COUNTY GOVERNMENT OF TRANS NZOIA

COUNTY FISCAL STRATEGY PAPER 2025

February 2025

"Fostering Responsible Fiscal Management for Enhanced County Growth"

County Vision, Mission and Core Values

Vision

An agro-industrialized County with high quality of life for residents

Mission

To facilitate transformative development, service delivery and good governance for sustainable socio-economic development.

Core Values

The County shall develop and will uphold the following core values:

Integrity

The County shall promote openness, transparency, uprightness and reliability while executing its mandate.

Professionalism

All staff shall uphold highest moral standards and professional competence in execution of their assigned responsibilities.

Responsiveness

The County is committed to uphold customer driven and focused service delivery.

Equity

The County will uphold fairness and equity within its ranks and in execution of its mandate.

Teamwork

The County will relentlessly pursue timely attainment of targeted results at all levels through coordination, networking and collaboration within its staff.

All enquiries about this Plan should be directed to:

The County Executive Committee Member

Finance and Economic Planning

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LIST OF TABLES

Abbreviations and Acronyms

ASDSP	Agricultural Sector Support Projec
BPS	Budget policy statement
CADP	County Annual Development Plan
CARA	County Allocation of Revenue Act
CECM	County Executive Committee Member
CFSP	County Fiscal strategy paper
CIDP	County Integrated Development Plan
CO	Chief Officer
COVID	Corona Virus Disease
CPSB	County Public service Board
ECDE	Early Childhood Development Education
ESP	Economic Stimulus Program
GDP	Gross Domestic Product
MTEF	Medium Term Expenditure Framework
NARIGP	National Agriculture and Rural Inclusive growth Project
OSR	Own Source Revenue
PFM	Public Finance Management Act
SDG	Sustainable Development Goals
SME	Small and Medium Enterprises
VCs	Value Chains
VTCs	Vocational Training Centres
KABDP	Kenya Agricultural Business Development Programme
KELCOP	Kenya Livestock Commercialisation project

FOREWORD

The County Fiscal Strategy Paper (CFSP) for 2025 has been prepared in accordance with the PFM Act 2012, marking the transition from the strategic to the operational phase of budget preparation. This document presents a comprehensive financial outlook on expenditures, revenues, and borrowings for the medium term, outlining broad strategic priorities and policy goals for the upcoming financial year, 2024-2025. It aligns with the development strategies detailed in the 3rd Generation County Integrated Development Plan (CIDP) for 2023-2027.

The CFSP 2025 establishes indicative sector ceilings based on identified priorities and programs, providing a policy framework for resource allocation across various county departments. It has been crafted against the backdrop of anticipated economic recovery following global disruptions, including high interest rates and conflicts that have affected credit access and increased debt servicing costs.

Despite these challenges, the Kenyan economy has shown resilience, growing by an average of 5.6 percent in the first three quarters of 2023, which surpasses global and Sub-Saharan averages. This growth is expected to continue, driven by a robust private sector, improvements in agriculture, and national policies aimed at stimulating key sectors.

The county's economic outlook is closely tied to national trends, with agriculture being a primary economic driver. The successful implementation of the budget is critical for sustainable growth, requiring collaboration among stakeholders such as government departments, civil society, and development partners to foster a prosperous community.

Wanjala Pepela (Dr.)

CECM FINANCE AND ECONOMIC PLANNING

ACKNOWLEDGEMENT

The CFSP 2025 is a statutory document prepared in accordance with the PFM Act 2012, marking the transition from the strategic phase to the operational phase of budget preparation. It presents a financial outlook on expenditures, revenues, and borrowings for the medium term, outlining strategic priorities and policy goals for the upcoming financial year and beyond. This strategy paper also includes a macroeconomic outlook and summarizes county spending plans that will guide the preparation of the budget for the financial year 2024-2025.

The document establishes indicative sector ceilings aligned with the priorities and programs identified in the 3rd Generation CIDP 2023-2027, which serves as the county's development blueprint. Its preparation involved a participatory and consultative process with relevant stakeholders.

In the financial year 2023-24, the county set a revenue target of Ksh. 10.18 billion but collected Ksh. 9.12 billion, achieving a performance rate of 89.5%. For the first half of 2024-25, the target was Ksh. 5.26 billion, with only Ksh. 3.95 billion collected, indicating ongoing revenue challenges.

The approved budget for 2023-24 allocated Ksh. 5.83 billion for recurrent expenditure, with actual spending at Ksh. 5.80 billion, reflecting a high absorption rate of 99.44%. However, development expenditure faced difficulties, with an approved budget of Ksh. 4.35 billion and actual spending of Ksh. 2.60 billion, resulting in a low absorption rate of 59.8%.

In the first half of 2024-25, total expenditure was Ksh. 2.87 billion, with 71.9% directed towards recurrent expenditure. The projected revenue for 2024-25 is Ksh. 10.52 billion, with expectations for continued growth in future fiscal years.

Acknowledgment goes to H.E. Governor George Natembeya, EBS, MBS, for his commitment to the county's development agenda and fiscal management. Special recognition is also due to the CEC Member for Finance and Economic Planning for their leadership in budget planning, formulation, and execution. The County Budget and Economic Forum (CBEF) played a crucial role in facilitating consultations on budgeting and financial management, as mandated by the PFMA 2012.

Gratitude is extended to the county's non-state actor stakeholders, including civil society organizations, business communities, youth groups, people living with disabilities, informal sector traders, farmers, opinion leaders, and women's groups, whose contributions were vital in shaping this policy document.

Additionally, appreciation is expressed for the county sector working groups, led by the chief executive committee members, chief officers, and technical officers/directors Hillary Alugongo,Andrew Wekesa,Constantine,Cynthia Okotchi,G. Oburu,Herbert Natembeya,Judy Maratani,Kiboi,Titus Ndalila, Sylvia Wanyonyi, Ombidi,R. Navachoe,Sisily Kemboi,Chelang'a,Tanui, Madegwa,James W. and Aluda Mudeheri,and led by Ag. director Budget Ibrahim Telewa, who provided input on sector performance and strategic priorities guiding the allocation of resources. Recognition is also given to the Members of the County Assembly involved in the consultation process.

Lastly, the efforts of the department of Finance and Economic Planning staff, particularly those in the Treasury Macro working group, are acknowledged for their dedication and commitment to ensuring the timely preparation and submission of this document in compliance with the Public Finance Management Act, 2012

CPA. EMMANUEL MASUNGO
<u>CHIEF OFFICER FINANCE</u>

Legal Basis for the Publication of the County Fiscal Strategy Paper

The County fiscal strategy paper is prepared in accordance with Section117 of the Public Financial Management Act, 2012. The law states that:

(1) The County, Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and the CountyTreasury shall submit the approved Fiscal Strategy Paper to the county assembly, by the 28th February of each year.

(2) The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.

(3) In preparing the County Fiscal Strategy Paper, The County Treasury shallspecify the broad strategic priorities and policy goals that will guide thecounty government in preparing its budget for the coming financial yearand over the medium term.

(4) The County Treasury shall include in its County Fiscal Strategy Paper thefinancial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term.

(5) In preparing the County Fiscal Strategy Paper, the County Treasury shall seek and take into account the views of

(a) The Commission on Revenue Allocation;

(b) The public;

(c) Any interested persons or groups; and

(d) Any other forum that is established by legislation.

(6) Not later than fourteen days after submitting the County Fiscal StrategyPaper to the county assembly, the county assembly shall consider and may adopt it with or without amendments.

Responsibility Principles in the Public Financial Management Law

In line with the Constitution 2010, the Public Finance Management (PFM) Act, 2012, sets out the fiscal responsibility principles to ensure prudency and transparency in the management of public resources. The PFM law (Section 107(b)) states that:

1) The County Government's recurrent expenditure shall not exceed the county government's total revenue
2) Over the medium term, a minimum of 30 of the County budget shall be allocated to development expenditure
3) The County government's expenditure on wages and benefits for public officers shall not exceed a percentage of the County Government revenue as prescribed by the regulations.
4) Over the medium term, the County government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.
5) Public debt and obligations shall be maintained at a sustainable level as Approved by County Government (CG)
6) Fiscal risks shall be managed prudently
7) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, takinginto account any tax reforms that may be made in the future

1. PART I: INTRODUCTION

1.1. Background.

This paper has been prepared in accordance with article 117 of the PFM Act and has taken cognizance of the fiscal responsibility principles as outlined in the PFMA and the Constitution of Kenya pertaining to the county budget process in terms of content, timelines, key players and stakeholder involvement. This County Fiscal strategy presents an overview of the current county socio economic setting in relation to the prevailing National scenario, outlines implication on current fiscal framework as well as providing insight for the financial year 2025-26 budget proposals and the MTEF period.

