

REPUBLIC OF KENYA
COUNTY GOVERNMENT OF NANDI



THE COUNTY TREASURY

MEDIUM TERM
COUNTY FISCAL STRATEGY PAPER
(CFSP)
2026/2027

“THE BOTTOM – UP ECONOMIC TRANSFORMATION AGENDA FOR INCLUSIVE GROWTH”

FEBRUARY, 2026

COUNTY VISION AND MISSION

Vision and Mission

**"To be the leading County in sustainable
Socio-Economic Development providing
opportunities for all".**

**"To build a strong and viable society based on
strong moral values, inclusiveness and respect for
all".**

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The document is also available on the official county website www.nandi.go.ke and for more information on Public participation follow the link <https://nandi.go.ke/download/cfsp-fy-2026-27/>

FOREWORD

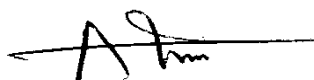
This marks the thirteenth iteration of the County Fiscal Strategy Paper (CFSP) since the inception of devolution, which established the County Government of Nandi and other governance structures. The CFSP outlines the county's priority programs to be executed within the Medium Term Expenditure Framework (MTEF) and aligns the county's goals with those of the National Government, as articulated in the 2026 Budget Policy Statement (BPS). Development expenditures planned within the MTEF period aim to drive socio-economic progress for residents.

The implementation of programs outlined in this CFSP is anticipated to enhance the economic efficiency and productivity of the county, thereby fostering competitiveness and creating numerous opportunities for meaningful employment and securing livelihoods. This policy document places emphasis on completing and operationalizing all ongoing projects across the county to fully realize their objectives and ensure value for money.

Moreover, it emphasizes a comprehensive review and revision process for spending baselines, which serve as the foundation for budget ceilings. This review incorporates multiple considerations, such as clearing pending bills, rationalizing staff, addressing outstanding commitments the county has made, assessing the capacity of departments and public entities to manage and utilize resources effectively, examining the connection between outcomes, expenditures, and departmental mandates, as well as incorporating input from the public and evaluating departmental program performance this far.

In addition to these measures, the CFSP underscores the importance of transparent and accountable financial management practices to instill public trust and confidence in the county's financial processes. By adhering to these principles and diligently implementing the strategies outlined in the CFSP, the county aims to not only achieve its developmental objectives but also to enhance governance effectiveness and promote sustainable socio-economic growth for its residents.

Furthermore, it's emphasized that the CFSP will serve as the foundation for the preparation of program-based budget estimates for the fiscal year 2026/2027, ensuring that budgetary allocations are closely aligned with the strategic priorities outlined in this document.



CPA ALFRED LAGAT

CECM, FINANCE AND ECONOMIC PLANNING

ACKNOWLEDGEMENT

The drafting of the FY 2026/2027 County Fiscal Strategy Paper (CFSP) was a collaborative effort facilitated by the joint participation of County Departments and Agencies, working under the directive and guidance of His Excellency the Governor. I also wish to extend acknowledgment to the invaluable leadership and direction provided by H.E. the Deputy Governor, the County Executive Committee Member for Finance and Economic Planning, as well as all County Executive Committee Members and Chief Officers for effectively coordinating their respective departments during the formulation of this document.

In addition, I appreciate the Commission on Revenue Allocation (CRA), The National Treasury, The Office of the Controller of Budget (OCOB), County Budget and Economic forum (CBEF) members among other stakeholders who were very instrumental in preparation of this Paper by providing important information in their policy documents and advisories.

Lastly, I appreciate the technical team from the Finance and Economic Planning department who coordinated the development of this Paper. It is my hope and desire that the information contained in this paper will guide the next phase of budget preparation.



CPA PRISCA JEPCHIRCHIR

CHIEF OFFICER, FINANCE AND ECONOMIC PLANNING

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ABBREVIATIONS AND ACRONYMS

BPS	: Budget Policy Statement
CEC	: County Executive Committee
CFSP	: County Fiscal Strategy Paper
CIDP	: County Integrated Development Plan
CADP	: County Annual Development Plan
COB	: Controller of Budget
ECD	: Early Childhood Development
EIA	: Environmental Impact Assessment
FY	: Financial Year
GDP	: Gross Domestic Product
M&E	: Monitoring and Evaluation
MCAs	: Members of County Assembly
MTP	: Medium Term Plan
MTEF	: Medium Term Expenditure Framework
PFMA	: Public Finance Management Act
VTC	: Vocational Training Centre
BETA	: Bottom-Up Economic Transformation Agenda

CHAPTER ONE

1.1 Introduction

The County Fiscal Strategy Paper (CFSP) 2026 covers the Medium-Term Expenditure Framework (MTEF) period 2026/2027 – 2028/2029. This Paper has been prepared in accordance with Section 117 of the Public Finance Management (PFM) Act, 2012, and outlines the priority programs and projects to be implemented in the FY 2026/2027 and over the medium term.

The implementation of these priority programs and projects is expected to advance the Government's "Bottom-Up Economic Transformation Agenda for Inclusive and Sustainable Growth." The County's priorities are aligned with key national and county policy frameworks, including Kenya Vision 2030, the Medium-Term Plan IV (MTP IV), the Sustainable Development Goals (SDGs), the Governor's Manifesto, the Nandi County Integrated Development Plan (2023 – 2027), and the Bottom-Up Economic Agenda, among others.

The strategic priority areas include:

1. Road Infrastructure Development
2. Investment in Early Childhood Development, Education, and Vocational Training
3. Access to Clean Water, Environmental Conservation, and Land & Physical Planning
4. Increased Investment in Healthcare for Quality and Accessible Services
5. Boosting Agricultural Productivity and Cooperative Development for Food Security and Poverty Reduction
6. Micro, Small, and Medium Enterprise Economy, Digital Infrastructure, and Creative Industry
7. Good Governance, Administration, Public Service, and ICT
8. Sports and Tourism Development
9. Urban Planning and Strengthening of Kapsabet Municipality
10. Culture, Social inclusion and knowledge infrastructure for inclusive growth

These priority programs aim to create employment opportunities, ensure socio-economic stability, and improve living standards. The Paper also incorporates updates on the National Economic Outlook to reflect changes in economic and financial trends. In preparing this Paper, the National

Budget Policy Statement (BPS) was a key reference to ensure alignment with national economic policies.

The County Government is focused on promoting wealth creation and building an economically vibrant County through strategic interventions and a sustainable fiscal policy framework. Despite these efforts, several challenges persist, including low local revenue collection, delays in the disbursement of funds by the National Government, and expenditure pressures related to salaries and operational costs, which have negatively affected the County's development agenda.

1.2 Legal Basis for the Preparation of the County Fiscal Strategy Paper

This CFSP is prepared under Section 117 of the Public Finance Management Act, 2012, which provides that:

- a) The County Treasury shall prepare and submit the CFSP to the County Executive Committee for approval and subsequently submit the approved Paper to the County Assembly by 28th February each year.
- b) The CFSP shall align with the National objectives outlined in the Budget Policy Statement.
- c) The Paper shall specify broad strategic priorities and policy goals that will guide the County Government in preparing its budget for the coming financial year and the medium term.
- d) The CFSP shall include a financial outlook regarding County Government revenues, expenditures, and borrowing for the upcoming financial year and the medium term.
- e) In preparing the Paper, the County Treasury shall take into account views from:
 - i. The Commission on Revenue Allocation (CRA)
 - ii. The public
 - iii. Interested persons or groups
 - iv. Any other statutory or legislative forums
- f) Not later than fourteen days after submission, the County Assembly shall consider and may adopt the Paper with or without amendments.
- g) The County Treasury shall consider recommendations made by the County Assembly when finalizing the budget proposal.

- h) The County Treasury shall publish and publicize the CFSP within seven days of submission to the County Assembly.

1.3 Rationale for the County Fiscal Strategy Paper

The CFSP is prepared to:

- i. Provide a mechanism for aligning County priorities with national objectives in the Budget Policy Statement.
- ii. Define broad strategic priority areas to guide the County Government in preparing the FY 2026/2027 budget.
- iii. Facilitate public engagement in prioritizing development programs that address community needs.
- iv. Detail departmental ceilings for the MTEF period to ensure prudent resource allocation and consistency with MTEF budgeting.
- v. Provide a financial outlook for County Government revenues, expenditures, and borrowing for the upcoming financial year and over the medium term.

1.4 County Government Fiscal Responsibility Principles

In line with the Constitution, the PFM Act 2012 establishes fiscal responsibility principles to ensure prudence and transparency in managing public resources. Section 107(2) of the PFM Act provides that:

1. Recurrent expenditure shall not exceed total County revenue.
2. At least 30% of the County budget shall be allocated to development expenditure over the medium term.
3. Expenditure on wages and benefits for public officers shall not exceed 35% of total revenue.
4. Borrowings shall be used only to finance development expenditure, not recurrent costs.
5. Public debt and obligations shall be maintained at sustainable levels as approved by the County Assembly.
6. Fiscal risks shall be managed prudently.
7. A reasonable degree of predictability shall be maintained regarding tax rates and tax bases, considering potential tax reforms.

1.5 Outline of the County Fiscal Strategy Paper FY 2026/2027

The CFSP comprises six sections:

- **Section I:** Presents the County's strategic blueprint for achieving a wealthy and economically vibrant County, outlining how the County Government plans to transform its economy.
- **Section II:** Provides the economic context for preparing the FY 2026/2027 MTEF budget, including recent economic developments and macroeconomic outlook at both national and County levels.
- **Section III:** Outlines the fiscal framework that supports growth over the medium term while ensuring sufficient resources for service delivery and policy priorities.
- **Section IV:** Presents the management framework for County administrative units and the allocation of County revenue among departments.
- **Section V:** Details the resource envelope and spending priorities for the FY 2026/2027 MTEF budget, including sector achievements and priorities for 2026/2027 – 2028/2029.
- **Section VI:** Provides the conclusion of the Paper.

CHAPTER TWO

RECENT ECONOMIC DEVELOPMENTS AND MEDIUMTERM OUTLOOK

OVERVIEW

2.1 Overview

Nandi County is an integral part of Kenya's economic landscape, known for its vibrant agricultural sector and growing economic potential. As part of the larger national economic framework, the county's development trajectory is influenced by both global and domestic economic conditions. The global economy grew by 3.2% in 2025 and is maintaining similar momentum in 2026, supported by stable inflation and resilient supply chains. Kenya's economy has sustained its growth trajectory, having achieved 5.3% growth in 2025 and is projected to maintain strong performance in 2026, driven by continued agricultural productivity, manufacturing recovery, and expansion in the services sector. Within this context, Nandi County plays a critical role in contributing to national economic growth while navigating its unique opportunities and challenges.

The Gross County Product (GCP) of Nandi County has exhibited consistent growth over the past seven years. Starting from KSh.138.37 billion in 2019, the GCP grew to KSh 149.12 billion in 2020, KSh 164.57 billion in 2021, KSh189.77 billion in 2022, KSh.218.81 billion in 2023, and based on current growth trajectories, is estimated to have reached approximately KSh 250-260 billion in 2024 and KSh 280-295 billion in 2025. This represents a growth trajectory of over 100% from 2019 to 2025, indicating the county's remarkable resilience and economic expansion. However, its contribution to the national Gross Value Added (GVA) has remained relatively stable at approximately 1.5-1.6%, suggesting that while the local economy is expanding, its relative impact on the national economic landscape requires strategic intervention to increase.

Agriculture continues to be the dominant sector, contributing over 55% of the county's economic output. The sector remains vital for employment and food security, with Nandi maintaining its status as a key agricultural hub renowned for tea and maize production, dairy farming, and horticulture. However, the continued reliance on agriculture presents ongoing risks, including vulnerability to climate change, market fluctuations, and commodity price volatility.

As of 2026, Nandi County stands at a critical point. While it has demonstrated strong economic growth over the past seven years, persistent challenges such as poverty, limited industrialization,

and underdeveloped sectors require urgent attention. The county must now focus on translating economic growth into inclusive development through targeted investments, policy reforms, and economic diversification. By leveraging its workforce, improving infrastructure, promoting value addition in agriculture, and expanding manufacturing and service sectors, Nandi County can unlock its full economic potential and increase its contribution to Kenya's overall economic landscape. With strategic focus on industrialization, service sector expansion, and agricultural modernization, the county can build a more inclusive and resilient economy that benefits all its residents.

2.2 Recent Economic Developments

Global and Regional Economic Developments

Nandi County is an integral part of Kenya's economic landscape, known for its vibrant agricultural sector and growing economic potential. As part of the larger national economic framework, the county's development trajectory is influenced by both global and domestic economic conditions. The global economy has maintained stability, with growth sustained at 3.2 percent in 2025 and projected to continue at similar levels in 2026, supported by controlled inflation and improved supply chain dynamics. However, risks persist including geopolitical tensions, potential commodity price volatility, financial market instability, China's economic slowdown, and rising protectionist policies that could disrupt global trade.

