COUNTY GOVERNMENT OF KIRINYAGA

DEPARTMENT OF FINANCE & ECONOMIC PLANNING

COUNTY FISCAL STRATEGY PAPER 2025

Kirinyaga County Fiscal Strategy Paper 2025

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FOREWORD

The 2025 County Fiscal Strategy Paper (CFSP) sets out the broad priority strategies and policies that will guide the County Government of Kirinyaga in preparing the budget for the 2025/26 Financial Year and the Medium Term. This document is prepared in line with Section 117 of the Public Finance Management (PFM) Act, 2012, which mandates the County Treasury to submit the CFSP to the County Executive Committee for approval and subsequently to the County Assembly by 28th February each year.

The 2025 CFSP has been developed against a backdrop of economic recovery and resilience-building, both at the national and county levels. The Kenya Kwanza Administration has reaffirmed its commitment to the Bottom-Up Economic Transformation Agenda (BETA), which emphasizes stabilizing government finances, driving inclusive economic growth, and addressing market failures. At the county level, Kirinyaga continues to prioritize economic transformation through strategic investments in agriculture, healthcare, infrastructure, trade, and industrialization.

The 2025 CFSP outlines priority interventions that will accelerate economic growth, enhance service delivery, and improve the livelihoods of Kirinyaga residents. Key thematic areas that will drive this transformation include:

Agricultural Transformation and Food Security – Continued support for value chain development, strengthening agro-processing and market linkages.

Industrialization and Trade Development – Enhancing economic diversification through investments in the Sagana Agro-Industrial City, County Aggregation Industrial Park (CAIP), and Export Processing Zone (EPZ).

Universal Health Coverage (UHC) Expansion – Strengthening health infrastructure, upgrading Kianyaga and Kimbimbi hospitals, and expanding community-based health programs.

Infrastructure and Urban Development – Investing in rural and urban roads, affordable housing projects, and water and sewerage systems.

Climate Resilience and Environmental Sustainability – Strengthening local climate action initiatives, afforestation programs, and investments in water resource management.

Despite fiscal constraints, including expenditure pressures from a rising wage bill, slow expansion of the revenue base, and minimal growth in county equitable share, the County Government remains committed to ensuring fiscal discipline, enhancing revenue collection, and improving budget efficiency. The 2025 CFSP presents a fiscal framework that aligns available resources with strategic priorities to achieve sustainable development and economic transformation for Kirinyaga County.

I extend my appreciation to all stakeholders, county officials, and the public who contributed to the preparation of this CFSP. I also acknowledge the support of His Excellency the Governor and the Deputy Governor for their visionary leadership and commitment to the county's development agenda.

The County Government looks forward to working collaboratively with all stakeholders in implementing the priorities outlined in this document.

JACQUELINE NJOGU

COUNTY EXECUTIVE COMMITTEE MEMBER- FINANCE & ECONOMIC PLANNING

ACKNOWLEDGEMENTS

The preparation of the 2025 County Fiscal Strategy Paper (CFSP) has been a collective effort involving contributions from county departments, key stakeholders, and the public.

I wish to express my gratitude to H.E the Governor and the Deputy Governor for their strategic guidance in the preparation of this document.

Special appreciation goes to the County Executive Committee (CEC) Members, Chief Officers (C.O.s), Directors, and technical teams for their dedication, policy direction, and sectoral contributions.

I would also like to recognize the invaluable input from the County Budget and Economic Forum (CBEF), whose deliberations have greatly enriched the development of this document. Additionally, our partners from the Commission on Revenue Allocation (CRA), and other government institutions have provided critical insights that have enhanced the policy framework of this CFSP.

A special mention goes to the Budget and Economic Planning Unit under the County Treasury, whose team has worked tirelessly to compile, review, and finalize this document.

Finally, I extend my sincere appreciation to the citizens of Kirinyaga County, who actively participated in the public consultation process.

As we implement the 2025 CFSP, I encourage all stakeholders to work collaboratively in achieving the set goals and priorities, ensuring a prosperous, resilient, and economically empowered Kirinyaga County.

JOSEPH CARILUS OTIENO

CHIEF OFFICER – ECONOMIC PLANNING, BUDGETING AND PROCUREMENT

ABBREVIATIONS

ATC	Agricultural Training Center
BPS	Budget Policy Statement
CA	County Assembly
CARA	County Allocation of Revenue Act
CBK	Central Bank of Kenya
CBROP	County Budget Review and Outlook Paper
CIG	Common Interest Group
CRA	Commission on Revenue Allocation
CBEF	County Budget and Economic Forum
CE	County Executive
CDDC	Community Driven Development Committee
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
CBR	Central Bank Rate
GBV	Gender Based Violence
GBVRC	Gender Based Violence Recovery Center
ECDE	Early Childhood Development Education
DANIDA	Danish International Development Agency
FY	Financial Year
GDP	Gross Domestic Product

ICT	Information Communication Technology
IFMIS	Integrated Financial Management Information System
KDSP II	Kenya Devolution Support Programme II
KNBS	Kenya National Bureau of Statistics
KARI	Kenya Agricultural Research Institute
KCBF	Kirinyaga County Bursary Fund
KRA	Kenya Revenue Authority
KRB	Kenya Roads Board
KIDA	Kirinyaga Industrial Development Authority
KUSP	Kenya Urban Support Programme
MTP	Medium Term Plan
MTEF	Medium Term Expenditure Framework
M&E	Monitoring and Evaluation
NARIGP	National Agricultural Rural Inclusive Growth Project
PFM	Public Finance Management
PPP	Public Private Partnership/ projects
SME	Small and Medium Enterprises
SDG	Sustainable Development Goals
PBB	Program Based Budgeting
RMS	Revenue Management System
RMLF	Road Maintenance Levy Fund

SBP	Single Business Permit
SHG	Self-Help Group

1.0 INTRODUCTION

1.1 Overview& Legal Basis for County Fiscal Strategy Paper

This CFSP provides basis for preparation of the budget estimates for FY 2025/26 and MTEF budget for 2025/26-2027/28.

The preparation of the County Fiscal Strategy Paper (CFSP) is guided by Section 117 of the Public Finance Management Act, 2012 and the County Government Public Finance Management Regulation Numbers 25-28 of 2015, which requires the County Treasury to prepare and submit CFSP to County Executive Committee for approval. After approval by the Committee, the County Treasury is obligated to submit the approved copy to the County Assembly, latest 28th of February. The County assembly is expected to adopt the CFSP, with or without amendments within fourteen days.

The Preparation of CFSP seeks the views of key individual government institutions such as Commission on Revenue Allocation (CRA), County Departments, Controller of Budget, National Treasury (BPS), forums recognized by legislation (e.g. CBEF), Other stakeholders and most importantly the Public who by law (The Public Finance Management Act 2012 Section 125 (2)) are the main stakeholders during the Budget Making process. Other than aligning the County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement, the CFSP shall specify the broad strategic priorities and policy goals that will guide the County Government in preparing its budget for the coming financial year and over the medium term. Other requirements include but not limited to:

- The financial outlook with respect to County Government revenues, expenditures and borrowing for the coming financial year and over the medium term.
- The County Treasury shall publish and publicize the County Fiscal Strategy Paper within seven days after it has been submitted to the County

Assembly.

1.2 Outline of the 2025 Kirinyaga County Fiscal Strategy Paper

This CFSP is organized as follows;

Chapter 1 gives an Introduction on the various laws& regulations governing the preparation of the CFSP, plus the fiscal responsibility principles governing the budgeting process.

Chapter 2 outlines the economic context in which the 2025/26 MTEF budget is prepared. It provides an overview of the recent economic developments and the macroeconomic outlook covering the national and county domestic scenes.

Chapter 3 provides a synopsis of the government priorities for socio-economic transformation expounded on different thematic areas.

Chapter 4 is about budget framework for 2025/26 and the medium term. It outlines the broad fiscal framework that is supportive of growth over the medium-term, while continuing to provide adequate resources to facilitate execution of policy priorities of the County Government of Kirinyaga. The chapter further gives detailed analysis of the Medium Term Expenditure Framework. It presents the resource envelope and spending priorities for the proposed 2025/26 Budget and the Medium Term. This chapter also outlines compliance to fiscal responsibility principles citing the anticipated Specific Fiscal Risks for the same period.

Chapter 5 provides concluding notes and the way forward.

