310,292,028	51.71%
OFFICE OF GOVERNOR	156,433,728	68,876,749	87,556,979	44.03%
FINANCE AND ECONOMIC PLANNING	262,703,653	88,956,724	173,746,929	33.86%
Agriculture, Livestock, Fisheries, and Irrigation	242,711,641	66,757,040	175,954,601	27.50%
WATER, ENVIRONMENT AND CLIMATE CHANGE	60,491,463	17,311,463	43,180,000	28.62%
EDUCATION AND TECHNICAL TRAINING	454,995,476	137,201,411	317,794,065	30.15%
HEALTH AND SANITATION	2,050,387,845	788,369,828	1,262,018,017	38.45%
LANDS, PHYSICAL PLANNING, HOUSING AND URBAN DEVELOPMENT	61,157,840	27,052,474	34,105,366	44.23%
ROADS, PUBLIC WORKS AND TRANSPORT	222,512,048	56,692,680	165,819,368	25.48%
COOPERATIVES, TRADE, INDUSTRIALIZATION, TOURISM AND WILDLIFE	83,678,021	28,304,914	55,373,107	33.83%
YOUTH AFFAIRS, SPORTS, CULTURE, CHILDREN AND SOCIAL SERVICES	109,027,197	17,010,641	92,016,556	15.60%
Public Service, Devolution, Administration, Communications, ICT & E-governance	360,804,433	197,855,134	162,949,299	54.84%
4374000000 COUNTY PUBLIC SERVICE BOARD	45,380,222	18,634,276	26,745,946	41.06%
<b>Subtotal</b>	<b>4,752,778,430</b>	<b>1,845,226,169</b>	<b>2,907,552,261</b>	<b>38.82%</b>

**Table 6: Development Absorption**

DEPARTMENT	Approved Budget	Cumulative Expenditure.	Balance	Absorption rates
COUNTY ASSEMBLY	-	-	-	-
OFFICE OF GOVERNOR	-	-	-	-
FINANCE AND ECONOMIC PLANNING	-	-	-	-
AGRICULTURE, LIVESTOCK, FISHERIES AND IRRIGATION	441,686,606	43,185,287	398,501,319	9.78%
WATER, ENVIRONMENT AND CLIMATE CHANGE	672,593,415	49,515,484	623,077,931	7.36%
EDUCATION AND TECHNICAL TRAINING	124,825,490	4,847,948	119,977,542	3.88%
HEALTH AND SANITATION	275,161,899	7,489,113	267,672,786	2.72%
LANDS, PHYSICAL PLANNING, HOUSING AND URBAN DEVELOPMENT	659,613,707	-	659,613,707	0.00%
ROADS, PUBLIC WORKS AND TRANSPORT	402,373,805	5,766,490	396,607,315	1.43%
COOPERATIVES, TRADE, INDUSTRIALIZATION, TOURISM AND WILDLIFE	524,048,680	-	524,048,680	0.00%
YOUTH AFFAIRS, SPORTS, CULTURE, CHILDREN AND SOCIAL SERVICES	36,354,000	-	36,354,000	0.00%

<b>DEPARTMENT</b>	<b>Approved Budget</b>	<b>Cumulative Expenditure.</b>	<b>Balance</b>	<b>Absorption rates</b>
Public Service, Devolution, Administration, Communications, ICT & E-governance	11,433,127	-	11,433,127	0.00%
COUNTY PUBLIC SERVICE BOARD	-	-	-	
<b>Sub total</b>	<b>3,148,090,729</b>	<b>110,804,322</b>	<b>3,037,286,407</b>	<b>3.52%</b>

During the first half of FY 2024/25, the recurrent and development absorption rates are 38.82 percent and 3.52 percent, respectively.