Table 2. 1: Global Economic Performance

Economy	Actual		Projections	
	2023	2024	2025	2026
World	3.5	3.3	3.2	3.1
Advanced Economies	1.8	1.8	1.6	1.6
<i>Of which: USA</i>	2.9	2.8	2.0	2.1
<i>Euro Area</i>	0.5	0.9	1.2	1.1
<i>Japan</i>	1.4	0.1	1.1	0.6
Emerging and Developing Economies	4.7	4.3	4.2	4.0
<i>Of which: China</i>	5.4	5.0	4.8	4.2
<i>India</i>	9.2	6.5	6.6	6.2
Sub-Saharan Africa	3.6	4.1	4.1	4.4
<i>Of which: South Africa</i>	0.8	0.5	1.1	1.2
<i>Nigeria</i>	2.9	4.1	3.9	4.2

Source: IMF World Economic Outlook, October 2024. *National Treasury Projection

2.3 Domestic Economic Developments

Kenya's economy has demonstrated resilience despite moderating growth rates. After averaging 4.5 percent growth in the first three quarters of 2024 (down from 5.6 percent in the corresponding period of 2023), the economy rebounded to achieve approximately 4.6-4.8 percent growth for full year 2024. Growth momentum strengthened in 2025, reaching an estimated 5.0-5.3 percent, driven by robust agricultural productivity, continued manufacturing recovery, and the resilience of the services sector. Early indicators for 2026 suggest sustained growth in the 5.0-5.5 percent range, with agriculture, services, and gradually recovering construction and mining sectors contributing to economic expansion.

Table 2. 2: Sectoral GDP Performance

Sectors	Annual Growth Rates		Quarterly Growth Rates					
	2022	2023	2023 Q1	2023 Q2	2023 Q4	2024 Q1	2024 Q2	2024 Q3
1. Primary Industry	(0.8)	5.6	5.3	6.9	5.3	5.0	4.4	3.2
1.1. Agriculture, Forestry and Fishing	(1.5)	6.5	6.4	7.8	6.2	6.1	4.8	4.2
1.2 Mining and Quarrying	9.3	(6.5)	(11.0)	(8.3)	(6.9)	(14.8)	(2.7)	(11.1)
2. Secondary Sector (Industry)	3.5	2.5	2.5	2.1	2.0	1.0	0.8	0.6
2.1. Manufacturing	2.6	2.0	1.7	1.5	2.0	1.2	3.3	2.3
2.2. Electricity and Water supply	5.5	2.8	3.7	2.8	1.3	2.4	1.0	0.9
2.3. Construction	4.1	3.0	3.0	2.7	2.2	0.1	(2.9)	(2.0)
3. Tertiary sector (Services)	6.6	6.8	6.5	6.7	6.3	6.2	5.3	5.3
3.1. Wholesale and Retail trade	3.5	2.7	2.9	2.1	2.8	4.9	4.4	4.8
3.2. Accommodation and Restaurant	26.8	33.6	47.1	42.7	18.1	28.0	26.6	13.7
3.3. Transport and Storage	5.8	6.2	6.6	4.6	8.5	3.9	3.6	5.2
3.4. Information and Communication	9.0	9.3	9.5	7.6	11.0	7.8	7.2	6.1
3.5. Financial and Insurance	12.0	10.1	5.9	13.2	6.3	7.0	5.1	4.7
3.6. Public Administration	5.1	4.6	7.6	3.2	3.4	5.8	5.1	5.4
3.7. Others	5.3	6.1	5.7	5.9	6.1	5.9	5.1	5.1
of which: Professional, Admin & Support Services	9.4	9.4	8.6	6.6	12.8	9.9	6.8	7.8
Real Estate	4.5	7.3	7.3	8.1	6.2	6.6	6.0	5.5
Education	5.2	3.1	2.0	3.1	3.9	4.0	3.1	3.8
Health	3.4	4.9	5.1	4.7	4.8	5.5	5.5	4.4
Taxes less subsidies	6.7	2.2	3.0	1.8	2.0	4.5	5.8	3.4
Real GDP	4.9	5.6	5.5	5.6	5.1	5.0	4.6	4.0

Source of Data: Kenya National Bureau of Statistics

Within this context, Nandi County plays a critical role in contributing to national economic growth while navigating its unique opportunities and challenges. The Gross County Product (GCP) of Nandi County has exhibited consistent growth over the past seven years, rising from KSh 138.37 billion in 2019 to KSh 149.12 billion in 2020, KSh 164.57 billion in 2021, KSh 189.77 billion in 2022, and KSh 218.81 billion in 2023. Estimates suggest the GCP reached approximately KSh 248-253 billion in 2024 and KSh 280-290 billion in 2025. This represents over 100% growth from 2019 to 2025, significantly outpacing both global (3.2%) and national (4.6-5.3%) growth rates, indicating the county's remarkable resilience and economic expansion. However, its contribution to the national Gross Value Added (GVA) has remained relatively stable at approximately 1.5-1.6%, reaching 1.7% in 2025. This suggests that while the local economy is growing robustly, its relative impact on the national economic landscape requires strategic intervention to increase its proportional contribution.

Agriculture remains the dominant sector, contributing over 55% of the county's economic output. In 2025, agriculture, forestry, and fishing generated an estimated KSh 155-160 billion, reinforcing

Nandi's status as a key agricultural hub. The county is renowned for tea and maize production, dairy farming, and horticulture, all of which drive economic activity and employment. The sector's strong performance has mirrored national trends, where agriculture was a primary driver of growth in 2024 and 2025. However, the continued heavy reliance on agriculture presents significant risks, including vulnerability to climate change and weather variability, exposure to commodity price fluctuations in global markets, limited value addition and processing capacity, and seasonal employment patterns affecting household incomes.

The manufacturing sector in Nandi County showed modest recovery in 2024-2025, aligning with national trends. However, it remains underdeveloped, contributing less than 10% of the county's GCP. The services sector, while resilient, also represents a smaller share compared to agriculture, though it has shown consistent growth particularly in trade, transportation, and financial services. Notably, the mining and construction sectors, which contracted nationally in early 2024, remain minimal contributors to Nandi's economy, representing untapped potential for diversification.

As of 2026, Nandi County stands at a critical point. While it has demonstrated exceptional economic growth over the past seven years, persistent challenges require urgent attention. Rising poverty despite growth indicates that economic expansion has not translated into proportional poverty reduction, suggesting that growth benefits are unevenly distributed across the population. Limited industrialization constrains job creation and limits opportunities for youth employment in non-agricultural sectors, while infrastructure deficits including poor road networks, inadequate storage facilities, and limited market access continue to erode agricultural productivity gains. Additionally, increasing climate variability threatens the dominant agricultural sector, requiring investment in climate-smart agriculture and irrigation infrastructure.

To unlock its full economic potential and increase its contribution to Kenya's overall economic landscape, Nandi County must focus on several strategic priorities. Economic diversification is essential to reduce over-reliance on agriculture by developing manufacturing, particularly agro-processing, and expanding service sectors. Value addition through establishing processing facilities for tea, dairy, and horticultural products will enable the county to capture more value from agricultural production. Infrastructure development, including improvements to roads, storage facilities, market infrastructure, and digital connectivity, is critical for sustained growth.

Ensuring inclusive growth through targeted social programs and equitable resource distribution will help economic benefits reach all segments of the population. Building climate resilience through investments in irrigation, drought-resistant crops, and climate adaptation strategies will protect the agricultural base, while skills development that aligns workforce capabilities with emerging opportunities in manufacturing and services will support diversification efforts.

With strategic focus on industrialization, service sector expansion, and agricultural modernization, Nandi County can build a more inclusive, diversified, and resilient economy that benefits all its residents. The county's strong growth foundation provides an excellent platform for transformation. What is needed now is deliberate policy intervention to translate growth into broad-based prosperity and increased national economic significance. By leveraging its workforce, improving infrastructure, promoting value addition, and expanding beyond agriculture, Nandi County can realize its full potential as a significant contributor to Kenya's economic development.

Table 2. 2: Sectoral GDP Performance

Sectors/Sub-sectors	Annual Growth Rates	Quarterly Growth Rates			
	2024	2024 Q1	2024 Q2	2025 Q1	2025 Q2
1. Primary sector	3.9	4.5	4.0	6.2	4.9
1.1. Agriculture, Forestry and Fishing	4.6	5.6	4.5	6.0	4.4
1.2. Mining and Quarrying	(9.2)	(16.1)	(5.5)	10.8	15.3
2. Secondary Sector (Industry)	1.5	1.5	0.5	2.6	3.3
2.1. Manufacturing	2.8	1.9	3.2	2.1	1.0
2.2. Electricity and Water supply	1.9	2.8	1.2	3.6	5.7
2.3. Construction	(0.7)	0.4	(3.7)	3.0	5.7
3. Tertiary sector (Services)	6.1	6.8	6.2	4.8	5.5
3.1. Wholesale and Retail trade	3.8	3.6	2.5	5.4	4.0
3.2. Accommodation and Restaurant	25.7	38.1	35.0	4.1	7.8
3.3. Transport and Storage	4.4	4.1	3.4	3.8	5.4
3.4. Information and Communication	7.0	9.2	6.7	5.8	6.0
3.5. Financial and Insurance	7.6	9.6	8.0	5.1	6.6
3.6. Public Administration	8.2	7.5	9.0	6.5	6.0
3.7. Others	5.2	5.8	5.6	4.4	5.2
of which: Professional, Admin & Support Services	9.4	9.4	6.7	4.6	8.5
Real Estate	5.3	6.9	5.9	5.3	5.5
Education	3.9	2.4	3.2	2.9	3.2
Health	6.3	5.4	8.1	4.8	6.8
Taxes less subsidies	4.4	2.9	3.8	5.7	3.3
Real GDP	4.7	4.9	4.6	4.9	5.0

Source of Data: Kenya National Bureau of Statistics

In 2025, **the primary sector** grew by 6.2 percent in the first quarter and 4.9 percent in the second quarter compared to a growth of 4.5 percent and 4.0 percent in the corresponding quarters of 2024 (Table 12). This was as a result of the robust growth in the agriculture, forestry and fishing sub-sector and a recovery in the mining and quarrying sub-sector. Activities in the agriculture, forestry, and fishing sub-sector expanded by 6.0 percent in the first quarter and 4.4 percent in the second quarter of 2025, compared to growth of 5.6 percent and 4.5 percent in the corresponding quarters of 2024. This performance was driven by favorable weather conditions experienced in most parts of the country involved in crop and animal production. This was evident in the significant increase in production of milk, coffee, vegetables, fruits and cut flowers. However, the sub-sector's performance was somewhat curtailed by a decline in tea production.

The mining and quarrying sub-sector grew by 10.8 percent in the first quarter and 15.3 percent in the second quarter of 2025, compared to a contraction of 16.1 percent and a contraction of 5.5 percent in the same quarters of 2024. This reflected increased activity and renewed investment following a period of subdued performance in the previous year.

In the first half of 2025, **the industry sector** recorded a growth of 2.6 percent in the first quarter and 3.3 percent in the second quarter, an improvement from a growth of 1.5 percent and 0.5 percent in corresponding quarters of 2024. This growth was driven by improved performance across manufacturing, electricity and water supply, and construction. The manufacturing sub-sector grew by 2.1 percent in the first quarter of 2025 compared to 1.9 percent in the first quarter of 2024, and by 1.0 percent in the second quarter of 2025 compared to 3.2 percent in the second quarter of 2024. This growth was supported by both food and non-food manufacturing activities. In food manufacturing, the sub-sector benefitted from strong increases in coffee auctions and milk deliveries. Non-food manufacturing also performed well, with increased production in cement and galvanized sheets.

The electricity and water supply sub-sector grew by 3.6 percent in the first quarter and 5.7 percent in the second quarter of 2025, compared to 2.8 percent and 1.2 percent in the corresponding quarters of 2024. Growth was driven by higher electricity generation, with solar wind and geothermal contributing significantly, although increases in thermal generation and decline in hydro curtailed overall performance. Construction sub-sector grew by 3.0 percent in

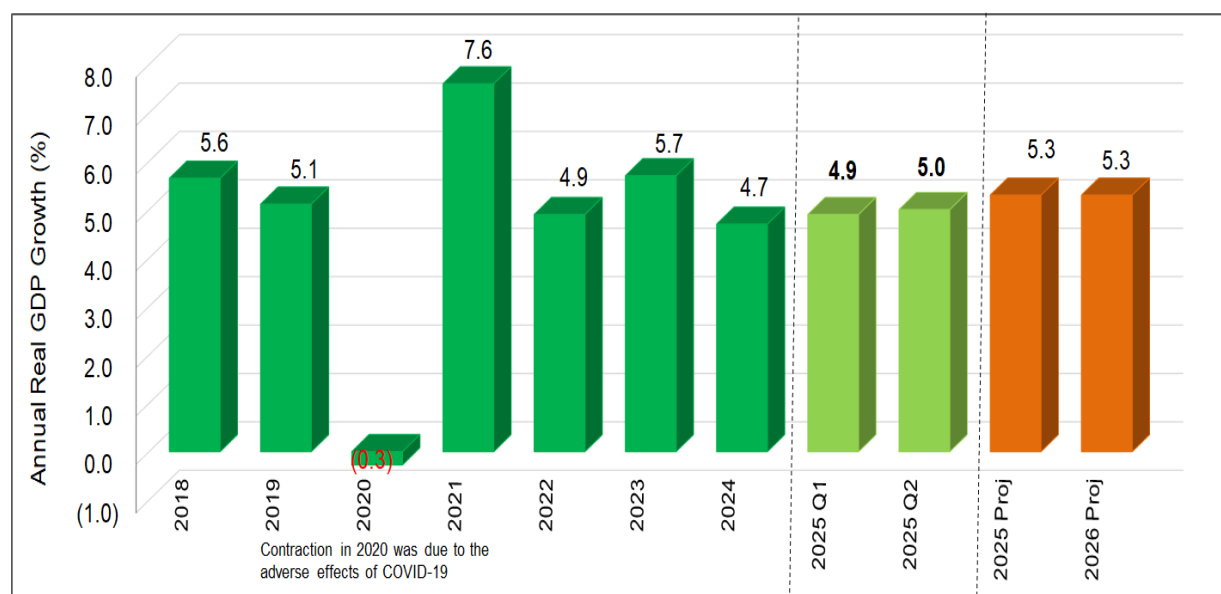
the first quarter and 5.7 percent in the second quarter of 2025, up from a growth of 4.2 percent and a contraction of 3.7 in corresponding quarters of 2024. This was driven by increased consumption of key inputs such as cement, iron and steel. Additionally, the quantity of imported bitumen increased during the period.