The County fiscal strategy paper links policy, planning and budgeting. This strategy has been informed and seeks to achieve the aspirations of the National development goals key among them the Vision 2030 (implemented through the MTPs), the County Integrated Development Plan 2023-2027, the national fiscal framework and the five core thematic areas of the Bottom-up Economic Transformation Agenda (BETA) espoused in the Budget Policy Statement 2025. These thematic areas that are expected to have the highest impact at the bottom of the economy are; Agricultural Transformation and inclusive growth; Micro, Small and Medium Enterprise (MSME) Economy; Housing and Settlement; Healthcare; and Digital Superhighway and Creative industry. The county is continuing to implement the CIDP 2023-2027, which outlines the transformative programs and projects aimed at seeks to spurring county economic growth for improved social welfare of the county residents. The 2025 CFSP is also informed by goals outlined in international commitment namely the SDGs as the county seeks to respond in the realization of these commitments.

This County Fiscal Strategy Paper 2025 spells out; -

(a) An overview of the prevailing state of the global, regional and national macroeconomic indicators and the implication on the county economy;
(b) Financial outlook pertaining to the county revenues, expenditures and borrowing for the financial year 2025-26, 1st half of 2024-25 financial year and in the medium term in reference to the existing national fiscal framework;
(c) Areas of adjustments in the 2024-25 fiscal framework in relation to the current outlook;
(d) Proposed ceilings for county departments for 2025-26;
(e) Statement of compliance of the proposed fiscal framework to the fiscal responsibility principles and financial objectives over the medium term; and
(f) Statement of specific risks associated with the proposed fiscal framework.

The underlying principle of formulating this policy document is stakeholder engagement. During crafting of this document, the County Government has undertaken broad consultations and made reference to important policy documents as required by the law. These include;

(a) The Commission on Revenue Allocation;
(b) The National Treasury Budget Policy statement 2025;
(c) The public;
(d) Interested persons or groups; and
(e) County Budget and Economic Forum established by the PFM legislation
(f) Recommendations from the county assembly once the paper has been submitted before the floor for discussion

1.2. County Fiscal Strategy Paper Preparation Process

The preparation of the CFSP is the fourth stage activity in the budget preparation process and the paper has been formulated in line with the PFM Act 2012. This policy document heralds the preparation of three other important documents, that is, the County Annual Development Plan (CADP), the County Budget Review and Outlook Paper (CBROP 2024) and the MTEF sector Reports.

The preparation of the 2025 CFSP document has been a collaborative effort from all the County Departments whose sector input and forms the basis upon which the paper is based. The CADP presents the county development priorities which are then linked to the financial resources allocation process through the MTEF budget process.

The CFSP 2025 has been prepared in a collaborative manner and spearheaded by the County Fiscal Planning team from the department of Finance and Economic planning. In formulating the CFSP, the team of officers from department conducted extensive desktop review and relied on both primary and secondary data sources in preparation of the strategy. The draft shall be enriched by views from the County Executive Committee who coordinated the provision of sector specific input towards the formulation of the CFSP 2025. The public is also invited to provide memoranda during the CFSP formulation process and public views were gathered through the coordination of the County Budget and Economic forum. Further the strategy shall be presented before the cabinet whose comments and inputs will be incorporated in the final strategy submitted to the County Assembly for discussion and approval.

1.3. Organization of the Report

This strategy paper has been organized into three parts;

a) Part one which provides an introduction and background.

b) Part two provides a review of the recent economic developments and medium term outlook which include, macro-economic outlook and policies, overview of the fiscal performance of Financial 2023-24, half year fiscal performance for FY 2024-25, and medium term fiscal framework.

c) Part Three reviews the sector performance of previous fiscal year and in addition to highlighting the county Strategic Priorities and Interventions for the coming year and medium term.

d) Part Four presents the County's Fiscal Policy and Budget Framework in the Medium Term as well as outlining the projected resource envelope and the overall Spending Priorities.

2. PART II RECENT ECONOMIC & FISCAL DEVELOPMENTS

2.1. Overview

Global economy has stabilized with global growth projected at 3.2 percent in 2024 and 3.3 percent in 2025 from 3.3 percent in 2023 supported by easing of global inflation and supply chain constraints (Table 2.1). The outlook reflects stronger-than-expected growth in the USA, some large emerging market economies such as India, and improved growth prospects in the UK. The main risks to the global growth outlook relate to disruptions to the disinflation process, potentially triggered by new spikes in commodity prices amid persistent geopolitical tensions, a possible resurgence of financial market volatility with adverse effects on sovereign debt markets, a deeper growth slowdown in China.

Growth in the advanced economies is projected to remain stable at 1.7 percent in 2024 and 1.9 percent in 2025 from 1.7 percent in 2023. In the United States, growth is projected at 2.8 percent in 2024 and 2.7 percent in 2025 reflecting strong wealth effects, a less restrictive monetary policy stance and supportive financial conditions, stronger outturns in consumption and non-residential investment and demand factors in the labour market. In the Euro area, growth is expected to pick up but at a more gradual pace, with geopolitical tensions continuing to weigh on sentiment. However, growth in Japan in expected to contract in 2024 reflecting temporary supply disruptions and fading of one-off factors that boosted activity in 2023, such as the surge in tourism.

2.2. Global and Regional Economic Developments

Global economic outlook has become more uncertain - reflecting the impact of the ongoing Russia-Ukraine conflict, elevated global inflation and persistent supply chain disruptions. Global growth projected at 3.0 in 2023 and 2024 from 3.5 in 2022 reflecting the impact of the tightening of monetary policy, and escalation of geopolitical tensions particularly the ongoing war in Ukraine. Headlines of inflation rates in advanced economies have continued to ease, but have remained above the respective targets with persistent core inflationary pressures

Advanced economies continue to drive the decline in growth from 2022 to 2023 with weaker manufacturing offsetting stronger services activity Growth is projected to decline from 2.7 in 2022 to 1.5 in 2023 and 1.4 in 2024. In emerging markets and developing economies, the growth outlook is broadly stable at 4.0 in 2022 and 2023 and 4.1 in 2024 although with notable shifts across regions

In sub-Saharan Africa growth is projected to decline to 3.5 in 2023 from 3.9 in 2022 before picking up to 4.1 in 2024.The slowdown in growth in 2023 reflects the impact of power shortages in South Africa and security issues in the oil sector in Nigeria.

Growth in the emerging market and developing economies is projected to decline relatively modestly, from 4.1 percent in 2022 to 4.0 percent in both 2023 and 2024, although with notable shifts across regions. In sub-Saharan Africa, growth is projected to decline to 3.3 percent in 2023 from 4.0 percent in 2022 reflecting worsening climate change related shocks, inflationary and exchange rate pressures, and domestic supply issues, including, notably, in the electricity sector. Growth in the region is expected to rebound to 4.0 percent in 2024, picking up in four fifths of the sub-Saharan Africa's countries, and with strong performances in non-resource intensive countries.

Reflecting ongoing monetary policy tightening and worsening financial conditions, global growth is projected to bottom out in 2023 at 1.7 percent before rising moderately to 2.7 percent in 2024. Global commodity prices are expected to remain mostly stable in 2024. Commodity prices declined 14 percent in the first quarter of 2023, standing roughly 30 percent below their historic peak in June 2022

2.3. Domestic Economic Developments and Outlook

Kenya's economic performance is projected to remain stable over the medium term (Table 2.6 in calendar years and Annex Table 1 in fiscal years). Economic growth is expected to slow down to 4.6 percent in 2024 from a growth of 5.6 percent in 2023, reflecting deceleration of economic activities in the first three quarters of 2024 and the slowdown in private sector credit growth to key sectors of the economy. Growth is expected to pick up to 5.3 percent in 2025 and retain the same momentum over the medium term.

The projected growth in 2025 and over the medium term will benefit from enhanced agricultural productivity and a resilient services sector. Agricultural productivity is expected to be largely driven by favorable weather conditions and productivity-enhancing government interventions. However, the growth in the sector is expected to average around 3.0 percent in line with trend. The services sector is projected to remain resilient, growing at an average of 6.6 percent over the medium term. Reforms in the ICT sector are expected to boost growth in financial services, health, and public administration, while accommodation and restaurant subsectors will be boosted by the government's effort to revamp the sector through the promotion of high-profile international conferences, cultural festivals, and promoting wildlife safaris. The industrial sector is projected to grow from 0.9 percent in 2024 to 2.2 percent in 2025 and above 3.0 percent over the medium term. Growth in industry will be supported by the reduction in costs of production and easing of exchange rate pressures. Additionally, the ongoing initiatives by the government to support value addition are expected to boost growth in industry.

On the demand side, aggregate domestic demand is expected to remain resilient even as the public sector consolidates, with the private sector playing a stronger role in the medium-term recovery. This growth will be supported by improvement in the external account, backed by strong export growth and resilient remittances.

Consumption is projected at 88.0 percent of GDP in 2025 and average around 87 percent of GDP over the medium term, driven by lower recurrent spending by the government and relatively lower household disposable income as credit to the private sector gradually recovers. The easing of inflationary pressures will result in stronger household disposable income, which will in turn support household consumption. Moreover, remittance inflows to Kenya are projected to remain resilient, providing further support to household incomes.

Aggregate investment is projected to rise from 16.2 percent of GDP in 2025 to 16.8 percent of GDP over the medium term, driven by increased investments by both the government and the private sector. Private investments will be boosted by stable macroeconomic conditions coupled with measures aimed at improving competitiveness, inclusivity, market efficiency, positive business sentiment, and access to the international market. Interventions by the government to avail credit to the private sector will strengthen MSMEs, thereby enhancing private sector-led growth opportunities. Investment will also benefit from an increased focus on Public Private Partnerships (PPPs) that are expected to partly fill the investment financing gap in the wake of ongoing fiscal consolidation efforts, which would reduce government domestic borrowing and lower yields on government securities.