#### 4.4 FY 2025/2026 EXPENDITURE

##### 4.4.1 RECURRENT EXPENDITURE

##### 4.4.1.1 PERSONAL EMOLUMENTS (PE) EXPENDITURE

**Table 7: Personnel Emoluments Analysis**

CODE	DEPARTMENT	Approved, FY 2024/2025	Estimates FY 2025/2026
R.4361	County Assembly	381,308,668	-
R.4362	Office of the Governor	123,597,223	120,143,928
R.4363	Finance and Economic Planning	197,925,880	209,635,747
R.4364	Agriculture, Livestock, Fisheries, and Irrigation	137,986,316	147,939,679
R.4365	Water, Environment and Climate Change	40,358,630	48,648,894
R.4366	Education & Technical Training	301,610,022	386,363,020
R.4367	Health Services	1,424,310,738	1,481,257,228
R.4368	Lands, Physical Planning, Housing and Urban Development	43,799,081	50,620,254
R.4369	Roads, Transport & Public Works	105,488,737	108,892,791
R.4371	Cooperatives, Trade, Industrialization, Tourism and Wildlife	63,095,014	64,724,108
R.4372	Sports Youth Affairs, Culture Children and Social Services	41,315,105	42,383,435
R.4373	Public Service, Devolution, Administration, Communications, ICT & E-governance	132,769,260	130,766,522
R.4374	County Public Service Board	38,892,153	46,121,839
	<b>TOTAL (KSHS)</b>	<b>3,032,456,827</b>	<b>2,837,497,444</b>

##### 4.4.1.2 OPERATIONS AND MAINTENANCE

**Table 8: Operations and Maintenance**

CODE	DEPARTMENT	Normal O&M (A)	Mandatory O&M Description	Mandatory O&M Allocation (B)	Conditional Grants	TOTAL PROPOSED O&M ADJUSTMENTS( C=A+B)
R.4361	County Assembly			709,000,000		709,000,000
R.4362	Office of the Governor	19,371,942	Audit Committee	2,204,158		31,576,100
			Governor's mobility	3,000,000		
			Motor vehicles maintenance	1,000,000		
			Disaster management	2,000,000		
			Advertising, Awareness and Publicity	1,500,000		

CODE	DEPARTMENT	Normal O&M (A)	Mandatory O&M Description	Mandatory O&M Allocation (B)	Conditional Grants	TOTAL PROPOSED O&M ADJUSTMENTS( C=A+B)
			Legal Dues/fees, Arbitration and Compensation Payments	1,500,000		
			Intergovernmental Relations Technical Committee (IGRTC) Service	1,000,000		
R.4363	Finance and Economic Planning	10,096,464	Revenue Systems and Commissions and Administration	5,000,000		23,581,342
			Planning & Budget process Public Participation Cost	3,984,878		
			County Budget and Economic Forum (CBEF operation)	1,000,000		
			Exchequer requisition	1,500,000		
			Accounting documents	500,000		
			Adverts and publicity for procurement	500,000		
			Revenue mobilization services	1,000,000		
R.4364	Agriculture, Livestock, Fisheries and Irrigation	7,133,642	Abattoirs AIA (Maintenance of slaughterhouses)	1,800,000		8,933,642
R.4365	Water, Environment and Climate Change	4,022,185	Operationalization and maintenance of rig facility	1,000,000		6,583,085

CODE	DEPARTMENT	Normal O&M (A)	Mandatory O&M Description	Mandatory O&M Allocation (B)	Conditional Grants	TOTAL PROPOSED O&M ADJUSTMENTS( C=A+B)	
			Financing Locally Led Climate Action (FLLoCA) Program CCIS Grant		1,560,900		
R.4366	Education & Technical Training	4,937,102	Quality assurance (VTC/ECDE) costs	1,500,000		14,437,102	
			Project Inspection Vehicle	8,000,000			
R.4367	Health Services	7,405,653	Medical Drugs	130,000,000		517,007,662	
			User fee foregone to support primary care facilities	8,600,000			
			FIF	300,000,000			
			DANIDA				6,579,000
			Community Health Promoters				41,730,597
			Grants for Payment of Health Outstanding Basic Salary Arrears for County Government Health Workers				22,692,412
R.4368	Lands, Physical Planning, Housing and Urban Development	4,401,961	Fire engine operations, Insurance, and Compactor maintenance	2,900,622		34,072,583	
			Fire Engines Operation (Protective Gears, Fuel, Hydrant, Siren Installation, Maintenance, other operation materials)	1,500,000			
			Urban areas Street Lighting Bills	5,000,000			