The **services sector** recorded a growth of 4.8 percent in the first quarter and 5.5 percent in the second quarter of 2025, a slowdown from the 6.8 percent and 6.2 percent growths posted in the corresponding quarters of 2024. The transportation and storage sub-sector expanded by 3.8 percent in the first quarter and 5.4 percent in the second quarter of 2025, compared to 4.1 percent and 3.4 percent in the corresponding quarters of 2024. The performance was supported by increased activity in land transport, railway operations, and port throughput. Accommodation and food service sub-sectors grew by 4.1 percent in the first quarter and 7.8 percent in the second quarter of 2025, a slowdown, compared to a growth of 38.1 percent and 35.0 percent in the corresponding quarters of 2024. The number of visitor arrivals via the two major airports, the Jomo Kenyatta International Airport (JKIA) and Moi International Airport (MIA) increased in the first half of 2025.

The information and communication sub-sector grew by 5.8 percent in the first quarter and 6.0 percent in the second quarter of 2025, compared to a growth of 9.2 percent and 6.7 percent in corresponding quarters of 2024. This performance was supported by an increase in both domestic and international mobile voice traffic and an increase in mobile broadband data consumption. The financial and insurance sub-sector recorded growth of 5.1 percent in the first quarter and 6.6 percent in the second quarter of 2025, compared to 9.6 percent and 8.0 percent in the corresponding quarters of 2024. The slower growth reflects the impact of easing interest rates, which moderated earnings from financial intermediation, alongside relatively modest credit growth to the private sector.

Leading indicators of economic activity point to improved performance in the third quarter of 2025. The growth of the economy is expected to pick up to 5.3 percent in both 2025 and 2026, supported by continued resilience of key service sectors and agriculture, and continued recovery of the industry sector. The outlook will be reinforced by the ongoing implementation of priorities under Bottom-Up Economic Transformation Agenda (BETA) (**Figure 2.1**).

Figure 2. 1: Annual Real GDP Growth Rates, percent



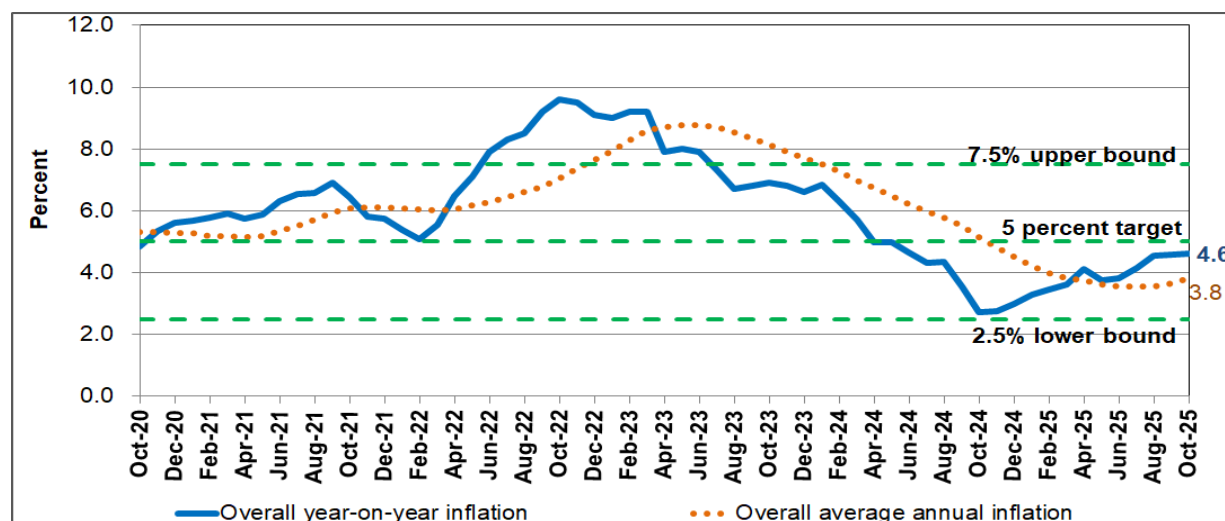
Source of Data: Kenya National Bureau of Statistics

2.4 Inflation Developments

Overall year-on-year inflation has declined and remained below the mid-point of the policy target range of 5.0 ± 2.5 percent since June 2024. The stable inflation has been supported by: abundant supply of food attributed to favorable weather conditions coupled with government interventions; lower fuel inflation attributed to the stability of the exchange rate; lower international oil prices; and the decline in non-core inflation due to the impact of previous monetary policy tightening. Inflation stood at 4.6 percent in October 2025 compared to 2.7 percent in October 2024 (**Figure 2.2**). The slight increase reflects the easing of monetary policy.

Core inflation increased to 2.7 percent in October 2025 from 1.8 percent in October 2024, largely driven by higher prices of processed food items. Non-core inflation rose to 9.9 percent in September 2025 from 5.1 percent in October 2024, driven primarily by sharper increases in transport costs, as well as higher prices of vegetables, particularly tomatoes, carrots, onions, and cabbages, alongside pressures from utilities and energy.

Figure 2. 2: Inflation Rate, Percent



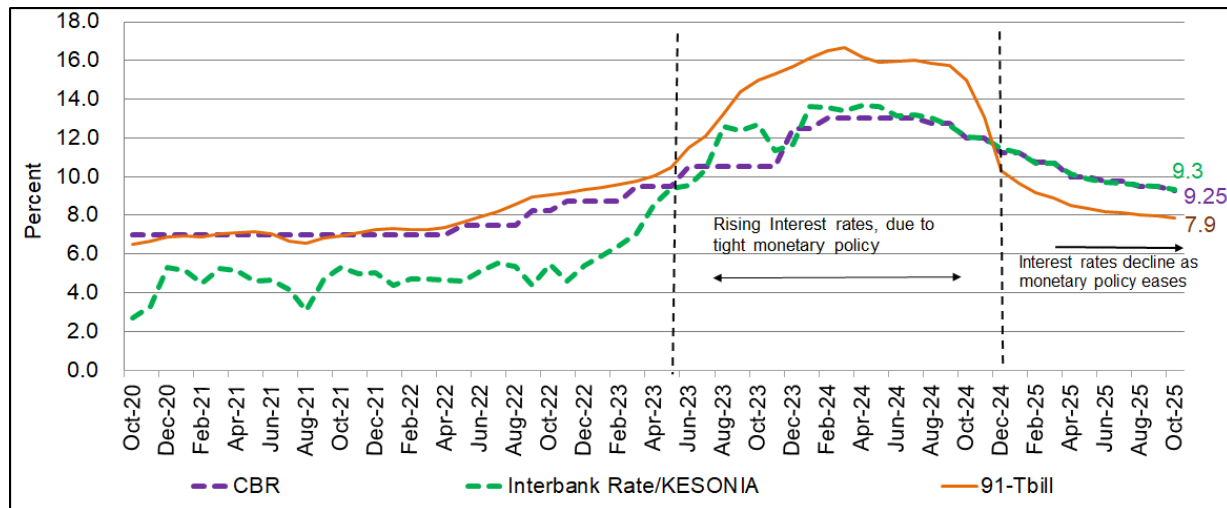
Source of Data: Kenya National Bureau of Statistics

2.5 Kenya Shilling Exchange Rate

The Central Bank of Kenya through the Monetary Policy Committee (MPC) has gradually eased monetary policy by lowering the Central Bank Rate (CBR) from 13.0 percent in August 2024 to 9.25 percent in October 2025 (**Figure 2.3a**). This is meant to augment the previous policy actions aimed at stimulating lending by banks to the private sector and supporting economic activities. It also seeks to ensure that inflationary expectations remain firmly anchored and the exchange rate also remain stable.

The short-term interest rates have declined in line with the easing of the monetary policy. KESONIA (overnight interbank rate) declined to 9.3 percent in October 2025 compared to 12.1 percent in October 2024 while the 91-day Treasury Bills rate declined to 7.9 percent from 15.0 percent, over the same period. The 182-day Treasury Bills rate declined to 7.9 percent in October 2025 from 15.8 percent in October 2024 while the 364-day Treasury Bills also declined to 9.4 percent from 16.1 percent over the same period. The decrease in government domestic borrowing rates has led to lower debt servicing costs.

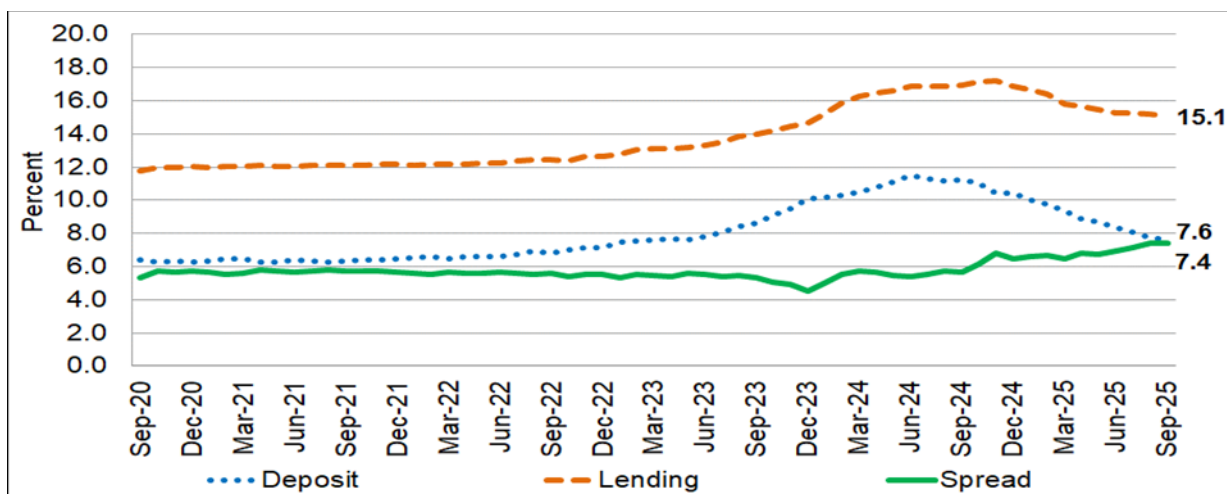
Figure 2. 3: Short Term Interest Rates.



Source of Data: Central Bank of Kenya

Commercial banks average lending and deposit rates decreased in the year to September 2025 in tandem with the easing of the monetary policy. The average lending rate decreased to 15.1 percent in September 2025 from 16.9 percent in September 2024 while the average deposit rate also decreased to 7.6 percent from 11.2 percent over the same period. Consequently, the average interest rate spread increased to 7.4 percent in September 2025 from 5.7 percent in September 2024 (Figure 2.4).

