REPUBLIC OF KENYA

COUNTY GOVERNMENT OF NYERI

DEPARTMENT OF FINANCE, ECONOMIC PLANNING AND ICT

COUNTY BUDGET REVIEW AND OUTLOOK PAPER

2024

SEPTEMBER 2024

To obtain a copy of the document, please contact:

Office of the County Executive Committee Member for Finance, Economic Planning, and ICT

Ground Floor – Town Hall Building
P.O. Box 1112 -10100
NYERI

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FOREWORD

The 2024 County Budget Review and Outlook Paper (CBROP) has been prepared in light of a stable global and domestic economic outlook. Most of the macroeconomic indicators in leading economies and locally reflect economic recovery. The Kenyan economy is currently recovering from significant and persistent shocks that had adverse structural effects on economic activity. These challenges included the ongoing Eastern Europe and Middle East conflict, which disrupted global supply chains, the lingering effects of the COVID-19 pandemic, and the adverse impacts of climate change, highlighted by the prolonged drought in 2021 and subsequent floods in early 2024. These factors contributed to rising costs for essential household items, including fuel, which greatly affected the Kenyan economy. The impact of these externalities was reflected in the budget outturn for FY 2023/24 as well as the Approved estimates for FY 2024/25, where strategic fiscal adjustments were made and priorities aligned to the prevailing economic conditions.

Despite these difficulties, the Kenyan economy has shown remarkable resilience and recovery, largely due to its diversity and timely government interventions, which have included policy measures aimed at mitigating these challenges. This positive trajectory is expected to continue, as the government has initiated structural reforms under the Bottom-Up Economic Transformation Agenda (BETA) framework outlined in the Fourth Medium Term Plan. The Bottom-Up Economic Transformation Agenda (BETA) aims to lower the cost of living, eliminate hunger, create jobs, expand the tax base, and enhance foreign exchange stability and inclusive growth through a value chain approach.

The County Government will complement these national efforts by collaborating with the National Government on projects and programs focused on economic recovery and sustainability. In doing so, the County Government will strive for sustainable growth, job creation, quality healthcare delivery, and poverty reduction, thereby enabling Nyeri to achieve the goals set out in the County Integrated Development Plan (CIDP) 2023-2027, Kenya Vision 2030, Sustainable Development Goals (SDGs) and the theme of this year's budget of Sustaining Bottom-Up Economic Transformation Agenda, Fiscal Consolidation and Investing in Climate Change Mitigation and Adaptation for Improved Livelihoods.

However, the implementation of the FY 2023/2024 budget faced numerous challenges, primarily due to delayed fund disbursements from the National Treasury, which resulted in slow and limited absorption of funds. By June 30, 2024, the total revenue received amounted to Kshs. 7,527,328,593 comprising Kshs. 5,966,504,567 in equitable shares, Kshs. 456,889,101 in additional conditional allocations from the National Government and development partners, unspent balances from FY 2022/2023 of Kshs. 1,103,934,925 while Kshs. 667,120,608 was raised as the County's own source revenue, which was below the target of Kshs. 800,000,000. However, local revenue grew by 9.29% as compared to the previous financial year, and the

County is committed to enhancing revenue mobilization by enhancing the efficiency of the revenue system to seal possible loopholes and other leakages.

To strengthen public resource management, the County is slowly transitioning from cash to accrual accounting to improve cash management and enhance financial and fiscal reporting. The County is also ingrained in adopting a Zero-Based Budgeting approach in preparing the FY 2025/26 budget.

The budget allocations for the financial year 2024/2025 will significantly influence expenditure priorities for FY 2025/2026, considering rising wage bills, ongoing projects, high inflation rates, and the constrained fiscal environment. In preparing the County Fiscal Strategy Paper for 2025, fund allocations will be based on alignment with the objectives set forth in the Economic Recovery Strategy, the Annual Development Plan (ADP) for FY 2025/2026, and the CIDP 2023-2027.

I urge all Accounting Officers to strictly follow the schedule of activities and timelines outlined in the Budget Circular previously issued. This will ensure the timely finalization and appropriation of the FY 2025/2026 budget estimates, as well as the successful implementation of the FY 2024/2025 budget.

Robert Thuo Mwangi.
County Executive Committee Member
FINANCE, ECONOMIC PLANNING AND ICT

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

ACKNOWLEDGEMENT

The County Budget Review and Outlook Paper (CBROP), 2024, has been prepared in accordance with the provisions of the Public Finance Management (PFM) Act, 2012 (CAP 412A), and its Regulations. The document provides the fiscal outturn for FY 2023/2024 and the macroeconomic projections, and it will form the basis for setting the departmental ceilings for FY 2025/2026 and the medium budget.

Additionally, the document reviews how the actual performance in FY 2023/2024 influenced compliance with the fiscal responsibility principles and financial objectives outlined in the PFM Act. It will also support the development of the 2025 County Fiscal Strategy Paper (CFSP), which will set the ceilings and expenditure priorities for FY 2025/26

As we prepare the FY 2025/2026 medium-term budget, it is crucial to recognize that we are operating under tight resource constraints alongside significant expenditure demands. This necessitates careful prioritization to ensure that our spending targets the most impactful programs with the greatest benefits for Kenyans. I urge all county entities to review their proposals to avoid poor prioritization for FY 2025/2026. It is essential to adhere strictly to established guidelines and deadlines while emphasizing the importance of public participation and consultation with other statutory institutions. Resource allocation will focus on achieving outcome- and result-oriented development to increase household income in our county. The success of any budget implementation relies heavily on its quality, making it imperative to invest time and resources in its preparation.

This document reflects a collaborative effort from all County departments and entities, which provided valuable and credible information for analysis and inclusion. We appreciate their contributions to this important undertaking, a critical step in preparing the county budget for FY 2025/2026. I extend special gratitude to His Excellency the Governor, His Excellency the Deputy Governor, the County Secretary, County Executive Committee Members, Chief Officers, County Directors, and other county authorities for their unwavering support throughout this process.

Special thanks go to the team from the Directorate of Economic Planning, Budgeting, Monitoring and Evaluation who spent valuable time to ensure the success of this statutory requirement. To everyone who made this exercise successful, I thank you and assure your time that was spent for the success of this noble task was not in vain as the document will be of importance to the future planning and budgeting process in the county.

F.A/CPA Mwai S. Mathenge
For: <u>CHIEF OFFICER - ECONOMIC PLANNING, BUDGETING, M&E</u>

LEGAL BASIS FOR THE PUBLICATION OF THE COUNTY BUDGET REVIEW AND OUTLOOK PAPER

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

1) A County Treasury shall;
    a) prepare a County Budget Review and Outlook Paper (CBROP) in respect of the county for each financial year; and
    b) Submit the paper to the County Executive Committee by 30th September of that year.
2) In preparing the County Budget Review and Outlook Paper, the County Treasury shall specify-
    a) the details of actual fiscal performance in the previous financial year compared to the budget appropriation for that year;
    b) the updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper (CFSP);
    c) information on-
        i) any changes in the forecasts compared with the CFSP or.
        ii) how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles or the financial objectives in the CFSP for that year; and
    d) reasons for any deviation from the financial objectives in the CFSP together with proposals to address the deviation and the time estimated for doing so.
3) The County Executive Committee shall consider the CBROP with a view to approving it, with or without amendments, within fourteen days after its submission.
4) Not later than seven days after the CBROP is approved by County Executive Committee, the County Treasury shall:
    (a) arrange for the CBROP to be laid before the County Assembly; and
    (b) as soon as practicable after having done so, publish and publicize the paper.

FISCAL RESPONSIBILITY PRINCIPLES IN THE PUBLIC FINANCE MANAGEMENT ACT, 2012

Section 107(2) of the Public Financial Management (PFM) Act, 2012, sets out the fiscal responsibility principles to ensure prudence and transparency in the management of county public resources. The PFM Act states that:

(a) the county government's recurrent expenditure shall not exceed the county government's total revenue.

(b) over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure.

(c) the county government's expenditures on wages and benefits shall not exceed a percentage of the county government's total revenue as prescribed by the County Executive Member for finance in regulations and approved by the County Assembly

(d) over the medium term, the county government's borrowings shall be used only for the purpose for financing development expenditure and not for recurrent expenditure.

(e) the county debt shall be maintained at a sustainable level as approved by the County Assembly.

(f) the fiscal risks shall be managed prudently; and

(g) a reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.

EXECUTIVE SUMMARY

The County Budget Review and Outlook Paper (CBROP), 2024, reviews the budget implementation for FY 2023/2024 and projects the broad outlook for the county's development agenda for FY 2025/2026. It provides a fiscal framework for creating a strong basis for fiscal discipline and public funds accountability. The CBROP reminds us of the need to maintain an ideal balance between government receipts and expenditures.

The document provides objectives, the legal basis under which it is prepared, and how the performance of the FY 2023/2024 budget adhered to the fiscal responsibility principles and financial objectives spelt out in the PFM Act, 2012.

The CBROP is a key policy document that will guide the preparation of the CFSP 2025. It shows the macroeconomic projections at the national level, which will significantly impact the country's development performance in the medium term. The CFSP 2025 will highlight the progress in implementing the projects and programs prioritized in the FY 2024/2025 budget while also taking into account the recent macroeconomic developments.

In the review of the fiscal performance in FY 2023/2024, the CBROP provides some of the reasons why there were delays in the implementation of development projects. During the financial year, the exchequer releases to the county were highly inconsistent throughout the period. This led to slow or insufficient execution of the planned projects and programs, thus leading to delayed payments for that financial year. By the end of the financial year, 91.23 percent of the revenue had been realized, while overall spending stood at 95.61 and 72.38 percent on recurrent and development votes, respectively.

The document also analyzes the county's recent economic development, summarizing all development projects and programs undertaken during the last financial year, 2023/2024, in all sectors. Most of the development resources were spent on infrastructure, as infrastructure is a critical enabler of socioeconomic progression.

The CBROP provides the factors to be considered in allocating resources under the MTEF and budget preparation process. During FY 2023/2024, the County Treasury revised the budget twice, making it difficult to give projections for FY 2025/2026, although the amounts provided in the current FY 2024/2025 budget estimates will generally not be very different.

The county has continued to operate under tight resource constraints, with many unpredictable scenarios. Prudency will be observed at all levels to ensure value for money from the limited resources.

I. INTRODUCTION

A. Background

1. The County Budget Review and Outlook Paper (CBROP) is developed as per the requirements of section 118 of the Public Finance Management Act, 2012 (CAP 412A) which states that every county must prepare a CBROP by 30th September, of every fiscal year, and submit the same to the County Executive Committee (ExCom). The ExCom shall in turn:

a) Within fourteen days after submission, consider the CBROP with a view to approving it, with or without amendments.
b) Not later than seven days after the ExCom has approved the paper, the County Treasury shall.
c) Arrange for the paper to be laid before the County Assembly
d) As soon as practicable after having done so, publish and publicize the Paper.

B. Objectives of CBROP

2. The objective of the County Budget Review and Outlook Paper (CBROP), 2024 is to provide a review of fiscal performance for the FY 2023/24 and how this performance affects the financial objectives and fiscal responsibility principles set out in the PFM Act and outlined in the County Fiscal Strategy Paper (CFSP), 2024. This, together with updated macroeconomic developments and outlook provides a basis for revision of the current budget in the context of Supplementary Estimates and the broad fiscal parameters underpinning the FY 2024/25 and the medium-term budget. Details of the fiscal framework and the medium-term policy priorities will be firmed up in the CFSP, 2025.

3. The CBROP, 2024 is a key policy document that will guide the development of the CFSP, 2025. The CFSP, 2025 will highlight the progress in the implementation of the projects and programmes prioritized in the FY 2024/2025 Budget while also taking into account the recent macroeconomic developments.

4. The own source actual performance during the FY 2023/24 increased slightly by 9.29 percent compared to FY 2022/23. This comprised of all other revenue streams apart from the health sources that are retained in the health service fund. It is imperative to note that the collection from the fund grew significantly i.e., from Kshs. 473 million collected in the FY 2022/23 to Kshs 740 million in the FY 2023/24 representing 56.49 percent increase.

5. However, a closer analysis of collections from other revenue streams reveals an insignificant increase in receipts despite concerted efforts employed through a rapid result initiative drive aimed at improving revenue collection. Therefore, there is a need to refocus and identify a more reliable way to enhance own-source revenue to reduce overreliance on external sources.

6. As required by the PFM Act, 2012, the budget process emphasizes the efficiency and effectiveness of public spending and improving revenue collection to stimulate and sustain economic activities. This will, in turn, ensure that the county government is able to settle its commitment and enhance continued fiscal discipline. In order to meet the resource requirements for FY 2024/25, the County Government will continue to apply prudent measures aimed at enhancing local revenue collection and rationalizing expenditures.

II. REVIEW OF FISCAL PERFORMANCE IN 2023/2024

A. Overview

7. In the financial year 2023/24, the County Government faced delayed disbursement of funds from the National Treasury, which affected the execution of planned projects and programs due to cash flow challenges. Further, the delay in operationalizing Section 191 of the Public Finance Management Act impeded the authorization and disbursement of conditional grants. The requirement was, however, waived in the third quarter, explaining why most of the conditional grants have yet to be released.

8. During the financial year 2023/24, the County Treasury revised the budget to align it with the County Allocation of Revenue Act, 2023 and address the emerging social needs in line with the prevailing economic trends. The balances accruing from the FY 2022/23 were also appropriated by revising budget estimates to allow for spending and payment of pending bills and commitments. As at the end of the FY 2023/24, the approved second supplementary budget for the financial year amounted to Kshs. 8,982,402,108 comprising of Kshs. 6,196,977,088 for recurrent and Kshs. 2,785,425,020 for development.