CODE	DEPARTMENT	Normal O&M (A)	Mandatory O&M Description	Mandatory O&M Allocation (B)	Conditional Grants	TOTAL PROPOSED O&M ADJUSTMENTS( C=A+B)
			Conservancy staff-protective equipment and safety gear	500,000		
			Compactor and Waste management Tractor (insurance, Fuel, Maintenance, NEMA Compliance, Protective gears)	2,000,000		
			Water bills for markets	500,000		
			Land Assets verification costs	500,000		
			Kenya Urban Support Program (KUSP)-UIG		16,770,000	
R.4369	Roads, Transport & Public Works	6,577,048	Departmental Asset Verification	500,000		7,077,048
R.4371	Cooperatives, Trade, Industrialization, Tourism and Wildlife	3,728,720	Ushirika day	500,000		4,728,720
			Water bills for markets	500,000		
R.4372	Sports Youth Affairs, Culture Children and Social Services	3,521,569	Iten International Marathon	2,000,000		6,521,569
			Celebrations: annual days e.g special days for PWDs, GBV 16 days, The day of African Child, Youth International Day)	1,000,000		
R.4373		4,315,649	Staff medical cover	142,000,000		204,115,649

CODE	DEPARTMENT	Normal O&M (A)	Mandatory O&M Description	Mandatory O&M Allocation (B)	Conditional Grants	TOTAL PROPOSED O&M ADJUSTMENTS( C=A+B)
	Public Service, Devolution, Administration, Communications, ICT & E-governance		Payment for awarded cases by County Public Service Board of Work Injury Benefits Act(WIBA)	5,000,000		
			Investment Branding costs	1,000,000		
			Purchase of uniforms for Ward administrators and Enforcement officers	1,500,000		
			Internet cabling and fibre optic	2,100,000		
			County HQs Building Ablution infrastructure system rehabilitation	3,500,000		
			Ward and sub county administration monthly operational costs	7,200,000		
			IDA (World Bank) Kenya Devolution Support Program II-Institutional Grant (Level I Grant			
R.4374	County Public Service Board	3,488,069	County Public Service Board members medical insurance as provided for by SRC circular for board members dated 8th December 2017 and as costed by insurance service provider quotation	5,000,000		14,688,069
			Monitoring of Performance and board advisory services	2,500,000		

CODE	DEPARTMENT	Normal O&M (A)	Mandatory O&M Description	Mandatory O&M Allocation (B)	Conditional Grants	TOTAL PROPOSED O&M ADJUSTMENTS( C=A+B)
			Training of county staff allocation to be domiciled at the board	4,500,000		
			HRIS system upgrade	1,200,000		
	TOTAL (KSHS)	<b>79,000,004</b>		<b>1,378,489,658</b>	<b>126,832,909</b>	<b>1,584,322,571</b>

The total O&M is Ksh 1,584,322,571. This comprises Ksh 79,000,004 as the general day-to-day running of the departmental operation, Ksh. 1,378,489,658 Mandatory O&M which is composed of the following: County Assembly Ceiling, Emergency fund provision, FIF, medical drugs, Street Lighting Bills, fire engine operations, compactor and waste management operations, Staff medical scheme, Iten International Marathon and Public Participation costs among other provisions and conditional grants of Ksh. 126,832,909 comprising Financing Locally Led Climate Action (FLLoCA) Program CCIS Grant, DANIDA, Primary Health care, Kenya Urban Support Programme (KUSP)-UIG and IDA (World Bank) Kenya Devolution Support Programme II-Institutional Grant (Level).

#### 4.4.1.3 OVERALL RECURRENT EXPENDITURE ANALYSIS

**Table 9: Summary of Total Recurrent Estimate Allocation**

DEPARTMENT	PE (KSHS)	NORMAL O&M(KSHS)	MANDATORY O&M (KSHS)	CONDITIONAL GRANTS	TOTAL (KSHS)
County Assembly			709,000,000		709,000,000
Office of the Governor	120,143,928	19,371,942	12,204,158		151,720,028
Finance and Economic Planning	209,635,747	10,096,464	13,484,878		233,217,089
Agriculture and Irrigation	147,939,679	7,133,642	1,800,000		156,873,321
Water, Environment and Climate Change	48,648,894	4,022,185	1,000,000	1,560,900	55,231,979
Education & Technical Training	386,363,020	4,937,102	9,500,000		400,800,122
Health Services	1,481,257,228	7,405,653	438,600,000	71,002,009	1,998,264,890
Lands, Physical Planning, Housing and Urban Development	50,620,254	4,401,961	12,900,622	16,770,000	84,692,837
Roads, Transport & Public Works	108,892,791	6,577,048	500,000		115,969,839