2.0 RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

2.1 Overview

This chapter highlights economic performance at both national and county levels. Kirinyaga County's economic trajectory remains on an upward trend, driven by sustained development projects, economic diversification, and strategic investments in agriculture, healthcare, infrastructure, and industrialization. The county's performance is heavily influenced by national economic policies, fiscal sustainability, and economic strategies under the Bottom-Up Economic Transformation Agenda (BETA).

The county's recognition by the Office of the Controller of Budget for having the highest development budget absorption underscores deliberate efforts towards prioritizing development, improving public financial management, and enhancing revenue collection through digitization.

2.2 Recent Economic Developments

Economic Growth Performance

Nationally, Kenya's economic growth rebounded to 5.6 percent in 2023, up from 4.9 percent in 2022, largely due to strong agricultural performance following improved weather conditions and enhanced government interventions. However, growth is estimated to slow to 4.6 percent in 2024, reflecting global and domestic economic challenges. Growth is projected to recover to 5.3 percent in 2025, supported by agricultural expansion, industrialization, and increased private-sector investments.

At the county level, Kirinyaga County continues to experience robust growth across all sectors. The county's Own Source Revenue (OSR) has grown steadily from Ksh 374.7 million in FY 2019/20 to Ksh 619 million in FY 2023/24, attributed to the digitization of revenue collection systems, streamlined compliance measures, and expanded business licensing.

Agricultural Sector

Agriculture remains the primary economic driver in Kirinyaga, with increased production in key value chains due to investments under the Wezesha Kirinyaga Program. These interventions have enhanced productivity in tomatoes, avocados, macadamia, dairy, poultry, fish farming, beekeeping, dairy goats, pig farming, rice, tea, and coffee.

Key Achievements;

- ✓ Completion of the County Fish Aggregation Center in Kiaga, serving as a fish market, fish input hub, and value-addition center.
- ✓ Establishment of the County Seedling Propagation Center in Kangai, which provides affordable, high-quality seedlings to farmers.
- ✓ Strengthening of dairy cooperatives (Rung'eto, Kirima, Podago, and Rukingu), with Kirima and Rung'eto now producing and selling yoghurt (1,000 liters per day).
- ✓ Formation of 20 ward-based SACCOs to facilitate affordable credit access, market linkages, and value addition.
- ✓ Procurement of a rice combine harvester, benefiting over 3,800 farmers.
- ✓ Construction of 65 greenhouses, 20 demonstration plots, warehouses, and cold storage facilities.
- ✓ Training of 22,184 farmers on climate-smart agriculture practices.
- ✓ Distribution of 350 metric tons of fertilizers and 1,247 metric tons of rice seed.

Manufacturing and Industry Sectors

The Sagana Agro-Industrial City, currently 37% complete, is set to transform Kirinyaga's agricultural economy by reducing post-harvest losses and stabilizing market prices for farmers. It will house agro-processing factories for tomatoes, avocado oil, macadamia oil, coffee processing, and dairy value addition, targeting both local and export markets.

Additionally, the County Aggregation and Industrial Park (CAIP), Export Processing Zone (EPZ), and Special Economic Zone (SEZ) are expected to create over 100,000 direct and indirect jobs through value chain industrialization.

Key Achievements;

- ✓ Construction of 18 modern markets, with an additional 10 markets under development through a partnership with the National Government.
- ✓ Upgrading of trading infrastructure, including cabro-paved car parks in Kagio, Kutus, Kerugoya, Kianyaga, Kagumo, Sagana, and Wang'uru.

Healthcare Sector

Kirinyaga County continues to prioritize Universal Health Coverage (UHC) through investments in healthcare infrastructure, personnel, and service delivery.

Key developments include;

- ✓ Kerugoya County Referral Hospital upgraded, now serving 600 outpatients and 400 inpatients daily.
- ✓ Kianyaga and Kimbimbi hospitals upgraded from level 3 to level 4, currently over 70% complete.
- ✓ Recruitment of 48 additional health workers across different cadres.
- ✓ Onboarding of 1,205 Community Health Promoters (CHPs) to strengthen grassroots healthcare services.
- ✓ Mobilization for Social Health Insurance Fund (SHIF) registration, enhancing access to affordable healthcare.
- ✓ Construction of a Gender-Based Violence Recovery Center at Kerugoya Hospital.

Infrastructure Development

Infrastructure development continues to play a critical role in economic transformation in Kirinyaga.

Key achievements include;

- ✓ Completion of the Bulk Water and Sewerage Project, ensuring clean and safe water supply.

- ✓ Investment in rural roads and urban infrastructure, including road maintenance and street lighting to improve mobility and security.
- ✓ Expansion of affordable housing projects, in collaboration with the National Government, to provide low-cost homes for residents.
- ✓ Grading of 2,765 km of roads, graveling of 1,095 km, and cabro paving of 42,570 square meters in urban areas.
- ✓ Construction of a modern fire station in Kutus Town to enhance disaster response capacity.
- ✓ Laying over 54.91 km of gravity and distribution water lines.

Inflation and Monetary Policy

At the national level, inflation eased to 3.0 percent in December 2024, down from 9.6 percent in October 2022, due to stable exchange rates and fiscal consolidation measures. The Kenya Shilling appreciated by 19 percent (from Ksh 159.7/USD in January 2024 to Ksh 129.4/USD in December 2024), significantly reducing import costs and stabilizing consumer prices.

Revenue Performance and Fiscal Management

Kirinyaga County has been recognized for prudent financial management, ensuring high development budget absorption and effective revenue mobilization.

Key highlights include;

a) Steady growth in Own Source Revenue (OSR) from Ksh 374.7 million in FY 2019/20 to Ksh 619 million in FY 2023/24.
b) Implementation of a digital revenue collection system, securing compliance and ease of payment for permits, licenses, and cess fees.
c) Efficient financial planning and resource allocation, ensuring continued investment in priority sectors such as agriculture, healthcare, and industrialization.

2.3 Review and Outlook for the Medium Term

2.3.1 Fiscal Performance review

Implementation of 2024/25 Budget

The County Government's total approved budget for the FY 2024-2025 amounts to Kshs 7,925,714,395. The Recurrent budget allocation is Kshs. 4,931,591,378 and Development budget allocation is Kshs. 2,994,123,017.

As at the middle of the month of February, the overall budget absorption stood at 31.2%. The recurrent expenditure amounted to Kshs. 2,093,485,700 which represents 42.5 % of recurrent budget. Development expenditure in the same the period amounted to Kshs. 641,361,489 which represents 21.4% absorption.

Own Source Revenue

The County had projected Own Source Revenue (OSR) target of Kshs 668 Million in the FY 2024/25. As at 31st January 2025, Own Source Revenue collected was Kshs. 288,766,875 which is 43% of total own source revenue target. This is a revenue growth of 26% from similar period in 2023/24. This revenue is categorized into Ordinary Revenue to Kshs. 114,821,442 (27% of annual target), Facility Improvement Fund (FIF) in the Health Sector amounting to Kshs. 166,198,806 (76% of annual target). Other revenue includes money raised through Alcoholic Drinks licensing amounting to Kshs. 3,813,000 (26% of annual target) and Kirinyaga Agricultural Training Center Kshs. 3,933,627 (79% of annual target).

Table 2.1: Own Source Revenue 2024/25 as at 31st January 2025.