Development spending in the budget will increase progressively over the medium term so as not to impact growth momentum. This spending will support sustained government investments in the Bottom-Up Economic Transformation Agenda, particularly investments in the nine priority value chains (Leather, Cotton, Dairy, Edible Oils, Tea, Rice, Blue Economy, Natural Resources (including Minerals and Forestry), and Building Materials). Government interventions towards climate change adaptation and mitigation measures, including rehabilitation of wetlands and reforestation, are expected to support growth over the medium term.

Kenya's external position is expected to remain supportive of macroeconomic stability. Overall, the current account deficit is expected to be stable in the medium term. Exports are expected to recover, both from improvements in the global and regional trade outlook, and domestic conditions. Growth will also be supported by the implementation of trade initiatives including the Kenya-UAE Economic Partnership Agreement and the Kenya-EU Economic Partnership Agreement, along with export promotion measures. The economic partnerships align with Kenya's Bottom-Up Economic Transformation Agenda (BETA) by unlocking new markets for priority value chains, attracting foreign direct investment, and promoting technology transfer to support livelihoods across the country. Increased remittance inflows and tourism receipts are expected to further provide foreign exchange buffer. Imports are expected to grow as domestic demand recovers, particularly for raw materials, fuels, and intermediate goods, consistent with investment growth and stability in the foreign exchange market.

2.4. Monetary Policy Management

The monetary policy stance over the medium term will aim at achieving and maintaining overall inflation within the target range of 5±2.5 percent while maintaining a competitive exchange rate and stable interest rates. Inflation is expected to remain within the target range supported by low and stable food prices on account of improved supply attributed to favorable weather conditions, while fuel inflation is expected to remain low due to base effects, stable exchange rate, and easing international oil prices. The main risks to inflation relate to uncertainty on the evolution of international oil prices due to the escalation of geopolitical conflicts (Middle East and Russia-Ukraine). The KNBS jointly with CBK launched an official methodology of compiling core inflation from the basket of the overall inflation. This methodology aligns with international best practice and the EAC convergence criteria with regard to computation of CPI measures in the region. In the CPI basket, there are 330 elementary aggregates that form core and non-core basket. Given the methodology, the new core basket will have 275 items or 81 percent of the weight, while the non-core basket will have 55 items or 19 percent of the weight. Using this methodology, the overall inflation of 3.0 percent in December 2024 is now split at 2.0 percent core inflation and 1.0 percent non-core inflation.

The ongoing implementation of reforms to modernize the Monetary Policy Framework and Operations continues to enhance monetary policy transmission, support anchoring of inflation expectations, and improve the distribution of liquidity in the interbank market. In particular, the interest rate corridor, initially set at CBR ± 250 basis points, was narrowed to ± 150 basis points in June 2024 to ensure that the interbank rate (operating target) closely tracks the CBR. Additionally, the reduction of the applicable interest rate to the Discount Window from the initial 600 basis points above CBR to 400 basis points above CBR and further to 300 basis points above the CBR has improved access to the Window. To further enhance efficiency in the interbank market and strengthen alignment of the policy rate with the interbank rate, the Central Bank of Kenya has recently undertaken the following major reforms in the operation of the interbank foreign exchange market:

Introduction of electronic matching systems (EMS) in the interbank market;

Requirement of maximum spread of 20 cents on indicative quotes in the interbank market removed;

The CBK published exchange rate is now a weighted average rate of all interbank transactions executed the previous day. Previously, the published rate was based on the indicative rate provided by selected major players in the interbank market.

Additionally, the implementation of the DhowCSD, an upgraded Central Securities Depository infrastructure, has greatly enhanced efficiency in investment in Government Securities. The DhowCSD also continues to improve the functioning of the interbank market by facilitating collateralized lending among commercial banks and further reducing segmentation in the interbank market.

2.5. Exchange Rate Development

The foreign exchange market remained stable in 2024 despite increased global uncertainties, effects of a stronger U.S. Dollar and geopolitical tensions in the Middle East. The Kenya Shilling exchange rate was weaker at the turn of the year but strengthened against the U.S. Dollar from mid-February 2024 and has now stabilized against major international currencies. In December 2024, the exchange rate against the US dollar averaged at Ksh 129.4 compared to an average of Ksh 160.8 in January 2024, an appreciation of 19.0 percent. Against the Euro, the Kenya Shilling strengthened by 22.2 percent to exchange at an average of Ksh 135.6 in December 2024 compared to an average of Ksh 174.3 in January 2024 while against the Sterling Pound the Kenyan Shilling strengthened by 19.3 percent to exchange at an average of Ksh 163.6 compared to an average Ksh 202.9, over the same period (Figure 2.6). 177. The foreign exchange market was mainly supported by inflows from agricultural exports, remittances and portfolio investors while demand was driven by pickup in economic activities specifically in the manufacturing, wholesale, and retail sub-sectors. The appreciation and stability of the exchange rate has created confidence and triggered inflows of foreign direct investment and attracted investors to the Nairobi Securities Exchange. This appreciation has helped to reduce debt service costs, improve performance of domestic borrowing and stabilize interest rates.

2.6. The County Outlook

Over the medium-term the county Outlook is significantly influenced by the national level outlook and prevailing macroeconomic trends. A positive outlook in national macroeconomic indicators will likely have beneficial effects on the county's economy.

Sustained growth in the county economy has been attributed to improvements in the business environment. Agriculture is the primary driver of the county economy, with the majority of residents engaged directly or indirectly in agricultural production and value chain initiatives. Favorable weather conditions are crucial for the productivity of this sector, which provides seasonal employment, particularly during planting, weeding, and maize harvesting from October to December.

Key infrastructure projects including the ultra-modern Kenyatta Stadium, Masinde-Muliro Business Centre, KAIP Initiative, are enablers for economic transformation. The County Headquarters project offers a range of benefits that contribute to its value for the community. centralizing administration, improving coordination ,Enhanced service delivery and communication among county government departments while providing residents with easy access to various improved services.

Private sector investments continue to expand, indicating a promising economic outlook for the county. Furthermore, the county government shall continue to meet its debt obligations by clearing a significant stock of pending bills, thus providing much-needed liquidity for local entrepreneurs.

2.7. The Fiscal Outlook

The national medium-term fiscal policy is designed to support the Government's Bottom-Up Economic Transformation Agenda through the implementation of a growth-responsive fiscal consolidation plan. This plan aims to slow the yearly increase in public debt while establishing an efficient liability management strategy that does not compromise public service provision.

However, changes in the national government's fiscal policy regarding the management of the national debt portfolio by the new administration, along with subsequent expenditure rationalization, may impact the amount of shareable revenues allocated to county governments. This could pose challenges for fiscal planning and resource allocation at the county level, necessitating careful management of available resources to sustain economic growth and public service delivery.

The priority of the County Government is the implementation of transformative projects and interventions outlined in the third-generation County Integrated Development Plan (CIDP). Over the medium-term, the county development agenda will be guided by the Fourth Medium-Term Plan (MTP IV) and the Bottom-Up Economic Transformation Agenda (BETA) of the National Government.

The outcomes of the end-term review for the Second Generation CIDP are anticipated to inform key focus areas for the upcoming plan period. This review will also recommend best practices for successful program and project implementation, ensuring prudence in public investments. By incorporating lessons learned and focusing on effective strategies, the County Government aims to enhance service delivery and foster sustainable economic growth.

2.8. County Reciepts and Revenues

By the end of the 2023-24 financial year, the total actual revenue collected, which includes local revenues, exchequer allocations, and grants from the national Treasury and development partners, amounted to Ksh. 9,118,851,903. This figure fell short of the target of Ksh. 10,185,156,069, resulting in an achievement rate of 89.5.

In comparison, during FY 2022-23, the total revenue collected was Ksh. 8,750,277,246 against an annual target of Ksh. 9,116,682,520, achieving 96.0. Out of this, Own Source Revenue (OSR) reached Ksh. 477,280,569, which was below the target of Ksh. 643,700,000, representing 74 of the expected local revenue.

The OSR remained relatively stable with a slight decline of 0.13. For FY 2022-23, it was Ksh. 477,280,569, while in FY 2023-24, it was Ksh. 476,638,172, maintaining a performance rate of 74 against the target.

The Equitable Share continues to be the primary revenue source, though it saw a moderate decrease of 3.98. It generated Ksh. 7,186,157,670 in FY 2022-23, decreasing to Ksh. 6,899,836,646 in FY 2023-24, which still reflects a strong performance at 92 of the target.

Overall, total revenue collection indicates a positive trend with a 4.21 increase. The performance rate for FY 2023-24 is 89.5 relative to annual targets.

The county has expanded its revenue sources with new initiatives in FY 2023-24, with most streams exceeding 70 of their targets, demonstrating effective revenue mobilization.