Cooperatives, Trade, Industrialization, Tourism and Wildlife	64,724,108	3,728,720	1,000,000		69,452,828
Sports Youth Affairs, Culture Children and Social Services	42,383,435	3,521,569	3,000,000		48,905,004
Public Service, Administration, Devolution and E-Governance	130,766,522	4,315,649	162,300,000	37,500,000	334,882,171
County Public Service Board	46,121,838	3,488,069	13,200,000		62,809,907
<b>Total</b>	<b>2,837,497,444</b>	<b>79,000,004</b>	<b>1,378,489,658</b>	<b>126,832,909</b>	<b>4,421,820,015</b>

#### 4.4.2 DEVELOPMENT EXPENDITURE

##### 4.4.2.1 SUMMARY OF DEVELOPMENT ALLOCATIONS FOR FY 2025/26

**Table 9: Summary of Development Allocation**

DEPARTMENT	DEVELOPMENT WARD	FLAGSHIP	CONDITIONAL GRANTS. DEV.	TOTAL
County Assembly	-	-	-	-
Office of the Governor	2,917,825			2,917,825
Finance and Economic Planning	2,700,000			2,700,000
Agriculture and Irrigation	98,533,080		49,274,700	147,807,780
Water, Environment and Climate Change	208,139,405		95,298,750	303,438,155
Education & Technical Training	263,837,451			263,837,451
Health Services	178,354,833			178,354,833
Lands, Physical Planning, Housing and Urban Development	46,035,048		133,202,235	179,237,283
Roads, Transport & Public Works	235,569,625			235,569,625
Cooperatives, Trade, Industrialization, Tourism and Wildlife	32,283,057	2,700,000		34,983,057
Sports Youth Affairs, Culture Children and Social Services	53,000,804			53,000,804
Public Service, Administration, Devolution and E-Governance	38,076,151		352,500,000	390,576,151
County Public Service Board	-	-	-	-
<b>Total</b>	<b>1,159,447,279</b>	<b>2,700,000</b>	<b>630,275,685</b>	<b>1,792,422,964</b>

##### 4.4.2.2 ANALYSIS OF DEVELOPMENT PRIORITIES

**Table 10: Analysis of Development Priorities**

Code	Department/ Sector	Approved	Estimates Ceiling
		FY 2024/25	FY 2025/26
D.4361	County Assembly	-	
D.4362	Office of the Governor	-	2,050,000

D.4363	Finance & Economic Planning	-	4,200,000
D.4364	Agriculture and Irrigation	593,410,019	138,234,599
D.4365	Water, Lands, Environment and Climate Change	534,173,687	291,538,155
D.4366	Education and Technical Training	173,159,403	260,286,377
D.4367	Health Services	408,098,433	179,376,833
D.4368	Lands, Physical Planning, Housing and Urban Development	128,436,166	178,891,856
D.4369	Roads, Transport, Public Works, and Transport	257,581,778	205,005,208
D.4371	Cooperatives, Trade, Industrialization, Tourism and Wildlife	369,083,480	31,111,432
D.4372	Sports Youth Affairs, Culture Children and Social Services	59,835,603	49,478,353
D.4373	Public Service, Administration, Devolution, ICT & Corporate Governance	29,096,981	389,550,151
D.4374	County Public Service Board	-	
	<b>Total</b>	<b>2,552,875,550</b>	<b>1,729,722,964</b>