Department	Revenue Source	Annual Target	OSR Mobilized As At 31st Jan. 2025	% Mobilized
	OWN SOURCE REVENUE			
TRADE	Single Business Permit	130,000,000	11,758,927	9%
TRADE	Market Gate Fee	37,000,000	18,275,011	49%
TRADE	Produce Cess	7,000,000	3,384,291	48%
TRADE	Weights & Measures	6,000,000	836,013	14%
TRADE	Stalls rent	5,500,000	2,578,000	47%
TRADE	Advertisement	30,000,000	4,867,000	16%
TRADE	cooperative audit	500,000	113,400	23%
TRANSPORT	Bus Park	30,000,000	13,489,550	45%
TRANSPORT	Street Parking	23,000,000	8,494,582	37%
TRANSPORT	House rents	4,451,000	1,969,500	44%
LANDS	Land Administration	10,000,000	3,244,000	32%
LANDS	Property Rates	35,000,000	9,491,380	27%
LANDS	Building Plan Approvals	30,000,000	12,682,550	42%
LANDS	Fire Compliance	6,000,000	791,000	13%
ENVIRONMENT	Conservancy Fee	14,500,000	2,361,590	16%
ENVIRONMENT	Quarries cess	5,000,000	808,600	16%
GENDER	Group Registration	1,000,000	308,700	31%
AGRICULTURE	Veterinary Services	10,000,000	4,068,710	41%
AGRICULTURE	coffee licenses	500,000	373,600	75%
ADMINSTRATION	Commission by payroll	3,000,000	1,505,038	50%
HEALTH	Public Health Services	42,000,000	6,920,000	16%
FINANCE	**OTHER SOURCES**		6,500,000	
SUB -TOTAL I		**430,451,000**	**114,821,442**	**27%**
	FACILITY IMPROVEMENT FUND			
HEALTH	Kerugoya Referral Hospital	158,000,000	111,667,703	71%
HEALTH	Kimbimbi Hospital	28,000,000	23,407,423	84%
HEALTH	Kianyaga Hospital	15,000,000	10,457,408	70%
HEALTH	Sagana Hospital	9,500,000	7,942,170	84%
HEALTH	dispensaries	7,500,000	12,724,102	170%
SUB -TOTAL II		**218,000,000**	**166,198,806**	**76%**
	OTHER FUNDS			
SPORTS&CULTURE	(A-i-A) Revenue Alcoholic Drinks licensing	14,549,000	3,813,000	26%

Department	Revenue Source	Annual Target	OSR Mobilized As At 31st Jan. 2025	% Mobilized
AGRICULTURE	(A-i-A)Revenue Kirinyaga Agricultural Training Center	5,000,000	3,933,627	79%
SUB TOTAL III		**19,549,000**	**7,746,627**	**40%**
GRAND TOTAL FY 2024/2025)		**668,000,000**	**288,766,875**	**43%**

Source: County Treasury

Additional Allocations from County Governments Additional Allocation Act 2023

Article 202 (2) of the Constitution provides that County Governments may be given additional allocations from the National Governments Share of revenue either conditionally or unconditionally; while Article 190 of the Constitution also provides that Parliament shall by legislation ensure that County Governments have adequate support to enable them to perform their functions.

County Governments Additional Allocations comprise of County Governments' additional allocations financed from either the National Government's Share of Revenue or proceeds of loans or grants from Development Partners. It is a requirement that additional allocations shall be funds agreed upon by the National Assembly and the Senate and it is on this premise that The County Governments Additional Allocations Bill 2024 was referred for mediation in the Senate. Non-approval of this bill has delayed disbursement of Conditional Allocation funds to finance respective program activities.

Disbursements from Equitable Share

During the FY 2024/2025 Equitable Share was revised in Supplementary 1 of 2024/2025 to reflect revisions in the Division of Revenue (Amemndment) Act 2024. The DoR revised sharable revenue to counties from Ksh 400.1 Billion to Kshs 387.4 Billion. This resulted in equitable share of KES 5,449,273,298.

Disbursements from Equitable Share is based on an approved disbursement schedule. Amounts are required to be disbursed on monthly basis by 15th of every month. As at 31st January, total equitable share received amounted to KES 3.131 Billion, a performance rate of 57.4%. However, there are delays in disbursements, which affects budget implementation.

Table 2.2 Equitable Share disbursement 2024/25

Date Funds Reflected on CRF	Amount	Month to which the disbursement relates
26th July 2024	433,617,400	June 2024
24th September 2024	460,718,490	July 2024
17th October 2024	433,617,402	August 2024
14th November 2024	460,718,490	September 2024
18th November 2024	433,617,402	October 2024
16th December 2024	9,588,404	CARA July-Oct disbursement top-up
16th December 2024	463,188,230	November 2024
23rd January 2025	435,941,864	December 2024
TOTAL	**3,131,007,682**	

Source: County Treasury

Expenditure Analysis

a) Recurrent Expenditure

Total recurrent expenditure for first half of 2024/25 FY amounted to KES. 2,093,485,700 which represents 42.5% of the total recurrent budget. The major contributor to the first half expenditure is the County Health services sector. Total first half recurrent expenditure for this sector amounts to KES 965,621,536. This indicates a 44.1% of the total first half recurrent expenditure in the county. This also represents a 46.1% expenditure of total county 1st half recurrent expenditure. Other high contributors to first quarter recurrent expenditure includes; Finance and economic Planning 15.6%, County Assembly 12.8%.

First Half Recurrent Expenditure per Department 2024/25 FY

Table 2.3 First Half Recurrent Expenditure per Department 2024/25 FY

VOTE	ENTITY	*Approved Budget 2024/25FY Recurrent(Sup.1)*	*1st Half Expenditure 2024/25 FY*
3961	County Assembly	676,637,101	268,786,909
3962	County Executive	516,214,569	189,459,974
3963	Finance and Economic Planning	652,443,592	326,558,979
3964	Agriculture, Livestock and Fisheries	211,926,648	108,586,262
3965	Environment, Water and Natural Resources	140,222,799	59,062,639
3966	Education	312,514,905	99,873,376
3967	County Health Services	2,190,327,259	965,621,536
3968	Lands, Housing and Urban Development	34,143,028	6,141,776
3969	Transport and Infrastructure	76,668,368	31,979,605
3970	Trade, Co-operatives, Tourism Industrialization and Enterprise Development	43,794,441	14,866,445
3971	Gender and Youth	41,290,651	9,175,868
3972	Sports, Culture and Social Services	35,408,017	13,372,332
	TOTAL	**4,931,591,378**	**2,093,485,700**

Source: County Treasury

b) Development expenditure

Development expenditure for the period under review amounted to Kshs. 641,361,489, an absorption rate of 21.4% of total development budget. This is a 29.6% increase in expenditure compared to a similar period in 2023/24 FY which recorded development expenditure amounting to KES 494,953,422

Table 2.4: Development Expenditure First Half 2024/25

VOTE	ENTITY	*Approved Budget 2024/25FY Development (Sup.1)*	*1st Half Expenditure 2024/25 FY*
3961	County Assembly	130,855,694	29,152,218
3962	County Executive	6,000,000	-
3963	Finance and Economic Planning	144,184,035	-
3964	Agriculture, Livestock and Fisheries	218,713,971	23,233,175
3965	Environment, Water and Natural Resources	630,034,988	167,202,397
3966	Education	52,531,052	19,046,186
3967	County Health Services	379,362,036	134,280,259
3968	Lands, Housing and Urban Development	100,630,548	21,072,846
3969	Transport and Infrastructure	613,004,663	154,407,188
3970	Trade, Co-operatives, Tourism Industrialization and Enterprise Development	613,253,872	63,827,255
3971	Gender and Youth	73,521,020	9,510,827
3972	Sports, Culture and Social Services	32,031,138	19,629,138
	TOTAL	**2,994,123,017**	**641,361,489**

Source: County Treasury

2.4 Medium Term Economic Outlook

National Outlook

Kenya's national economy is expected to continue on a recovery trajectory in 2025, with projected GDP growth of 5.3 percent, driven by enhanced agricultural productivity, expansion of the services sector, and targeted government interventions under the Bottom-Up Economic Transformation Agenda (BETA). The Government's fiscal consolidation measures, including increased domestic revenue mobilization, expenditure rationalization, and reduced public debt vulnerabilities, will support macroeconomic stability. Inflation, which eased to 3.0 percent in December 2024, is expected to remain within the Government's target range, benefiting from a stable exchange rate, declining fuel prices, and improved food production. The Kenya Shilling's appreciation by 19 percent in 2024 has significantly reduced external debt servicing costs, while foreign exchange reserves of USD 9.6 billion (providing 4.9 months of import cover) are expected to shield the economy from external shocks. The Government will continue investing in priority value chains such as leather, textiles, edible oils, dairy, coffee, and tea, ensuring job creation, improved foreign exchange balances, and inclusive green growth.

County Outlook

At the county level, Kirinyaga County is poised for sustained economic growth in 2025 and beyond, leveraging strategic investments in agriculture, healthcare, infrastructure, and industrialization. The Sagana Agro-Industrial City, County Aggregation and Industrial Park (CAIP), and the Export Processing Zone (EPZ) are projected to boost agro-processing, reduce post-harvest losses, and create over 100,000 direct and indirect jobs. The Wezesha Kirinyaga Program will continue supporting farmers through value addition, affordable input supply, and market access, ensuring sustained increases in production across key value chains such as dairy, poultry, fish farming, beekeeping, tomatoes, avocados, macadamia, coffee, and rice. The County Fish Aggregation Center in Kiaga and the Seedling Propagation Center in Kangai, set to begin operations, will further strengthen the county's agricultural base.