However, programs like the Aggregated Industrial Parks Programme, Pioneer Insurance Compensation, the Equalization Fund Allocation (for FY 2021-22 and FY 2022-23), and the Kenya Livestock Commercialization Programme (KelCOP) did not reach 50 of their targets.

The Equitable Share remains a dominant component of the county's revenue structure, while other streams contribute smaller yet significant amounts to the overall revenue.

Table 1: Analysis of the County Revenue for the FY 2023-24

No	Revenue Stream	Annual Approved Targeted Revenue (FY 2023-24 Supplementary II)	Actual Revenue (Kshs.)FY 2023-24	Variance (Kshs.)	FY 2023-24 Performance
		B	C	D=B-C	E=(C/B)*100
1	Own Source Revenue	643,700,000	476,638,172	167,061,828	74.0
2	Equitable share	7,499,822,440	6,899,836,646	599,985,794	92.0
3	IDA (World Bank) Credit (National Agricultural and Rural Inclusive Growth Project (NARIGP)	5,000,000	7,099,764	(2,099,764)	142.0
4	DANIDA Grant (Universal Healthcare in Devolved System Program)	10,510,500	10,510,500	-	100.0
5	Kenya Livestock Commercialization Programme (KelCOP)	35,500,000	16,095,837	19,404,163	45.3
6	Provision of Fertilizer Subsidy	-	-	-	
7	Livestock Chain Support Project	71,618,400	-	71,618,400	0.0
8	Leasing of Medical Equipment	-	-	-	
9	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	1,051,336	1,551,336	(500,000)	147.6
10	Kenya Informal Settlement Programme II (KISIP II)	300,000,000	300,000,000	-	100.0
11	IDA - FLLoCA (County Climate Institutional Support) Grant	11,000,000	-	11,000,000	0.0
12	IDA - FLLoCA (County Climate Resilient Investment) Grant	234,382,335	234,382,336	(1)	100.0
13	National Value Chain Development Programme (NAVCDP)	200,000,000	200,000,000	-	100.0
14	Aggregated Industrial Parks Programme	250,000,000	62,500,000	187,500,000	25.0
15	Pioneer Insurance Compensation	4,855,500	-	4,855,500	0.0
16	Equilisation Fund Allocation(fy 2021-22 and fy 2022-23)	7,478,246	-	7,478,246	0.0
	Unspent Balances				
17	Unspent Balance FY 2022-23 from Equitable Share	632,561,734	632,561,734	-	
18	IDA (World Bank) credit: Kenya Devolution Support Project (KDSP) " Level I & Level II Grant"	162,224,509	162,224,509	-	
19	Village Polytechnic Grant	856,226	856,226	-	
20	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	3,900,000	3,900,000	-	
21	Roads Maintenance Levy	17,345,019	17,345,019	-	
22	Special Purpose - Health	8,378,055	8,378,055	-	
23	DANIDA Grant (Universal Healthcare in Devolved System Program)	11,295,375	11,295,375	-	
24	Kenya Urban Development Support	2,339,916	2,339,916	-	
25	Covid-19 Special Purpose	647,854	647,854	-	
26	Climate Change	17,830,000	17,830,000	-	
27	Kenya Informal Settlement Programme II (KISIP II)	50,000,000	50,000,000	-	

No	Revenue Stream	Annual Approved Targeted Revenue (FY 2023-24 Supplementary II)	Actual Revenue (Kshs.)FY 2023-24	Variance (Kshs.)	FY 2023-24 Performance
28	Unspent Balance (Operations Accounts)	2,858,624	2,858,624	-	
29	KUSP UDG				
30	Unspent Balances (equitable share from FY 2021-22)				
31	Unspent Balances (KDSP II)				
32	Unspent Balances (NARIGP)				
Total		**10,185,156,069**	**9,118,851,903**	**1,066,304,166**	**89.5**

Source: CBROP 2024

2.9. Revenue Performance 2024-25, 1st Half Analysis

During the first half of the 2024-25 fiscal year (July-December 2024), Trans Nzoia County's total revenue collection amounted to Ksh. 3,954,090,037. A significant portion of these funds came from Exchequer disbursements, which accounted for 40 of total receipts. The County generated 19 of its income from Own Source Revenue, while the Facility Improvement Fund (FIF) also contributed 19 of the total for the half-year.

Funds carried over from the previous fiscal year (2023-24) totaled Ksh. 599,985,795, representing 6 of total receipts. Given the County's considerable dependence on equitable share allocations and grants for funding projects, there is an urgent need to enhance and mobilize local revenue generation. This approach would bolster the County's financial resilience, especially during times when equitable share disbursements are delayed.

Here's a table summarizing the revenue collection for Trans Nzoia County during the first half of the 2024-25 fiscal year:

Table 2: 1st Half Year County Receipts FY 2024-25

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Revenue (Kshs.)	Variance (Kshs.)	Performance relative to Total for the Year
		B	C	D=B-C	
A	**Unspent Balance from FY 2023-24**	**599,985,795**	**599,985,795**	-	100
B	**Equitable Share of Revenue Raised Nationally**	**7,798,593,372**	**3,129,308,121**	**4,669,285,251**	40
C	**Additional Allocations (Including Grants)**			-	
1	DANIDA Grant (Universal Healthcare in Devolved System Program)	8,872,500	-	8,872,500	0
2	International Fund for Agricultural Development Loan(IFAD)	39,050,000	-	39,050,000	0
3	Kenya Agricultural Business Development Project(KABDP)	10,918,919	-	10,918,919	0
4	Roads Maintenance Fuel Levy	149,496,401	-	149,496,401	0
5	Kenya Informal Settlement Programme II (KISIP II)	621,834,073	-	621,834,073	0
6	National Value Chain Development Programme (NAVCDP)	151,515,152	-	151,515,152	0
7	Kenya Urban Support Programme -UIG II	35,000,000	-	35,000,000	0
8	Kenya Urban Support Programme -UDG	131,267,528	-	131,267,528	0
9	Museum Grant	12,343,968	-	12,343,968	0
10	IDA (World Bank) credit: Kenya Devolution Support Project (KDSP) "Level II Grant"	37,500,000	-	37,500,000	0
11	IDA - FLLoCA (County Climate Institutional Support) Grant	11,000,000	11,000,000	-	100
12	IDA - FLLoCA (County Climate Resilient Investment) Grant	149,730,885	-	149,730,885	0
13	KFW - FLLoCA (County Climate Resilient Investment) Grant	84,651,450	-	84,651,450	0
	Sub-Total	**1,443,180,876**	**11,000,000**	**1,432,180,876**	1
D	**Own Sources of Revenue**				
1	Enclosed bus park fees	45,000,000	16,593,100	28,406,900	37
2	Cess	40,000,000	11,686,184	28,313,816	29
3	Open air markets	20,000,000	10,422,950	9,577,050	52
4	Single business permit (current, arrears and penalties)	80,000,000	9,501,800	70,498,200	12
5	Others	183,300,000	21,470,995	161,829,005	12
	Sub-Total	**368,300,000**	**69,675,029**	**298,624,971**	19

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Revenue (Kshs.)	Variance (Kshs.)	Performance relative to Total for the Year
E	**Facility Improvement Fund (FIF)**			-	
1	Income from health(medical and public health)	105,000,000	38,121,538	66,878,462	36
2	Cemetery charges	200,000	44,500	155,500	22
3	Toilets	1,500,000	958,490	541,510	64
4	NHIF Reimbursments	205,000,000	50,864,985	154,135,015	25
	Sub-Total	**311,700,000**	**89,989,513**	**221,710,487**	29
F	**Appropriations in Aid**				
1				-	
	Sub-Total	**-**	**-**	**-**	
G	**Other Revenues**				
1	CAIP(Unbudgeted)	-	54,131,579		
	Sub-Total	**-**	**54,131,579**	**-**	
Total		**10,521,760,043**	**3,954,090,037**	**6,621,801,585**	38

Source: County Treasury 2024

2.10. County Own Source Revenues for the 1st Half of FY 2024-25

In the first six months of the fiscal year, the County's Own Source Revenue (OSR) reached Ksh. 159,664,542, measured against the semi-annual target of Ksh. 340,000,000. This collection represents 23.5 percent of the yearly local revenue goal and 47.0 of the Half-Year target. Among all departments, Health Sector emerged as the leading revenue generator, bringing in Ksh. 89,989,513 of its assigned target and contributing 57.7 percent to the total half-year OSR collection. A detailed breakdown of departmental revenue performance for this period can be found in Table 3.