B. Fiscal Performance in FY 2023/24

Revenue Performance

9. In the financial year 2023/2024, cumulative revenues received by the County Government from the National Government releases, conditional grants, and unspent balances in FY 2022/2023 amounted to Kshs. 7,527,328,593 while Kshs. 667,120,608 was received from the county's own revenue sources, as shown in **Table 1 below**. It is nevertheless important to note that the own revenue source does not contain the revenue streams from health facility following the creation of Health Service Fund which ring-fences collections for health. The actual collection through the fund amounted to Kshs. 740,425,501.

Table 1: Revenue Performance in Financial Year 2023/24

Revenue Sources and Expenditure	Approved Appropriation (Kshs)	Revised Appropriation (Kshs.)	Actual Performance (Kshs.)	Deviation (Kshs.)	Performance %
Balance B/F	-	1,103,934,925	1,103,934,925	0	100
Equitable Share	6,485,331,051	6,492,394,508	5,966,504,567	(543,409,156)	91.65
Transfer of Library Services	24,582,672	17,519,215			
Kenya Informal Settlement Programme (KISIP II)	60,000,000	135,648,946	135,648,946	0	100
DANIDA	9,875,250	9,875,250	9,875,250	0	100

Revenue Sources and Expenditure	Approved Appropriation (Kshs)	Revised Appropriation (Kshs.)	Actual Performance (Kshs.)	Deviation (Kshs.)	Performance %
Aggregated Industrial Park Programme	100,000,000	0	0	0	0
IDA (World Bank) Credit- National Agricultural Value Chain Development Programme (NAVCDP)	250,000,000	192,539,557	199,668,236	7,128,679	103.7
Kenya Climate Smart Agriculture Project (KCSAP)	90,000,000	0	0	0	0
ABDP	19,315,146	19,315,146	0	(19,315,146)	0
Livestock Value Chain Support Project	71,182,920	71,182,920	0	(71,182,920)	0
Agriculture Sector Development Support Programme (ASDSP II)	1,741,641	3,741,641	2,241,641	(1,500.000)	59.91
IDA (World Bank) Credit- Financing Locally Led Climate Action (FLLoCA) program- County Climate Institutional Support (CCIS) Grants	11,000,000	11,000,000	11,000,000	0	100
IDA (World Bank) Credit- FLLoCA Climate Change Grant Level 2	125,000,000	125,000,000	98,455,028	(26,544,972)	78.76
Court Fines	250,000	250,000	0	(250,000)	0
Sub-total	**7,248,278,680**	**8,182,402,108**	**7,527,328,593**	**(655,073,515)**	**91.99**
Own Source Revenue	800,000,000	800,000,000	667,120,608	(132,879,392)	83.39
Total Revenue	**8,048,278,680**	**8,982,402,108**	**8,194,449,201**	**(787,952,907)**	**91.23**
Salaries & Wages	4,082,426,835	4,351,904,379	4,203,648,460	(148,255,919)	96.59
Operations & Maintenance (O&M)	1,551,263,389	1,845,072,709	1,721,276,114	(123,796,595)	93.29
Development	2,414,588,456	2,785,425,020	2,016,016,681	(769,408,339)	72.38
Total Expenditure	**8,048,278,680**	**8,982,402,108**	**7,940,941,255**	**(1,041,460,853)**	**88.41**

Source: County Treasury, 2024

10. As of the end of June 2024, most of the targeted revenues had not fully been realized, including own source revenue, Aquaculture Business Development Programme (ABDP), Livestock Value Chain Support Project, and Agricultural Sector Development Support Programme (ASDSP II). The unspent cash balances from the financial year 2022/2023 amounted to Kshs. 1,103,934,925 necessitated the formulation of the first supplementary budget to appropriate the balances and align it to the County Allocation of Revenue Act of 2023.

11. In the financial year 2023/2024, the County Government received Kshs. 5,966,504,567 as equitable share revenue from the National Government, which was short of the approved amount by Kshs. 543,409,156. Further, the county received Kshs. 135,648,946 as a grant for the Kenya Informal Settlement Programme, Kshs. 9,875,250 from DANIDA, Kshs. 199,668,236 for the National Agriculture Value Chain Development Programme, Kshs. 2,241,641 for Agricultural Sector Development Support Programme II and Kshs. 109, 455, 028 from World Bank for Financing Locally Led Climate Action Programme.

12. The County Government collected Kshs. 667,120,608 from its own revenue streams against a target of Kshs. 800,000,000 during the financial year 2023/2024. The performance shows an increase of 9.29% compared with the previous financial year, 2022/2023. However, the amount does not comprise the collection from the health-related sources since they now form part of the allocation directed to the Health Service Fund that retains the finances collected within the fund and utilized for various health-related purposes. The amount collected by the fund in the financial year 2023/2024 amounts to Kshs. 740,425,501.

13. Despite ongoing efforts to enhance own-source revenue, the County Government continues to face several challenges in local revenue mobilization. Key among these are inadequate legal frameworks and outdated legislation, which often lead to conflicts and litigations that delay or hinder revenue collection. Additionally, limited capacity among revenue staff in areas such as enforcement, data management, and compliance monitoring affects efficiency and accountability in the system. Resistance from taxpayers, poor public awareness, and loopholes in revenue administration systems further contribute to underperformance.

14. Going forward, the County Government will come up with innovative ways of increasing its own revenue collection without necessarily overburdening its citizens. The County Government will ensure that all the necessary legislation to support revenue collection is enacted so as to reduce conflict and litigations that hinder optimal revenue collection. Further, the personnel involved at all levels of revenue mobilization, collection, enforcement, and management will continue to be equipped with requisite skills and capacity building on their core mandate in an endeavor to attain more resources for development initiatives. Increased revenue will also reduce the pending bills and overdependence on equitable share and other external revenue sources.

Table 2: Local Revenue Performance – FY 2023/24

	Revenue Stream	Annual Targeted Revenue (Kshs.)	Revenue Performance in 2023/24	Deviation in Revenue Performance in 2023/24	Percentage Performance in 2023/24
1.	Liquor License	86,808,759	54,937,830	(31,870,929)	63.29
2.	Agricultural Mechanization Station	1,500,000	548,835	(951,165)	36.59
3.	Wambugu Agricultural Training Centre	8,000,000	5,172,529	(2,827,471)	64.66
4.	Veterinary Charges	7,000,000	6,030,002	(969,998)	86.14
5.	Slaughtering Fees	2,580,060	1,574,658	(1,005,402)	61.03
6.	Nyeri Slaughterhouse	500,000	360,000	(140,000)	72.00
7.	Kiganjo Slaughterhouse	120,000	120,000	0	100
8.	Sale of Fertilizer/lime	60,000	0	(60,000)	0.00
9.	Gura Fishing Camp/fisheries revenue	30000	12,500.00	(17,500)	41.67
10.	Coffee Permit	566,310	366,200	(200,110)	64.66
11.	Market Entrance/Stalls/Shop Rents	45,202,269	46,796,177	1,593,908	103.53
12.	Weights and Measures	4,500,000	3,291,400	(1,208,600)	73.14
13.	Co-operative Audit	2,156,056	1,755,600	(400,456)	81.43
14.	Cultural Centre	200,000.00	165,000	(35,000)	82.50
15.	Public Health	17,000,000	13,148,009	(3,851,991)	77.34
16.	Burial Fees	134,933	66,000	(68,933)	48.91
17.	Business Permits	124,432,086	115,298,186	(9,133,900)	92.66
18.	Commission 3%/Agency Fee (Fees from KHC, Insurance Firms, etc..)	6,227,247	4,525,972	(1,701,275)	72.68
19.	Ambulant Hawkers Licenses (Other	709,102	340,430	(368,672)	48.01

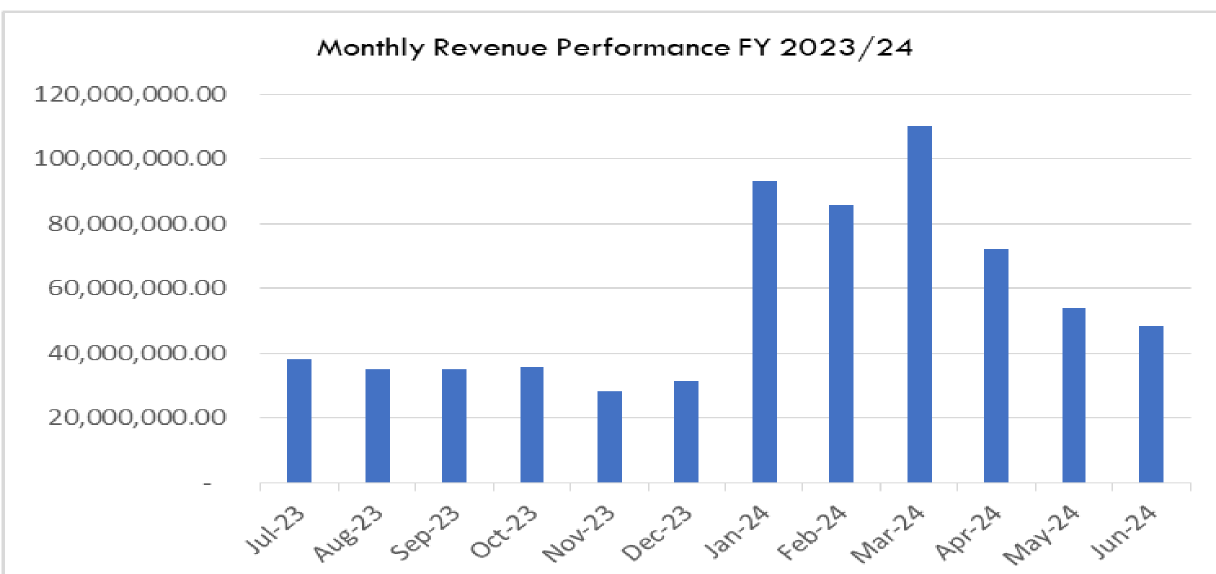
	Revenue Stream	Annual Targeted Revenue (Kshs.)	Revenue Performance in 2023/24	Deviation in Revenue Performance in 2023/24	Percentage Performance in 2023/24
	than BSS Permits)				
20.	Miscellaneous	300,000	206,966	(93,034)	68.99
21.	Document Search Fee/Duplicate receipts	148,905	74,250	(74,655)	49.86
22.	Impounding Charges/Court Fines, penalties, and forfeitures	30,00,000	3,717,750	717,750	123.93
23.	Application Fee	10,000,000	10,005,880	5,880	100.06
24.	Parking Clamping/Penalties/Offences fees	1,500,000	1,783,741	283,741	118.92
25.	Central Kenya Show annual permit	250,000	230,000	(20,000)	92.00
26.	Sale of Old Office Equipment and Furniture	0	0	0	0
27.	Right-of-Way / Way-Leave Fee (KPLN, Telkom, etc.)	3,000,000	4,295,500	1,295,500	143.18
28.	Cess (Quarry, Produce, Kaolin, etc..)	50,009,420	40,374,676	(9,634,744)	80.73
29.	Street Parking Fees	41,000,000	44,617,417	3,617,417	108.82
30.	Enclosed Bus Park	85,000,000	75,630,078	(9,369,922)	88.98
31.	Fire-Fighting Services	20,000,000	14,928,400	(5,071,600)	74.64
32.	Land Rates/ Other Property Charges	70,000,000	60,533,518	(9,466,482)	86.48
33.	Ground Rent - Current Year / Temporary Occupation License (TOL), New Occupation, Space Rent, Retainers fees	5,160,958	3,703,798	(1,457,160)	71.77
34.	Ground Rent - Other Years	1,852,002	1,484,459	(367,543)	80.15
35.	Hire of Plant & Machinery	0	0	0	0
36.	Plot Transfer Fee/Business Subletting / Transfer Fee	1,015,866	675,500	(340,366)	66.49
37.	Housing Estates Monthly Rent	40,124,180	26,228,588	(13,895,592)	65.37
38.	Approvals (Extension of users, Pegging for Kiosk, Subdivision, transfer, Amalgamation, survey, Occupation Cert, boundary dispute etc..)	25,000,000	17,971,387	(7,028,613)	71.89
39.	Sign Boards & Advertisement Fee	40,000,000	38,942,831	(1,057,169)	97.36
40.	Buildings Plan Approval Fee/Buildings Inspection Fee	37,088,828	22,306,895	(14,781,933)	60.14
41.	Consent to Charge Fee/Property Certification Fee (Use as Collateral)	1,719,518	1,648,000	(71,518)	95.84
42.	Sales of Council's Minutes / Bylaws	588,133	407,300	(180,833)	69.25
43.	Debts Clearance Certificate Fee	1,588,521	1,260,500	(328,021)	79.35
44.	Hire of Grounds (Kamukunji, Whispers Park) / Social Hall Hire	2,000,000	1,227,914	(772,086)	61.40
45.	Library Services	10,000	275,105	265,105	2751.05
46.	Food Ration (KRT) Nursery School	400,000	135,200	(264,800)	33.80
47.	Food Ration (Kingongo) Nursery School	308,066	198,000	(110,066)	64.27
48.	Food Ration (Nyakinyua) Nursery	434,276	233,300	(200,976)	53.72

	Revenue Stream	Annual Targeted Revenue (Kshs.)	Revenue Performance in 2023/24	Deviation in Revenue Performance in 2023/24	Percentage Performance in 2023/24
	School				
49.	Registration of School, Training/Learning Center Fee	0	0	0	0
50.	Stadium Hire (Ruringu, Karatina etc.)	61,205	50,000	(11,205)	81.69
51.	Public Toilets/Use of public toilets	149,145	97,035	(52,110)	65.06
52.	Refuse Collection Fee/Tipping charges/Garbage Dumping Fee/waste disposal charges	49,764,155	38,608,790	(11,155,365)	77.58
53.	Sale of flowers, Plants, Firewood, Produce etc.	0	0	0	0
54.	Quarry /mining charges-annual license fee	0	0	0	0
55.	Tree cutting permits	0	0	0	0
56.	Polluters of Environment Penalties	0	10,000	10,000	0
57.	Noise Regulation/Pollution	800,000	748,500	(51,500)	93.56
58.	Exhauster Services Charge	0	0	0	0
59.	Private borehole operators	0	0	0	0
60.	Water bowser/water vendor licenses	0	0	0	0
	Grand Total	**800,000,000**	**667,120,607.58**	**132,879,392.42**	**83.39**

Source: County Treasury, 2024

15. From a monthly review, the county government's performance of local revenue collection sharply rises from January, with March recording the highest amount, as shown in the figure below. This is because key revenue sources such as Single Business Permits, and land rates have a payment deadline in March before they start attracting fines and penalties.