Figure 2. 4: Commercial Bank Rates

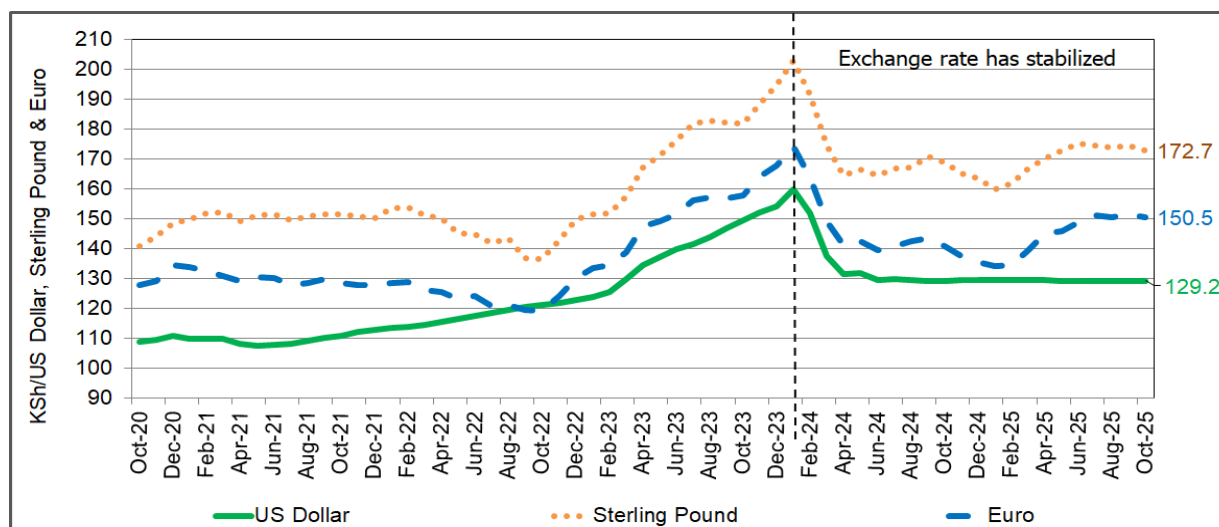


Source of Data: Central Bank of Kenya

2.6 Exchange Rate Developments

The Kenya Shilling remained relatively stable against the US Dollar, exchanging at an average of KSh 129.2 in October 2025, the same as in the corresponding period of the previous year. However, the Shilling depreciated against the Sterling Pound and the Euro by 2.3 percent and 6.8 percent, respectively. The Sterling Pound averaged KSh 172.7 in October 2025, up from KSh 168.8 in in October 2024, while the Euro averaged KSh 150.5 compared to KSh 140.9 over the same period. Overall, the foreign exchange market remained well-supported by steady inflows from agricultural exports and diaspora remittances, which helped cushion the Shilling against excessive volatility (Figure 2.5).

Figure 2. 5 Exchange Rate Developments



2.7 Fiscal Performance of County Government in FY 2024/2025

In FY 2024/2025, the County Government had a total budget of Ksh. 10,188,222,573 out of which Ksh 7,346,071,107 was CRA allocation Ksh. 844,173,452 was Own Source Revenue (OSR), Ksh. 1,019,034,671 was Other conditional grants, Ksh. 73,018,562 was Transfers from other government agencies and Ksh. 595,000,000 was CRF balances brought forward. From the total revenue, Ksh. 5,765,887,267 was Nandi County Executive recurrent budget, Ksh. 3,675,911,214 Nandi County Executive development budgets and Ksh.746,424,092 was the budget meant for the Nandi County Assembly.

2.8 National Government Revenue FY 2023/2024

Revenue from the National Government consisted of equitable shareable revenue of Ksh. 7,346,071,107 and total Conditional grants of Ksh. 1,092,053,233. The summary of transfers from the National Government including conditional grants is highlighted in Table 2.3.

Table 2. 3:National Government Revenue FY 2024/2025

	2024-2025	2023-2024
	Kshs	Kshs
Total exchequer releases for quarter 1	620,949,993	1,826,323,509.00
Total exchequer releases for quarter 2	2,427,669,158	1,205,873,516.00
Total exchequer releases for quarter 3	1,212,101,590	1,469,562,830.95
Total exchequer releases for quarter 4	3,085,349,502	3,419,660,308.00
Total	7,346,070,243	7,921,420,163.95

Source of Data: Central Bank of Kenya

Table 2. 4: Budget performance against actual amounts

Revenue classification	Budgeted (Kshs)	Actual (Kshs)	Realization (%)
Exchequer releases	7,346,071,107	7,362,609,427	100
Transfers from other government agencies	383,943,343	99,385,139	26%
Other conditional grants	411,090,532	411,090,532	00
Proceeds from Domestic Borrowing	-	-	-

2.9 County Governments' Own Source Revenue (OSR)

Total OSR collected amounted to Ksh. 771,534,969 against a target of Ksh. 844,173,452. There was a deficit of Kshs. 72,638,483 in the 2024/2025 FY translating to 8.6% decrease.

Table 2. 5: County Governments' Own-Source Revenue (OSR) per revenue stream

REVENUE SOURCE	2024/2025	2025/2026 (1 st Half)
Business Permits	65,310,552	2,699,181
Administration control fees	18,006,940	746,140
Property	4,674,475	2,702,298
Land Rates	64,643,167	1,519,194
Parking Fees	30,547,900	15,156,400
Other fines, penalties & forfeitures	1,006,900	568,600
Conservancy Administration	4,716,300	177,300
Market Fees	14,806,395	8,869,972
Cess	125,317,906	48,055,464
Health Fees	385,958,636	214,612,680
Public Health service fees	6,878,200	
Slaughter Fees & veterinary	2,680,029	800,900
Hire of county assets	22,784,454	6,831,030
Advertising	19,047,578	1,311,630
Physical planning	4,560,972	1,883,079
Tourism and Co-op Dev-park fees	349,700	169,359
Other Fees	244,865	74,484
TOTAL	771,534,969	306,177,711

Source: County Revenue office

The revenue collection trend shows a slight decrease in revenue collections in the financial year 2024/2025 as compared to the previous financial year 2023/2024 as indicated in Table 2.6.

Table 2. 6: Local Revenue Collection as of 31st December 2024.

MONTH	FY 2023/2024	FY 2024/2025	FY 2025/2026
July	28,669,328	14,105,708	15,456,839
August	23,223,732	41,008,954	15,591,494
September	30,469,702	20,837,447	20,476,877
October	39,766,267	21,391,083	19,636,635
November	30,239,796	22,902,243	11,816,014
December	26,707,273	9,479,071	223,199,852
Total	179,076,097	129,724,505	306,177,711

Source: County Revenue office

The revenue collection trend shows a marginal increase in quarterly collections for the current financial year as compared to the previous financial years. This however cannot be a clear indication of the overall performance for the financial year.

Challenges

- Human resources
- Departmental commitment to policies and procedures
- Departmental structure- Enforcers command structure
- Political interference
- Unfavorable environment for OSR
- Access to revenue accounts for accurate reporting
- Outdated rates/Valuation Roles.
- Incomplete land records.
- Farm management challenges for Kiborgok and Kaimosi tea farms.

Interventions

- Update valuation rolls
- Public sensitization and engage stakeholders on rates.
- Establish a feedback mechanism for information sharing
- Set up amenity clinics to handle SHA & health insurance clients
- Critical review of the Revenue Collection system.
- Factor in the possible effects of the electioneering circle on achieving set targets.

- Need for capacity building, equipping and proper placement of SHACs
- Financial estimates also be revised to reflect the current and foreseeable future

2.10 County Expenditures for FY 2024-2025

Total expenditure was Ksh. 8,346,016,129 against A total receipt of Ksh. 8,699,575,888 representing an under spending of Ksh. 353,559,759. The overall absorption rate was 96 percent.

Overall recurrent expenditure amounted to KES. 6,502,981,913 representing 100% utilization of the budget, while Development expenditure amounted to KES. 1,076,403,669 representing an under spending of KES 1,738,592,870 (61.8 percent) deviation from the approved Development expenditure of KES 2,814,996,539.

Table 2. 7: Statement of Receipts and Payments

	2023/2024	2022/2023
	Kshs.	Kshs.
Receipts		
Exchequer releases	7,362,609,427	6,990,869,041
Transfers from other government agencies	99,385,139	396,386,680
Other grants	411,090,532	-
Proceeds from Domestic Borrowing	-	-
Proceeds from Foreign Borrowing	-	-
Own Source Revenue	220,000,318	198,831,772
Return to CRF issues	606,490,472	590,761,464
Total Receipts	8,699,575,888	8,176,848,957
Payments		
Compensation of employees	3,372,701,751	3,514,768,261
Use of goods and services	2,213,732,735	1,518,007,460
Other grants and Subsidies	351,034,826	6,263,018
Transfers to other government entities	565,512,601	230,000,000
Other grants and transfers	-	589,372,404
Social security benefits	-	-

	2023/2024	2022/2023
Other payments	-	-
Acquisition of assets	1,076,403,669	1,410,392,949
Transfers to County Assembly	766,630,547	689,072,186
Total Payments	8,346,016,129	7,957,876,278

2.11 County Economic Situation

According to the **KNBS Gross County Product (GCP) 2024 Report**, Nandi County's nominal Gross County Product increased from **Kshs. 138.4 billion in 2019 to Kshs. 218.8 billion in 2023**, representing an average annual growth of approximately **12.1 percent** over the period. This places Nandi among the **top 25 counties by economic size** nationally and within the mid-tier contributors to Kenya's Gross Value Added (GVA). Over the five-year period (2019–2023), Nandi contributed an average of **1.5 percent** to national GVA, compared to leading contributors such as Nairobi City (27.5%), Kiambu (5.6%), Nakuru (5.2%) and Mombasa (4.8%).

Agriculture remains the dominant sector in Nandi County, accounting for the largest share of household incomes and employment. While county-level sectoral GVA shares are not disaggregated in detail in the KNBS report, Nandi is classified among agriculturally productive counties, similar to Meru, Nyandarua, Nyeri and Murang'a, which collectively account for significant shares of national agricultural GVA due to high-value crops such as tea, dairy, maize, vegetables and coffee.

In nominal terms, Nandi's GCP grew by **Kshs. 80.4 billion** between 2019 and 2023, reflecting expansion in agricultural output, agro-processing, wholesale and retail trade, transport services, education and health services. The services sector has grown in tandem with urbanization in Kapsabet Municipality and the expansion of commercial activity along major transport corridors.

Nandi County's working population stood at **408,721 persons in 2022**, comprising **209,713 males and 199,008 females**. This places Nandi around the **20th position nationally by working population size**, compared to Nairobi City (2.19 million), Kiambu (1.29 million) and Nakuru

(947,626). The labour force is predominantly engaged in agriculture and MSMEs with high participation in trade, transport, hospitality, and informal services

Overall poverty incidence in Nandi County stood at **39.1 percent in 2022**, slightly above the national average of **39.8 percent**, indicating persistent vulnerability among rural households. This compares to lower poverty levels in more urbanized counties such as Nairobi City (16.5%) and Kiambu (19.9%), and higher incidence in counties such as Turkana (82.7%) and Mandera (72.9%). These figures point to the need for targeted poverty reduction interventions linked to productive employment and agricultural commercialization

ICT access in Nandi County remains moderate. In 2022, **92.8 percent of households owned a mobile phone**, **4.6 percent had access to a computer**, and **18.6 percent used the internet**. While mobile penetration is high and close to the national average (93.5%), internet usage remains below the national average of **23.8 percent**, and far below leading counties such as Nairobi City (39.6%) and Kajiado (35.6%). This digital gap constrains MSME growth, access to markets, and uptake of digital services

Nandi's economic growth is increasingly shaped by infrastructure investments and urban expansion in Kapsabet Municipality. Improved road connectivity has supported growth in trade and services, while ongoing investments in water supply support both domestic and productive uses. The County's strategic location and agricultural base provide strong fundamentals for agro-industrial investment, although constraints remain in serviced industrial land, logistics infrastructure, and energy access.

Despite positive growth trends, Nandi's economy faces structural constraints, including:

- High dependence on rain-fed agriculture;
- Limited agro-processing and industrial diversification;
- MSME financing gaps;
- Post-harvest losses and weak market infrastructure;
- Digital divide between urban and rural areas; and
- Youth underemployment.

Policy Implications and Strategic Recommendations

In response to the County's economic profile and performance, the FY 2026/2027 fiscal strategy prioritizes the following actions:

1. **Scale up Agricultural Productivity and Value Addition** – Expand irrigation coverage, mechanization, and climate-smart practices; strengthen cooperatives; and invest in storage and agro-processing to reduce post-harvest losses and increase farmer incomes.
2. **Strengthen MSME and Industrial Growth** – Develop serviced industrial sites, business incubation centres, and affordable credit schemes for MSMEs and cooperatives.
3. **Improve Market Access and Infrastructure** – Upgrade feeder roads and market facilities to reduce transaction costs and expand market reach for producers and traders.
4. **Accelerate Digital Inclusion** – Expand ICT connectivity, public Wi-Fi zones in urban centres, digital skills training for youth and MSMEs, and e-commerce platforms for local enterprises.
5. **Enhance Skills Development and Youth Employment** – Align vocational training and Centres of Excellence to labour market demand in agribusiness, construction, ICT, sports and creative industries.
6. **Promote Urban-Led Growth and Tourism** – Strengthen Kapsabet Municipality as a service and investment hub and leverage sports tourism and cultural assets to stimulate hospitality and creative industries.
7. **Strengthen Economic Governance** – Improve planning, project implementation, monitoring and evaluation to maximize the growth impact of public investments.

2.12 Sector Achievements

2.12.1 .Administration, Public Service and ICT Sector

During the review period, Nandi County strengthened **public service delivery** through improved governance, human resource management, ICT development, public participation, transparency, and disaster response. Key achievements included implementation of the 2024 Public Service Commission audit recommendations, development of an approved staff establishment and modern organogram, updated HR policies, a staff skills audit, and recruitment of over 500 staff. Employee welfare improved through comprehensive medical

insurance and extensive capacity-building programmes. The County qualified for the KESPEI Level 1 grant of Ksh 37.5 million, strengthening institutional capacity and positioning it for Level 2 funding in 2026. Public participation increased significantly through ward-level planning, while transparency was enhanced via the County Projects Portal and participation in the Open Government Partnership, earning multiple national and international awards. ICT infrastructure and digital skills development expanded, and disaster response capacity improved, with faster emergency response times and progress toward construction of the Mosoriot Fire Station.