Table 3: Half Year Own Source Revenue Collection by department Fy.2024-2025 - as at 31st December 2024

Revenue Streams per Department	Projected Revenue 2024-25	Half Year Targets	Cumulative Collections(July-Dec, 2024)	Performance against Half Year Targets	Performance against Projected Revenue 2024-25	Balances(Jan-June, 2025)
Agriculture						
Agricultural mechanization services	4,000,000	2,000,000	1,000	0.1	0.0	3,999,000
Hire-lease of county agricultural land	300,000	150,000	-	0.0	0.0	300,000
Audit of co-operative societies	250,000	125,000	-	0.0	0.0	250,000
Coffee movement permits	300,000	150,000	187,000	124.7	62.3	113,000
Livestock auction fees(Stock yard sale)	1,000,000	500,000	167,900	33.6	16.8	832,100
sale of tree seedlings	200,000	100,000	-	0.0	0.0	200,000
Slaughter house operation fees	1,000,000	500,000	610,725	122.1	61.1	389,275
Meat inspection fee	2,000,000	1,000,000	687,040	68.7	34.4	1,312,960
Hides and skins license	500,000	250,000	-	0.0	0.0	500,000
A.I. services	50,000	25,000	-	0.0	0.0	50,000
Livestock movement permits	500,000	250,000	13,375	5.4	2.7	486,625
Licensing of meat containers	100,000	50,000	-	0.0	0.0	100,000
Certificate of transport(COT)	100,000	50,000	1,400	2.8	1.4	98,600
Lab services	100,000	50,000	-	0.0	0.0	100,000
Sector Total	**10,400,000**	**5,200,000**	**1,668,440**	**32.1**	**16.0**	**8,731,560**
Trade , Commerce and Industry		-	-			-
Open air markets	20,000,000	10,000,000	10,422,950	104.2	52.1	9,577,050
Market stalls, Bandas and Enclosed Markets	12,000,000	6,000,000	-	0.0	0.0	12,000,000
Weight and measures fees	1,800,000	900,000	311,000	34.6	17.3	1,489,000
Liquor fees	20,000,000	10,000,000	1,022,000	10.2	5.1	18,978,000
Cess	40,000,000	20,000,000	11,686,184	58.4	29.2	28,313,816
Single business permit (current, arrears and penalties)	80,000,000	40,000,000	9,501,800	23.8	11.9	70,498,200
Motor bike fees (yearly sticker)	15,000,000	7,500,000	2,236,900	29.8	14.9	12,763,100
Motor bike fees(Penalties)		-	-			-
Sector Total	**188,800,000**	**94,400,000**	**35,180,834**	**37.3**	**18.6**	**153,619,166**
Water, Environment and Natural Resources		-	-			-

Revenue Streams per Department	Projected Revenue 2024-25	Half Year Targets	Cumulative Collections(July-Dec, 2024)	Performance against Half Year Targets	Performance against Projected Revenue 2024-25	Balances(Jan-June, 2025)
Refuse collection and conservancy(Waste Disposal)	5,000,000	2,500,000	-	0.0	0.0	5,000,000
Hydrological investigation and drilling of boreholes	-	-	-			-
Use of county dumpsite	1,000,000	500,000	-	0.0	0.0	1,000,000
Tree harvesting permit(farm trees)	500,000	250,000	10,060	4.0	2.0	489,940
Licensing of extractive resources	1,000,000	500,000	-	0.0	0.0	1,000,000
Excessive noice and vibration control	500,000	250,000	135,000	54.0	27.0	365,000
Nuisance abatement fees	-	-	-			-
Sector Total	**8,000,000**	**4,000,000**	**145,060**	**3.6**	**1.8**	**7,854,940**
Works,Transport and Infratracture		**-**	**-**			**-**
Hire of construction machinery	2,500,000	1,250,000	-	0.0	0.0	2,500,000
Approval of Building plans		-	155,000			(155,000)
Fire inspection- compliance certificates	2,500,000	1,250,000	100,000	8.0	4.0	2,400,000
Way leave charges i.e. cutting, trenching and installation of fiber cables-water pipes	500,000	250,000	4,400	1.8	0.9	495,600
Pole rate i.e KPLC and Telkom poles	1,000,000	500,000	-	0.0	0.0	1,000,000
Sector Total	**6,500,000**	**3,250,000**	**184,400**	**5.7**	**2.8**	**6,315,600**
Health		**-**	**-**			**-**
Income from health(medical and public health)	105,000,000	52,500,000	38,121,538	72.6	36.3	66,878,462
Cemetery charges	200,000	100,000	44,500	44.5	22.3	155,500
Toilets	1,500,000	750,000	958,490	127.8	63.9	541,510
NHIF Reimbursments	205,000,000	102,500,000	50,864,985	49.6	24.8	154,135,015
Sector Total	**311,700,000**	**155,850,000**	**89,989,513**	**57.7**	**28.9**	**221,710,487**
Physical Planning Lands and Housing		**-**	**-**			**-**
Building approval fees	12,000,000	6,000,000	1,853,200	30.9	15.4	10,146,800
Plot subdivision and transfer of plots	1,000,000	500,000	209,500	41.9	21.0	790,500
House rents	1,000,000	500,000	-	0.0	0.0	1,000,000
Survey fees	1,000,000	500,000	3,000	0.6	0.3	997,000
Temporary occupation license(TOL)	100,000	50,000	-	0.0	0.0	100,000
Outdoor advertisement charges	18,000,000	9,000,000	1,602,300	17.8	8.9	16,397,700

Revenue Streams per Department	Projected Revenue 2024-25	Half Year Targets	Cumulative Collections(July-Dec, 2024)	Performance against Half Year Targets	Performance against Projected Revenue 2024-25	Balances(Jan-June, 2025)
Lease of non agricultural county land	1,000,000	500,000	-	0.0	0.0	1,000,000
Sector Total	**34,100,000**	**17,050,000**	**3,668,000**	**21.5**	**10.8**	**30,432,000**
Gender, youth,Sports,Culture and Tourism		**-**	**-**			**-**
Hire of county stadium		-	-			-
National Museum	5,000,000	2,500,000	954,200	38.2	19.1	4,045,800
Hire of social hall	100,000	50,000	-	0.0	0.0	100,000
Hire of county sports bus		-	-			-
Registration - Renewal of welfare groups - Sports club and Performing artist		-	5,000			(5,000)
Dividend income i.e Mt. Elgon Lodge		-	-			-
Lisencing of private Parks		-	-			-
Hire of county seats- tents		-	-			-
Sector Total	**5,100,000**	**2,550,000**	**959,200**	**37.6**	**18.8**	**4,140,800**
Education		**-**	**-**			**-**
Registration of ECD Schools		-	-			-
Hire of county brick-making machines	100,000	50,000	-	0.0	0.0	100,000
Sector Total	**100,000**	**50,000**	**-**	**0.0**	**0.0**	**100,000**
Finance		**-**	**-**			**-**
Land rates(current, arrears and penalties)	50,000,000	25,000,000	2,637,045	10.5	5.3	47,362,955
Ground Rent		-	103,000			(103,000)
Street parking (Daily, Seasonal, Reserved, Clamping and Impounding)	20,000,000	10,000,000	8,460,950	84.6	42.3	11,539,050
Enclosed bus park fees	45,000,000	22,500,000	16,593,100	73.7	36.9	28,406,900
amusement permits	300,000	150,000	-	0.0	0.0	300,000
Miscelleneous Income	-	-	-			-
Sector Total	**115,300,000**	**57,650,000**	**27,794,095**	**48.2**	**24.1**	**87,505,905**
Grand Total	**680,000,000**	**340,000,000**	**159,664,542**	**47.0**	**23.5**	**520,335,458**

Source; County Treasury

Key Highlights

During the first half of the fiscal year, Trans Nzoia County achieved a total revenue collection of Ksh. 159,664,542. This figure represents 47.0 of the targets set for this period, indicating a moderate performance in revenue generation.

The health sector emerged as the most significant contributor, with a projected revenue of Ksh. 311,700,000. The cumulative collections from this sector reached Ksh. 89,989,513, translating to a commendable 57.7 performance against its half-year targets. Similarly, the trade, commerce, and industry sector projected Ksh. 188,800,000, with collections amounting to Ksh. 35,180,834, achieving 37.3 of its targets. In contrast, the agriculture sector projected Ksh. 10,400,000 but collected only Ksh. 1,668,440, reflecting a 32.1 performance.

On the other hand, several sectors underperformed significantly. The water, environment, and natural resources sector collected a mere Ksh. 145,060, achieving only 3.6 of its targets. The works, transport, and infrastructure sector fared slightly better with collections of Ksh. 184,400, which is 5.7 of its targets. Additionally, the physical planning, lands, and housing sector collected Ksh. 3,668,000, representing 21.5 of its targets.

Looking ahead, the County has a substantial balance of Ksh. 520,335,458 available for the second half of the fiscal year (January-June 2025). This situation underscores the urgent need for the county to enhance its local revenue generation efforts, particularly in the underperforming sectors, to bolster financial resilience and support project funding.

Half Year Revenue performance for FY2023-24 vs FY2024-25

There was a 29.3 decrease in the overall OSR revenue collected in the first half of FY 2024-25 compared to the same period of the ended financial year 2023-24, with Kshs. 159,664,542 being collected compared to Kshs. 225,987,605 over the similar period, denoting a -29.3 change in half-year revenues as shown in Table below.