Figure 1: Monthly Own Source Revenue Performance in FY 2023/2024



Source: County Treasury, 2024

Expenditure Performance

16. The total expenditure in the financial year 2023/2024 amounted to Kshs. 7,940,941,255 against a budget of Kshs. 8,982,402,108, representing an underperformance of Kshs. 1,041,460,853, as shown in Table 3 below.

17. The expenditure challenges that led to this deviation and shortfall in absorption include the National Government's failure to release the disbursements on time and not having met the local revenue targets. Additionally, the long and bureaucratic process of procurement and requisition of funds from the County Revenue Fund exacerbated this issue. Further, the allocated donor funds were not disbursed despite being approved in the County Budget, hence the underperformance of the overall budget.

18. As earlier mentioned, the government will continuously put in place measures to enhance its own source of revenue thus reducing overreliance on external funding. In addition to these internal efforts, continuous engagement with other Government Agencies such as the National Treasury and the Office of the Controller will be pursued to deal with expenditure bottle necks such as the long procurement and requisition processes as well as timely release of exchequer issues and donor funds.

Table 3: Expenditure Performance in FY 2023/24

Expenditure Classification	Approved Appropriation (Kshs)	Revised Appropriation (Kshs.)	Actual Performance (Kshs.)	Deviation (Kshs.)	Performance %
Salaries & Wages	4,082,426,835	4,351,904,379	4,203,648,460	(148,255,919)	96.59
Operations & Maintenance (O&M)	1,551,263,389	1,845,072,709	1,721,276,114	(123,796,595)	93.29
Total Recurrent	**5,633,690,224**	**6,196,977,088**	**5,924,924,574**	**(272,052,514)**	
Development	2,414,588,456	2,785,425,020	2,016,016,681	(769,408,339)	72.38
Total Expenditure	**8,048,278,680**	**8,982,402,108**	**7,940,941,255**	**(1,041,460,853)**	**88.41**

Source: County Treasury, 2024

19. During the financial year 2023/2024, the County Government incurred recurrent expenditure amounting to Kshs. 5,924,924,574 against a proposed budget of Kshs.6,196,977,088 representing an underperformance of Kshs. 272,052,514. The county spent Kshs. 4,203,648,460 and Kshs. 1,721,276,114 on Personal Emoluments and Operations and Maintenance, respectively.

20. Expenditure on development amounted to Kshs. 2,016,016,681 against a revised estimate of Kshs. 2,785,425,020, representing an underperformance of Kshs. 769,408,339. This can be attributed to delayed disbursement of the exchequer by the National Treasury as well as a shortfall in the county's own source revenue collection.

Performance by Departments and Other County Units

21. Analysis of the performance by departments and other county units indicates that the Department of Health Services and Public Health had the highest percentage of recurrent expenditures, at 99.71%, while the Department of Roads, Transport, Public Works, Infrastructure and Energy had the lowest, at 80.76%, as shown in Table 4 below.

Table 4 : Performance of Recurrent Budget in FY 2023/24

Department/Entity	Approved Appropriation (Kshs)	Revised Appropriation (Kshs)	Actual Performance (Kshs)	Deviation (Kshs)	Performance (%)
Executive Office of the Governor and the Deputy Governor	149,525,317	172,927,537	154,875,942	18,051,595	89.56
Office of the County Secretary	129,694,168	143,059,031	132,669,497	10,389,534	92.74
Finance, Economic Planning and ICT	812,453,629	879,396,663	814,707,702	64,688,961	92.64
Lands, Physical Planning and Urban Development	90,986,943	95,478,643	88,350,136	7,128,507	92.53
Health Services and Public Health	2,399,143,540	2,459,242,569	2,452,179,569	7,063,000	99.71
Gender, Youth, Social Services and Sports	92,535,224	106,596,893	96,214,603	10,382,290	90.26
County Public Service and Solid Waste Management	289,443,930	417,193,892	346,739,319	70,454,573	83.11
Agriculture, Livestock and Aquaculture Development	241,540,696	246,081,678	230,722,600	15,359,078	93.76
Trade, Cooperatives, Culture and Tourism	52,664,145	79,491,515	74,752,396	4,739,119	94.04
Education, Training and Devolution	350,620,023	503,686,187	499,805,063	3,881,124	99.23
Water, Environment, and Climate Change	79,144,595	85,659,595	79,254,389	6,405,206	92.52
County Assembly	776,126,610	805,714,253	774,304,754	31,409,499	96.10
County Public Service Board	42,381,177	47,477,641	46,708,458	769,183	98.38
Roads, Transport, Public Works, Infrastructure and Energy	87,124,607	88,276,107	71,295,316	16,980,791	80.76
County Attorney	40,305,620	66,694,884	62,344,830	4,350,054	93.48
TOTAL	**5,633,690,224**	**6,196,977,088**	**5,924,924,574**	**272,052,514**	**95.61**

Source: County Treasury, 2024

22. From the analysis of the Development budget below, the Office of the County Secretary had the highest absorption rate of the Development budget at 93.23 %, followed by the Department of Gender, Youth, Social Services and Sports with 91.68% of the allocated budget. The County Assembly had the lowest absorption rate at 37.90% followed by the Office of the Governor and Deputy Governor with 40.31%. **Table 5** below shows the performance of the departments and units. However, the figures on the tables may change slightly due to year-end adjustments.

Table 5: Performance of the Development Budget in FY 2023/24

Department	Approved Appropriation (Kshs)	Revised Appropriation (Kshs)	Actual Performance (Kshs)	Deviation (Kshs)	Performance (%)
Executive Office of the Governor and the Deputy Governor	40,500,000	46,600,000	18,785,244	27,814,756	40.31
Office of the County Secretary	14,750,000	14,250,000	13,285,435	964,565	93.23
Finance, Economic Planning and ICT	35,000,000	66,662,775	46,719,795	19,942,980	70.08
Lands, Physical Planning and Urban Development	146,319,603	295,211,992	265,202,796	30,009,196	89.83
Health Services and Public Health	409,356,849	465,963,767	280,334,036	185,629,731	60.16
Gender, Youth, Social Services	101,200,000	123,582,503	113,305,484	10,277,019	91.68

Department	Approved Appropriation (Kshs)	Revised Appropriation (Kshs)	Actual Performance (Kshs)	Deviation (Kshs)	Performance (%)
and Sports					
County Public Service and Solid Waste Management	65,500,000	52,694,150	43,407,750	9,286,400	82.38
Agriculture, Livestock and Aquaculture Development	471,309,172	453,597,017	328,482,631	125,114,386	72.42
Trade, Cooperatives, Culture and Tourism	313,200,000	203,357,870	125,726,227	77,631,643	61.83
Education, Training and Devolution	89,500,000	110,214,814	62,173,047	48,041,767	56.41
Water, Environment, and Climate Change	248,500,000	337,597,215	189,300,159	148,297,056	56.07
County Assembly	50,000,000	50,000,000	18,949,568	31,050,432	37.90
County Public Service Board	6,000,000	6,000,000	3,430,700	2,569,300	57.18
Roads, Transport, Public Works, Infrastructure and Energy	423,452,832	559,692,917	506,913,809	52,779,108	90.57
County Attorney	0	0	0	0	0
TOTAL	**2,414,588,456**	**2,785,425,020**	**2,016,016,681**	**769,408,339**	**72.38**

Source: County Treasury, 2024

23. Given that the county budget is program-based**, Table 6** below shows the budget's Performance by Programme and Sub-Programme.

Table 6: Performance of the Budget by Programme and Sub-Programme FY 2023/24

			Recurrent		Development		Total Budget	
County Department	**Name of the Programme**	**Sub-Programme**	**Approved Budget**	**Actual Payments**	**Approved Budget**	**Actual Payments**	**Approved Budget**	**Actual Payments**
Executive Office of the Governor and the Deputy Governor	Management and Co-ordination of county affairs	Administration, planning and support services	149,362,688	132,597,084	46,600,000	18,785,244	195,962,688	151,382,328
		Coordination of county functions	18,315,284	17,530,123	0	0	18,315,284	17,530,123
		Management of county affairs	5,249,565	4,748,735	0	0	5,249,565	4,748,735
Executive Office of the Governor and the Deputy Governor Total			**172,927,537**	**154,875,942**	**46,600,000**	**18,785,244**	**219,527,537**	**173,661,186**
Office of the County Secretary	Coordination of County Functions and Public Service Management	Administration, planning and support services	140,875,811	130,902,364	14,250,000	13,285,435	155,125,811	144,187,799
		County publicity campaign	2,183,220	1,767,133	0	0	2,183,220	1,767,133
Office of the County Secretary Total			**143,059,031**	**132,669,497**	**14,250,000**	**13,285,435**	**157,309,031**	**145,954,932**
Finance, Economic Planning and ICT	Executive services	Administration and personnel services	712,796,361	662,002,517	66,662,775	46,719,795	779,459,136	708,722,312
	Economic Planning and Policy Formulation	Economic Planning and Policy Formulation	15,261,036	13,873,064	0	0	15,261,036	13,873,064
		Monitoring and Evaluation	9,064,060	8,958,984	0	0	9,064,060	8,958,984
	Public Finance Management	Financial Accounting	43,449,974	40,018,981	0	0	43,449,974	40,018,981
		Internal Audit	9,212,300	8,469,352	0	0	9,212,300	8,469,352
		Procurement Compliance and Reporting	13,076,679	12,277,525	0	0	13,076,679	12,277,525
	ICT Development	ICT Infrastructure Development	5,467,575	5,264,420	0	0	5,467,575	5,264,420
	Revenue Mobilization	Revenue Mobilization	71,068,678	63,842,859	0	0	71,068,678	63,842,859

			Recurrent		Development		Total Budget	
County Department	**Name of the Programme**	**Sub-Programme**	**Approved Budget**	**Actual Payments**	**Approved Budget**	**Actual Payments**	**Approved Budget**	**Actual Payments**
Finance, Economic Planning and ICT Total			**879,396,663**	**814,707,702**	**66,662,775**	**46,719,795**	**946,059,438**	**861,427,497**
Lands, Physical Planning and Urban Development	Physical planning services	Administration and personnel services	86,379,643	80,100,037	295,211,992	265,202,796	381,591,635	345,302,833
	Housing Development and Human Settlement	Government Building	4,821,057	4,155,797	**0**	**0**	4,821,057	4,155,797
	Land Policy and Planning	Land Policy Formulation	4,277,943	4,094,302	**0**	**0**	4,277,943	4,094,302
Lands, Physical Planning and Urban Development Total			**95,478,643**	**88,350,136**	**295,211,992**	**265,202,796**	**390,690,635**	**353,552,932**
Health Services and Public Health	Administration, Planning and General Support Services	Administration, Planning and General Support Services	2,425,965,931	2,419,001,088	465,963,767	280,334,036	2,891,929,698	2,699,335,124
	Health Services	Community health	2,922,000	2,823,843	0	0	2,922,000	2,823,843
		Health Services	30,354,638	30,354,638	0	0	30,354,638	30,354,638
Health Services and Public Health Total			**2,459,242,569**	**2,452,179,569**	**465,963,767**	**280,334,036**	**2,925,206,336**	**2,732,513,605**
Gender, Youth, Social Services and Sports	General Administration and Planning services	Administration and personnel services	78,560,305	75,066,667	0	0	78,560,305	75,066,667
	Library services and Disaster Management	Administration and planning services	17,627,000	14,562,834	96,000,492	89,685,572	113,627,492	104,248,406
	Social Development and Protection	County children’s home management	3,242,000	2,822,442	0	0	3,242,000	2,822,442
	Sports and Talents Development	Recreation and Sporting Services	0	0	27,582,011	23,619,912	27,582,011	23,619,912
		Search and nurture talents	7,167,588	3,762,660	0	0	7,167,588	3,762,660
Gender, Youth, Social Services and Sports Total			**106,596,893**	**96,214,603**	**123,582,503**	**113,305,484**	**230,179,396**	**209,520,087**
County Public Service and Solid Waste Management	Human resources Management	Administration Planning and Support Services	408,745,064	340,207,892	17,194,150	10,282,852	425,939,214	350,490,744
	Sanitation management	Administrative Support Services	0	0	35,500,000	33,124,898	35,500,000	33,124,898
		Environment Conservation, Protection and Management	8,448,828	6,531,427	0	0	8,448,828	6,531,427
County Public Service and Solid Waste Management Total			**417,193,892**	**346,739,319**	**52,694,150**	**43,407,750**	**469,888,042**	**390,147,069**
Agriculture, Livestock and Aquaculture Development	Agricultural Management	Administration and planning services	232,191,315	219,095,765	68,199,929	56,789,450	300,391,244	275,885,215
	County Extension Services and Aquaculture Development	Administrative Support Services	3,663,860	2,750,021	47,375,111	24,507,220	51,038,971	27,257,241
	Coffee Improvement Program	Coffee Improvement Program			197,539,557	197,539,907	197,539,557	197,539,907
	Crop Management	County Agriculture Extension Program	2,030,003	1,368,223	31,199,500	24,434,613	33,229,503	25,802,836
	AMS Naromoru	Development Of Agricultural Land for Crop Production	1,226,000	1,226,000	2,000,000	1,189,445	3,226,000	2,415,445
	Wambugu ATC	Farm Development	5,300,000	5,300,000			5,300,000	5,300,000
	Livestock Production	Provision of Extension	1,670,500	982,591	107,282,920	24,021,996	108,953,420	25,004,587