Under **Urban Coordination and Planning** the County advanced structured urban growth through completion of Integrated Urban Development Plans for Nandi Hills and Mosoriot towns, providing a framework for land use, infrastructure development, and service delivery and supporting their progression toward municipality status. Urban service delivery was enhanced through street lighting projects, including solar installations, which improved safety and supported economic activity, as well as improved solid waste management through procurement and distribution of waste receptacles, contributing to cleaner and healthier urban environments.

2.12.2 Agriculture and Cooperative Development Sector

Nandi County has made significant strides in veterinary services, crop production, livestock development, and cooperative growth. In **veterinary services**, the County invested approximately KSh 180 million over three years, conducting 157,781 vaccinations against major livestock diseases, rehabilitating 120 cattle dips, supplying over 2,000 liters of acaricides, and carrying out more than 60,000 artificial inseminations to strengthen herd health and resilience. In **crop production**, coffee seedlings distributed over seven years increased production from 3,800 to 11,250 tons of cherry, valued at KSh 1.25 billion, while over 100 cooperatives now sell directly at the Nairobi Coffee Exchange, with value addition ongoing at the Chebonet Coffee Milling Plant. Horticulture expanded through 300,000 avocado seedlings and the operational Lolduga Avocado Packhouse, while Irish potato, tea, and sugarcane production benefited from certified seeds, apical cutting technology, and a KSh 350 million feeder road program improving over 1,000 km of rural roads. **Livestock development** saw dairy productivity rise from 4.5 to 7.2 litres per cow per day, contributing KSh 3.9 billion annually, supported by training for over 35,000 farmers at Kaimosi ATC, the commissioning of

the Nandi County Creamery (NCC) with 30 milk cooling points, and expansion in poultry and apiculture through market access, slaughterhouses, and modern beehives. **Cooperative development** thrived with 619 registered cooperatives, SACCOs and farmer organizations capitalized at over KSh 1.3 billion, establishment of 30 ward-based SACCOs, registration of the Nandi SACCO Union, and support to 795 farmer groups and 14 cooperatives, strengthening enterprise development and improving market access across dairy, coffee, and other agricultural value chains.

2.12.3 Education and Vocational Training Sector

During the reporting period, the Department of Education and Vocational Training made significant strides in enhancing access to quality Early Childhood Development Education (ECDE) and strengthening Vocational Training Centres (VTCs) across the county. Under the Early **Childhood Education** Programme, 113 ECDE classrooms were constructed, meeting the annual target and improving the learning environment for young learners. Additionally, 809 classrooms were supplied with essential teaching and learning materials to ensure effective curriculum delivery. Despite budget constraints limiting furniture provision to 26 classrooms out of a planned 120 and renovations to 7 classrooms against a target of 20, the department prioritized new classroom construction to accommodate growing enrolments, thereby improving access, equity, and quality in pre-primary education. In the **Vocational Training Programme**, one new ablution block and one modern workshop were constructed in selected VTCs, while three centres were equipped with modern tools and equipment to enhance hands-on training and employability. Although limited funding constrained the elevation of centres to Centres of Excellence, these interventions demonstrate the county's commitment to equipping youth with market-relevant skills and promoting technical education as a driver of self-reliance and local economic growth.

2.12.4 Sports and Youth Affairs Sector

In **Sports development** the County strengthened sports infrastructure and participation by completing Phases I and II of the Eliud Kipchoge Modern Athletic Training Camp, launching the 10,000-seat Kipchoge Keino Stadium, and initiating sports academies in Kesengei and Kaptien. Through the Ward-Based Sports Development Program, 720 teams received equipment, boosting participation in local, regional, and national competitions. Major events

hosted included County Cross Country Championships, Kapsabet Half Marathon, Kapsabet Mountain Run, and County Volleyball Championships.

Under **talent nurturing**, the County supported and trained 480 athletes aged 12–16 years, 200 youth in football, and 390 others across Volleyball, Athletics, Paralympics, Deaflympics, Special Olympics, KYISA, and Talanta Hela Football. Additionally, 40 chess players and 20 Taekwondo athletes were supported. Training on Anti-Doping, Financial Management, and GBV was provided to 1,105 individuals, enhancing skills, compliance, and safe sports practices.

Youth Empowerment: Over 1,000 youth benefited from the NCYS program with employment and skills training. Fifty-two youth-owned companies received AGPO certificates, 100 youth groups trained in briquette and soap-making, and 100 welding machines issued to youth groups. Youth also received training in entrepreneurship, digital literacy, budget advocacy, and record-keeping, while art competitions and music festivals nurtured creative talent.

2.12.5 Health and Sanitation Sector

During the period under review, the County strengthened **health service delivery** through the completion of seven key projects, including upgrading health facilities, constructing laboratories such as Sironoi, renovating inpatient wards, and installing critical medical equipment. Significant progress was made on the Maternal and Child Health (MCH) complex at Kapsabet County Referral Hospital, The Theatre Unit at Mosoriot Sub-County Hospital was commissioned, facilitating 186 life-saving surgeries, and blood transfusion services were introduced in Chesumei and Mosop. Additionally, 1,520 Community Health Promoters were deployed to 152 community units and onboarded as SHA agents, increasing registration to 508,188 (57%) and improving access to health insurance services.

The County also made remarkable progress in **preventive and promotive health**, particularly in Reproductive, Maternal, Neonatal, and Child Health services. Healthcare workers in 180 facilities were mentored, and 45 cold chain units were installed in previously non-immunizing facilities. Maternal deaths dropped from 24/100,000 to 11/100,000, neonatal deaths reduced from 5% to 3%, and skilled deliveries increased to 67.57%. Immunization coverage rose from 58.2% to 74.3%, while HPV vaccine uptake among girls aged 10–14 reached 73%. HIV/AIDS management was enhanced through the expansion of ART sites from 38 to 58, reducing

prevalence from 2.8% to 2% and supporting 1,479 individuals on treatment. Outreach and health promotion initiatives further strengthened preventive services.

Curative and rehabilitative care was expanded through the establishment of a specialized nephrology clinic at Nandi Hills and the installation of advanced diagnostic equipment, including immunoassay, haematology, and clinical chemistry analysers, in six major facilities—Kapsabet, Mosoriot, Kibiyet, Meteitei, Kaptumo, and Chepterwai. X-ray services were upgraded with AI-enabled machines and software at Kapsabet, Kaptumo, Meteitei, and Nandi Hills County Hospitals to improve diagnostic accuracy and timely care. New OPDs and laboratory blocks were constructed, existing facilities renovated, and some dispensaries upgraded to multi-storey structures, collectively enhancing the quality of curative and rehabilitative services across the County.

2.12.6 Lands, Environment, Natural Resources and Climate Change Sector

During the reporting period, the County made significant strides in **improving access to clean and safe water**. Fifteen new water supply schemes were developed, 60 kilometers of pipelines extended, and four boreholes drilled and equipped, while nine existing schemes were rehabilitated to enhance service reliability. Five schemes were solarized to promote renewable energy use, and full subsidy transfers to Kapsabet Nandi Water and Sanitation Company (KANAWASCO) ensured continuous water delivery. Household water connectivity increased from 30% to 45%, benefiting homes, schools, health facilities, and small-scale irrigation users across all six sub-counties. Institutional frameworks were strengthened through the finalization of the Water Policy, Water Bill, and Water Sanitation Strategy and Investment Plan (WSSIP 2025–2030), providing a roadmap for universal water access by 2030.

Efforts to **conserve and manage natural resources** yielded notable results. Over 650,000 tree seedlings were planted under afforestation and reforestation initiatives, fragile ecosystems secured, wetlands restored, and escarpment degradation addressed through sustainable land management. The County Waste Management Strategy, Environment Action Plan, and Energy Plan are being implemented to promote sustainable resource use and renewable energy adoption, while climate action programmes funded through the Climate Change Fund supported mitigation, adaptation, and sustainable development. Partnerships with KFS, FAO, the Green Belt Movement, and local CBOs further strengthened environmental conservation and ecosystem restoration.

Land administration and physical planning were enhanced to promote tenure security, orderly development, and efficient service delivery. Irregularly allocated land parcels were identified and regularized, and three land records digitized to improve transparency and accessibility. The County Spatial Plan was finalized and advanced to validation, three local physical and land use plans completed, and 600 development applications processed, exceeding targets. Consultative forums were held to address emerging land conflicts, while under KISIP II, local plans for nine settlements and several smaller centers secured tenure for beneficiaries and unlocked economic potential.

Access to **affordable housing** was expanded through the identification and acquisition of land for housing projects, with construction of 500 units commenced, including 220 units in Emgwen Sub-County. Renovation of existing government houses is ongoing, and infrastructure such as sewerage, water lines, and user facilities is being integrated to ensure modern, functional amenities upon project completion.

Collectively, these interventions have strengthened service delivery, promoted sustainable environmental management, enhanced land governance, and expanded access to water and housing, contributing to improved livelihoods, orderly development, and socio-economic growth across the County.

2.12.7 Trade, Tourism, Industrialization and Enterprise Development Sector

During the period under review, significant improvements were recorded under **trade development and promotion**, with the completion of market stalls, sanitation facilities, and Boda-boda shades providing over 200 traders with organized and dignified spaces. Six new open-air markets were established, attracting an average of 500 traders per market day and increasing household incomes. Partnership with the National Government through the ESP Markets initiative enabled the construction of eight major markets, with additional sites planned to expand access to modern trading facilities across the County.

Economic growth was further supported through **industrial development**, as the Nandi Textiles Unit in Mosoriot became fully operational, employing 200 people, producing up to 1,000 garments daily, and training over 1,000 individuals annually. Engagements with EPZ investors and collaboration with 15 County VTCs and other institutions enhanced skills development, internships, and value addition in the textile sector. Work on the County

Aggregation and Industrial Park resumed, reaching 40% completion, positioning Nandi County for regional industrialization and create employment opportunities.

Efforts to promote cultural and natural tourism under **tourism development and promotion** increased the visibility of Nandi's attractions, including the Taptengelei Cultural and Tourism Circuit, Barngatuny Mountain Run, and TEMBEA NANDI hill-climbing events. These initiatives led to a 20% growth in tourist visits, from 8,000 in 2023–2024 to 12,000 by July 2025, while expanding accommodation capacity and positioning the County as a competitive tourism destination.

2.12.8 Transport, Public Works and Infrastructure Sector

The county made significant strides in improving its road network and enhancing accessibility, particularly for agricultural activities. In collaboration with Tea Processing Companies through a signed MoU, the county-maintained roads leading to tea collection centers and within tea farms. A total of Ksh 212 million was mobilized through tea cess deductions, of which Ksh 188 million has been expended to maintain 1,426 km of roads, greatly improving access and enabling timely collection of tea leaves.

The county also received Ksh 65.15 million from the Ksh 3.68 billion RMLF funds disbursed following a court ruling. While this supports road development, it represents only a small fraction of the county's entitlement, highlighting the need for full and timely disbursement.

Despite these achievements, the road program faced challenges such as heavy rainfall delaying grading and gravelling, frequent breakdowns of aging machinery, high demand for equipment during peak agricultural seasons, and procurement delays.

Ward-level funding through the Ward Equitable Development Framework has further supported road development

In FY 2024/2025, the Department of Transport, Public Works, and Infrastructural Development achieved:

- Grading of 1,775 km of roads (1,050 km with hired machines, 725 km with county machinery).
- Completion of 80% of tendered projects, making them motorable, safer, and more accessible.

These efforts demonstrate the county's commitment to an improved road network that enhances connectivity, accessibility, and overall economic development.

2.12.9 Culture, Gender and Social Welfare Sector

During the period under review, the Department focused on cultural preservation, library services, and social infrastructure. While some initiatives progressed well, others were constrained by inadequate funding.

Under the **Conservation, Preservation, and Promotion of Cultural Heritage**, implementation of the Nandi Culture and Art Centre commenced at the Kamatargui Conservancy. Fencing and gate installation have been completed, and landscaping works are ongoing; however, the full establishment of the center is yet to be realized. The **Cultural and Heritage Promotion Programme**, aimed at researching and documenting cultural elements, was not implemented due to lack of funding.

In the **Social Protection Infrastructure Development Programme**, the planned construction of a social hall was not undertaken due to funding constraints. Nevertheless, the department achieved a milestone by distributing assistive devices to persons with disabilities (PWDs) across all subcounties, demonstrating continued commitment to enhancing social services. Since 2017, over 2,500 wheelchairs, 280 white canes, 65 crutches, 10 special computers for the blind equipped with Braille software, and 70 walking frames have been issued. Identification and assessment of PWDs, as well as issuance of assistive devices, have been devolved to ward-level health facilities.