Table 4: 1st Half year Own Source Revenue FY 2023-24 Vs 2024-25

Month	Local revenue 2023-24	Local revenue 2024-25	Growth
July	42,780,236	30,650,992	-28.4
August	32,622,238	26,114,119	-19.9
September	31,361,600	31,130,248	-0.7
October	30,811,056	17,160,996	-44.3
November	56,819,950	18,902,025	-66.7
December	31,592,525	35,706,162	13.0
Totals	**225,987,605**	**159,664,542**	**-29.3**

Source; County Treasury

2.11. Expenditure Performance

The analysis of the approved budget and actual expenditure for the fiscal year 2023-24 highlights key aspects of financial management and resource allocation. Recurrent expenditure amounted to Kshs. 5,830,619,889, with actual spending at Kshs. 5,797,742,140, resulting in a minor underspending of 0.56 and an impressive absorption rate of 99.44. This indicates effective control over operational costs.

Conversely, development expenditure reveals significant concerns. With an approved budget of Kshs. 4,354,436,180, the actual expenditure was only Kshs. 2,602,596,698, leading to a substantial variance of 40.2 under budget and an absorption rate of 59.8.

The Total expenditure target of Kshs. 10,185,156,069, with actual spending at Kshs. 8,400,338,838, resulting in an overall underspending of 17.5 and an absorption rate of 82.5.

Table 5: Expenditure for both recurrent and development budget for the financial year f2023-24

Vote	APPROVED BUDGET 2022-23	ACTUAL EXPENDITURE 2022-23	Variance	APPROVED BUDGET 2023-24	ACTUAL EXPENDITURE 2023-24	Variance	Actual Expenditure for Fy 2023-24 as of Approved Budget
Recurrent	5,807,357,448	5,503,799,853	303,557,595	5,830,619,889	5,797,742,140	32,877,749	99.4
Development	3,309,325,072	2,125,414,592	1,183,910,480	4,354,436,180	2,602,596,698	1,751,839,482	59.8
Total Expenditure	**9,116,682,520**	**7,629,214,445**	**1,487,468,075**	**10,185,156,069**	**8,400,338,838**	**1,784,817,231**	**82.5**

Source: County Treasury

2.12. Half-Year Performance - FY 2024-25

The County expended Ksh. 2,874,821,413 against an approved budget of Ksh. 10,185,156,069. This translates to an absorption rate of 28.2 percent of the annual budget. In absolute terms, this compares negatively with a similar period last year, when execution stood at Ksh. 3,026,189,784 out of a total budget of Ksh. 10,185,156,069, reflecting an execution rate of approximately 29.7 percent.

Table 6: County Expenditure - First Half FY FY2023-2024 vs FY2024-2025 by Economic Classification

Economic Classification	First Half 23-24	First Half 24-25	Contribution to Expenditure in FY 2023-24	Contribution to Expenditure in FY 2024-25
Compensation to employees	1,676,199,211	1,339,745,503	55.4	46.6
Use of goods and services	418,582,929	433,213,492	13.8	15.1
Transfers to the County Assembly	571,229,640	293,940,244	18.9	10.2
Other grants and transfers	96,022,729	59,487,098	3.2	2.1
Acquisition of assets (Development Expenditure)	264,155,274	748,435,076	8.7	26.0
Totals	**3,026,189,784**	**2,874,821,413**	**100.0**	**100.0**

Source: County Treasury

Out of the half-year expenditure of Ksh. 2,874,821,413, the development expenditure was Ksh. 748,435,076, representing 26.0 percent of the expenditure, while 2.1 percent related to grants. The remaining 71.9 percent was recurrent expenditure. In particular, compensation to employees and the use of goods and services accounted for 46.6 percent and 15.1 percent of the total half-year expenditure, respectively.

2.13. Execution of the Recurrent Expenditure

This analysis of the recurrent expenditure from the table below provides insights into the financial Performance across various departments.

Table 7: Fy.2024-25 Recurrent (Personnel,Operations and Maintenance) Expenditure Performance

S No.	Department	Gross Approved Estimates FY 2024-25 (Kshs.)	Half -Year Approved Estimates FY 2024-26 (Kshs.)	Actual Half Year Expenditure FY 2024-25 (Kshs.)	Variance	Absorption at Half Year Estimates	Absorption at Full Year Estimates
1	- Agriculture, Livestock, Fisheries and Cooperative Development	243,935,280	121,967,640	77,797,786	166,137,494	63.8	31.9
2	- Economic Planning, Commerce and Industry	44,619,504	22,309,752	19,895,808	24,723,696	89.2	44.6
3	- Environment, Water and Natural Resources	69,511,861	34,755,931	28,645,012	40,866,849	82.4	41.2
4	- Public Works, Transport and Infrastructure	107,894,296	53,947,148	34,704,762	73,189,534	64.3	32.2
5	- Lands, Housing and Physical Planning	61,966,726	30,983,363	9,661,366	52,305,360	31.2	15.6
6	- Gender, Youth, Sports, Culture and Tourism	161,516,309	80,758,155	27,196,248	134,320,062	33.7	16.8
7	- Governance and Public Service Management	602,729,518	301,364,759	136,398,007	466,331,511	45.3	22.6
8	- Education, ECDE and Vocational Training	667,997,575	333,998,788	190,645,691	477,351,884	57.1	28.5
9	- Finance	609,229,731	304,614,866	314,757,668	294,472,063	103.3	51.7
10	- County Assembly	724,153,000	362,076,500	213,261,650	510,891,350	58.9	29.4
11	- Ministry of Culture and Social Services	209,709,141	104,854,571	26,996,380	182,712,761	25.7	12.9
12	- County Public Service Board	62,204,964	31,102,482	10,048,323	52,156,641	32.3	16.2
13	- Livestock	5,280,000	2,640,000	323,200	4,956,800	12.2	6.1

S No.	Department	Gross Approved Estimates FY 2024-25 (Kshs.)	Half -Year Approved Estimates FY 2024-26 (Kshs.)	Actual Half Year Expenditure FY 2024-25 (Kshs.)	Variance	Absorption at Half Year Estimates	Absorption at Full Year Estimates
14	- Health Corporate Services	2,302,550,904	1,151,275,452	866,960,491	1,435,590,413	75.3	37.7
15	- Economic Planning	30,334,500	15,167,250	899,900	29,434,600	5.9	3.0
16	- Municipality Board of Kitale	20,716,324	10,358,162	2,164,943	18,551,381	20.9	10.5
17	- County Attorney	121,945,126	60,972,563	3,987,165	117,957,961	6.5	3.3
18	- Roads & Infrastructure	23,900,000	11,950,000	21,876,247	2,023,753	183.1	91.5
	Total	**6,070,194,759**	**3,035,097,380**	**1,986,220,646**	**4,083,974,113**	**65.4**	**32.7**

Source; County Treasury

2.14. Analysis of the Recurrent Expenditure

This analysis evaluates the recurrent expenditure data for the County Departments for the first half of the fiscal year 2024-25. The total approved budget of Kshs. 6,070,194,759 and the actual expenditure of Kshs. 1,986,220,646 indicates a significant underspending, with an overall absorption rate of 32.7. The analysis of recurrent expenditure for FY 2024-25 reveals a mixed performance across departments.

2.15. Execution of the Development Expenditure

The half year development expenditure for financial year 2024-25 was Ksh. 2,321,368,404, against annual target of Ksh. 4,451,565,284 accounting for 52 of the total expected Development expenditure.

Table 8: Fy.2024-25 First Half Expenditure Performance

S No.	Department	Gross Approved Estimates FY 2024-25 (Kshs.)	Half -Year Approved Estimates FY 2024-26 (Kshs.)	Actual Half Year Expenditure FY 2024-25 (Kshs.)	Variance	Absorption at Half Year Estimates	Absorption at Full Year Estimates
1	- Agriculture, Livestock, Fisheries and Cooperative Development	321,099,640	160,549,820	-	321,099,640	0.0	0.0
2	- Economic Planning, Commerce and Industry	92,280,000	46,140,000	-	92,280,000	0.0	0.0
3	- Environment, Water and Natural Resources	478,039,329	239,019,665	32,381,870	445,657,459	13.5	6.8
4	- Public Works, Transport and Infrastructure	103,427,938	51,713,969	-	103,427,938	0.0	0.0
5	- Lands, Housing and Physical Planning	746,607,634	373,303,817	27,105,228	719,502,406	7.3	3.6
6	- Gender, Youth, Sports, Culture and Tourism	335,692,556	167,846,278	47,911,818	287,780,738	28.5	14.3
7	- Governance and Public Service Management	249,025,000	124,512,500	35,856,788	213,168,212	28.8	14.4
8	- Education, ECDE and Vocational Training	159,251,863	79,625,932	22,493,756	136,758,107	28.2	14.1
9	- Finance	728,724,218	364,362,109	642,172,714	86,551,504	176.2	88.1
10	- County Assembly	110,650,000	55,325,000	43,162,354	67,487,646	78.0	39.0
11	- Ministry of Culture and Social Services	38,820,571	19,410,286	-	38,820,571	0.0	0.0
12	- County Public Service Board	10,495,000	5,247,500	-	10,495,000	0.0	0.0
13	- Livestock	119,965,079	59,982,540	-	119,965,079	0.0	0.0
14	- Health Corporate Services	162,972,216	81,486,108	-	162,972,216	0.0	0.0
15	- Economic Planning	7,000,000	3,500,000	-	7,000,000	0.0	0.0
16	- Municipality Board of Kitale	212,378,528	106,189,264	-	212,378,528	0.0	0.0

S No.	Department	Gross Approved Estimates FY 2024-25 (Kshs.)	Half -Year Approved Estimates FY 2024-26 (Kshs.)	Actual Half Year Expenditure FY 2024-25 (Kshs.)	Variance	Absorption at Half Year Estimates	Absorption at Full Year Estimates
17	- Roads & Infrastructure	575,135,712	287,567,856	-	575,135,712	0.0	0.0
18	**Total**	**4,451,565,284**	**2,225,782,642**	**851,084,527**	**3,600,480,757**	**38.2**	**19.1**

Source; County Treasury

The analysis of the budget and expenditure data reveals several key insights regarding financial performance across various departments. Overall, the total absorption rate stands at a paltry 19.1, indicating significant underutilization of the budget.