			Recurrent		Development		Total Budget	
County Department	**Name of the Programme**	**Sub-Programme**	**Approved Budget**	**Actual Payments**	**Approved Budget**	**Actual Payments**	**Approved Budget**	**Actual Payments**
	Management	Services to Livestock farmers						
Agriculture, Livestock and Aquaculture Development Total			**246,081,678**	**230,722,600**	**453,597,017**	**328,482,631**	**699,678,695**	**559,205,231**
Trade, Cooperatives, Culture and Tourism	Co-operatives	Cooperative Development and Management	5,769,585	5,484,999	24,500,000	22,740,376	30,269,585	28,225,375
	Tourism Development	Promotion of Tourism	7,032,000	6,904,020	14,095,113	11,261,557	21,127,113	18,165,577
	Trade Development	Trade Promotion	66,689,930	62,363,377	164,762,757	91,724,294	231,452,687	154,087,671
Trade, Cooperatives, Culture and Tourism Total			**79,491,515**	**74,752,396**	**203,357,870**	**125,726,227**	**282,849,385**	**200,478,623**
Education and Training	General administration and policy Development and implementation	Administrative Support Services	499,993,691	496,367,013	82,000,936	40,660,972	581,994,627	537,027,985
	ECDE Management	ECDE Management	3,692,496	3,438,050	0	0	3,692,496	3,438,050
	Youth Training and Development	Youth Training and Development	0	0	28,213,878	21,512,075	28,213,878	21,512,075
Education and Training Total			**503,686,187**	**499,805,063**	**110,214,814**	**62,173,047**	**613,901,001**	**561,978,110**
Water, Environment, and Climate Change	Water Management	Administrative Support Services	78,744,685	72,782,481	0	0	78,744,685	72,782,481
	Environment and Climate Change	Environment Conservation, Protection and Management	6,914,910	6,471,908	227,292,760	90,370,833	234,207,670	96,842,741
	Water Management	Water Services	0	0	110,304,455	98,929,326	110,304,455	98,929,326
Water, Environment, and Climate Change Total			**85,659,595**	**79,254,389**	**337,597,215**	**189,300,159**	**423,256,810**	**268,554,548**
County Assembly	General administration, Policy Development and implementation	Administration and planning services	805,714,253	774,304,754	50,000,000	18,949,568	855,714,253	793,254,322
County Assembly Total			**805,714,253**	**774,304,754**	**50,000,000**	**18,949,568**	**855,714,253**	**793,254,322**
County Public Service Board		Administration and personnel services	47,477,641	46,708,458	6,000,000	3,430,700	53,477,641	50,139,158
County Public Service Board Total			**47,477,641**	**46,708,458**	**6,000,000**	**3,430,700**	**53,477,641**	**50,139,158**
Roads, Transport, Public Works, Infrastructure and Energy	General Administration and Planning services	Administration, planning and support services	76,606,907	60,136,560	0		76,606,907	60,136,560
	Road's development, maintenance and management	County access and feeder roads improvement	0	0	285,789,526	257,410,042	285,789,526	257,410,042
	Energy Sector development	Street Lighting	0	0	273,903,391	249,503,767	273,903,391	249,503,767
	Energy Sector development	Street lighting programme	11,669,200	11,158,756	0	0	11,669,200	11,158,756
Roads, Transport, Public Works, Infrastructure and Energy Total			**88,276,107**	**71,295,316**	**559,692,917**	**506,913,809**	**647,969,024**	**578,209,125**
County Attorney	General Administration and Planning services	Management of county affairs	66,694,884	62,344,830	0	0	66,694,884	62,344,830
County Attorney Total			**66,694,884**	**62,344,830**	**0**	**0**	**66,694,884**	**62,344,830**
Grand Total			**6,196,977,088**	**5,924,924,574**	**2,785,425,020**	**2,016,016,681**	**8,982,402,108**	**7,940,941,255**

Source: County Treasury, 2024

C. Fiscal performance of the FY 2023/2024 in relation to fiscal responsibility principles and financial objectives

24. In line with the Constitution, the PFM Act, 2012, the PFM Regulations, objectives as outlined in the CFSP 2024, and in line with the principles of prudent and transparent management of public resources, the county government has largely adhered to the fiscal responsibility principles as set out in the statute as follows:

25. Compared to the financial year 2022/2023, the projected own source revenue increased by 9.23%) from Kshs 610,737,309 to Kshs. 667,120,608 in the FY 2023/24. This is attributed to enhanced enforcement and awareness creation among the Nyeri people. Additionally, the county received Kshs 7,527,328,593 out of the expected 8,182,402,108 from the exchequer.

26. By the end of the fourth quarter of FY 2023/24, the expenditure on development was Kshs. 2,016,016,685, while Kshs. 5,924,924,572 was spent on recurrent expenditure, representing a 72% and 95% absorption rate of the development and recurrent budget, respectively. The recurrent expenditure was within the limit and in line with section 107 (2) (a) of the PFM Act, 20212. On the other hand, the low absorption of development funds is attributed to the delay by the National Treasury in releasing the exchequer, which subsequently hampered the execution of planned activities due to cash flow challenges.

27. According to the County Allocation of Revenue Act (CARA 2024), the amount of expected revenue in the form of equitable share in FY 2024/35 is Kshs 6,580,025,891, which is a 1.46% increase as compared to the amount in FY 2023/24. In addition, the target for Own Source Revenue in FY2024/25 is Kshs. 800,000,000 for all the revenue streams apart from health sources, which will be maintained in the Health Fund created by the Nyeri Health Service Act, 2021. The actual contribution of local revenues has remained below 10 percent of the projected total county revenues in FY2024/2025. The actual contribution of local revenue to the total county budget in FY 2023/24 amounted to only 7.4 percent.

28. The County Government's revenue from its own sources in FY 2023/24 demonstrated a notable increase compared to FY2022/23. This growth was primarily attributed to higher collections from market fees, public health, business permits and application fees, impounding fees, parking fees, and garbage collection fees. Specifically, revenue from health-related sources amounted to Ksh. 740 million in FY 2023/24, exceeding the set target of 526M, translating to a 136 percent achievement rate. The enhanced performance in health-related revenue can be attributed to implementing the Health Services Fund. Furthermore, the upsurge in other revenue streams can be ascribed to improved enforcement and greater acceptance of levies and charges by the public.

29. However, despite the challenges experienced, revenue collection is expected to increase, and efforts will be made for further improvement. This will include expanding the county’s revenue base, strengthening existing revenue streams, and reducing litigation by engaging all stakeholders in formulating related legislation. The enforcement and inspectorate units will continue being facilitated through capacity building to be more effective in revenue mobilization. These efforts towards enhancing own source revenue collection will significantly reduce overreliance on exchequer releases from the National Government. Consequently, this will enhance the prudent management of fiscal risks by ensuring that budget estimates align with actual outcomes as envisaged by section 107 (2) (f) of the PFM Act, 2012.

30. For the FY 2024/25 budget, adjustments will be introduced on fiscal aggregates as provided under section 108 (2) of the PFM Act, 2012; CARA, 2022, and the unspent balances as of 30th June 2024. The pending bills and ongoing works accruing from the FY 2023/2024 totaled to approximately Kshs 205,517,811. These will partly be paid as the first charge in respective departmental votes, and the remaining amount will be provided for during a supplementary budget from the amount brought forward from the 2023/24 financial year.

31. In accordance with section 25(1) (b) of the PFM (County Governments) Regulations, the county government is required not to spend more than 35 percent of its aggregate revenue on salaries and wages. However, since the dawn of devolution, pressure has been rising for countries to adhere to this provision on wage bill ceiling despite the fact that the rise is triggered mainly by external factors. These include the increase in salaries of staff as well as the signing of CBAs nationally and the effects being imposed on counties to execute without the provision of additional resources, e.g., the CBA for nurses and doctors, which has continued to strain the county's resource basket.

32. The County's allocation on salaries and wages in FY 2023/24 stood at Kshs. 4,328,745,491, representing 47.76 percent of the total county budget. The incessant recruitment of staff without consideration of its effect on the budget has further deepened pressure on the already strained budget leaving very little for operations and maintenance. Further, the demand for promotions from workers, whenever they are due, has also contributed significantly to the continued rise in the wage bill.

33. By the end of FY 2023/24, the County Government expenditure on wages and salaries was Kshs. 4,203,648,460 which translated to 52.94 percent of the county's total actual expenditure. Despite the fact that expenditure on wages and salaries was beyond the required threshold of 35% as per the PFM regulations, the county government has continued to explore ways of reducing the wage bill to release funds to development activities. There is a need for the county government to prioritize addressing the issue of the alarming wage bill pressure and explore sustainable ways to avoid ending up with a budget that can only settle salaries and leave nothing for operations.

34. In the financial year 2023/2024, the amount allocated for development expenditure was 31.01 percent of the total county budget, which was within the legal requirement in line with the PFM Act 2012, which requires the county government to allocate at least 30% of its annual budget towards development expenditure over the medium term. By the end of this period, only

Kshs. 2,016,016,681 of the development budgets had been spent, translating to 25.39 percent of the total county expenditure.

35. Notably, During FY 2023/24, the County Government did not borrow to finance its development or recurrent expenditure. However, eligible pending bills debts will be catered for through an allocation in the supplementary budget. This will ensure that the county debt is maintained at a sustainable level in accordance with the fiscal responsibility principles outlined in the PFM Act, 2012. The cash balances carried forward to FY 2023/24 amounted to Kshs. 1,103,934,925, consisting mainly of the last tranche for FY 2022/2023 and donor/conditional grants. This necessitated appropriation through a supplementary budget to enable the funds to be utilized.

36. Pursuant to the provisions of the PFM Act, 2012, the County Treasury prepared the Finance Bill, 2023, which the County Assembly later approved. Preparing the finance bill ensured that a reasonable degree of predictability with respect to the level of tax rates and tax bases was maintained. This was done by involving all key stakeholders and public members to guarantee ownership and indulgence in the process. The preparation of the bill through a participatory process was also meant to curtail the chances of conflict on matters relating to the settlement of fees, rates, and charges. This also ensured that the stakeholders were aware of the accruing benefit from payment of fees, rates, and charges, hence enhancing adherence to the requirements of the law.

37. The County Government also ensured the implementation of projects and programs aligned with the third-generation County Integrated Development Plan that guides the development agenda over the medium term. The CIDP is aligned to the Sustainable Development Goals, Kenya's Vision 2030, and National Government Agenda for the current administration as well as other necessary policies that impact positively on the development of the county in the plan period.

III. RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

38. The County's development agenda over the medium term is heavily linked to national and international aspirations, as outlined in Kenya's Vision 2030 and its medium-term plans, as well as other regional and international plans and agreements. Consequently, global and national economic indicators significantly impact the economic outlook at the county level. It is, therefore, crucial to track these occurrences to make appropriate local adjustments.

39. From a financial perspective, it is important to understand that any internal or external factors that negatively impact the economic and financial trends at the national level will have a ripple effect on the county government's expenditure trends and economic agenda.

40. Most Global economic indicators point to a more stable situation than in previous years. The global economic growth rate will oscillate between 3.2 and 3.3 percent in 2023, 2024, and 2025. This growth is supported by economic recovery in major economies such as China, the Euro

Area, and the UK. Additionally, the moderation of global inflation, oil prices, and the lowering of interest rates by the central banks of some major economies are further expected to support the growth prospects. Nevertheless, these growth prospects may be deemed by further escalation of geopolitical tensions and policy changes associated with change of governments in leading economies.

41. Regarding global financial conditions, inflation is anticipated to fall from 5.9 percent in 2024 to 4.4 percent in 2025. However, the higher-than-average inflation rates in services are anticipated to derail the moderation of general inflation. Annual average oil and non-fuel commodity prices will increase by 0.8 percent and 5.0 percent in 2024 and 2025, respectively. On the other hand, global trade is expected to grow by 3.1 and 3.4 percent in 2024 and 2025, respectively

42. Given the above global economic situation, economic policies should support the projected growth prospects while ensuring adequate measures are taken to mitigate the potential risks. If these risks materialize, policymakers should implement measures that enhance the fiscal buffers and targeted support to the vulnerable.

A. Recent National Economic Developments

43. Like most other economies, Kenya has been significantly affected by the persistent shocks that have characterized the global economy. Locally, these shocks largely affected households through increased commodity prices such as fuel and other crucial household items. Additionally, the Kenyan Shilling took a hit, reflected by its depreciation against major world trading currencies. Consequently, the depreciation of the shilling has piled a considerable amount of pressure on public debt.

44. The year 2023 marked the beginning of the recovery phase for the Kenyan economy by recording a growth rate of 5.6 percent compared to 4.9 percent in 2022. This growth was mainly driven by the recovery of the agricultural sector, which resulted from favorable weather conditions. During this period, the service sector also recorded notable improvement. Nevertheless, growth in the industrial sectors has remained relatively subdued. Notably, the growth momentum has continued into the first quarter of 2024, where a growth rate of 5.0 percent was recorded compared to the expansion rate of 5,5 percent recorded in a similar period in 2023.