In healthcare, Kirinyaga County is making strides toward Universal Health Coverage (UHC) with the expected completion of Kianyaga and Kimbimbi hospitals (upgraded to Level 4), expansion of primary healthcare through new dispensaries, and onboarding of 1,205 Community Health Promoters (CHPs). The Kerugoya County Referral Hospital, already operating at full capacity, continues to serve 1,000 patients daily, while the county government has intensified efforts to enhance healthcare financing by urging residents to enroll in the Social Health Insurance Fund (SHIF). Additionally, construction of a Gender-Based Violence Recovery Center at Kerugoya Hospital will strengthen social protection and healthcare services for vulnerable groups.

Infrastructure development remains a key enabler of economic transformation in the county. The completion of the Bulk Water and Sewerage Project, expansion of urban and rural road networks, and the ongoing construction of affordable housing projects in partnership with the National Government will improve living conditions and enhance economic activities. Additionally, new markets and aggregation centers across the county will support small-scale traders and MSMEs by facilitating better market linkages, easing produce aggregation, and increasing trade efficiency.

Kirinyaga County's Own Source Revenue (OSR) has grown from Kshs. 374.7 million in FY 2019/20 to Kshs. 651 Million in FY 2023/24, attributed to digitization of revenue collection, better compliance measures, and expanded business licensing. The county will continue to enhance its revenue mobilization strategies to finance priority projects without over-reliance on national transfers. With prudent fiscal management and continued support from the County Assembly, Kirinyaga is set to achieve long-term economic stability, create sustainable jobs, and improve service delivery for its residents.

Risk to the Economic Outlook

Despite the positive economic projections for 2025 and beyond, both the national and county economies face several risks that could affect growth, fiscal sustainability, and overall economic stability. At the national level, one of the major risks remains global economic uncertainties, including fluctuations in commodity prices, external debt servicing pressures, and global inflation trends. The impact of geopolitical tensions, such as the Russia-Ukraine conflict and instability in the Middle East, could disrupt global supply chains, affecting fuel prices, import costs, and inflation. Additionally, the risk of another global economic slowdown, particularly in major trade partners like China, the Eurozone, and the United States, could negatively impact exports, foreign direct investments (FDI), and diaspora remittances, which are key sources of foreign exchange for Kenya.

Domestically, public debt remains a critical concern, with the need for fiscal consolidation and responsible borrowing to ensure debt sustainability. The Government's efforts to expand the tax base and enhance revenue collection could face challenges if economic growth remains slow, leading to increased budget deficits and potential liquidity constraints. The risk of low private sector investment due to high interest rates and limited access to credit could further weaken economic recovery.

At the county level, Kirinyaga's economic outlook is threatened by climate change and unpredictable weather patterns, which could impact agricultural productivity, food security, and rural livelihoods. The county's heavy reliance on agriculture means that prolonged droughts, floods, or pest infestations could significantly reduce crop yields and livestock production, affecting farmers' incomes and overall economic performance. Although the Wezesha Kirinyaga Program and the Fertilizer Subsidy Program have boosted agricultural production, external shocks such as rising input costs, market fluctuations, and export challenges could pose risks to smallholder farmers and agribusinesses. Fiscal challenges remain another major risk, particularly if revenue collection targets are not met.

Additionally, the county's dependence on equitable revenue share from the National Government poses a risk, especially if national revenue falls short and results in delayed disbursements to counties.

3.0 ACCELERATING ECONOMIC GROWTH AND INDUSTRIALIZATION FOR A RESILIENT AND INCLUSIVE KIRINYAGA.

The 2025 County Fiscal Strategy Paper is set against a backdrop of economic recovery, both nationally and locally, as the country continues to rebound from global and domestic shocks. The Kenya Kwanza administration has reaffirmed its commitment to the Bottom-Up Economic Transformation Agenda (BETA), focusing on stabilizing government finances, addressing market failures, and driving inclusive economic growth. At the national level, the government has implemented structural reforms to manage inflation, improve access to credit, and enhance food security, while mitigating the impact of global conflicts, high interest rates, and extreme weather events. In Kirinyaga County, these national efforts are complemented by deliberate county-led interventions aimed at sustaining growth, improving livelihoods, and accelerating industrialization.

Kirinyaga County has made significant strides in revenue mobilization, infrastructure development, agricultural transformation, healthcare improvement, and industrial expansion. The county's Own Source Revenue (OSR) has grown from Kshs. 374.7 million in FY 2019/2020 to Kshs. 619 million in 2023/24, attributed to the digitization of revenue collection systems, increased compliance, and the expansion of the business licensing framework. To sustain this momentum, the county government will continue prioritizing investments in agriculture, agro-processing, healthcare, infrastructure, trade, and social services, ensuring that economic growth translates to tangible benefits for all residents.

Thematic Areas

In order to achieve greatest impact to all citizens including ones in the bottom of the economy, the County Government will implement policies that promote investment in the following thematic areas. These are: Agricultural Transformation for inclusive growth; Industrialization and Trade development, Healthcare; Infrastructure Development and housing; Education and Training;

Environment and Climate Change; Youth and women empowerment through creative economy.

Agricultural Transformation for inclusive growth

Agriculture remains the cornerstone of Kirinyaga's economy, supporting over 75% of the county's workforce. Under the Wezesha Kirinyaga Program, the county has intensified support for key value chains, including tomatoes, avocados, macadamia, dairy, poultry, rice, tea, and coffee. Efforts to reduce the cost of farm inputs through the fertilizer subsidy program, which has lowered prices from Ksh. 6,500 to Ksh. 2,500 per 50kg bag, have significantly boosted productivity. Farmers are also adopting climate-smart agricultural practices and digital solutions such as the Kiri-AMIS application for better agricultural data management. The construction of aggregation centers at Gathoge and Karumandi is enhancing post-harvest management, ensuring better market access for farmers.

To maximize agricultural output, the county has also invested in dairy cooperatives, leading to increased milk processing through Rung'eto and Kirima cooperatives, which are now producing yoghurt for commercial sale. In the fisheries sector, the County Fish Aggregation Center in Kiaga has improved market access, increased fish farming, and supported value addition. Over the medium term, Kirinyaga County will focus on expanding value chains to improve farm income, strengthening cooperatives, and enhancing agro-processing capacity to increase farmers' incomes and reduce post-harvest losses.

Industrialization and Trade development

To support economic diversification, Kirinyaga County is making strategic investments in industrialization. The Sagana Agro-Industrial City, which is currently 37% complete, is expected to transform agriculture by providing modern processing, storage, and marketing infrastructure. Once operational, it will house factories for tomato processing, avocado and macadamia oil extraction, coffee warehousing, and dairy value addition, targeting both domestic and export markets. The County Aggregation and Industrial Park (CAIP), developed alongside the Export Processing Zone (EPZ) and Special Economic Zone (SEZ), is projected to generate over 100,000 direct and indirect jobs, boosting economic opportunities for youth and small-scale traders.

To complement industrialization efforts, the county has upgraded markets in Githure, Gathoge, Riakinia, Makutano, Kibingoti, and Kianyaga, creating a more conducive trading environment. The formation of 20 ward-based Saccos has also improved access to credit, enabling small businesses to expand. These initiatives will be sustained ensuring that Kirinyaga remains an investment-friendly county with robust trade infrastructure.

Healthcare

The county government has prioritized Universal Health Coverage (UHC) by enhancing access to affordable and quality healthcare. The Kerugoya County Referral Hospital, now operating at full capacity, serves 600 outpatients and 400 inpatients daily, providing specialized treatment and emergency care. The upgrading of Kianyaga and Kimbimbi hospitals from Level 3 to Level 4, now 70% complete, will further ease pressure on referral services. To strengthen primary healthcare, the county has recruited 1,205 Community Health Promoters (CHPs), who provide essential medical services at the household level.

Digital transformation is also improving healthcare delivery, with the installation of hospital management information systems streamlining service efficiency. Additionally, the county has constructed and operationalized several dispensaries and health centers, expanded maternity services, and increased access to pharmaceuticals. In the next medium term, Kirinyaga County will continue investing in preventive healthcare, expanding its medical workforce, and enhancing service delivery through digital solutions.