**Note: The 2024/25 FY development figures include 'Roll-over funds from 2023/24 FY**

#### **4.4.3 2025/26 CFSP OVERALL EXPENDITURE ANALYSIS**

**Table 11: Overall Expenditure Analysis**

<b>Expenditure Type</b>	<b>Budget Allocation</b>	<b>Percentage of Estimated Budget (%)</b>
Ward (EDA) Development	1,159,447,279	18.66%
Development Conditional Grants	630,275,685	10.14%
Compensation to Employees	2,837,497,444	45.66%
County Assembly Ceiling	709,000,000	11.41%
Mandatory O&M	669,489,658	10.77%
Recurrent Conditional Grants	126,832,909	2.04%
Utilities and operations	79,000,004	1.27%
<b>TOTAL</b>	<b>6,214,242,979</b>	<b>100.00%</b>

From the above summary, development allocations are Ksh 1,159,447,279 ward (EDA) and Ksh 630,275,685 Conditional grants translating to 17.69% and 10.14% of the total budget respectively indicating 27.83% development allocation of the total budget. The balance makes up the recurrent expenditure totaling Ksh.4,484,520,015 which is 72.17% of the total budget.

#### **4.5 Resource envelope of the Medium Term**

**Table 12: Resource Envelope**

<b>REVENUE SOURCE</b>	<b>APPROVED FY 2023/24</b>	<b>APPROVED FY 2024/25</b>	<b>ESTIMATES FY 2025/26</b>	<b>PROJECTIONS FY 2026/27</b>
CRA Share	4,801,453,188	4,826,732,019	5,049,704,514	5,302,189,740
Transfer for Library Services	5,795,078			-
Conditional Grants	774,096,643	1,792,318,957	757,108,594	794,964,024
Nutrition International	10,000,000			-
Local Revenue	270,326,632	357,429,871	407,429,871	427,801,365
<b>TOTAL REVENUE</b>	<b>5,861,671,541</b>	<b>6,976,480,847</b>	<b>6,214,242,979</b>	<b>6,524,955,128</b>

#### 4.5.1 Collaboration with National Government and Development Partners-Steve

Collaboration and partnership between the national government and development partners will be undertaken through existing intergovernmental frameworks such as the Intergovernmental Budget & Economic Council (IBEC). Examples of collaborations and partnerships are conditional allocations from Development Partners and national government as per the 2025 Budget Policy Statement (BPS) including IDA (World Bank) Credit (Financing Locally- Led Climate Action (FLoCA) Program – County Climate Resilience Investment (CCRI) Grant, World Bank - Emergency Locust Response Project (ELRP) , World bank - Kenya Informal Settlement Improvement Project (KISIP II), Kenya Livestock Commercialization Project (KELCOP), Food Systems Resilience Project (FSRP), World Bank-Kenya Devolution Support Program (KDSP) II and DANIDA Grant - Primary Health Care in Devolved Context from development partners. These conditional allocations are projected by 2025 BPS to be Kshs. 757,108,594.

#### 4.5.2 Medium-Term Expenditure Estimates

**Table 13: Medium-Term Expenditure Estimates**

Department/ Sector	Category	Approved FY 2023/2024	Approved FY 2024/2025	Estimates FY 2025/26	Projected Estimates FY 2026/27	Projected Estimates FY 2027/28
County Assembly	Rec	706,848,845	642,494,863	709,000,000	744,450,000	781,672,500
	Dev				0	0
Office of the Governor	Rec	162,511,550	156,433,728	189,220,028	198,681,029	208,615,081
	Dev			2,050,000	2,152,500	2,260,125
Finance & Economic Planning	Rec	219,145,884	262,703,653	234,217,089	245,927,943	258,224,341
	Dev			4,200,000	4,410,000	4,630,500
Agriculture, Livestock, Fisheries and Irrigation	Rec	156,927,049	242,711,641	159,573,321	167,551,987	175,929,586
	Dev	593,410,019	441,686,606	138,234,599	145,146,329	152,403,645
Water, Environment and Climate Change	Rec	56,072,511	60,491,463	55,231,979	57,993,578	60,893,257
	Dev	534,173,687	672,593,415	291,538,155	306,115,063	321,420,816
Education & Technical Training	Rec	375,248,122	454,995,476	400,800,122	420,840,128	441,882,135
	Dev	173,159,403	124,825,490	260,286,377	273,300,696	286,965,731
Health Services	Rec	1,771,655,761	2,050,387,845	1,998,264,890	2,098,178,135	2,203,087,041
	Dev	408,098,433	275,161,899	179,376,833	188,345,675	197,762,958
Lands, Physical Planning, Housing and Urban Development	Rec	68,637,885	61,157,840	86,692,837	91,027,479	95,578,853
	Dev	128,436,166	659,613,707	178,891,856	187,836,449	197,228,271
Roads, Transport & Public Works	Rec	186,415,670	222,512,048	115,969,839	121,768,331	127,856,747
	Dev	257,581,778	401,373,805	205,005,208	215,255,468	226,018,242
Cooperatives, Trade, Industrialization, Tourism and Wildlife	Rec	75,157,946	83,678,021	77,452,828	81,325,469	85,391,743
	Dev	369,083,480	524,048,680	31,111,432	32,667,004	34,300,354
Sports, Youth Affairs, Culture Children and Social Services	Rec	94,837,553	109,027,197	56,905,004	59,750,254	62,737,767
	Dev	59,835,603	36,354,000	49,478,353	51,952,271	54,549,884