45. Kenya's primary sector comprises Agriculture, forestry, fishing, and mining. In the first quarter of 2024, this sector grew by 5.0 percent, 0.3 percentage points lower than in the same period in 2023. This sector's performance was majorly supported by robust growth in the agriculture, forestry, and fishing subsectors despite a contraction in the mining and quarrying subsectors. In the quarter under review, there was a notable increase in the production of tea, milk, and sugarcane, which explains the performance of the Agriculture subsector. On the other hand, the decline in the production of minerals, such as titanium, soda ash, and gemstones, adversely affected the mining subsector.

46. Growth in the secondary sector, comprising the manufacturing, electricity, water supply and construction subsectors, remained subdued due to a slowdown in all the subsectors. This sector's performance slowed to 1.1 percent in the first quarter of 2024 from 2.5 percent in a similar quarter of 2023. In the manufacture of food products, growth was supported by tea and dairy processing in spite of the decline in the production of soft drinks. In addition, the production of cement declined in the review period. The low cement production reflects the deceleration of activities in the construction subsector. However, the volume of iron and steel imported increased during the review period. Lastly, the performance of the electricity and water supply sub-sector was supported by an increase in hydroelectric power generation despite a decrease in thermal power generation

47. The services sector maintained its growth momentum, albeit more moderately than in previous periods. This sector recorded a growth rate of 6.2 percent in the first quarter of 2024, which is 0.3 percentage points lower than in a similar period in 2023. Significant improvements in the output of the accommodation and food services, finance and insurance, information and communication, real estate, and wholesale and retail trade subsectors supported this outcome.

48. The available macroeconomic indicators for the first half of 2024 depict a mixed economic outcome, with some maintaining a positive momentum while others remained subdued. Based on these considerations and a combination of other internal and external factors, the Kenyan economy is projected to grow at a rate of 5.2 percent in 2024, contrary to earlier projections of a growth rate of 5.5 percent. The positive outlook is supported by strong private sector growth and ongoing government interventions through the Bottom-Up Economic Transformation Agenda (BETA). Additionally, the prudent implementation of fiscal and monetary policies will enhance economic activity.

49. The inflation levels in the country have remained within the government range of 5±2.5. The overall inflation rate in July and August 2024 was 4.4 percent and 4.3 percent, respectively. This was a significant drop from 6.7 percent in August 2023 and a peak of 9.6 percent in October 2022. The reduction in inflationary pressures was occasioned by favorable weather conditions, targeted government interventions, and the general easing of international food prices that have contributed towards a reduction in food inflation. Additionally, the easing of global oil prices, appreciation of the Kenyan Shilling, and lower electricity costs contributed towards a reduction in fuel inflation.

50. Other factors expected to support this stance include the strengthening of the local currency and a decline in electricity and fuel costs, as well as monetary policies by the CBK.To anchor inflation expectations within the targeted range, the Central Bank, through the Monetary Policy Committee, embarked on tightening the Monetary Policy by adjusting the Central Bank Rate upwards from 10.5 percent in July 2023 to 13.0 percent in February 2024 and 12.75 percent in August 2024.

51. Regarding monetary and credit developments, Kenya's broad money supply grew at a moderately slower rate of 6.0 percent in the year to June 2024 relative to the 13.4 percent growth rate recorded in a similar period in June 2023. This slower growth rate is associated with a shrinkage of the Net Domestic Assets holding, particularly domestic credit, despite an improvement in the Net Foreign Asset Position of the banking system. Private sector credit from the banking system declined from a growth rate of 12.2 percent in June 2023 to 4.0 percent in the same period in 2024. This negative trend reflects the impact of exchange rate appreciation on foreign currency-denominated borrowing and a tighter monetary policy position.

52. To curb inflation, the monetary authority adopted a tight monetary stance, leading to an increase in interest rates. The interbank rate adjusted from 10.48 percent in August 2023 to 12.97 percent in August 2024. The interest rates on the 91 days, 182 days, and 365 days treasury bills also increased within the same period, leading to an increase in the cost of domestic borrowing for the Government. The average lending rate for commercial banks increased to 16.8 percent in July 2024 from 13.8 percent in July 2023, while the deposit rate increased to 11.3 percent from 8.4 percent over this period.

53. Total exports of goods increased by 5.0 percent in the year leading to June 2024, in contrast to a similar period in 2023. The increase was mainly a result of improved performance of agricultural exports. Within the same period, imports fell by 3.3 percent on account of lower volumes across all categories except sugar, machinery and transport equipment, crude materials, and miscellaneous manufactures

54. Remittances increased by 12.9 percent in the 12 months to June 2024 compared to the same period in June 2023. Overall, the current account deficit narrowed to USD 4,091.3 million (3.2 percent of GDP) in June 2024 compared to USD 4,840.9 million (4.5 percent of GDP) in June 2023, reflecting lower imports, strong performance of exports of goods and services, and increased remittances.

55. In June 2024, the capital account balance improved by USD 12.8 million, reaching a surplus of USD 138.5 million, compared to USD 125.8 million in June 2023. Net financial inflows declined to USD 2,817.1 million from USD 3,420.4 million, reflecting a slowdown in inflows to the government and other sectors. Additionally, there was a net outflow in portfolio investments and financial derivatives due to Kenya's limited access to international financial markets. The overall balance of payments position slowed down to a surplus of USD 657.6 million (0.5 percent of GDP) in June 2024 from a surplus of USD 1,096.5 million (1.0 percent of GDP) in June 2023

56. The Kenyan shilling's position against the US dollar strengthened in mid-February throughout August 2024. A similar trend was recorded against other major currencies, such as the Sterling Pound and the Euro. The foreign exchange market was mainly supported by inflows from agricultural exports, remittances, and portfolio investors, while demand was driven by a pickup in economic activities, specifically in the manufacturing, wholesale, and retail sectors.

57. The Kenyan economy's recovery and the stability of the Kenyan Shilling have boosted foreign investment and attracted investors to the Nairobi Securities Exchange. In August 2024, the NSE 20 Share Index increased to 1,678 points from 1,540 points in August 2023, while market capitalization rose to Ksh 1,620 billion from Ksh 1,545 billion over the same period.

B. County Recent Economic Developments

58. The financial year 2023/24 started well despite the financial Constraints experienced at the onset. The main contributor to the constraints was the delay in disbursing funds from the National Treasury, which in turn affected the timely implementation of the planned county projects and programs. However, the county managed to carry out most of its planned activities despite delays in the release of funds.

59. Through the office of the Governor, the County has ensured realization of its responsibility of ensuring smooth, efficient and effective delivery of services to the public. Major achievements for the department included the construction of the Governor's Official Residence, renovation of the County headquarters buildings, engagement of the citizens in county decision-making processes, spearheading the evaluation of performance contracts, and conduction of capacity building on performance management.

60. In the spirit of enhancing the realization of local revenue and its management, the county, through the office of the Governor, developed the revenue mobilization framework and monitoring and evaluation policy. Among other achievements, the county carried out a drug and substance abuse survey among the county staff, prepared 4 documentaries highlighting impactful county achievements, and ensured the dissemination of information to the public through the preparation and issuance of newsletters.

61. The county has 5 ward offices and 3 sub-county offices, which help offer and extend administrative services across the County. In the year under review, the Civic Education and Public Participation (CEPP) Unit conducted 15 civic education forums. Community members were also trained in the three modules: Constitution, Devolution, and Public Participation. There were six (6) other related training courses conducted by the department across the County and 22 executive meetings organized and held in FY 2023/24. The county improved the welfare and well-being of officers through the repair of the Town hall wall, the construction of a carport and staff shade area, boundary fencing and sentry construction at Karatina and Othaya, and renovation and equipping the county secretary's boardroom.

62. Additionally, to ensure controlled use of alcoholic drinks and citizen engagements, the county developed the following legislations: Nyeri County Alcoholic Drinks Control and Management Act, 2024, Nyeri County Alcoholic Drinks Control (Licensing) a (draft) and Nyeri County Civic Education and Public Participation Policy

63. During the year, the county prepared and submitted the following documents pursuant to the requirements of the Public Finance Management Act, 2012, and other enabling legislations: the Finance Bill, 2023, Annual Development Plan for the FY 2024/25, County Budget Review and Outlook Paper, 2023, County Fiscal Strategy Paper, 2024, quarterly Budget Implementation and

Financial Reports and Statements for FY 2023/24. Further, to manage office space and improve the County's work environment through the Department of Finance Economic Planning and ICT refurbished sub-County revenue offices, and a store at the Municipal yard. During this period, the county continued to put in place measures to enhance revenue collection through the procurement of signboards for parking, cess barriers, and two (2) generators to enhance revenue collection.

64. During the period under review, the county facilitated the provision and connectivity of reliable internet through networking and cabling, which improved service delivery across all departments.

65. During the year under review, the county, through the Department of Lands, led from the front to ensure the installation of five thirty (30) meter High masts in 5 selected settlements, namely, Chorong'i, Kiamwathi, Ihwagi, Mweiga, and Kiawara, under the Second Phase of Kenya Informal Settlement Improvement Project (KISIP II). In addition, the county initiated KISIP II main works in the five areas as follows: Chorongi - Tarmacking of roads (0.93 km), Water reticulation with 33 consumer connections and installation of two (2) Skip bins, Kiamwathi- Tarmacking of roads (0.44 km) and 2 Skip bins, Ihwagi – Tarmacking of roads (0.39 km), Water reticulation with 103 consumer connections, one (1) High mast, an ablution block, a 50 M3 water tank and two (2) Skip bins, Mweiga - Tarmacking of roads (0.935 km), Water reticulation with 450 consumer connections and 2 Skip bins, Kiawara- Tarmacking of roads (0.812 km), A high mast, sewer connection with 350 consumer connections.

66. To ensure that informal settlements, trading centers, estates, and markets are well planned and managed, the county has ongoing projects for planning and surveying informal settlements (Ex-Colonial Villages), namely Ngorano, Ruthagati, Iruri, Ichamara, Itundu, Warazo, Gitegi, and Ihwa, and Ongoing surveys of Ngaini, Githiru, Chieni, Warazo Jet, Njigari, Gikoe, Kihome, Witima, Karundu, and Uaso Nyiro settlements. Further, the county established a valuation court as an appropriate address mechanism for objections raised during the preparation of the valuation roll in 2019.

67. In the Financial Year 2023/24 and through the Municipal Board, the county undertook the following activities: promoted, regulated, and provided refuse collection and solid waste management services within the municipality, conducted public awareness and sensitization forums on waste management, established and managed the Town Beautification Initiative, rehabilitated and upgraded 10 KMS of roads and conducted four (4) citizen forums on planning and development matters.

68. Health care is a key sector in the social and economic development. To this end, the county has strived to ensure continuity in providing quality medical services to the citizenry across all the county health facilities. The county has 100 (level 2) Dispensaries, 22 (level 3) Health centers, 6 (level 4) Hospitals, 1 (level 5) Hospital, and 1 (level 6) Hospital. During the financial year, the county stocked all the Primary Health Facilities with NCD drugs to reduce the NCD burden, ensured payment of the CHVs monthly stipend to improve the community health system and boost productivity, screened 187,000 members of the community for diabetes and hypertension and another 27,663 clients for breast and cervical cancer. To ensure the recommended hygiene standards are observed, public health clearances were issued to 90% of food and non-food premises.

69. Further, to extend health care to the public and to ensure the provision of quality services, the County recruited and deployed 28 Health Care Workers and offered internship and attachment opportunities to medical students. This temporarily sealed the gaps in human resources that existed and improved medical and health services at the health facilities in the county. In the same period, the county registered a high number of outpatient attendance, totaling 1,629,950, while the inpatient record stood at 22,505 admissions across the public health facilities. Additionally, 54% of mothers attended the 4th ANC, skilled delivery was recorded at 78%, and 96% of HIV patients were put on ARVs.

70. To enhance the proper and effective delivery of service, the county completed construction, and renovation works in 7 health centers and 33 dispensaries across the county. There was also supply and delivery of household items, laundry items, and medical equipment, as well as construction and refurbishment work at Ihururu Rehabilitation Centre, which provides a transformation ground to people with addiction and mental-related challenges in the County.

71. Among other activities undertaken included by the Department of Health; Refurbishment works and construction of an ablution block at Othaya Hospital, Refurbishment of ward 2 and Radiology, Supply, and installation of a modern incinerator and solar energy, and completion of the emergency unit at Karatina Hospital, Renovation of Ward 1,6 and pediatric ward, Solar supply and installation, Borehole drilling, equipping and connection at Nyeri County Referral Hospital, Re-roofing and theatre renovations, Construction of perimeter wall and gate at Mt. Kenya Hospital, Renovation works and equipping of Mukurweini Hospital, Completion of the Perimeter wall, Gazebo & walkways, and provision of LV Board Power Factor Corrector at Naromoru Hospital.

72. The County, through the Department of Gender, strives to prevent loss of life and property through prompt response to disasters and to assist the vulnerable members of society. In the financial year 2023/24, the county was able to respond to disaster cases within and outside the county. In addition to this, county fire engines were repaired, and water hydrants were installed to enhance disaster response and preparedness.

73. The County also procured pieces of iron sheets to support disaster victims. Other activities implemented within this period included launching of the Nyeri County Gender Policy and the windows SACCO, training of fire officers on first aid, completion of renovations of the Nyeri Social Hall(Whispers), construction of an ablution block at Karatina fire station, Construction of social hall phase I at Mukurwe-ini west ward, Completion of Rehabilitation of Kamukunji dias and toilets, Completion of Landscaping at Mweiga Social Hall, renovations at Kiawara Fire Station, sensitizations on disaster response and fire drills to enhance disaster preparedness, prevention, and response.