In **library services**, progress was made on constructing a community library, with the site handed over, materials mobilized, and initial works commenced. Additionally, the County signed an MoU with the Kenya National Library Service, receiving a donation of 1,200 CBC curriculum books valued at KSh 2 million in February 2025, enhancing access to educational resources.

To strengthen **policy and regulatory frameworks**, the Nandi Culture and Heritage Policy, 2024 was developed, gazetted, and disseminated, providing a key guide for cultural development in the county. The Nandi Culture and Heritage Bill have also been drafted, aligned with national and international frameworks, and will undergo public participation in due course.

2.12.10 Kapsabet Municipality Sector

During the period under review, Kapsabet Municipality focused on improving solid waste management, sanitation, and urban infrastructure. The Municipality targeted enhanced waste management through the acquisition of a garbage compactor truck, which is currently awaiting delivery. Supported by Urban Development Grants, sanitation and hygiene were improved through the construction of an ablution block at Namgoi.

The Fresh Produce Market is now operational, and new municipal offices have been established. Continuous improvements include enhanced drainage systems, preparation of the Kapsabet Municipality Integrated Development and Spatial Plan to guide modernization, and the acquisition of a waste compactor for efficient solid waste management.

Ongoing projects include the construction of a footpath from the County Offices to Rubis Petrol Station and tarmacked U-turns within Kapsabet Town. National Government-supported projects in the municipality include 972 Chesumei and 248 Emgwen affordable housing units, the Kapsabet Modern Market, and the Kipchoge Keino Stadium.

Planned projects include tarmacking approximately 10 km of urban roads, beautification and landscaping, installation of cabros, and the construction of a Municipality Social Hall/Amphitheatre.

2.12.11 Kapsabet Nandi Water and Sanitation Company (KANAWASCO).

KANAWASCO has been ranked the best medium-sized water service provider in Kenya for the past two years, according to the WASREB Impact Report 17, reflecting strong performance in operational sustainability, economic efficiency, and quality of service as of 30 June 2025. Customer satisfaction stands at 80%, while service delivery reaches 85%.

Key completed projects include:

- **Nandi Hills Water Supply and Sanitation Project** – Construction of the Mokong Treatment Plant with a capacity of 2,500 m³/day, rehabilitation of the Taito Treatment Plant at 500 m³/day, and installation of storage tanks and pipe networks. Completed at a cost of KSh 370 million, this project significantly increased water supply in Nandi Hills.
- **Rehabilitation of Pipelines in Kapsabet Town** – Upgrading of 56.4 km of pipelines to PPR standards and installation of 44 bulk meters at a cost of KSh 19 million, substantially reducing water losses from low-quality pipelines.

- **Supply and Installation of Mechanical and Smart Meters** – Installation of 2,000 mechanical meters and 800 smart meters at a cost of KSh 25 Million, further minimizing water loss from faulty or stuck meters.

These initiatives have strengthened water service delivery, enhanced operational efficiency, and improved customer satisfaction across the municipality.

CHAPTER THREE

MEDIUM TERM STRATEGIC PRIORITIES

County Fiscal Strategy Paper for FY 2026/2027 development expenditure allocations over the Medium Term shall be anchored in the County Integrated Development Plan (CIDP 2023–2027), the County Annual Development Plan (ADP 2026/2027) and the strategic priorities and policy objectives set out in the 2026 Budget Policy Statement, with a deliberate focus on consolidating the Governor’s legacy of transformative leadership. The allocations will prioritize completion and scaling of flagship projects, entrench key milestones of sustained socio-economic transformation, deepen service delivery reforms, and accelerate inclusive growth across all sectors.

The strategic priority areas include:

i. Good Governance, Administration, Public Service, and ICT

The County Government of Nandi will pursue a forward-looking strategic priority aimed at transforming service delivery through smart governance, strengthened disaster preparedness, and integrated urban coordination and planning. This priority will leverage digital transformation, resilient infrastructure, and citizen-centered service models to build efficient, responsive, and accountable county systems.

Under this priority, the County will modernize public service delivery by expanding **decentralized service infrastructure, strengthening ICT connectivity**, institutionalizing disaster risk management, and deepening public participation and civic education. Investments will focus on developing ward service hubs, digitizing frontline services, improving solid waste management systems, rehabilitating urban drainage, establishing citizen resource centres, and enhancing emergency response capacity through modern equipment and rapid intervention mechanisms.

To foster safe, inclusive, and well-managed urban spaces, the County will **strengthen urban coordination and planning frameworks that support sustainable urban growth**. This will be achieved through expanded public lighting, rehabilitation of public parks, development of sanitation facilities and structured parking systems.

The County will **accelerate its digital transformation agenda by fully digitizing financial management, revenue administration, asset management, and monitoring and evaluation**

systems. Automation of revenue streams, deployment of integrated management information systems and capacity building of county officers will enhance transparency, real-time reporting and evidence-based decision-making. Digitized planning and performance monitoring will strengthen accountability, optimize resource utilization and improve service outcomes across all departments.

ii. **Boosting Agricultural Productivity and Strengthening Cooperative Development**

Nandi County continues to prioritize **boosting agricultural productivity and strengthening cooperative development** to enhance food security and reduce poverty.

At the county level, **crop production** will be enhanced through farmer field days, agricultural exhibitions, provision and distribution of coffee, avocado, macadamia, potato, banana and seedlings

In **livestock production**, interventions will include vaccination programs, acaricide distribution, artificial insemination services, fodder bank establishment, feed processing plants, operational milk coolers, apiculture support, and the development of Dorper sheep and poultry value chains. **Fish production** will be supported through county-wide supply and distribution of fingerlings and brooders. **Cooperative development and value addition** will be strengthened through the construction and renovation of cattle dips, cooling plants, slaughterhouses, coffee and avocado nurseries and tree nurseries. Additional initiatives include support for cooperative societies, farmer training, input distribution, and climate-smart practices. The National Agricultural Value Chain Development Project (NAVCDP), funded by the World Bank will continue to greatly support county efforts by building producer capacity, supporting climate-resilient value chain investments, and promoting environmental conservation.

The Kaimosi Agricultural Training Centre (KATC), under the motto “*Ukulima Bora, Maisha Bora*”, has strengthened capacity for farmer training, modernized facilities and provided essential farm implements and infrastructure to support crop, livestock, and fish production. Key interventions will include the procurement of Garnsey cows, establishment of a fish hatchery, farm paddocking, supply of fertilizers and farm inputs, construction of calf pens, water projects, modern nursery Phase II, landscaping, motorbikes for mobility and the importation of livestock embryos.

Furthermore, training and extension services will equip farmers with modern farming techniques, best practices, and improve productivity.

iii. Sports and Tourism Development

The County Government of Nandi will position sports and youth development as a transformative driver of socio-economic growth and sports tourism. The County will scale up investment in modern, inclusive, and accessible sports infrastructure through construction and operationalization of the County Talent Academy, maintenance of key facilities including the Eliud Kipchoge Sports Complex, Nandi Hills Stadium, improvement of community sports fields.

To enhance mobility, competitiveness, and exposure of county teams, the County will operationalize a dedicated team transport system through the acquisition of a 52-seater bus and provision of sports equipment to registered teams across the county. The County will institutionalize structured talent identification and development pathways through regular county-wide competitions across diverse disciplines, including football, athletics, volleyball, and inclusive sports to ensure equitable participation and elite performance development.

Under youth empowerment, the County will strengthen employability and enterprise development through the provision of tools of trade and structured mentorship programmes. The County will finalize and implement an integrated Sports and Youth Policy to guide strategic investment, partnerships, governance and the long-term sustainability of sports and youth programmes across the county.

iv. Health Infrastructure Expansion and Service Delivery

Health Infrastructure Expansion To strengthen access to quality healthcare services the County Government will complete, renovate, and expand hospitals and dispensaries across all sub-counties to, with priority given to underserved and hard-to-reach areas. All new and rehabilitated facilities will be designed to be disability-friendly and inclusive to ensure equitable access for persons with disabilities, older persons, and other vulnerable groups.

Equipping & Operationalization the County will equip theatres, outpatient complexes, trauma centres, maternity units, and primary healthcare facilities with modern medical equipment to improve service delivery and patient outcomes. In addition to physical construction, the County will operationalize new and existing health facilities to ensure they are fully functional, including

provision of laundry units, staff quarters, and essential utilities to support healthcare workers and continuity of care.

Utilities & Support Systems To enhance reliability of health services, the County will install standby power generators in six health centres, one in each sub-county, to ensure uninterrupted service delivery during power outages. The County will also establish reliable and safe water supply systems in hospitals and health centres to strengthen infection prevention and control. Modern medical waste incinerators will be acquired and installed to ensure safe and environmentally responsible disposal of healthcare waste in line with public health and environmental standards.

Countywide Equity & Accessibility The County Government will promote equity in health service delivery by ensuring fair distribution of equipment and resources across all sub-counties. Investments will be guided by evidence-based needs assessments to ensure that rural and peri-urban areas benefit equitably from health sector development and to reduce disparities in access to quality healthcare services.

v. Urban Planning and Kapsabet Municipality to Strategic Medium-Term Priorities

The Urban Planning and Kapsabet Municipality programmes are aligned to the County's Strategic Medium-Term Priorities and the National Development Agenda (MTP IV), with a strong focus on sustainable urban development, infrastructure modernization, climate resilience and inclusive service delivery.

Sustainable Urban Development and Spatial Planning The programmes support sustainable urban growth through the preparation and implementation of integrated urban development plans, zoning regulations, and development control measures. This ensures orderly urban expansion, optimized land use, and reduced informal settlements within Kapsabet Municipality. The planned upgrading of roads, construction of Non-Motorised Transport (NMT) corridors, and rehabilitation of public parks promotes compact, liveable, and walkable urban spaces in line with the medium-term priority on sustainable cities and human settlements.

Infrastructure Development and Connectivity Upgrading of murram roads to bitumen standards, grading and gravelling of access roads will directly contribute to the medium-term priority of improving urban and rural connectivity. Improved road networks will enhance mobility, reduce travel time and transport costs, support trade, and improve access to social services. These

interventions will also strengthen last-mile connectivity within Kapsabet Municipality, enhancing economic productivity and inclusive growth.

Climate Resilience and Environmental Sustainability The improvement of storm water drainage systems and rehabilitation of parks and gardens aligns with the strategic medium-term priority on climate action and environmental protection. Stone-pitched drainage mitigates flooding and protects urban infrastructure from climate-related risks, while greening initiatives enhance urban ecosystems, improve air quality, and contribute to climate adaptation and mitigation.

Urban Safety, Security and Social Well-being Installation of high-mast lighting and streetlight points will contribute to the medium-term priority on safety, security and social stability in urban centres.

Inclusive Urban Services and Economic Enablement

The programmes integrate inclusivity through enhanced transport and market-related infrastructure improves access to markets and business areas, stimulates micro and small enterprises, and supports local economic development. Rehabilitation of parks also creates recreational and social spaces that improve quality of life and attract investment into Kapsabet town.

vi. Investment in Early Childhood Development Education and Vocational Training

The County Government of Nandi will transform Early Childhood Development Education (ECDE) and Vocational Training Centres (VTCs) into high-quality, inclusive, and market-responsive learning systems that anchor human capital development and youth employability. The County will scale up investment in modern learning infrastructure through the construction and renovation of ECDE classrooms and VTC workshops, additionally the county will establish Centres of Excellence to drive technical skills specialization and innovation aligned to current and emerging labour market demands.

To improve learning outcomes and relevance the County will provide learning materials and modern training equipment, integrate digital learning solutions through the deployment of ICT devices and align vocational training curricula with industry needs through partnerships with the private sector and national institutions.

Furthermore, the County will strengthen the education and training workforce by recruiting and continuously upskilling ECDE teachers and VTC instructors, while offering supportive learner

welfare interventions including a county-wide school feeding programme, to enhance enrolment retention, and learner performance.

To promote equity and access the County will expand targeted financing mechanisms through education bursaries, Educational Grants and capitation to ensure inclusive participation and improved transition rates across education levels.

vii. Clean Water Access, Environmental Conservation, and Land & Physical Planning

Clean Water Access The County will prioritize completion and operationalization of stalled and ongoing water projects to expand equitable access to safe and potable water. Focus will be on developing new water supply schemes, rehabilitating and maintaining existing systems and scaling up solarization of water projects to ensure sustainability and reduce operational costs. Implementation of the Kebeh Water Project and counterpart funding under K-WASH (World Bank) will strengthen water governance through improved water quality management, metering, and intake works. These interventions will enhance reliability of water supply, improve public health outcomes, and support socio-economic development.

Environmental Conservation The County will strengthen environmental protection and climate resilience through intensified afforestation and reforestation programmes aimed at increasing forest cover and safeguarding fragile ecosystems such as wetlands, riparian reserves, and escarpments. Climate change adaptation and mitigation will be mainstreamed into county planning and budgeting processes, supported by green energy promotion initiatives and the establishment of an automatic weather station and Renewable Energy Centre. The County will also operationalize an Environmental Compliance and Enforcement Programme and leverage FLLoCA financing to implement community-based climate action initiatives, promoting sustainable natural resource management and environmental stewardship.