Infrastructure Development and housing

Infrastructure development remains a critical enabler of economic growth. The county has invested in grading over 2,765 km of roads, graveling 1,095 km, and paving 42,570 square meters in major towns such as Sagana, Kagumo, and Wang'uru. The completion of a modern fire station in Kutus will improve disaster response, while ongoing road maintenance projects will enhance connectivity across the county. In the housing sector, the Affordable Housing Program has delivered 220 housing units, with additional projects planned to accommodate growing urban populations.

Environment and Climate Change

The County Government remains steadfast in its commitment to ensuring a clean, secure, and sustainable environment while guaranteeing adequate access to safe drinking water and sanitation for all residents. Efforts will be intensified to prevent deforestation, restore degraded landscapes. As part of the National Government's initiative to plant 15 billion trees by 2030, the county will continue rolling out tree planting programs to enhance environmental conservation and promote resilient livelihoods. These efforts align with the constitutional mandate of achieving at least 10% forest cover nationwide.

Additionally, the County Government is implementing the Financing Locally-Led Climate Action (FLLoCA) Program, aimed at reducing community-level vulnerability and building resilience to climate change impacts. Key actions undertaken in this program include the development of Community (Ward-Level) Participatory Climate Risk Assessment and Action Plans, the publication of the County Climate Fund (CCF) and related regulations, and the formulation of Climate Change investment proposals and mitigation strategies.

To enhance access to clean and reliable water, the County Government has funded over 70 water projects across various parts of the county. These projects encompass piped water connections, borehole drilling, and the installation of community water storage tanks. Additionally, through collaborations with the National Government, major water infrastructure projects have been developed, including the bulk water and sewerage system serving Kerugoya, Kutus, Kagio and Sagana.

Moving forward, the County Government will prioritize climate resilience programs, ensuring the sustainable management of natural resources and continued expansion of potable water access.

Education and Training

Technical and vocational education remains a key driver of youth empowerment and employment creation in Kirinyaga County. The county government is committed to ensuring that quality and affordable technical skills are accessible to all youth through Technical and Vocational Education and Training (TVET) institutions. Investments are being directed toward the modernization of training centers, including the procurement of industry-standard equipment, expansion of existing facilities, and rehabilitation of key infrastructure to enhance skill acquisition in fields such as mechanics, plumbing, masonry, and agribusiness.

In Early Childhood Development Education (ECDE), the county government continues to prioritize the provision of learning and playing equipment, improvement of classroom infrastructure, and renovation of existing facilities to create a conducive learning environment. Additionally, efforts are being made to enhance the ECDE school feeding program, which aims to increase enrollment, improve retention rates, and enhance the nutritional well-being of young learners.

To promote equitable access to education, the county government will continue to support needy students through the county bursary program. This initiative ensures that financial constraints do not hinder students from accessing quality education, especially those from vulnerable households. The county is also exploring additional funding partnerships to expand scholarship opportunities and increase support for TVET and ECDE learners.

Over the medium term, the county will focus on expanding vocational training programs and increasing investment in ECDE infrastructure to provide a strong educational foundation for young learners.

Youth and Women empowerment

The County Government of Kirinyaga continues to prioritize youth and women empowerment as a key driver of economic and social transformation. Recognizing the significant role that these groups play in economic growth and sustainable development, the county has implemented targeted programs to enhance women and youth participation in meaningful economic activities. These initiatives are in line with National Government priorities under the BETA agenda of ensuring greater equity, financial inclusion, and social empowerment.

Significant progress has been made in economic empowerment, employment creation, and capacity building for youth and women. The county recruited 50 tailors for the Kaitheri Apparel Garment Factory, providing them with sustainable employment in the textile industry. Additionally, 20 ward-based SACCOs have been established, enabling access to affordable credit and market linkages for youth and women entrepreneurs. Over 60 youth and women groups have received training in financial literacy, cooperative management, and business development, equipping them with the necessary skills to manage their enterprises effectively. The Wezesha Kirinyaga Program has expanded its support for women-led enterprises, MSMEs, and agribusiness initiatives, increasing access to funding, resources, and mentorship opportunities.

To enhance access to education and technical skills, the county has constructed 10 new vocational training classrooms, 6 dormitories, and 4 ablution blocks, improving learning infrastructure and creating better environments for technical education. In addition, Ksh 354 million in bursaries has been disbursed to 133,492 students, ensuring that young people, particularly girls and marginalized groups, can continue their education. The county has also established youth talent development hubs and ICT training centers to equip young people with digital and entrepreneurial skills, positioning them for opportunities in the fast-growing digital economy.

In addressing gender-based violence and promoting social protection, Kirinyaga County has constructed a Gender-Based Violence Recovery Center (GBVRC) at Kerugoya County Referral Hospital, which provides survivors with psychosocial support, medical care, and legal assistance. Furthermore, the county has distributed three months' supply of sanitary towels to 50,000 needy girls, improving menstrual health management and ensuring continued school attendance. Awareness campaigns on gender equality, GBV prevention, and women's rights have also been conducted across the county to foster an inclusive and supportive social environment.

Efforts to promote youth economic engagement and employment have been strengthened through programs such as the Boda Boda empowerment initiative, where the county has constructed 16 boda boda sheds and facilitated driving license sponsorships for youth. Additionally, sports and talent development programs have been scaled up through the Governor's Cup Football Tournament and the Talanta Hela initiative, providing a platform for young people to showcase their talents and engage in productive activities. Youth participation in agribusiness has also been expanded through value chain integration, training, and cooperative support, enabling more young people to venture into agriculture as a viable business opportunity.

Building on these achievements, Kirinyaga County is set to roll out enhanced strategies in 2025 and beyond to strengthen youth and women empowerment. The Wezesha Kirinyaga Program will continue to support more women and youth-led enterprises. Cooperative development will also be strengthened, particularly in agriculture, value addition, and handicrafts, to promote financial independence among women and youth.

To boost job creation, the county will continue to upgrade vocational training centers (VTCs) with modern equipment, implement digital entrepreneurship programs to support youth in the gig economy, and expand agribusiness training for young people with a focus on climate-smart agriculture and agro-processing. The operationalization of the Gender-Based Violence Recovery Center will ensure support for survivors, creation of awareness and training on gender mainstreaming. The county will also expand sports infrastructure, nurture youth talent in arts and creative industries, and support youth innovation and start-ups by offering business incubation and mentorship programs.

4.0 BUDGET FOR 2025/26 AND THE MEDIUM TERM

4.1 Fiscal Framework for FY 2025/26 and Medium Term Budget

The fiscal framework for the FY 2025/26 Budget is based on the County Government's policy priorities and framework set out in Chapter 3. With expenditure pressures and limited resources coupled with irregular disbursements of resources from the National Treasury, county government entities will need to consider affordability as well as adopting measures of efficiency in utilisation of resources. Prioritising expenditures and stringent measures to enhance revenue mobilisation will be a key driver towards realisation of set priorities.

Revenue Projections

a) Equitable Share

National Treasury through 2025 budget policy statement is proposing to allocate KES 405 Billion as equitable share, up from KES 387.4 Billion allocated in 2024/25. From the BPS, Kirinyaga County is expected to receive equitable share allocation of KES 5.705 Billion up from KES 5.449 Billion allocated in 2024/25.

b) Additional Allocations

In the 2025 Budget Policy Statement, the National Treasury proposes to allocate KES 69.80 billion as additional allocations (conditional and unconditional) to County Governments. Out of this, KES 12.89 billion will be financed from the National Government's share of revenue, and KES 56.9 billion from proceeds of loans and grants from Development Partners.

Details of actual programs and projects financed together with actual amounts allocated will be confirmed with enactment of County Governments Additional Allocations Act 2025 and appropriate budgetary amendments will be effected to that order.

c) Own Source Revenue

The County Government of Kirinyaga has set an Own Source Revenue (OSR) target of KES 700 million for the 2025/26 Financial Year, reflecting the county's commitment to enhancing revenue mobilization and ensuring fiscal sustainability. The revenue target is categorized into the following components:

i. Ordinary Revenue – KES 440 million- Generated from business permits, land rates, market fees, parking charges, cess fees, and other charges. Revenue collection will be supported by the full automation of revenue systems and enhanced compliance enforcement.
ii. Appropriation-in-Aid (A-i-A) – County Health Services (Facility Improvement Fund) – KES 238.5 million. This revenue is derived from hospital and dispensary service fees. The revenue increase will be driven by automated systems, efficiency improvements in service delivery, and increased access to healthcare services.
iii. Appropriation-in-Aid (A-i-A) – Alcoholic Drinks Licensing – KES 16 million- Raised from licensing of bars, liquor outlets, liquor manufacturers, wholesalers, and distributors. Compliance measures will be strengthened through improved enforcement of licensing regulations and structured monitoring of alcohol trade.
iv. Appropriation-in-Aid (A-i-A) – Kirinyaga Agricultural Training Center (KATC) – KES 5.5 million. This revenue is collected from training programs, farm demonstrations, farm enterprises. The county is in the process of modernizing the institution to expand agricultural training opportunities, incubation and apprenticeship to benefit youth in job creation. These interventions will generate more revenue to the institution.