74. During the year, the county offered care and protection to 68 orphaned and vulnerable children in Karatina Children's Home through the provision of basic needs and education at the facility. In the period under review, the County, through the Department of Gender, Youth, and Social Services, assisted over 171 vulnerable households with food and non-food items. Through the library service, the department inculcated reading culture to more than 19,442 persons (at an early age) and 36,807 adult learners in Nyeri County.

75. On empowerment and employment creation,131 special interest groups have received support for business startups, aimed at empowerment and employment creation. Additionally, training and mentorship sessions were conducted to address social issues such as gender-based violence and drug abuse at the grassroots level. During this period, the County successfully completed the construction of the Ihururu Rehabilitation Center and Ihururu Recreation Park. Furthermore, over 2,000 teen girls and teen mothers received dignity packs, and empowerment initiatives were extended to boys. In line with promoting equal and competitive access to local government contracts, the department organized Access to Government Procurement Opportunities (AGPO) training for more than 800 Youth, Women, and Persons Living with Disability in the sub-county.

76. In the spirit of promoting sports and nurturing talents, the county invested in the following activities during the period; Completion of Karatina Stadium and Tambaya playground toilet, held KYISA, KICOSCA and TALANTA HELA sports activities, Fabricated Ablution Block and changing room at Mweiga ward, installation of standalone mast at Ihururu and Kinunga stadium and Dedan Kimathi and Purchased sport equipment for Aguthi-Gaaki, Gakawa, Chinga Gatitu Muruguru, Gikondi, Kabaru, Karima, Kirimukuyu, Magutu, Mugunda, Mweiga, Naromoru Kiamathaga, Kamakwa Mukaro, and Thegu Riverwards.

77. The county, through the Department of County Public Service Management, made significant strides in workforce management during the 2023/2024 financial year, as evidenced by achievements in pension management, timely payment of salaries, and infrastructural improvements Management of Medical and disciplinary through CHRAC, promotion, and other welfare issues. Through the Directorate of County Public Service Management, the Department undertook the following projects/activities in the FY 2023/2024: timely preparing and processing employees' pension/gratuity contributions and final dues, timely payment of personal emoluments to staff to boost productivity, extensive renovations of block C to improve work environment and safety and security enhancement.

78. The county also continued its commitment to youth empowerment through its internship program, which provides graduates with practical experience to complement their academic qualifications. The program targets 200 fresh graduates annually, and out of the 200 interns recruited, 179 were onboarded during the financial year. The interns were paid a stipend based on their academic qualifications, with Certificate holders receiving Kshs. 10,000, Diploma holders receiving Kshs. 11,000, and Degree holders receiving Kshs. 12,000 every month. This initiative contributed to enhancing employability among the youth while supporting County operations.

79. In full realization of staff welfare, which has a correlation with employee productivity, the county ensured staff records were safely stored by procuring rolling cabinets. Additionally, the Department also managed the staff medical and personal accident covers, facilitated the promotion of officers within the common establishment, aided in addressing human resource issues through CHRAC, and procured a vehicle to improve the mobility of officers. Further, with the aim of enhancing employees' core competencies, technical skills, and adaptability to emerging technologies, the county conducted training and capacity building for staff.

80. The management of the wage bill has been a key focus in the County, necessitated by the imperative to uphold the legal requirement of balancing resource allocation between recurrent and development expenditures. To address the escalating wage bill, the County has implemented various strategies, including staff rationalization and audits to retain only essential personnel, a freeze on the hiring of new staff to curtail the influx of new workers, the transition of contractual workers to permanent and pensionable terms to achieve savings on pension contributions, the outsourcing of non-core services, and the harmonization of salaries and benefits.

81. Article 42 of the Constitution of Kenya, 2010 guarantees every person a clean and healthy environment. To implement this, the county has been making efforts to ensure that proper environmental conservation measures are put in place to manage both liquid and solid waste through the County Solid Waste Management Bill, 2020. In the Financial year 2023/2024, the county collected approximately 31,569 tonnes of garbage. This was actualized through the procurement of 10 skip bins, procurement of safety gears, maintenance of garbage trucks, and procurement of waste collection tools (wheelbarrows, fork jembes, spades, rakes, slashers, branded raincoats, heavy-duty gloves, and light-duty hand gloves)

82. Other interventions that have been put in place to enhance waste management activities in the County included the construction of changing rooms and, construction of car wash facility at Karindundu Dumpsite, pushing and compacting of waste in all dumpsites, construction of an ablution block at the Gikeu Dumpsite, unclogging and cleaning of open drainage systems, murraming of dumpsite roads and around refuse chambers, planting of phytoremediation trees at the dumpsites, sweeping, collection, transportation and disposal of waste, organizing and conducting major town clean ups and enhancement of partnership with waste management stakeholders.

83. Agriculture remains the backbone of the county's economy and plays a critical role in advancing the National Government's bottom-up economic transformation agenda on food security. The county has continued to direct its efforts towards the value addition of agricultural products to ensure sustainable food and nutritional security, thereby boosting the financial well-being of Nyeri residents and overall economic growth and development. In this regard, the county has a total area of 100,000 hectares under agricultural production.

84. During the fiscal year 2023/24, agricultural production for both cash and food crops experienced a decline due to inadequate rainfall over the preceding two years. To address this, the county initiated various measures to support the coffee sub-sector. These measures included the procurement and distribution of 20,000 coffee seedlings, 151 (16-liter) knapsack sprayers, and 200 tons of manure to coffee farmers in Kirimukuyu ward.

85. Additionally, a coffee solar dryer measuring 10m by 30m was constructed at Kahiraini coffee factory in Ruguru Ward. Furthermore, the county procured 6000 kg (3000 packets) of Nyota bean seed and 427 bags (50 kg each, totaling 21 tons) of certified Irish potato seed to enhance agricultural production and productivity for farmers in the County. The Department of Agriculture also procured 25000 avocado Hass seedlings for Chinga and Mweiga wards to support the greening initiative program. In addition, tea farmers in Ragati and Chinga factories received 40,000 tea seedlings, and the Thuta tea buying center at Dedan Kimathi Ward was rehabilitated. To improve the working environment, the department constructed two new offices in Kieni West and Nyeri South and renovated the Kieni East office and 134 m long, 3m high wall, to secure the county headquarters.

86. Regarding livestock production, the average unit price of livestock products increased, which is attributable to the high inflation rate and increased cost of living in general. During the year, the county government continued with its efforts towards the improvement of breeding stock by procuring dairy goats and distributing them to farmers, procured feed mixers and hammer mills for Mweiga dairy and Island farm dairy in Kabaru to support farmers to undertake their own feed formulation and milling, provided vaccination to 77,317 animals, procured and distributed 19,257 straws of semen and 3,137 liters of liquid nitrogen which translated to serving 16,412 dairy cattle. To enhance veterinary public health, the Department of Agriculture rehabilitated Nyeri Slaughterhouse to improve the working environment and maintain the quality of the meat slaughtered

87. In addition, fish farming and production were supported through the restocking of ponds with fingerlings and the provision of fish feed to farmers. The county procured and distributed 500 bags of fish feed to 390 farmers. In poultry farming, 52,293 Indigenous one-month chicks were procured and distributed. In addition to these interventions, the County set up a model apiary at Wambugu ATC with 40 modern hives and accessories and supported one CBO with 22.5 tons of raw materials for feed formulation.

88. Through the agricultural mechanization services, the county improved agricultural production and productivity by hay bailing a total of 2634 bales under an area of 37.5 acres, ploughing 63.5 acres of old land, ploughing 19 acres of new land, harrowing 44.5 acres of land, mowing 8 acres, selling 213 bales of hay harvested from AMS farm, offering transport using the 6-ton trailer for an accumulated distance of around 90kms and grading 2kms of farm road. From the extension services front, 22,000 farmers were reached through (Individual visits, group training, barazas, field days, demonstrations, soil, and water conservation measures, and exhibitions)

89. Donor support has played a pivotal role in improving crop and livestock production in the County over the years. In FY 2023/24, through the National Agricultural Value Chain Development Project, the county carried out a profiling and mapping exercise where 134 872 farmers were profiled. Also, there was a Participatory Integrated Development process in all the 30 wards where Community structures were established, i.e., Community Demand Driven Committees and Land Scape Management Committee, which facilitated 30 Ward Development Plans and 30 Wards Landscape Action Plans development.

90. Through the Kenya Climate Smart Agriculture Project, there was the completion of the Thiha micro irrigation scheme and Lower Kakuret Irrigation Project in Rugi and Thegu River Ward, respectively. Agricultural Sector Development Support Project (ASDSPII) contributed to the improvement of farming activities through the Capacity building of the Priority value chain actors and the strengthening of structures such as the County Agriculture Sector Steering Committee (CASSCOM). Additionally, one poultry Community-based organization (CBO) at Mweiga ward was supported by the installation of 3- a 3-phase power connection to enhance livestock feed formulation.

91. The county has been working tirelessly to develop and promote retail and wholesale markets as well as boost the development of micro and small businesses. Through the Enterprise Development Fund program, the county identified potential beneficiaries and made loan disbursements to the successful traders; these loans will enable the traders to expand their businesses. There are 78 markets currently across the county, which are of different categories, i.e., market hubs, fresh produce, clothes and textiles, mali-mali, livestock, and chicken markets.

92. To create a conducive trading environment and boost trading activities, the county, during the period under review, was able to improve markets through the construction of market stalls, market sheds, ablution blocks, and renovation and rehabilitation of the already existing market infrastructure. Further, to curb the cost of electricity to the County arising from trading activities, the Department of Trade, Tourism, Culture, and Cooperative Development oversaw the installation of solar lighting systems separation and installation of meters at Karatina market. The department also renovated its offices in an effort to improve service delivery and the work environment. Among other activities undertaken were the construction of CAIP (County Aggregation and Industrial Park) at AMS Naromoru, the fabrication of containerized stalls at Ihururu, and the roofing of the Thunguma market.

93. Pursuant to section 46 of the Kenya constitution, the County continues to enforce fair trade practices and consumer protection. During the year, the Weights and Measures Unit verified and certified 10,966 weights and measures equipment, and 2,942 Certificates of Verification were issued to all verified and stamped equipment.

94. On co-operative development, the county facilitated installation of 4 solar driers in 4 coffee factories, installed a milk pasteurizer at slopes dairy society, planned and conducted co-operative training for 300 leaders on good governance, registered 5 new co-operatives, Held Co-operative alliance day celebration trade fair, installed water pipeline at Githiru Coffee factory and audited 40 co-operative societies.

95. With regard to Tourism promotion, the County constructed an ablution block and a shed at the Dedan Kimathi Kahiga-in Memorial Park, constructed a road at the Cultural Centre, and improved Ndomboche Falls to attract more tourists by the construction of a staircase, landscaping, and construction of a paved walkway. Other main achievements towards tourism promotion included stakeholder engagement in the development of the draft local County Tourism Policy and the draft County Cultural and Heritage Policy, the development of the Nyeri County branding policy, support to Community-Based Tourism Organizations (CBTOs), and the establishment of County Tourism Stakeholders' platform.

96. The county successfully executed Film Production Training, organized and commemorated World Tourism Day, orchestrated the annual tourism and cultural festival, participated in the Kalasha International Market and Trade Fair, engaged in national celebrations and exhibitions, conducted a county-wide talent search, established a talent monitoring and nurturing database, facilitated community awareness programs on county tourism, and conducted comprehensive research on the county's tourism industry.

97. The county, through the Department of Trade, Tourism, Culture, and Co-operatives Development, has established MOUs and Partnership in the spirit of improving trading, culture, and tourism in the county as follows: MOU with the Kenya Film Commission (KFC) to promote Nyeri County as a prime filming location in Kenya, Partnerships with Kenya National Commission for UNESCO (KNATCOM) & Kenya National Bureau of Statistics (KNBS) to collect cultural indicators and contribute to the national cultural data, Partnership with Dedan Kimathi Foundation to organize the annual Dedan Kimathi commemoration and Partnership with Kenya Scouts Association(KSA) to organize the annual Founders Day commemorations

98. The county, through the Department of Education, remains committed to providing quality pre-primary education through the provision of a conducive learning environment, equipping Vocational Training Centers' trainees with market-driven skills and attitudes, and assisting financially needy students in pursuing their studies through the provision of bursaries. Currently,, the county has 26 operational Vocational Training Centers with 83 instructors and 432 ECDE centers with 789 teachers.

99. Towards achievement of its commitment, the county, in the financial year 2023/24, built and upgraded 24 ECDE centers, and procured ECDE teaching and learning materials, junior chairs, teachers' chairs, and tables for 432 ECDE centers. In addition to this, the capacity of 789 ECDE teachers and 8 Principal Education Officers was enhanced through training. To improve the learning environment for the learners, there was the construction of 24 classrooms, 10 toilet blocks, and 1 fence, equipping of 440 ECDEs, and renovations of 9 centers.

100. To promote education access among needy students, Kshs 96 million was disbursed through the Elimu Fund program to 17,618 students. Further, 62 pairs of shoes produced through the recently established leather production unit were donated to vulnerable students under the scholarship program.

101. In furtherance of technical skills promotion for the youth, the county continued to invest in Youth Polytechnics. During the financial year 2023/2024, the county constructed and renovated 9 VTCs, and as well-equipped 26 of them with examination materials for the trainees. In addition, there was a partnership with KCB Foundation through the 2jiajiri program to instill skills in 728 youth in various VTCs, completed two training workshops for VTC trainers and managers, procured training equipment and conducted 3 business development support workshops for youth in VTCs. Staff in the department also participated in the KIKOSCA games held at Meru.