Land & Physical Planning To promote orderly development and secure land tenure, the County will operationalize the County Spatial Plan and strengthen development control mechanisms through enforcement of physical and land use plans. Priority will be given to digitization of land records, regularization of land allocations, protection of public land, and resolution of land disputes through Alternative Dispute Resolution (ADR). The County will establish and operationalize planning liaison committees, finalize land regulations and SOPs and enhance processing of

development applications to support coordinated urban growth, infrastructure development, and investor confidence.

viii. Road infrastructure development

Expand and upgrade road infrastructure: Upgrade priority rural roads to bitumen standards in collaboration with KeNHA, KURA, and KeRRA; rehabilitate and maintain existing roads; open new access roads; construct bridges, footbridges and culverts to ensure safe, reliable, and all-weather connectivity across the county.

Strengthen road maintenance and delivery capacity: Enhance County capacity through acquisition and optimal utilization of modern road machinery, complemented by comprehensive road surveys and demarcation to promote planned, coordinated, cost-effective, and sustainable road infrastructure development.

ix. Micro, Small and Medium Enterprise economy, Digital Infrastructure, and Creative Industry

This strategic priority focuses on strengthening the Micro, Small and Medium Enterprise (MSME) economy as the engine of jobs, innovation and local wealth creation. The County will invest in modern market infrastructure, formal MSME worksites (jua kali sheds, modern market stalls, kiosks, boda-boda shades), and establishment of the County Biashara Enterprise Fund to improve access to finance and enhance business sustainability.

To accelerate growth and competitiveness, the County will expand **digital infrastructure** through development of an e-commerce platform and promotion of digital trade systems to link MSMEs to wider markets, improve market access, and enhance efficiency in service delivery.

In support of the **creative industry and light manufacturing**, the County will operationalize jua kali worksites, promote cottage industries, agro-processing (Banana value Chain) and textile and apparel units to unlock value addition, nurture local talent and create decent jobs particularly for youth and women.

Tourism promotion and branding will be leveraged as a market for creative products and services, positioning Nandi County as a destination of choice while expanding opportunities for MSMEs in hospitality and creative enterprises.

x. Culture, Social Inclusion and Knowledge Infrastructure for Inclusive Growth

Over the next medium term, the County Government of Nandi will position the creative economy, social inclusion and knowledge infrastructure as strategic enablers of inclusive growth, cultural identity, and community empowerment. The County will scale up investment in the preservation, promotion, and commercialization of cultural heritage through the conservation of cultural sites and monuments, construction and operationalization of modern cultural centres, and structured support to cultural practitioners, creative enterprises, festivals, exhibitions, research, and documentation.

To deepen social protection and inclusive development, the County will complete, equip, and operationalize social protection infrastructure including safe houses, dormitories, and social halls and mainstream gender equality, disability inclusion and affirmative action across all county programmes,

To enhance information and knowledge development, the County will expand and modernize library and information services through the construction and equipping of libraries, digitalization of library services, mobile and community outreach programmes, and promotion of literacy and lifelong learning.

CHAPTER FOUR

FISCAL POLICY AND BUDGET FRAMEWORK

4.1 Overview

The fiscal framework for FY 2026/27 and the medium term is anchored on the Nandi County Integrated Development Plan (CIDP) 2023–2027, the County Annual Development Plan (CADP) FY 2026/27, the fourth Medium Term Plan of Kenya Vision 2030, and the political manifestos of both the National and County Governments. The framework is designed to advance the Continued Transformation Agenda, promote balanced growth, and strengthen service delivery across the county.

The fiscal outlook for FY 2026/27 is constrained by a combination of global and domestic shocks, which have direct implications for revenue mobilization and expenditure management. Slower global economic growth, ongoing geopolitical tensions, and volatility in commodity markets are expected to reduce demand for exports, depress remittances, and increase input costs. Inflationary pressures, particularly in food and energy, will raise operational costs for the County, while climate-related shocks, including droughts and landslides, threaten agricultural productivity, infrastructure, and livelihoods. At the national level, projected revenue shortfalls and a fiscal deficit of approximately 5.3 per cent of GDP are expected to tighten fiscal space, with direct implications for county transfers and development funding. These challenges underscore the need for prudent fiscal management, strengthened revenue mobilization, and strategic expenditure prioritization to safeguard development outcomes and ensure fiscal sustainability in Nandi County.

4.2 Fiscal Policy

To strengthen fiscal sustainability and revenue performance, Nandi County has implemented a range of targeted fiscal reforms. The valuation roll is already in place, and the County is now focusing on its full implementation to enhance land rate collection and optimize property-based revenue. Revenue forecasting has been strengthened through the development and operationalization of a county revenue forecasting model supported under KDSP II, which is expected to improve revenue target setting, enhance fiscal forecasting accuracy, and reduce the accumulation of pending bills caused by overestimation.

Business licensing has been streamlined through a single business permit system to facilitate enterprise creation, encourage entrepreneurship, and stimulate job creation, particularly in urban centers and trade hubs. Urban development has seen notable progress: Kapsabet Municipality is now fully operational as an autonomous entity, while the Kenya Informal Settlement Programme II has significantly improved infrastructure in Mosoriot township, including construction of trunked roads, a bus park, and market stores. Plans to establish Nandi Hills as a municipality are at advanced stages, reflecting continued commitment to urban growth and enhanced service delivery.

The County has also strengthened its project management framework to enhance planning, implementation, and accountability. Ward Project Identification Committees (WPICs) ensure community-driven prioritization of projects, while Project Management Committees (PMCs) oversee execution, monitor progress, and ensure timely delivery. Modern monitoring and evaluation (M&E) systems have been adopted to promote transparency, accountability, and effective reporting of project outcomes. These measures ensure that public resources are efficiently allocated and that development interventions achieve meaningful impact for local communities.

Public service reforms have introduced a robust performance management framework, incorporating standardized tools, performance contracts, and cascading of appraisals across all staff levels to enhance productivity and accountability. To address ongoing challenges in development budget execution, the County is implementing robust contract management systems, conducting capacity-building programs for staff along the project lifecycle, issuing standardized procurement templates and guidelines, and leveraging M&E systems for improved monitoring and reporting.

These fiscal reforms, combined with progress in urban infrastructure, municipal planning, and strengthened project management, demonstrate Nandi County's commitment to enhancing revenue mobilization, improving service delivery, promoting transparency and accountability, and ensuring efficient and sustainable management of public resources.

4.3 Fiscal Reforms

Section 107(2)(f) of the Public Finance Management (PFM) Act, 2012, mandates County Treasuries to prudently manage their fiscal risks. The following fiscal risks associated with revenue and expenditure performance are likely to linger over the Medium Term:

- i) **Accumulation of pending bills** – While Nandi County has maintained prudent expenditure practices, underperformance in Own Source Revenue (OSR) contributes to cash flow pressures that can result in accumulation of pending bills.
- ii) **Underperformance in Own Source Revenue (OSR)** – While Nandi County has made significant progress, shortfalls in revenue collection remain a risk to fully funding planned operations and development programmes.
- iii) **High levels of works in progress** – Delays in project implementation and rollovers increase the risk of cost overruns and stalled development programmes, tying up resources and reducing efficiency.
- iv) **Wage bill pressures** – Nandi County has not complied with the statutory 35 % ceiling, with employee compensation accounting for 50 % of projected revenue in FY 2026/27. However, maintaining wage bill remains critical to ensure adequate funding for operations, maintenance, and development.
- v) **Delays in enactment of key county legislation** – Pending revenue laws and other enabling legislation constrain the County Government’s ability to fully exploit its revenue potential, potentially reducing OSR and fiscal flexibility.
- vi) **Overreliance on the equitable share** – Dependence on national transfers exposes the County Government to fiscal shocks arising from delays or shortfalls in national revenue collection and disbursement, which could affect service delivery and development programmes.
- vii) **Climate change-related risks** – Increased frequency of droughts, landslides and other extreme weather events threaten agricultural productivity, infrastructure, livelihoods and the County Government’s revenue base, given Nandi’s largely agricultural economy.

4.4 Adherence to Fiscal Responsibility Principles

Section 107 of the PFM Act, 2012 and Regulations of 2015 requires County Governments to adhere to the following fiscal responsibility principles:

- i) **Development budget:** In accordance with the PFMA Cap 412A Section 107 (2) (b), over the medium term, a minimum of thirty percent of the County Governments' budgets shall be allocated to development expenditure. Therefore, it is essential to ensure adherence to this fiscal responsibility principle both at the budget approval stage and during the actual implementation of the budget.

ii) **Wages:** Regulation 25(1) (a) and (b) of the PFM (County Governments) Regulations 2015 provides that County Governments' expenditure on wages and benefits for public officers shall not exceed thirty-five percent (35 percent) of the County Government's total revenue. Compliance with this fiscal rule has been wanting, highlighting the necessity for a concerted effort to ensure that the wage bill remains within the legally established threshold.

iii) **Borrowing:** Regulation 25 (1) (d) of the PFM (County Governments) Regulations 2015 provides that the county public debt shall not exceed twenty percent (20 percent) of the total revenue of the County Government at any given time. Any County Government seeking to borrow must comply with this legal requirement.

iv) **Taxes:** In accordance with provisions of Section 15 (2) (e) of the PFMA Cap 412A, County Governments should uphold a reasonable degree of predictability regarding tax rates and tax bases, considering any potential future tax reforms while implementing legislation for the collection of own-source revenue. Prioritizing the establishment of adequate legal frameworks regarding the principal legislation governing the imposition of taxes and fees is essential to ensure that these actions are conducted in accordance with the law.

v) **Fiscal risk:** County Governments are required to manage fiscal risks prudently in accordance with Section 15 (2) (e) of the PFMA Cap 412A.

4.5 Revenue Projections

In the FY 2026/2027, revenue collection from local Sources including FIF and national transfers is projected to increase to Ksh **8,845,668,985** from the FY 2025/2026 revenue projection of Ksh. **8,190,244,559**. Equitable share will form the largest part of revenue at Ksh. **7,863,862,634** while OSR revenue is projected to at Ksh. **981,806,351**. Performance will be supported by ongoing reforms in revenue administration which include automation of revenue sources, enforcement in non-performing sources and updating of valuation rolls for land rating. The County Government receipts of conditional grants and unconditional grants from the National Government is dependent on the County Governments Additional Allocation Act, 2026.

4.6 Expenditure Projections

The County Government implements a balanced budget where total revenue will equal total expenditure. Therefore, in FY2026/27, total expenditure is projected at Ksh. **8,845,668,985** where Ksh. **6,581,988,985 (74.4 percent)** will comprise recurrent expenditure and Ksh. **2,263,680,000 (25.6 percent)** will be used for development expenditure.

Compensation to employees is projected at Ksh **4,424,002,644 (50.01percent)** which exceeds the recommended threshold of 35 percent under Section 25 of the PFM (County Governments) Regulations, 2015. The County government will further allocate Ksh **1,172,980,000** of the Development budget to the Ward development kitty in line with the Nandi County Equitable Development Act, 2023 which prescribes an allocation of not less than 50 percent of the development budget to ward development projects.

4.7 Deficit Financing

Observing that the County is implementing a balanced budget, there is no deficit budget projected. Although section 140-142 of the PFM Act 2012 allows for borrowing to undertake development projects, the County Government does not envisage borrowing in FY 2026/2027. The projected expenditures are expected to be funded by the County OSR from local sources and A-in-As, transfers from the National Government and grants from the Gok and development partners.

4.8 Overall Budget Financing

The County Government has adopted approach in forecasting revenues in the Medium Term to manage expectations and improve budget credibility. Fiscal policy over the Medium-Term aims at enhancing revenue mobilization and furthering the fiscal consolidation plan to reduce budget deficit and strengthen our pending bill resolutions position while supporting our development programmes. The County Government Will also continue partnering with private organizations and development partners through Public-Private Partnership approach in order to avail more resources required to implement development projects in the County.

CHAPTER FIVE

MEDIUM TERM EXPENDITURE FRAMEWORK

5.1 Resource Envelope

The resource envelope available for allocation among spending entities for FY 2026/2027 is informed by the updated Medium Term Fiscal Framework outlined in Chapter Four. In light of persistent fiscal pressures arising from the wage bill, rising service delivery demands, and constrained resource inflows, the FY 2026/2027 budgeting process will emphasize expenditure rationalization and strategic prioritization to protect high-impact programmes. This approach ensures that limited resources are directed towards interventions that deliver the greatest socio-economic benefits while sustaining core service delivery.

A review of the prevailing macroeconomic conditions and the constrained fiscal space in recent years highlights the need to reallocate resources from low-impact and non-priority expenditures towards priority development areas. Accordingly, the FY 2026/2027 budget will be guided by a deliberate focus on funding strategic priorities aligned to the Bottom-Up Economic Transformation Agenda (BETA).

During FY 2026/2027, a larger share of resources will be channelled to priority physical and productive infrastructure sectors—particularly Roads, Water, and Agriculture—to unlock economic potential, improve access to markets and services, strengthen food security, and enhance climate resilience. These investments are central to sustaining the momentum of the Governor’s continued transformation agenda by stimulating local economic activity, reducing the cost of doing business, and expanding opportunities for wealth creation at the community level.