<b>Department/ Sector</b>	<b>Category</b>	<b>Approved FY 2023/2024</b>	<b>Approved FY 2024/2025</b>	<b>Estimates FY 2025/26</b>	<b>Projected Estimates FY 2026/27</b>	<b>Projected Estimates FY 2027/28</b>
Public Service, Administration, Devolution, ICT & E-Governance	Rec	315,721,588	360,804,433	342,882,171	360,026,280	378,027,594
	Dev	29,096,981	11,433,127	389,550,151	409,027,659	429,479,041
County Public Service Board	Rec	52,046,441	45,380,222	58,309,908	61,225,403	64,286,674
	Dev				0	0
<b>TOTAL</b>	<b>Rec</b>	<b>4,241,226,805</b>	<b>4,752,778,430</b>	<b>4,484,520,016</b>	<b>4,708,746,017</b>	<b>4,944,183,318</b>
	<b>Dev</b>	<b>2,552,875,550</b>	<b>3,147,090,729</b>	<b>1,729,722,964</b>	<b>1,816,209,112</b>	<b>1,907,019,568</b>
<b>GRAND TOTAL</b>		<b>6,794,102,355</b>	<b>7,899,869,159</b>	<b>6,214,242,980</b>	<b>6,524,955,129</b>	<b>6,851,202,885</b>

## ANNEXES

### Annex 1: Recurrent Departmental Ceilings

Code	Department/ Sector	Approved	Estimates	Projection	Projection
		2024/2025	2025/2026	2026/2027	2027/2028
4361	County Assembly	706,848,845	709,000,000	752,850,000	790,492,500
4362	Office of the Governor	162,511,550	151,720,028	190,281,029	199,795,081
4363	Finance & Economic Planning	219,145,884	233,217,089	245,927,943	258,224,341
4364	Agriculture and Irrigation	156,927,049	156,873,321	167,551,987	175,929,586
4365	Water, Environment and Climate Change	56,072,511	55,231,979	57,993,578	60,893,257
4366	Education and Technical Training	375,248,122	400,800,122	420,840,128	441,882,135
4367	Health Services	1,693,376,549	1,998,264,890	2,098,178,135	2,203,087,042
4368	Lands, Physical Planning, Housing and Urban Development	68,637,885	84,692,837	91,027,479	95,578,853
4369	Roads, Transport, Public Works and Transport	186,415,670	115,969,839	121,768,331	127,856,747
4371	Cooperatives, Trade, Industrialization, Tourism and Wildlife	75,157,946	69,452,828	81,325,469	85,391,743
4372	Sports, Youth Affairs, Culture Children and Social Services	94,837,553	48,905,004	59,750,254	62,737,767
4373	Administration, Devolution and Enforcement	315,721,588	334,882,171	360,026,280	378,027,594
4374	County Public Service Board	52,046,441	62,809,907	61,225,403	64,286,674
	<b>TOTAL</b>	<b>4,162,947,593</b>	<b>4,421,820,015</b>	<b>4,708,746,017</b>	<b>4,944,183,318</b>