102. The county has continued to enhance strategies of ensuring a vast of the population has access to both drinking and farming water by facilitating water extension services, water conservation and storage, as well as promoting ground water exploitation. In consideration of the rapid climatic changes and inadequate rainfall experienced in the recent past, the County Government has continued to sensitize and support farmers on irrigation farming practices with the aim of ensuring that there is continued food production across the county.

103. The county has also had the following interventions in an effort to increase the proportion of households with access to clean and safe water for domestic use. Installation of 600 water meters, distribution of rainwater harvesting facilities (water tanks) to 166 Households, construction of 2 and rehabilitation of 1 intake respectively, construction of 602 water pans with support of Upper Tana Nairobi Water Trust Fund (UTNWTF) and National Irrigation Authority (NIA), rehabilitation of 9 boreholes, rehabilitation of 1 small dam, construction/rehabilitation of 5 masonry and steel tanks and construction of 1 DTF in Kiawara by the development partner, Tana Water Works Development Agency (TWWDA).

104. To curb the impacts of climate change and related hazards, the county, through the Department of Water, conducted 50 community sensitization forums on matters of climate change and also trained 254 officers from the county government on various climate change-related matters, including sensitization on Financing Locally led Climate Action (FLLoCA) program

105. The county has made commendable progress in advancing environmental planning, management, and conservation through the county greening initiative. During the review period, the county conducted 5 environmental campaigns and sensitization programs, observed 2 environmental days, and facilitated 3 training sessions in collaboration with esteemed partners, including the National Environment Management Authority (NEMA). Furthermore, 16 environmental audits were carried out for various environmental projects, and 2 legislative frameworks were developed, currently pending adoption: the Draft Noise and Excessive Vibration Regulations and the Draft Wetlands and Riparian Zone Policy.

106. Through the Department of Water, Irrigation and Climate Change, the county promoted conservation and management of forests in the FY 2023/24 by facilitating the planting of 500,000 trees with support from various stakeholders, including KFS, KENGEN, UTNWTF among others, training of 2 foresters by JICA on commercial forestry, establishing 3 tree nurseries in partnership with community groups, distribution of 17,017 fruit tree seedlings that were planted within the county, development of the Draft Harvesting and Movement of Forest Produce regulations and procuring protective equipment for officers working in the forests.

107. The county public service board is mandated to, among other functions, advise the county government on human resource management and development, appoint persons to hold or act in offices of the county public service, and facilitate the development of coherent, integrated human resource planning and budgeting for personnel emoluments in counties. In the financial year 2023/24, the board executed its roles and responsibilities through capacity building of staff to equip them with relevant skills and knowledge for improved service delivery.

108. To boost staff productivity and morale, the County promoted 990 staff members from across all departments and undertook staff harmonization and integration into main public service to reduce discrepancies amongst staff. In an effort to contain the ballooning wage bill, the county employed strategies including sourcing of skills needs internally, advocating for the use of technology and automation to reduce the need for manual labor, evaluating staffing needs, optimizing workforce utilization, and promoting employee retention by promoting staff who stagnated in the same job groups for more than six years.

109. The Board recruited 200 interns in various cadres in the year 2023/24 with the aim of equipping fresh graduates with skills that will enable them to have a competitive edge in the job market. Additionally, to achieve the desired productivity and fully implement the CIDP 2023-27, the Board, together with the Department of County Public Service Management and State Department of Public Service, initiated the Skills gap analysis in the county. Further, to have a conducive work environment, the board has begun expansion works for the office block to ensure that there will be adequate office space for staff.

110. In an effort to improve the business environment and security in the trading and market centers, as well as extend the trading hours, the county has installed 1.2 Km of streetlights, installed 4 posts of stand-alone streetlights, connected 4 transformers, and installed/rehabilitated High mast floodlights. This is in addition to maintaining the existing high mast flood lights.

111. The county remains focused on ensuring accessibility to all areas by opening up roads even to the most remote locations, as well as increasing access to electricity services for households, institutions, and public areas. In the FY 2023/24, a total of 89 km, 0.5 Km, and 370 Km of earth, gravel, and bitumen standard roads in the county, respectively. To improve access to rural areas and enhance market accessibility of agricultural products, the County Government has continually improved various access and feeder roads. The amount of surface roads in the county that were upgraded to earth, gravel, and bitumen status in the period was 459 km.

112. The county, through the Office of the County Attorney, was able to make the following accomplishments during the Financial Year 2023/2024; completed payment of 25 cases that were concluded in court and paid interim fees notes for 17 cases. Additionally, since the establishment of the County Attorney's office, the number of cases in which the County has engaged external counsel has significantly decreased. Within the Financial Year 2023/2024, Thirty-one (31) lawsuits were initiated against the County, with the Office of the County Attorney internally handling twenty (20) matters, while eleven (11) matters were handled by external counsel. The Office has thus been instrumental in reducing the overall cost burden to the county in terms of reduced legal fees and costs.

113. Other measures taken by the county included Alternative Dispute Resolution for minor cases, which are handled internally thus reducing the number of legal cases that proceed to court. The office of the county attorney has continuously issued Advisories on Compliance to county departments in an effort to reduce the number of legal suits against the county arising from non-compliance issues. Other main activities by the office of the county attorney during the period under review included the finalization of the Strategic Plan, participation in the formulation of various county legislations, and engagement in sensitization and capacity-building forums within the year on the various county legislations.

C. Economic Outlook

114. The Kenyan economy is projected to remain stable in the medium term, with growth rates of 5.2% and 5.4% projected for 2024 and 2025, slightly lower than the 5.6% growth rate in 2023. Growth will be supported by improved agricultural productivity, a strong services sector, and growth in manufacturing and construction. However, potential risks from uncertainties in global and domestic environments could slow down the forecasted growth.

115. Kenya's agricultural sector is expected to improve due to favorable weather and government support for productivity. The manufacturing industry will grow as production costs decrease, and construction will increase due to more spending on affordable housing. The services sector, including financial services, health, and public administration, will also remain strong with the help of ICT reforms.

116. On the demand side, aggregate domestic demand is expected to remain resilient even as the public sector consolidates. Private sector growth is expected to drive medium-term recovery, supported by factors such as strong domestic demand, bumper agricultural harvests, low inflation, increased employment, and steady credit growth to the private sector. Remittance inflows will also support household incomes.

117. Measures to improve competitiveness, inclusivity, market efficiency, and access to the international market will support private investment. There will be an increased focus on Public-Private Partnerships (PPPs) in key economic sectors, including Agriculture, Roads and Transport, urban development and Housing, Energy, Water, Information and Communication

Technologies (ICT), and Health. PPPs are expected to partly fill the investment financing gap in the wake of ongoing fiscal consolidation efforts.

118. Government spending and investments are expected to slow down in 2024 and 2025 due to fiscal consolidation efforts. However, private sector investments in viable projects will complement this. Continued government investments in the 9 priority value chains (Leather, Cotton, Dairy, Edible Oils, Tea, Rice, Blue economy, Natural Resources (including Minerals and Forestry), and Building Materials) and climate change mitigation and adaptation measures are expected to support medium-term growth.

119. Kenya's external position is expected to support macroeconomic stability. The current account deficit is expected to remain stable in the medium term. Exports are projected to recover due to improved global and regional trade conditions, as well as domestic factors. Increased remittances and tourism receipts are expected to bolster foreign exchange reserves. Additionally, imports are expected to grow in line with domestic demand recovery and investment growth.

120. The County Treasury is dedicated to fortifying fiscal policy at the county level in order to reduce the risk of budget deficits and the attainment of the fiscal projections and priorities as outlined in the CFSP,2024. This objective will be accomplished through the enhancement of revenue mobilization, broadening of the revenue base, conducting a revenue potential study, as well as addressing unproductive expenditures and revenue leakages during the medium-term period. Additionally, the County will continue to leverage on the automated revenue management system to improve revenue performance.

D. Monetary Policy Outlook

121. The monetary policy aims to maintain inflation within the target range of 5±2.5 percent, along with a competitive exchange rate and stable interest rates. The flexible margin of 2.5 percent on either side of the inflation target accounts for external and domestic shocks and extreme weather events. This will help preserve macroeconomic stability and reduce undesirable fluctuations in economic performance.

122. The ongoing reforms to modernize the Monetary Policy Framework and Operations aim to enhance monetary policy transmission and improve liquidity distribution in the interbank market. The introduction of the interest rate corridor has aligned the interbank rate with the CBR. Reducing the Discount Window interest rate has improved access, narrowed the interest rate corridor, and further lowered the discount window, aiming to enhance efficiency and align the policy rate with the interbank rate. Additionally, the upgraded DhowCSD has improved investment efficiency in Government Securities and enhanced the interbank market by enabling collateralized lending among commercial banks.

E. Risks to the Economic Outlook

123. Kenya's economic outlook appears stable in the medium term, but there are potential risks from both domestic and international sources. Externally, these include geopolitical tensions, supply disruptions, and uncertainty about international oil prices. Internally, extreme weather could harm agricultural output, infrastructure, and food security.

124. Lower global economic growth, particularly in major export destinations, may reduce exports, tourism receipts, and remittance growth for Kenya. Furthermore, increasing global fuel prices could elevate Kenya's import bill. Should global financial conditions tighten due to lower-than-expected global inflation returning to target levels, Kenya's vulnerabilities in meeting external financing requirements may be exacerbated. Notwithstanding these challenges, the government remains steadfast in its commitment to fiscal consolidation, and prioritizing concessional borrowing is expected to mitigate this risk.

125. The potential upside for the domestic economy includes the fast-tracked implementation of structural reforms under BETA and the Fourth Medium-Term Plan (MTP) IV. Additionally, early normalization in global financing conditions and lower international fuel and food prices would strengthen Kenya's external balances. A faster-than-expected rebound in economic activities could lead to higher Government revenues, providing fiscal space to support fiscal consolidation. Continued coordination between monetary and fiscal policies is expected to result in stable macroeconomic conditions, promoting economic growth.

126. At the county level, the manifestation of these risks will significantly impact economic planning, budgeting, and the subsequent delivery of projects and services. A downturn in the economy may adversely affect revenue generation at both the national and county levels, potentially impeding the achievement of optimal fiscal estimates. Consequently, the county will diligently monitor these risks, including climate-related hazards, and make necessary adjustments to plans and budgets to ensure their successful realization.

IV. RESOURCE ALLOCATION FRAMEWORK

A. Implementation of FY 2024/25 Budget

127. The implementation of the FY 2024/25 budget has commenced, but the delayed release of the exchequer occasion by late enactment of the Division of Revenue Act continues to hamper the execution of the planned activities. In addition, the implementation of the FY 2024/25 budget at the National Level has been impeded by the withdrawal of Finance Bill 2024, which was expected to raise additional revenue to finance the allocations. This has, therefore, necessitated expenditure rationalization to ensure seamless implementation of the FY 2024/25 budget and safeguard the fiscal consolidation plan by the National Treasury.

128. Subsequently, as the impact of the rationalization on the county budget for FY 2024/25 is being assessed, it will result in a reduction of the resources available for executing the planned projects and programs. Once the actual figures are affirmed through the amended County Allocation of Revenue Act of 2024, the County Government will align its priorities to facilitate its fiscal consolidation plan.

129. Total revenues for FY 2024/25 are projected at Ksh 8,750,998,795, with local revenues projected at Ksh 800M, Equitable share projected at Kshs. 6,580,025,891, and conditional grants projected at Kshs. 1,370,972,904. Total recurrent expenditures are projected at Ksh 5,858,562,551 (66.95% of the total budget), while development expenditures are projected at Ksh 2,892,436,244 (33.05% of the total budget). This is a balanced budget; therefore, the county does not anticipate borrowing to finance its expenditures.

B. Fiscal Policy for FY 2024/25

130. The fiscal policy stance in the FY 2025/26 and over the medium term aims at supporting the priority programs as outlined in the CADP 2025/26, CIDP 2023-2027, the Bottom-Up Economic Transformation Agenda (BETA), and the MTP IV through a growth-friendly fiscal consolidation plan designed to slow down the annual growth in public debt and implement an effective debt management strategy, without compromising service delivery to citizens. This is expected to boost the county's debt sustainability position and ensure that the county's development agenda honors the principle of equity.

131. Towards this end, emphasis will be placed on enhanced revenue mobilization through a combination of levies and charges and administrative and policy reforms, as outlined in the Finance Bill 2024. Further, there is a continuous effort to reform, automate, and simplify revenue-raising measures and processes to enhance compliance and expand the revenue base. The County will continue to employ technology to curb revenue leakages.

132. Fiscal consolidation will be supported by continued efforts to enhance own source revenue mobilization and collaboration with donors and development partners to bridge the revenue gaps, and reprioritize and rationalize expenditure while safeguarding priority government programs and social spending. Emphasis will be placed on enhanced revenue mobilization through a combination of revenue administration and reforms that include;

- Development and Implementation of a county revenue mobilization and administration strategy
- Strengthening revenue administration to enhance compliance through expansion of the revenue base, minimizing expenditures, leveraging on technology to revolutionize revenue mobilization and management processes, sealing revenue loopholes and enhancing the efficiency of the whole system; and,
- Focus on cost-cutting initiatives that departments, spending units, and other county agencies can employ to facilitate service delivery to the public.

133. On the other hand, the county government will sustain measures to improve efficiency in public spending and thereby guarantee value for money by eliminating non-priority expenditures; rationalizing expenditures; scaling up the use of Public-Private Partnerships in the funding of projects; and enhancing the end-to-end e-procurement system whose aim is to maximize value for money and increase transparency in procurement.