To achieve the KES 700 million OSR target, the County Government will scale up and improve the following revenue enhancement strategies;

i. Full automation of revenue collection systems- expansion of cashless transactions across all revenue collection points.

ii. Enhancement of compliance and enforcement measures- strengthening the enforcement of land rates, trade licenses, and parking fees and all other charges to ensure timely payments. Further, conducting regular business inspections and ensuring that all traders comply with licensing regulations.

Table 4.1: Medium Term Fiscal Projections

Description	Approved Supplementary Budget FY 2024/25	Projections		
		2025/26	2026/27	2027/28
Equitable Share	5,449,273,298	5,705,555,147	5,956,924,337.00	6,228,219,053
Delayed Exchequer June 2024	433,617,400			
Conditional allocations to County Governments from the National Government's Share of Revenue				
Allocation from the National Government for Community Health Promoters (CHPs) Project	36,660,000			
Allocation of Roads Maintenance Fuel Levy Fund(RMLF)	194,894,333			
Revenue				
Ordinary revenue	430,451,000	440,000,000	484,000,000.00	532,400,000
A-i-A in respect to County Health Services (Facility Improvement Fund)	218,000,000	238,500,000	262,350,000.00	288,585,000
(A-i-A) Revenue from Alcoholic Drinks licensing	14,549,000	16,000,000	17,600,000.00	19,360,000
(A-i-A)Revenue raised from Kirinyaga Agricultural Training Center	5,000,000	5,500,000	6,050,000.00	6,655,000
Additional Allocation from proceeds of loans or grants from development partners				
Allocation Financed by Grant from DANIDA to finance Universal Healthcare in Devolved System	6,834,000			
International Fund for Agricultural Development (IFAD) Aquaculture Business Development Project (ABDP)	13,779,259			

Description	**Approved Supplementary Budget FY 2024/25**	**Projections**		
		2025/26	**2026/27**	**2027/28**
IDA (World Bank)-Kenya Devolution Support Programme Grant (KDSP II) Level 1 Grant	37,500,000			
IDA-(World Bank Credit)(Kenya Urban Support Project (KUSP) UDG	35,000,000			
World Bank (Finance Locally-Led Climate Program (FLLoCA) for County Climate Resilience Investment (CCRI) Grant	-			
Allocation from National Government as Conditional Grant for Aggregated Industrial Parks Programme CAIPS	250,000,000			
IDA- (World Bank)Credit National Agricultural Value Chain Development Project (NAVCDP) FY2022/23	151,515,152			
IDA(World Bank) Credit Allocation for Kenya Water, Sanitation and Hygiene (K-WASH) Program	366,729,808			
Rolled over Funds	281,911,145			
TOTAL REVENUES	**7,925,714,395**	**6,405,555,147**	**6,726,924,337**	**7,075,219,053**

Source: County Treasury

Notes:

**Total Revenue in this fiscal framework projections for 2025/26 and medium term does not include Additional Allocations from National Government and proceeds from proceeds of loans or grants from development partners. The fiscal framework will be updated upon enactment of County Governments Additional Allocations Act 2025.*

Expenditure Analysis

Overall expenditure excluding conditional allocations is projected at 6.20 Billion with recurrent expenditure projections of KES 4.340 Billion and Development expenditure projections of KES 1.860 Billion. However, this projection will be revised upon enactment of County Additional Allocations Act 2025

Table 4.2 Allocation by Category

	Approved Estimates	Projections		
	2024/25	2025/26	2026/27	2027/28
Total Revenue	**7,925,714,395**	**6,405,555,147**	**6,726,924,337**	**7,075,219,053**
Expenditure (A+B)	**7,925,714,395**	**6,405,555,147**	**6,726,924,337**	**7,075,219,053**
(A) Recurrent (i+ii)	**4,931,591,378**	**4,483,888,601**	**4,708,847,036**	**4,952,653,337**
(i) Personnel Emoluments (P.E) (a+b+c)	2,964,944,066	2,964,944,066	2,964,944,066	2,964,944,066
(a) County Assembly	*336,764,607*	*336,764,607*	*336,764,607*	*336,764,607*
(b) Contracted and Casual staff	*102,254,600*	*102,254,600*	*102,254,600*	*102,254,600*
(c) All other Staff	*2,525,924,859*	*2,525,924,859*	*2,525,924,859*	*2,525,924,859*
(ii) Operations and Maintenance	1,966,647,312	1,518,944,537	1,743,902,970	1,987,709,271
(B) Development	**2,994,123,017**	**1,921,666,544**	**2,018,077,301**	**2,122,565,716**
% Development Allocation	38%	30%	30%	30%

Source: County Treasury

4.2 Compliance with Fiscal Responsibility Principles

a) Compliance to Development Allocation

Section 107(2) of the PFM Act 2012 requires that County Governments allocate a minimum of 30 percent of their budget to development expenditure. The County Government's budgetary allocation to development expenditures has been above the 30 percent of its total expenditures.

Table 4.3: Development Budget Allocations

Budget Year	Development Allocation	Development Allocation ration
2021-22	3.17 Billion	41%
2022-23	2.195 Billion	31%
2023/24	2.449 Billion	33.8%
2024/25	2.994 Billion	38%

Source Kirinyaga County Treasury

b) Compliance with requirement on Wages expenditure

Section 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015, stipulates that the County Governments' wage bill should not exceed 35% of total revenue. However, in the Financial Year 2024/25, Kirinyaga County's wage and benefits expenditure as a share of total revenue stands at 37%, surpassing the regulatory threshold.

The County Government is facing challenges in aligning its wage expenditure with the legal requirement due to adjustments in salaries as determined by the Salaries and Remuneration Commission (SRC). Through Circular Ref No. SRC/TS/29 (81), SRC approved salary adjustments, with a 2% increment in 2023/24 and a further 4% effective July 2024 for the County Attorney and County Secretary. Additionally, salaries for other public officers increased by 3.5% in 2023/24, with an additional 7.5% adjustment with effect from July 2024. However implementation of the second part from July 2024 has been delayed.

These mandatory salary revisions have placed significant pressure on the County's already constrained fiscal space, limiting resources available for development expenditures and service delivery. To ensure compliance with the wage ceiling while maintaining service efficiency, the County Government will explore strategies such as enhancing own source revenue mobilization, optimizing personnel productivity, and rationalizing non-essential recurrent expenditures.

4.3 Statement of Specific Fiscal Risks

Fiscal Risks related to devolution

Kirinyaga County relies heavily on equitable share allocations from the National Treasury, making it vulnerable to delays or shortfalls in intergovernmental fiscal transfers. Such uncertainties contribute to disruption in budget implementation, cause cash flow problems, and lead to unfunded programs or stalled development projects. To address this risk, the County Government will diversify its revenue sources by strengthening own source revenue collection and enforcement of compliance with county finance act. Additionally, county will pursue advocating for timely disbursements through the Council of Governors (CoG).

Pending Bills

As of June 30, 2024, the pending bills for Kirinyaga County, as reported by the Controller of Budget, amount to KES 581,246,055, comprising KES 415,041,433 in recurrent expenditure and KES 166,204,622 in development expenditure. The approved 2024/25 FY budget has allocated KES 100,000,000 for the settlement of pending bills.

Recognizing that the accumulation of pending bills threatens fiscal discipline and sustainability, the County Government aligns with the National Treasury's strategy to address this challenge through structured repayment plans and enhanced revenue mobilization. In line with the Kenya Devolution Support Programme II (KDSP II), the County will develop and implement a Pending Bills Repayment Plan, ensuring that settlement of pending bills is prioritized as a first charge on the County Revenue Fund, in adherence to Regulation 55 (2) (b) of the Public Finance Management (County Governments) Regulations, 2015.

Additionally, Kirinyaga County will;

Submit monthly payment plans- As directed by the Controller of Budget, the County will provide regular updates on the status of pending bills, ensuring effective monitoring and transparency.