Among the departments, Finance emerges as a standout performer with an absorption rate of 176.2 - i.e, against 1st Half Targets. Similarly, the Gender, Youth, Sports, Culture and Tourism department shows a moderate absorption of 28.5, reflecting a better-than-average performance.

2.16. Adherence to Fiscal Principles

In the fiscal year 2023-24, the expenditure for personnel emoluments amounted to Ksh. 3,360,815,441, compared to an annual budget of Ksh. 3,362,026,285. This reflects a variance of Ksh. 1,210,844 in actual expenditures, representing 99.96 of the budgeted allocation and remaining within the recommended 35 threshold at 32.8. The County's approved budget for FY 2023-2024 adheres to the fiscal responsibility principles set forth in the PFM Act of 2012.

For the fiscal years 2023-2024 and the current 2024-2025, capital expenditure allocations are Ksh. 4,354,436,180 (42.8) and Ksh. 4,451,565,284 (42.3), respectively. These allocations are based on total revenues of Ksh. 10,185,156,069 and Ksh. 10,521,760,043. In both years, the allocations exceed the minimum requirement of 30.

2.17. Risks to the Economic Outlook

Domestic Risks

High Stock of Pending Bills:

he County depends significantly on prequalified suppliers and contractors for the delivery of public goods and services. Recently, there has been a rise in pending bills, and failure to meet financial obligations promptly could harm the County's reputation as a debtor.

Tight Fiscal Space:

A series of global and domestic economic shocks have created a constrained fiscal environment, limiting the liquidity available for financing the County's budget.

Delayed and Reduced Exchequer Funding:

Delays and disruptions in funding from the National Government can impede the timely execution of projects, negatively impacting annual budget absorption and restricting the County's fiscal flexibility.

External Risks

Persistent High Inflation:

Inflation rates may stay elevated or even increase if additional shocks occur, such as an escalation of the Russia-Ukraine conflict or extreme weather events. This could lead to stricter monetary policies.

Financial Sector Volatility:

As markets react to tighter monetary policies from central banks, there may be increased volatility in the financial sector, which could extend to a broader range of economies.

Impact of Climate Change:

As a primarily agro-based region, Trans Nzoia faces risks from unpredictable weather patterns associated with climate change. These fluctuations could adversely affect agricultural output and contribute to domestic inflationary pressures.

Instability in Commodity Prices:

Increasing oil prices have led to volatility in commodity prices across various sectors, including agriculture, manufacturing, transport, and retail. This situation has resulted in higher production costs and raised expenses throughout the supply chain.

3. PART III: COUNTY SECTORS PERFORMANCE, STRATEGIC PRIORITIES AND INTERVENTIONS

3.1. Overview

This section presents summary of the sector performance for fiscal year 2023-24 and half year of 2024-2025 as well as strategic priorities and interventions for the medium term period. The sector strategic priorities for FY 2024-2025 and medium term have been drawn from development priorities as set out in the CIDP 2023-2027; Annual Development Plan 2025-26 and the anticipated Public participation Proposals. The priorities are linked to national objectives captured in the Budget Policy Statement 2025, National development goals and international development commitments such the SDGs.

3.2. Review of County Sectors Performance for Fiscal year 2023-24

2.1.1 Overview of Financial Year 2023-2024 Sector Performance

2.1.1.1 Agriculture, Rural and Urban Development Sector

a) Agriculture, Irrigation, Livestock, Fisheries and Cooperative Development

In the period under review, in enhancing access to farm input, the "Mbegu initiative" was rolled out with 183,846 (2kgs) packets of Hybrid seed maize distributed to 183,846 small scale farmers across the County. Similarly, 1,103 (50kgs) bags of crop and soil-specific fertilizers were distributed to 1,103 small-scale farmers to supplement the national Government fertilizer subsidy programme. Both the mbegu and fertilizer initiatives increased the county average maize production by 10, translating to increase in yield from 5,000,000 to 5,500,000 million (90kg) bags for the year. Additionally, to promote crop diversification, the county procured and distributed 50,507 coffee seedlings.

During the period under review in livestock sub-sector key achievements included; procurement and distribution of ***9,905 litres*** of acaricide to ***98 communal dips***, administration of 60,000 doses to combat FMD outbreak , rehabilitation of Kiminini Slaughter slab and support to poultry farmers in co-operatives with 5000-day old chicks.

In promoting fisheries production, 151 fish ponds of surface area of 45,300 m2 were constructed while 178 fish ponds were stocked with 178,500 tilapia and cat fish fingerlings. Additionally, a total of 1,964 kgs of fish valued at Ksh. 589,200 were harvested besides the sub sector reaching 1,156 of farmers through improved extension services. Under the initiative to strengthen the capacity of cooperatives, a total 9 cooperatives were supported with milling equipment, macadamia and avocado seedlings.

The Kenya Livestock Commercialisation project (KeLCoP) achievements during the year under review included selection of project beneficiaries comprising of 44 farmer groups, 40 community elite breeders, 1050 ultra-poor households, 868 nutrition households, 20 youths for apprenticeship programme and 4 Cooperatives. Additionally the project supported sensitization of market oriented smallholder farmer groups in addition to training needs assessment and the development of group action plans for 44 farmer groups.

Under the program, other milestones achieved were the distribution of breeding stock consisting of 60 dorper sheep breeds, 22 dairy goats and 11,636 improved kienyeji day old chicks. These were distributed to elite community breeders. Also, in the period under review, 14 animal health assistants were trained and in strengthening policy and legislative framework, livestock sale yard draft bill was also formulated.

National Agricultural Value Chain Development Project

Under the National Agricultural Value Chain Development Project (NAVCDP), the milestones achieved were;

Under component 1 which entails building producer capacity for climate resilient stronger value chains and sub component 1.1 which entails capacity building of farmers and support to e-voucher services, a total of 159,017 farmers were mapped and profiled in the county. Additionally, Participatory Integrated Community Development (PICD) process was undertaken which culminated into a number of outputs that included; production of Community Development Plan (CDP) and Micro-Catchment Action Plan (MCAP) besides enlisting of existing community institutions such as CIGs-VMGs. Other community structures-institutions formed included; SACCOs, Farmer Producer Organizations (FPOs), Water Users Associations (WUAs), Irrigation Water Users Associations (IWUAs), election and ratification of members of the Community Driven Development Community (CDDC), Social Accountability and Integrity Committee, SAIC and Landscape Management Committee members.

Under sub component 1.2 which entails Farmer Producer Organization (FPO) level Climate Smart Value Chain Investments, a number of achievements were attained that included mapping of 269 cooperatives (FPO and SACCO) in the county and successful selection of five (5) value chains of Local Chicken, Dairy Cow Milk, Banana, Tomato and Avocado to be supported by the project. The value chains selected will be supported to enhance productivity, commercialization and value addition. Additionally, 23 Farmer Producer Organizations, FPOs across the five value chains were identified for support by the project.

Under sub component 1.3 (Improving Creditworthiness of CIGs and FPOs), 20 ward-based SACCOs were supported with Ksh. 900,000 each to facilitate acquisition of automation equipment, payment of SACCO office rent, payment of a book keeper's salary for 12 months and support sensitization and mobilization of more members to join SACCOs.

Under Component 2 (Climate Smart Value Chain Ecosystem Investments); under sub component 2.2 of this component -Farmer-led irrigation development (FLID) - , a County Irrigation Development Unit was established. Additionally, communal FLID infrastructure inventorized and community institutions and structures to support FLID services established.

Under sub component 2.3 (Data and Digital Investment), activities implemented included; recruitment and training and official flagging of 140 county agripreneurs designated to offer a wide range of bundled services including, advisory and information services, facilitation of access to quality farm services, financial services and market linkages.

Under component 4 which entails coordination and management, key achievements included establishment and inauguration of key project structures such as CPSC, CTAC and CPCU. Other activities undertaken were sensitization of county executive, county assembly, CPSC and CTAC on NAVCD project activities. Annual Work Plan and Budget for Financial year 2024-2025 was also prepared and submitted to NPCU. During the year under review, project offices located in agriculture headquarters were renovated besides procurement of Computers, printers and accessories to support automation for 18 SACCOs.