134. To further strengthen the management of public resources, the county government is in the process of transitioning from cash to an accrual basis to improve cash management and enhance financial and fiscal reporting in line with the guidelines of the National Treasury. The accrual accounting will enable both the National and County Governments to account for all assets and liabilities, including all Government assets.

135. The County Government will also entrench the adopted Zero-Based Budgeting approach in preparing the FY 2025/26 and future budgets. To guide the implementation of Zero-Based Budgeting, the National Treasury has developed the Budget Costing Tool in the IFMIS Budget Module, which has incorporated standardized costing methodologies to streamline the calculation of budget baselines and prioritization to give a credible base for the preparation of budget estimates. Further, the National Treasury will soon be operationalizing the Assets and Inventory Management Modules in the IFMIS which the County Government will be required to adopt. This will allow the County Government to have full visibility of all assets and inventory, facilitate optimal asset utilization, and ensure idle and unserviceable assets are disposed of in conformity with the existing legal requirements.

C. Medium Term Fiscal Projections

136. The medium-term fiscal projections in the CBROP 2024 have been revised from those of the 2024 County Fiscal Strategy Paper, 2024. This has taken into account the actual figures of conditional loans and grants as opposed to the provisional amounts obtained from the Budget Policy Statement, 2024 that informed the CFSP, 2024. Going forward, the fiscal outcome of the FY 2023/24 and the impact of the withdrawal of the Finance Bill 2024 will further trigger the revision of the budget estimates for the County Government through supplementary budgets once the County Allocation of Revenue Act is enacted.

137. Over the medium term, the County Government's total revenue is projected to rise from Kshs. 8.75 billion in FY 2024/25 to Kshs. 10.13 billion in FY 2027/28. Of the total revenue, the equitable share is projected to rise from Kshs 6.58 in FY 2024/25 to Kshs 7.61 in FY 2027/28, while the conditional allocation is expected to rise from Kshs. 1.37 billion in FY 2024/25 to Kshs. 1.59 billion in the FY 2027/28. However, since the own source revenue still has not been achieved and there is still some fiscal space, the projection will remain at Kshs. 800 million over the medium term.

Table 7: Government Fiscal Projections, Ksh (000')

	FY 2022/23	FY 2023/24		FY 2024/25		FY 2025/26	FY 2026/27	FY 2027/28
	Kshs. (000')	Original Budget Kshs. (000')	Supplementary Estimates Kshs. (000')	CFSP 2024 Kshs. (000')	CBROP, 2024 Kshs. (000')	CBROP, 2025 Kshs. (000')	CBROP, 2026 Kshs. (000')	CBROP, 2027 Kshs. (000')
Total Revenue	**7,575.84**	**8,048.28**	**8,982.40**	**8,734.92**	**8,751.00**	**9,188.55**	**9,647.98**	**10,130.37**
Balance Brought Forward	297.32	-	1,103.93	-	-	-	-	-
Equitable Share	6,228.73	6,509.91	6,509.91	6,580.03	6,580.03	6,909.03	7,254.48	7,617.20
Conditional Loans and Grants	249.80	738.36	568.55	1,354.89	1,370.97	1,439.52	1,511.50	1,587.07
Own Source Revenue (OSR)	800.00	800.00	800.00	800.00	800.00	840.00	882.00	926.10
Total Expenditure	**7,608.47**	**8,048.28**	**8,982.40**	**8,734.92**	**8,751.00**	**9,188.55**	**9,647.98**	**10,130.37**
Recurrent	5,316.93	5,633.69	6,196.98	5,872.48	5,858.56	6,151.49	6,459.07	6,782.02
Development	2,291.54	2,414.59	2,785.43	2,862.44	2,892.44	3,037.06	3,188.91	3,348.36

D. FY 2025/26 and Medium-Term Expenditure Framework (MTEF)

138. The FY 2025/26 and the Medium-Term Framework will focus on the implementation of the county broad strategic objectives as outlined in the CIDP 2023-2027 and Bottom-up Economic Transformation Agenda (BETA) as prioritized in the Medium-Term Plan (MTP) IV.

139. The county's broad strategic objectives are improvement of productivity in agriculture and overall food and nutrition security; promotion of shared economic growth and job creation; enhancement of good governance and active citizenry; enhancement of basic infrastructure for effective service delivery; promotion of climate action, environmental protection, and sustainable use of natural resources; improvement of financial sustainability and resilience; provision of accessible, affordable, and quality health care services; scaling up of institutional development, transformation, and innovation; promotion of access to quality and affordable housing; and enhancement of the use of information and communications technology (ICT) and other innovations.

Criteria for Resource Allocation

140. The County Government is operating under a constrained fiscal environment alongside the unlimited needs. In view of this, the County Government has adopted a based Budgeting Approach to guide the prioritization and allocation of scarce resources to the planned Projects and Programmes. The County Departments, Spending Units, and Agencies will, therefore, be required to re-evaluate all the existing/planned activities, projects, and programs to be funded in the FY 2025/26 and Medium Budget.

141. In this regard, the principles of efficiency, effectiveness, and economy of public spending shall strictly be enforced by ensuring low-priority expenditures give way to high-priority service delivery programs. The departments and sector working groups should, therefore, eliminate wasteful expenditures and pursue priorities that aim to safeguard livelihoods, create jobs, revive businesses, and promote economic recovery.

142. The departments and spending units are also expected to ensure that all expenditure items in the FY 2025/26 Budget are justified, and that emphasis is placed on allocating limited resources based on program efficiency and requirements rather than incremental budgeting.

The following will therefore serve as the criteria to guide the prioritization and final allocation of resources:

i. Projects and Programmes identified in the Annual Development Plan 2024/2025 and CIDP 2023-2027 that are aligned with BETA priorities and Medium-Term Plan IV of Vision 2030.
ii. Governor’s Directives and Cabinet Decisions.
iii. Completion of ongoing projects, stalled projects, and payment of verified eligible pending bills;
iv. Degree to which a program addresses job creation and poverty reduction;
v. Degree to which a program addresses the core mandate of the County Departments and Units.
vi. Programmes that support mitigation and adaptation of climate change.
vii. Cost-effectiveness, efficiency, and sustainability of the program; and
viii. Requirements for furtherance and implementation of the Constitution.

Based on the above broad guidelines, county departments and units are expected to develop and document sector-specific criteria for prioritization and resource allocation within the resource envelope. To facilitate the finalization and approval of the 2024 CBROP and other policy documents within the stipulated timelines, the county departments and units are required to strictly undertake the activities outlined in the Budget Calendar within the set timeframes.

MTEF Budget Ceilings

143. Reflecting on the above medium-term expenditure framework, table 6 below provides the Approved Estimates for the FY 2023/2024. The table also provides the FY 2024/25 budget as approved and the projected ceilings for FY 2025/2026, FY 2026/2027, and FY 2027/2028

Table 8: MTEF Ceilings by Department

Department/Spending Unit	FY 2023/2024			FY 2024/2025			FY 2025/2026			FY 2026/2027			FY 2027/28		
	Recurrent	Development	Total	Recurrent	Development	Total	Recurrent	Development	Total	Recurrent	Development	Total	Recurrent	Development	Total
Executive Office of the Governor and the Deputy Governor	172,927,537	46,600,000	219,527,537	124,289,081	45,000,000	169,289,081	130,503,535	47,250,000	177,753,535	137,028,712	49,612,500	186,641,212	143,880,147	52,093,125	195,973,272
Office of the County Secretary	143,059,031	14,250,000	157,309,031	324,346,491	6,500,000	330,846,491	340,563,816	6,825,000	347,388,816	357,592,006	7,166,250	364,758,256	375,471,607	7,524,563	382,996,169
Finance, Economic Planning and ICT	879,396,663	66,662,775	946,059,438	535,713,381	10,049,590	545,762,971	562,499,050	10,552,070	573,051,120	590,624,003	11,079,673	601,703,676	620,155,203	11,633,657	631,788,859
Lands, Physical Planning and Urban Development	95,478,643	295,211,992	390,690,635	81,471,179	368,403,076	449,874,255	85,544,738	386,823,230	472,367,968	89,821,975	406,164,391	495,986,366	94,313,074	426,472,611	520,785,684
Health Services and Public Health	2,459,242,569	465,963,767	2,925,206,336	2,627,212,340	416,300,000	3,043,512,340	2,758,572,957	437,115,000	3,195,687,957	2,896,501,605	458,970,750	3,355,472,355	3,041,326,685	481,919,288	3,523,245,973
Gender, Youth, Social Services and Sports	106,596,893	123,582,503	230,179,396	94,117,826	101,300,000	195,417,826	98,823,717	106,365,000	205,188,717	103,764,903	111,683,250	215,448,153	108,953,148	117,267,413	226,220,561
County Public Service and Solid Waste Management	417,193,892	52,694,150	469,888,042	147,161,971	53,000,000	200,161,971	154,520,070	55,650,000	210,170,070	162,246,073	58,432,500	220,678,573	170,358,377	61,354,125	231,712,502
Agriculture, Livestock and Aquaculture Development	246,081,678	453,597,017	699,678,695	238,197,177	270,149,217	508,346,394	250,107,036	283,656,678	533,763,714	262,612,388	297,839,512	560,451,899	275,743,007	312,731,487	588,474,494
Trade, Cooperatives, Culture and Tourism	79,491,515	203,357,870	282,849,385	56,597,890	379,900,000	436,497,890	59,427,785	398,895,000	458,322,785	62,399,174	418,839,750	481,238,924	65,519,132	439,781,738	505,300,870
Education ,Training and Devolution	503,686,187	110,214,814	613,901,001	553,543,413	85,100,000	638,643,413	581,220,584	89,355,000	670,575,584	610,281,613	93,822,750	704,104,363	640,795,693	98,513,888	739,309,581
Water, Environment, and Climate Change	85,659,595	337,597,215	423,256,810	76,359,445	264,700,000	341,059,445	80,177,417	277,935,000	358,112,417	84,186,288	291,831,750	376,018,038	88,395,603	306,423,338	394,818,940
County Assembly	805,714,253	50,000,000	855,714,253	805,763,061	150,000,000	955,763,061	846,051,214	157,500,000	1,003,551,214	888,353,775	165,375,000	1,053,728,775	932,771,463	173,643,750	1,106,415,213
County Public Service Board	47,477,641	6,000,000	53,477,641	42,461,734	6,000,000	48,461,734	44,584,821	6,300,000	50,884,821	46,814,062	6,615,000	53,429,062	49,154,765	6,945,750	56,100,515
Roads, Transport, Public Works, Infrastructure and Energy	88,276,107	559,692,917	647,969,024	92,944,004	651,334,361	744,278,365	97,591,204	683,901,079	781,492,283	102,470,764	718,096,133	820,566,897	107,594,303	754,000,940	861,595,242
County Attorney	66,694,884	0	66,694,884	46,292,678	0	46,292,678	48,607,312	0	48,607,312	51,037,677	0	51,037,677	53,589,561	0	53,589,561
Nyeri Municipality	0	0	0	12,090,880	84700000	96,790,880	12,695,424	88,935,000	101,630,424	13,330,195	93,381,750	106,711,945	13,996,705	98,050,838	112,047,542
TOTAL	**6,196,977,088**	**2,785,425,020**	**8,982,402,108**	**5,858,562,551**	**2,892,436,244**	**8,750,998,795**	**6,151,490,679**	**3,037,058,056**	**9,188,548,735**	**6,459,065,212**	**3,188,910,959**	**9,647,976,171**	**6,782,018,473**	**3,348,356,507**	**10,130,374,980**

Source: County Treasury, 2024

V. CONCLUSION

144. The global economy has stabilized, with economic growth projected at 3.2 percent in 2024 and 3.3 percent in 2025 from 3.3 percent in 2023. The outlook reflects an economic recovery in China, the Euro area, and the UK, despite a slowdown in activity in the USA and Japan. On the domestic scene, the Kenyan economy is currently unwinding from the effects of negative and persistent global and domestic shocks that had pushed the economy to its lowest activity level. The focused interventions and structural reforms of the Government under BETA have supported economic recovery to 5.6 percent in 2023 up from 4.9 percent in 2022. The economic performance is, therefore, projected to remain stable over the medium term.

145. The medium-term macroeconomic and fiscal projections in the 2024 BROP have been revised from those of the 2024 Budget Policy Statement estimates, taking into account the macroeconomic and fiscal outcome of the FY 2023/24 and the impact of the withdrawal of the Finance Bill 2024. Subsequently, the Division of Revenue Bill is in the process of revising the allocation to counties downwards, thereby deviating from the fiscal objectives of the County Fiscal Strategy Paper that was based on the Budget Policy Statement, 2024, to accommodate the emerging issues.

146. The 2024 CBROP forms the basis for the development of the CFSP 2025 and will detail the progress in the implementation of the priority policies and strategies as outlined in the CIDP 2023-2027, the CADP 2025/26 and the medium-term budget that will be guided by the Budget Calendar. The Budget calendar for FY 2025/26 is guided by the timelines provided in the PFM Act, 2012. Taking into account the constrained fiscal environment, the County Government has adopted Zero Based Budgeting Approach to guide the prioritization and allocation of scarce resources to projects and programs in FY 2025/26.

147. Sectors, Departments, and units will, therefore, be required to re-evaluate all the existing/planned activities, projects, and programs to be funded in the FY 2025/26 and medium-term budget. The focus should be aimed at eliminating wasteful expenditures and pursuing priorities that are aimed at safeguarding livelihoods, creating jobs, reviving businesses, and economic recovery. The sector ceilings provided for the FY 2025/26 budget and the Medium Term will form inputs into the County Fiscal Strategy Paper, 2025. The resource envelope and ceilings that will be provided in the County Fiscal Strategy Paper, 2024 (CFSP) for each department/ entity will be the only available resources for which to budget.