Strengthen Own-Source Revenue (OSR) collection- The County will implement enhanced revenue collection strategies to reduce reliance on equitable share transfers, which often contribute to delayed payments.

Climate Change relate risk

Kirinyaga County, with its strong dependence on agriculture and natural resources, is highly vulnerable to climate-induced fiscal risks, including droughts, floods, and erratic rainfall patterns. These climate shocks threaten food security, disrupt infrastructure, and increase emergency expenditures for disaster response. Water resource constraints could also raise costs for irrigation and domestic supply. Additionally, deforestation and land degradation increase soil erosion, reducing agricultural productivity and impacting the county's economic stability.

To mitigate these risks, Kirinyaga County has established climate adaptation and resilience programs under the Department of Environment, Energy, Climate Change, Natural Resources, Water, and Irrigation. The County is implementing the Financing Locally Led Climate Action (FLLoCA) Program, which focuses on reforestation efforts, solid waste management, renewable energy adoption, water conservation. In the water sector, the County Government is expanding water access and conservation infrastructure through the construction of water intakes, drilling of boreholes, and installation of water cleaning/treatment systems.

4.4 Medium Term Sector Priorities

4.1.1 National Priorities

The Kenya Kwanza administration's 2025 Budget Policy Statement (BPS) outlines national priority sectors aimed at driving economic recovery and inclusive growth. These priorities are categorized into core pillars and enablers, all designed to foster a conducive business environment for socio-economic transformation.

Under the core pillars, the National Government continues to prioritize investments in Agriculture, Micro, Small, and Medium Enterprises (MSMEs), Housing and Settlement, Healthcare, and the Digital Superhighway and Creative Economy.

To complement these core pillars, the Government is implementing strategic interventions in key enabler sectors, including Infrastructure, Manufacturing, Blue Economy, Services Economy, Environment and Climate Change, Education and Training, Women Empowerment Agenda, Social Protection, Sports, Culture, and Arts, and Governance. These enablers provide the necessary foundation for achieving sustained economic development.

4.1.2 County Priorities

The fiscal policy for 2025/26 and the medium term is aligned with the County Integrated Development Plan (CIDP) 2023-2027. The County Government will continue implementing flagship projects designed to spur economic growth, improve service delivery, and create employment opportunities.

A key flagship project under implementation is the Sagana Climate Smart Agro-Industrial City, a transformative initiative that integrates an Export Processing Zone (EPZ), the County Aggregation Industrial Park (CAIP. This project is expected to enhance agro-processing, promote industrialization, and expand employment opportunities.

The health sector remains a key priority, with a focus on completion and operationalizing Kimbimbi and Kianyaga Level 4 Hospitals to enhance specialized healthcare services and reduce congestion at Kerugoya Referral Hospital. Additionally, the completion and operationalization of dispensaries across wards will improve primary healthcare access at the community level.

Infrastructure development will continue to receive significant investments, with priority given to road rehabilitation, expansion of water systems, and upgrading of irrigation infrastructure to support agricultural productivity. Additionally, investments in sports infrastructure will foster youth engagement, talent development, and recreational opportunities.

Education remains a critical sector, with the County Government focusing on upgrading Vocational Training Centers (VTCs) and Early Childhood Development Education (ECDE) centers. These initiatives aim to improve access to quality education and skills training, equipping learners with practical skills for self-employment and job market readiness.

The Wezesha Kirinyaga Program remains a core economic empowerment initiative, designed to increase value chain productivity, improve profitability, and enhance market linkages for farmers, women, and youth. The County Government is committed to expanding this program to ensure a broader household economic impact.

To strengthen fiscal sustainability, the County Government will scale up revenue mobilization through policy and administrative reforms. This will include modernizing revenue collection systems, enhancing enforcement measures, and diversifying revenue sources.

To ensure efficient use of resources, the County Government will enhance budget discipline, eliminate non-priority expenditures, and optimize resource allocation. Key interventions include end-to-end digitization of procurement systems, strengthening of monitoring and evaluation (M&E) frameworks, and ensuring value-for-money in all county projects.

Criteria for resources allocation

The County Government has outlined the following criteria to guide resources allocations;

Strategic Policy Interventions – Resources will be allocated to strategic county initiatives, including the Wezesha Kirinyaga Program, aimed at supporting small-scale farmers, youth, and women entrepreneurs. These investments are designed to boost economic resilience, enhance productivity, and create employment opportunities.

Completion of Ongoing Projects – Priority will be given to the completion of infrastructure projects, in Trade, health, roads, markets, and water supply systems to realize their planned economic benefits to Kirinyaga residents.

4.1.3 Details of Sector Priorities

Overview

Budgetary allocations for the 2025/26 financial year and the medium term will focus on sustained investments in key economic sectors to drive economic empowerment. The county government will prioritize empowerment programs that create employment opportunities, particularly for youth and women. Additionally, social sectors such as healthcare, education, and youth and women empowerment will continue receiving significant investments.

Resource allocation will align with the County Integrated Development Plan (CIDP) 2023-27, focusing on the following core areas: Agricultural Transformation for Inclusive Growth, Agro-processing and Value Addition, Healthcare, Transport and Infrastructure, Environment and Climate Change, and Youth and Women Empowerment through the Creative Economy.

Office of the Governor

The Office of the Governor is responsible for providing leadership, policy direction, and oversight to ensure efficient service delivery across all county departments. It plays a crucial role in coordinating county operations, human resource management, and enhancing governance structures.

The strategic priorities for this sector include:

- Implementing county public service reforms for effective service delivery.
- Enhancing transparency and accountability across county entities.
- Strengthening human resource management and county organization structures.
- Coordinating government operations to improve efficiency.

  Key initiatives include:
- Provision of internet connectivity in all sub-county hospitals and revenue offices.
- Automation of county records for improved service delivery.

County Public Service Board (CPSB)

The Board is the apex entity dealing with Human resource including recruitment, Promotions and determination of schemes of service for all cadres of employees within the county. In the previous plan period it conducted recruitment to replace 91 out of a possible 248 exiting officers. In the current FY 2024/2025, the board has competitively recruited and filled 88 positions for various cadres. In the discharge of its mandate, it has experienced challenges including increasing number of exiting officers due to an aging workforce, funding, and aligning cadres and designations in line with those in use at the National Level. In the coming period, the Board will continue to discharge its roles. Key initiatives will include

- Target to recruit 113 officers to replace those exiting the service.
- Compliance with various statutory reporting obligations such as annual report and compliance reporting to relevant agencies such as The Senate Commission on Equal Opportunities, the National Gender and Equality Commission and Public Service Commission
- Development of key crucial policy documents including the Strategic Plan, an attachment, Internship and apprentice Policy
- In collaboration with the Directorate of Human resources migrate officers on casual employment to the newly established Human Resource Integrated System (HRIS).

Agriculture, Livestock, Veterinary, and Fisheries

This sector is mandated with ensuring food security, supporting agricultural productivity, and promoting sustainable livestock and fisheries management. It oversees the implementation of agricultural policies, disease control, and value chain enhancement to improve livelihoods. Agriculture remains the backbone of Kirinyaga County's economy, and the government will prioritize the following interventions;

- Establishment of universalized community-based demonstration centers to promote sustainable farming practices.
- Distribution of fish fingerlings and fish feeds to enhance aquaculture.
- Construction of climate-resilient fishponds across various wards.
- Provision of capital investment and revolving funds to 20 ward-based SACCOs to support agribusiness initiatives.
- Completion of Kirinyaga Coffee Mill and additional warehouses to boost coffee processing and storage capacity.
- Surveillance and vaccination of livestock to prevent disease outbreaks.
- Expansion of aggregation centers to support value chain development.

Health Services

The Health Services sector is responsible for providing quality and accessible healthcare services, improving health infrastructure, and strengthening preventive and curative healthcare programs to enhance the well-being of residents.

To achieve universal health coverage, the county government will prioritize:

- Completion and equipping of Kianyaga and Kimbimbi Level 4 hospitals.
- Recruitment of additional healthcare workers.
- Automation of health records in health facilities for seamless service delivery.
- Establishment of a Gender-Based Violence Recovery Centre at Kerugoya County Hospital.
- Upgrading community health services by onboarding more Community Health Promoters (CHPs).

- Strengthening maternal and child healthcare programs to reduce infant and maternal mortality rates.

Finance and Economic Planning

This sector oversees the formulation and implementation of economic policies, financial management, and planning frameworks that drive sustainable county development and ensure prudent utilization of resources.