## Annex 2: Development Departmental Ceilings

Code	Department/ Sector	Approved	Estimates Ceiling	Projections	Projections
		FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28
D.4361	County Assembly	-	0	-	-
D.4362	Office of the Governor	-	2,917,825	2,152,500	2,260,125
D.4363	Finance & Economic Planning	-	2,700,000	4,410,000	4,630,500
D.4364	Agriculture and Irrigation	593,410,019	147,807,780	145,146,329	152,403,645
D.4365	Water, Lands, Environment and Climate Change	534,173,687	303,438,155	306,115,063	321,420,816
D.4366	Education and Technical Training	173,159,403	263,837,451	273,300,696	286,965,731
D.4367	Health Services	408,098,433	196,636,203	196,636,203	196,636,203
D.4368	Lands, Physical Planning, Housing and Urban Development	128,436,166	179,237,283	187,836,449	197,228,271
D.4369	Roads, Transport, Public Works, and Transport	257,581,778	235,569,625	215,255,468	226,018,242
D.4371	Cooperatives, Trade, Industrialization, Tourism and Wildlife	369,083,480	34,983,057	32,667,004	34,300,354
D.4372	Sports Youth Affairs, Culture Children and Social Services	59,835,603	53,000,804	51,952,271	54,549,884
D.4373	Public Service, Devolution, Administration, ICT & E-Governance	29,096,981	390,576,151	410,104,959	430,610,206
D.4374	County Public Service Board	-	0	-	-
	<b>Total</b>	<b>2,552,875,550</b>	<b>1,792,422,964</b>	<b>1,816,209,112</b>	<b>1,907,019,568</b>

### Annex 3: Summary (Recurrent and Development) Departmental Ceilings

Department	FY 2024/25			Estimates FY 2025/26			Projection	
	Recurrent	Development	Total	Recurrent	Development	Total	FY 2026/27	FY 2027/28
County Assembly	706,848,845	-	706,848,845	709,000,000	0	717,000,000	752,850,000	790,492,500
Office of the Governor	162,511,550	-	162,511,550	151,720,028	2,917,825	183,270,028	192,433,529	202,055,206
Finance and Economic Planning	219,145,884	-	219,145,884	233,217,089	2,700,000	238,417,089	250,337,943	262,854,841
Agriculture and Irrigation	156,927,049	593,410,019	750,337,068	156,873,321	147,807,780	297,807,920	312,698,316	328,333,232
Water, Environment and Climate Change	56,072,511	534,173,687	590,246,198	55,231,979	303,438,155	346,770,134	364,108,641	382,314,073
Education & Technical Training	375,248,122	173,159,403	548,407,525	400,800,122	263,837,451	661,086,499	694,140,824	728,847,865
Health Services	1,693,376,549	408,098,433	2,101,474,982	1,998,264,890	178,354,833	2,176,619,723	2,285,450,709	2,399,723,245
Lands, Physical Planning, Housing and Urban Development	68,637,885	128,436,166	197,074,051	84,692,837	179,237,283	265,584,693	278,863,928	292,807,124
Roads, Transport & Public Works	186,415,670	257,581,778	443,997,448	115,969,839	235,569,625	320,975,047	337,023,799	353,874,989
Cooperatives, Trade, Industrialization, Tourism and Wildlife	75,157,946	369,083,480	444,241,426	69,452,828	34,983,057	108,564,260	113,992,473	119,692,097
Sports Youth Affairs, Culture Children and Social Services	94,837,553	59,835,603	154,673,156	48,905,004	53,000,804	106,383,357	111,702,525	117,287,651
Public Service, Administration, Devolution and E-Governance	315,721,588	29,096,981	344,818,569	334,882,171	390,576,151	725,458,322	761,731,238	799,817,800
County Public Service Board	52,046,441	-	52,046,441	62,809,907	0	58,309,908	61,225,403	64,286,674
<b>Total</b>	<b>4,162,947,593</b>	<b>2,552,875,550</b>	<b>6,715,823,143</b>	<b>4,421,820,015</b>	<b>1,792,422,964</b>	<b>6,214,242,980</b>	<b>6,524,955,129</b>	<b>6,851,202,886</b>