At the same time, all other sectors will continue to receive adequate and predictable funding in line with the County’s commitment to balanced and inclusive development. Investments in health, education and vocational training, MSME development, digital infrastructure, sports and tourism, urban development, governance, and social protection will be safeguarded to improve the quality of life for the people of Nandi and support sustainable economic growth.

Financing of the FY 2026/2027 budget will continue to be anchored on two main sources: transfers from the National Government and Own Source Revenue (OSR). Transfers are projected to finance approximately 90 percent of the County's expenditure priorities, while OSR is expected to contribute about 10 percent. The County will intensify domestic revenue mobilization reforms and digitization of revenue systems to progressively increase the OSR contribution and strengthen fiscal sustainability

5.2 Revenue Projections

The County's sources of revenue for FY 2026/2027 comprise the following:

•Equitable Share

The equitable share constitutes the unconditional allocation to County Governments from nationally collected revenue, as provided for under Article 202 of the Constitution and effected through the County Allocation of Revenue Act. The County Government is fully responsible for the utilization of these resources and remains directly accountable to the County Assembly for their prudent and effective application.

In FY 2026/2027, the equitable share from the National Government is projected at **Kshs. 7,863,862,634**, and will remain the primary source of financing for County programmes and projects.

• Own Source Revenue (OSR)

The County's Own Source Revenue for FY 2026/2027 is projected at **Kshs. 981,806,351**, based on historical collection performance and ongoing revenue enhancement measures, including automation of revenue streams, expansion of the revenue base, enforcement of compliance, and improvement of revenue administration systems.

Total Resource Envelope

The total revenue available to finance County expenditure in FY 2026/2027 is therefore projected at **Kshs. 8,845,668,985**. Over the medium term, total revenues are projected to grow to **Kshs. 9,287,952,435**, driven by gradual improvements in own source revenue performance and stable transfers from the National Government.

RESOURCE ENVELOP 2026/2027

Table 5. 1: Resource Envelope 2026-2027

County Resource Envelope for Draft Estimates Financial Year 2026-2027						
		Approved	Estimates	Approved 2025/2026	Projected Estimates	Proposed Estimates
CODE	REVENUE ITEMS	2024- 2025	2025-2026	2025-2026	2026-2027	2027-2028
1	Total Anticipated Revenue	10,544,536,710	9,908,704,837	10,641,182,473	8,845,668,985	9,287,952,435
1.1	Local Revenue	760,467,806	935,101,668	1,122,817,763	981,806,351	1,030,896,669
1520100	Land Rates	86,284,080	196,237,450	282,840,761	206,049,323	216,351,789
1520500	Property rent	10,472,026	3,763,200	3,768,792	3,951,360	4,148,928
1420328	Single Business Permits	69,123,112	87,220,700	74,479,247	91,581,735	96,160,822
1420405	Market Fees	21,732,000	16,838,492	18,655,783	17,680,417	18,564,437
1420345	Cess	70,300,525	120,678,236	157,399,290	126,712,148	133,047,755
1580401	Slaughter and Veterinary fee	5,150,970	2,837,465	2,913,817	2,979,338	3,128,305
1420404	Parking Fees	68,700,060	60,456,256	58,953,226	63,479,069	66,653,022
1580100	Health and Sanitation (A-I-A)	335,231,711	370,367,297	453,611,179	388,885,662	408,329,945
1530000	Advertising	10,272,709	8,456,348	13,801,044	8,879,165	9,323,124
1530000	Physical Planning	12,032,788	18,364,087	4,598,017	19,282,291	20,246,406
1	Other fees, penalties and forfeitures		2,789,300	1,064,199	2,928,765	3,075,203
1530000	Park fees	534,787	48,000	362,081		
1530000	Administrational control fees and charges	15,252,608	13,453,400	18,276,294	14,126,070	14,832,374
1530000	Conservancy and administration fee	6,712,654	6,567,398	7,146,395	6,895,768	7,240,556
1530000	Hire of County assets	42,876,856	26,345,589	24,613,235	27,662,868	29,046,012
1530000	OTHER FEES	5,790,920	678,450	334,403	712,373	747,991
1.2	GOVERNMENT FUNDING	7,941,071,107	7,771,778,066	7,771,778,066	7,863,862,634	8,257,055,766
1.2.1	CRF Balances	595,000,000		0		
1.2.2	CRA EQUITABLE SHARES	7,346,071,107	7,771,778,066	7,771,778,066	7,863,862,634	8,257,055,766
1.3	Conditional allocations from NATIONAL GOVERNMENT	471,443,794	117,786,388	446,064,618		
1.3.1	Establishment of the Industrial Park	187,500,000	52,631,579	133,368,421		
1.3.2	COMPENSATION OF USER FEE			0		
	Fertilizer Subsidy Programme			0		
	Livestock Value Chain Support Project			0		
1.3.3	RMLF 24/25	187,283,794	65,154,809	187,283,794		

1.3.4	Community Health Promoters	96,660,000		96,660,000		
1.3.5	Polytechnics			0		
1.3.6	Settlement of Doctors, Arrears			26,764,781		
	County Rural and Urban Affordable Committee			1,987,622		
	Unconditional Allocations from National Government	73,018,562	0	128,129,463		
	Minerals Royalties 2025/2026	17,907,661		55,110,901		
	Mineral Royalties for 2023/2024	55,110,901		55,110,901		
	Mineral Royalties for 2024/2025			17,907,661		
1.4	Conditional Allocations from Development Partners	1,298,535,442	1,084,038,715	1,172,392,563		0
1.4.1	DANIDA -HSPS3			0	0	0
1.4.2	KDSP I- Level I Grant World Bank	37,500,000	37,500,000	37,500,000		0
1.4.3	KDSP II Level II Grant World Bank		352,500,000	352,500,000		0
1.4.3	KDSP II- Level I Grant World Bank 2024/2025		37,500,000	37,500,000		
	W B. -National Agricultural and Rural Growth Projects			0		
1.4.4	IDA (WORLD BANK). - National Agricultural Value Chain Development project (NAVCDP)	151,515,152	151,515,152	231,250,000		
1.4.5	Other Loans and grants			0		
	Nutrition International			0		
1.4.6	Kenya Urban Support Project (KUSP)- UIG	35,000,000	35,000,000	35,000,000		
1.4.7	European Union Water Tower Programme			0		
1.4.8	Food and Agriculture Organization			0		
1.4.9	KISIP-Kenya Informal Settlements Improvement Project FY 2023/2024	208,354,058		0		
	KISIP-Kenya Informal Settlements Improvement Project 2024/2025	275,000,000	208,354,058	208,354,058		
1.4.10	Financing Locally Led Climate Action (FLLoCA) FY 2023/2024	216,757,206	216,757,206	216,757,206		
	Financing Locally Led Climate Action (FLLoCA) FY 2024/2025	216,757,206		0		
	FLLoCA County Climate Institutional Support (CCIS) Grant			0		

	China fund- Upgrading of Kaimosi Agricultural Training Centre	100,000,000			0	
1.4.11	Transfer for Library Services				0	
1.4.12	DANIDA- Primary Healthcare in Devolved Context	8,238,750		8,619,000		
1.5.0	ASDSP				0	
1.5.1	Kenya Urban Support project (KUSP)- UDG	33,993,380	33,993,380	33,993,380		
1.5.3	SWEDEN Kenya Agriculture Business Development Project		10,918,919	10,918,919		
1.5.4	Nandi County HIV/AIDS Programme	15,419,690		0		
1.5.5	LEASING OF MEDICAL EQUIPMENT			0		

PROPOSED BUDGET CEILINGS FOR FY 2026/2027

Table 5. 2: Summary of The MTEF Expenditure Estimates for The Financial Year 2026-2027

SUMMARY OF THE MTEF EXPENDITURE ESTIMATES FOR THE FINANCIAL YEAR 2025-2026								
	VOTE TITLE	PE ESTIMATES	Rec Est	Other op Est	Flagship/ Dept Dev Est	Ward Equi. Devt Act	Total Est	%
4411	COUNTY EXECUTIVE	146,066,669	284,179,608	3,000,000	40,000,000	0	473,246,277	5.35
4414	HEALTH AND SANITATION	2,281,387,724	567,509,750	8,500,000	110,000,000	115,660,000	3,083,057,474	34.85
4422	PUBLIC SERVICE AND LABOUR	35,269,637	16,530,450	1,000,000	1500000	0	54,300,087	0.61
4423	COUNTY ASSEMBLY	434,385,867	282,498,302	10,774,150	40,000,000	0	767,658,319	8.68
4424	KAPSABET MUNICIPALITY	14,239,784	23,330,000	1,000,000	65,000,000	0	103,569,784	1.17
4425	OFFICE OF THE COUNTY ATTORNEY	30,559,300	39,036,343	100,000	4,000,000	0	69,695,643	0.79
4426	FINANCE AND ECONOMIC PLANNING	273,016,729	240,720,000	6,500,000	25,000,000	0	545,236,729	6.16
4427	ADMINISTRATION, PUBLIC SERVICE AND e-Government	193,509,063	234,494,679	6,320,100	30,000,000	23,900,000	488,223,842	5.52
4428	AGRICULTURE AND CO-OPERATIVES DEVELOPMENT	243,333,414	23,380,789	3,290,000	187,000,000	62,800,000	519,804,203	5.88
4429	SPORTS,ARTS AND YOUTH AFFAIRS	43,991,122	65,800,794	1,250,600	46,500,000	29,900,000	187,442,516	2.12
4430	EDUCATION AND VOCATIONAL TRAINING	341,367,216	186,920,400	1,150,000	99,500,000	258,000,000	886,937,616	10.03
4431	LANDS, ENVIRONMENT, NATURAL RESOURCES AND CLIMATE CHANGE	143,959,526	21,499,964	5,200,000	124,000,000	219,080,000	513,739,490	5.81
4432	TRANSPORT, PUBLIC WORKS AND INFRASTRUCTURE DEVELOPMENT	130,601,348	27,399,282	22,503,226	104,000,000	450,240,000	734,743,856	8.31
4433	TRADE,TOURISM,INDUSTRIALIZATION AND ENTERPRISE DEVELOPMENT	95,856,955	20,098,820	3,900,000	137,600,000	13,400,000	270,855,775	3.06
4434	KAIMOSI AGRICULTURAL TRAINING CENTRE	4,107,316	19,521,230	1,250,000	53,600,000	0	78,478,546	0.89
4435	CULTURE GENDER AND SOCIAL WELFARE	16,350,974	27,827,854	1,500,000	23,000,000	0	68,678,828	0.78
	TOTALS	4,424,002,644	2,080,748,265	77,238,076	1,090,700,000	1,172,980,000	8,845,668,985	100
	Percentage Allocation	50.01	23.52	0.87	12.33	13.26	100	

CONCLUSION

The County Fiscal Strategy Paper (CFSP) for FY 2026/2027 sets out a prudent, people-centred and growth-oriented fiscal framework to guide resource allocation and expenditure management over the medium term. The strategy is anchored on the County Integrated Development Plan (CIDP 2023–2027), the County Annual Development Plan (ADP 2026/2027), and the Bottom-Up Economic Transformation Agenda (BETA), ensuring that county priorities are fully aligned to national development objectives and the aspirations of the people of Nandi.

Within a constrained fiscal environment characterized by rising recurrent expenditure pressures and limited growth in intergovernmental transfers, the County has adopted a deliberate prioritization framework that safeguards high-impact development programmes while protecting essential service delivery. The CFSP emphasizes completion and operationalization of ongoing flagship projects, consolidation of past investments, and targeted expansion of priority sectors that directly support wealth creation, food security, access to quality healthcare, skills development, MSME growth, digital transformation, environmental sustainability, and urban development.

The fiscal framework prioritizes investments in productive and enabling infrastructure, particularly roads, water, agriculture, health facilities, education and vocational training infrastructure, and urban services, as key drivers of inclusive growth and improved quality of life. These investments form the backbone of the Governor’s continued transformation agenda and are expected to catalyse private sector participation, reduce the cost of doing business, enhance market access, and expand employment opportunities, especially for youth and women.

The County will continue to strengthen fiscal discipline, enhance public financial management systems, and uphold the principles of transparency, accountability, and value for money. Key reforms will focus on expanding own source revenue through digitization and enforcement, improving expenditure efficiency, strengthening project planning and implementation, managing fiscal risks, and progressively reducing pending bills. These measures are critical to safeguarding the sustainability of county finances and ensuring predictable financing of priority programmes.

Public participation and stakeholder engagement remain central to the County’s planning and budgeting process. The priorities reflected in this CFSP are informed by community consultations,

sector working groups, and intergovernmental policy guidance, reinforcing the County's commitment to inclusive governance and responsive service delivery.

Overall, the CFSP for FY 2026/2027 provides a credible and realistic fiscal roadmap for sustaining development momentum, deepening service delivery, and accelerating socio-economic transformation in Nandi County. Through disciplined implementation, strategic partnerships, and continued reforms, the County is well positioned to consolidate gains, deliver tangible benefits to residents, and lay a strong foundation for long-term, inclusive and sustainable growth.