The department will focus on enhancing financial management and economic planning through:

- Overseeing the planning, preparation and implementation of the County Budget
- Establishment of a GIS-based valuation roll to improve property taxation and planning.
- Expansion of automation and digitization of financial management systems.
- Strengthening internal audit functions to ensure compliance with financial regulations.
- Continued implementation of the Second Kenya Devolution Support Program (KDSP II)

Cooperative Development, Trade, and Industrialization

The sector focuses on promoting trade, enhancing industrialization, and strengthening cooperative societies to boost local enterprises and create employment opportunities through value addition and market linkages.

Key initiatives under this sector include;

- Completion of Sagana Industrial Park, including warehouses for storage and value addition.
- Construction and upgrading of markets.
- Establishment of tourism information centers to boost the local economy.
- Provision of financial support for SMEs and cottage industries to enhance production and trade.

Roads, Transport, Public Works, Housing, and Infrastructure Development

This sector is responsible for the planning, development, and maintenance of road networks, transport systems, housing projects, and urban infrastructure to support economic growth and mobility.

Infrastructure development remains critical to economic growth. The county will focus on:

- Grading and gravelling 1,050 km of access roads to facilitate transport and trade.
- Installation of high-mast floodlights to improve security in urban centers.
- Completion of Kutus modern fire station to enhance disaster response.
- Collaboration with the national government on the affordable housing program.
- Expansion of the county's sewer system to enhance sanitation.

Education and Public Service

This sector ensures access to quality education through Early Childhood Development (ECDE) and Technical and Vocational Education and Training (TVET) programs while also managing public service workforce development.

To enhance access to quality education, the county will:

- Construct 11 new ECDE classrooms and renovate 14 existing ones.
- Provide digital learning equipment to 15,000 learners.
- Expand TVET institutions and introduce new courses in high-demand skills.
- Establish a county bursary fund to support over 20,000 needy students.

Gender, Youth, and Social Services

This sector is tasked with promoting gender equality, youth empowerment, and social welfare programs to enhance community well-being and economic participation.

Key interventions for this sector include:

- Establishment of a Gender-Based Violence Recovery Centre.
- Implementation of the Wezesha Youth and Women empowerment program.
- Construction of additional social halls for community engagement.

- Expansion of sports programs through the Governor's Cup and Talanta Hela initiatives.

Sports, Culture, and Social Services

This sector focuses on promoting sports development, preserving cultural heritage, and supporting community-based programs that enhance social cohesion and talent development.

The county will invest in:

- Completion of Kerugoya Stadium rehabilitation, including athletics tracks and modern seating.
- Construction of Kianyaga Stadium to nurture local talent.
- Promotion and preservation of cultural heritage through the documentation of six cultural sites.

Environment, Water, Irrigation, and Climate Change

This sector is mandated with conserving natural resources, expanding access to clean water, promoting irrigation for agricultural sustainability, and implementing climate adaptation initiatives to mitigate environmental risks.

To promote sustainability, the county will:

- Increase tree cover by planting 500,000 tree seedlings across the county.
- Establish a climate information services center for early warning systems.
- Expand water access by constructing water treatment facilities and water intakes.
- Develop a county waste management system, including the acquisition of more skip containers.

Lands, Physical Planning, and Urban Development

This sector is responsible for land management, urban planning, and ensuring orderly development through zoning regulations, land surveying, and the provision of secure land tenure.

To streamline urban development, the county will:

- Operationalize Sagana, Kagio, and Wang'uru municipalities.
- Digitize land records for better planning and development control.

- Develop and enforce urban zoning regulations to curb unplanned settlements.

4.1.4 Departmental Ceilings

Table 4.4 County Indicative Ceilings for 2025-26

Entity	Approved Estimates 2024_25					Projected Estimates 2025_26	
	REC	% of Total REC	DEV	% of Total DEV	TOTAL Budget	REC	DEV
County Assembly	676,637,101	13.7%	130,855,694	4.4%	807,492,795	13.72%*	4.37%
County Executive	516,214,569	10.5%	6,000,000	0.2%	522,214,569	10.47%**	0.20%
Finance and Economic Planning	652,443,592	13.2%	144,184,035	4.8%	796,627,627	13.23%	4.82%
Agriculture, Livestock and Fisheries	211,926,648	4.3%	218,713,971	7.3%	430,640,619	4.30%	7.30%
Environment, Water, Irrigation, Natural Resources, Energy and Climate Change	140,222,799	2.8%	630,034,988	21.0%	770,257,787	2.84%	21.04%
Education	312,514,905	6.3%	52,531,052	1.8%	365,045,957	6.34%	1.75%
County Health Services	2,190,327,259	44.4%	379,362,036	12.7%	2,569,689,295	44.41%	12.67%
Lands, Physical Planning and Urban Development	34,143,028	0.7%	100,630,548	3.4%	134,773,576	0.69%	3.36%

Entity	**Approved Estimates 2024_25**					**Projected Estimates 2025_26**	
	REC	**% of Total REC**	**DEV**	**% of Total DEV**	**TOTAL Budget**	**REC**	**DEV**
Roads, Transport, Public Works, Housing and Infrastructure Development	76,668,368	1.6%	613,004,663	20.5%	689,673,031	1.55%	20.47%
Trade, Co-operatives, Tourism Industrialization and Enterprise Development	43,794,441	0.9%	613,253,872	20.5%	657,048,313	0.89%	20.48%
Gender and Youth	41,290,651	0.8%	73,521,020	2.5%	114,811,671	0.84%	2.46%
Sports, Culture, Children and Social Services	35,408,017	0.7%	32,031,138	1.1%	67,439,155	0.72%	1.07%
TOTAL	**4,931,591,378**		**2,994,123,017**		**7,925,714,395**	**100.00%**	**100.00%**

Source: County Treasury

Notes:*-County Assembly Recurrent Ceilings will be updated upon approval of County Allocation of Revenue Act 2025

**-County Executive Recurrent Ceilings will be updated upon approval of County Allocation of Revenue Act 2025

5.0 CONCLUSION

Kenya's economy is projected to grow at 5.3% in 2025, driven by enhanced agricultural productivity, expansion of the services sector, and targeted government interventions under the Bottom-Up Economic Transformation Agenda (BETA). The Government's fiscal consolidation measures, including increased domestic revenue mobilization, expenditure rationalization, and reduced public debt vulnerabilities, will support macroeconomic stability. Inflation, which eased to 3.0% in December 2024, is expected to remain within the Government's target range, benefiting from a stable exchange rate, declining fuel prices, and improved food production.

At the county level, Kirinyaga County's economy is poised for sustained growth, leveraging strategic investments in agriculture, healthcare, infrastructure, and industrialization. The Sagana Agro-Industrial City, County Aggregation and Industrial Park (CAIP), and the Export Processing Zone (EPZ) are projected to boost agro-processing, reduce post-harvest losses, and create over 100,000 direct and indirect jobs. The Wezesha Kirinyaga Program will continue supporting farmers through value addition, affordable input supply, and market access, ensuring sustained increases in production across key value chains such as dairy, poultry, fish farming, beekeeping, tomatoes, avocados, macadamia, coffee, and rice.

The implementation of the FY 2024/25 budget remains on course despite challenges in delayed disbursements from the National Treasury. Own Source Revenue (OSR) collection is progressing steadily, and continued efforts in revenue mobilization through administrative and policy reforms will be prioritized to enhance compliance and increase revenue collection efficiency. The County Government remains committed to improving public financial management, ensuring that resources are allocated efficiently and transparently.

Given the limited fiscal space, county entities must evaluate, review, and prioritize budget allocations to focus on high-impact programs aligned with the County Integrated Development Plan (CIDP) 2023-27 and the County Annual Development Plan (ADP). Investments in critical sectors, particularly agriculture and healthcare, will continue driving economic growth and improving household incomes.

To achieve sustainable development, the County Government will leverage strategic partnerships with the National Government and development partners to finance priority projects. Additionally, prudent fiscal management, elimination of non-priority expenditures, and modernization of revenue collection systems will remain key focus areas.

The departmental ceilings provided in this document will form the basis for the preparation of the FY 2025/26 budget estimates, ensuring alignment with the county's priority areas while maintaining fiscal discipline and sustainability. Through efficient resource utilization, enhanced economic resilience, and targeted interventions in key growth sectors, Kirinyaga County remains on track for sustained economic prosperity.