Other achievements under this component included the establishment and sensitization of County Grievance Committee, mapping of Gender Based Organizations across the county as well as the sensitization of County Environmental Committee, County Project Steering Committee (CPSC) and County Technical Advisory Committee (CTAC) on Environmental and Social Management Framework. Additionally, the Indigenous People (IP) of Sengwer and Ogiek were sensitized on Free Prior Information Consent besides a sensitization training being undertaken for VMGs, PWDs, Women and Youth.

b) **Lands, Housing, Physical Planning and Urban Development**

In the year under review the interventions of the sub sector included the acquisition of two parcels measuring a total of 3 acres for an access road at Tuwan ward and school playground at Sikhendu ward respectively. During the period, one local physical development plan was also prepared for Shimo la Tewa through the world bank funded KISIP project.

c) **Kitale Municipal Board**

In the FY 2023-2024, the sector achieved various milestones. Under urban planning and infrastructure development, a 10,000 litre water tank was installed in Bondeni Market to enhance provision of clean water and improved sanitation. The Norec- Kibomet Dam loose surface road was graded with a total of 2.5 Km being completed. The sub sector also carried out the Kitale Town Greening Project along the Museum- VI area whose objective is to improve the aesthetic appearance of Kitale. The project is 65 percent complete.

To enhance environmental conservation and waste management, 52 street litterbins of various sizes and materials, were acquired and distributed in various locations within Kitale Municipality. This initiative is to improve waste disposal and enhance cleanliness of Kitale Municipality. Similarly in the year under consideration, Municipality Integrated Development Plan (IDEP) was completed and forwarded to the County Assembly for approval. Other accomplishments were civic education sensitization and public participation programs for county residents on development matters within the municipality.

2.1.1.2 Health Services Sector

To enhance access to preventive and promotive healthcare the sector completed and operationalized maternity units at Saboti and Matunda Sub County Hospitals respectively. To enhance access to quality health and specialised services, the Wamalwa Kijana Teaching and Referral Hospital was operationalized and partially equipped with assorted equipment. Additionally, the Tom Mboya Mother Child Hospital construction is nearing completion. The facility will provide access to maternal and child health care for the general population.

Under HIV-AIDS prevention and control, 82 of all people living with HIV know their HIV status being an increase from 77.4, 99 of all people with diagnosed HIV infection to receive sustained antiretroviral therapy, and 96 of all people receiving antiretroviral therapy to have viral suppression from a baseline of 94. During the period under review, prevention rate of Mother to Child HIV coverage increased from 79 to 80.

In view of the need to promote Reproductive, Maternal, Neonatal, Child and Adolescent Health (RMNCAH), the sector trained and Mentored Health Care Workers on EMONC and targeted postnatal care. This enhanced provision of quality care and readiness of facilities to offer skilled deliveries. The number of skilled deliveries surpassed the targeted of 14, 060 with 21,399 skilled deliveries being attained.

Under the NATECARE program 3,667 indigents were covered under the program. This enable the beneficiary access universal health care.

2.1.1.3 Energy and Infrastructure Sector

The sector is comprised of the departments of Public Works and Energy and Roads and Infrastructure.

In the fiscal year under review, the sector carried out routine maintenance of county roads under which 800 Kilometers of road were graded against the targeted 1,200 kilometres. Similarly, 252.5km of road were gravelled against the targeted 375 kilometres. The maintained roads included 32km in Cherangany, 56km in Saboti, 87 km in Kiminini, 52km in Kwanza, and 25.5km in Endebess sub counties respectively. Further, in enhancing accessibility and improving drainage, a number of drainage infrastructural facilities such as box culverts and line culvers were constructed and maintained. These include Ngoya, Matetei, Maziwa, Nakhosi, and Wekhonye box culverts in Nabiswa, Keiyo, Bidii, Kinyoro and Kiminini wards respectively. The sector also carried out routine maintainace of 70 high mast lights.

In line with the department mandate of providing technical assistance in execution of public works, the department was engaged in the preparation of drawings and bills of quantities for other county departments and National government entities. Likewise, the department also coordinated the supervision of the construction key county flagship projects namely the Kenyatta stadium, Tom Mboya Mother Child Hospital and the County headquarters besides other infrastructural projects.

2.1.1.4 Environment Protection, Water and Natural Resources Sector

The sector comprises the department of Water, Environment, Natural resources and Climate change.

In promoting environmental protection and conservation, the sector initiatives included planting of over 150,000 assorted tree seedlings, support to 20 community tree nurseries with tools and equipment and support to 500 Vulnerable Marginalised Groups (VMGs) households in the urban and rural informal settlement access clean energy through cooking stoves-jikos as well as supporting 1,800 households gas cylinders to promote green energy. The department also spearheaded formulation and processing of supporting legislations namely the climate change bill, 2024 and climate change action plan 2023-2027 to support climate change initiatives.

Under water sub sector laying of 70km of water pipelines laid, drilled and equipped 6 boreholes, 16 boreholes drilled and capped with 3 boreholes being equipped; 47 springs protected which lead to increased access to clean and safe water. Most of the water projects undertaken entailed completion of ongoing works from the previous years. The sector was not able to undertake key capital projects such as completion of Kiptogot-Kolongolo water project (distribution line) and Sosio-Teldet due to lack of financial resources.

2.1.1.5 Education Sector

The sector comprises the department of Education and Technical Training.

In the period under review major achievements for the education sector included the rolling out of school milk program that covered 45,120 learners surpassing the target of 37,813 of learners. Under infrastructural development, 27 ECD classrooms were constructed against a target of 29. Similarly in this period, to promote access to vocational training and improve infrastructure, 2 vocational training centres were rehabilitated besides the distribution of assorted workshop tools and equipment to 32 VTCs.

Under the Education support program, retention in learning institutions, needy students were supported with. Ksh. 120M being disbursed for bursaries to 10,425 needy students. Out of these 9,561 were in secondary Schools, 367 in Colleges and 297 in Universities respectively. Other achievements included training of 400 ECDE teachers on CBC and 32 VTC managers on Financial and Human resource management. Additionally, to strengthen sector specific policies and regulations, ECDE Policy, VTC regulations and Trans Nzoia County Elimu Bursary Fund Regulations were formulated.

2.1.1.6 General Economic and Commercial Affairs (GECA) Sector

The sector comprises the department of Trade and Industrialisation.

The sector had a budgetary allocation of Kshs. 341,271,495 out of which Kshs. 48,971,495 was for recurrent expenditure while the development expenditure was Ksh. 292,300,000.

During the period under review the department achieved 93 completion of the construction of the Kitale Business Centre, 15 of the construction of the County Aggregation and Industrial Park (Namandala) and completed the construction of ablution blocks in Tuwan ward, Maridadi ward and Sikhendu market. Two bodaboda sheds were constructed in Kiminini and Waitaluk wards. A livestock yard was constructed in Cherangany-Suwerwa ward and the supply and delivery of mama mboga umbrellas with logo was undertaken in Tuwan ward.

A total of 226 groups (averaging 20 members per group) benefited from loans awarded through the Nawiri Fund to undertake tenders that were awarded to the respective groups. A total of Ksh. 50 million was disbursed as loans under the scheme.

2.1.1.7 Social Protection, Culture and Recreation Sector

The sector comprises the department of Gender, Youth, Sports, Culture and Tourism

In the year under review the sector achievements of the Gender sub sector included the completion of 200m perimeter wall at Trans Nzoia County children rescue centre and Bahati home for the elderly. The sub sector also partnered with Embrace CBO, Agape children's, Challenge Farm among other stakeholders to rescue, rehabilitate and reintegrate 566 neglected street children in Kitale town. Through a memorandum of understanding between the Sector and Embrace CBO, the Trans Nzoia County Children's rescue centre was renovated, bore hole drilled and a modern playing field (Synthetic field) constructed.

In supporting vulnerable groups which included the elderly, persons living with disabilities and other marginalized individuals and groups, 194 persons with disabilities were recommended for business tax waivers besides 3,477 vulnerable individuals and 277 organized groups being supported through issuance of housing materials (iron sheets), household items like beds, mattresses and food items. Additionally, income generating items that included tents and chairs for hire, car wash machines, serving utensils (Chaffing dishes) and welding machines among other materials were distributed to these groups.

The sector also partnered with Trans Nzoia women Leaders CBO in the development of Trans Nzoia County Gender Policy which was thereby forwarded to County Assembly for approval.

Under the youth and sports sub sector, the Phase 1A modernization and rehabilitation of Kenyatta stadium is ongoing with 55 completion being achieved by the end of financial year 2023-2024.

During the year under review, assorted sports equipment were procured and issued to 83 community sports teams, 232 teams registered for Governor's cup, 2 Kicosca games teams and 324 ward identified sports teams. The wards included Saboti, Machewa, Kwanza, Keiyo, Tuwan, Matisi, Kiminini, Motosiet, Chepchoina, Bidii, Cherangani -Suwerwa, Kapomboi, Matumbei, Waitaluk, Endebess, Makutano, Sitatunga.

Under the Ukombozi Social Empowerment program (USEP), the county provided employment to 3,088 youths who were engaged in community service activities.

To enhance culture and heritage preservation, the sub sector of culture supported 5 performing artists in addition to supporting 4 community cultural festivals at ward level. The 4 community cultural festivals supported were Bukusu cultural festival at chepchoina ward, Luo at Matisi ward, Sengwer at makutano ward, and Tugen cherangany suwerwa ward. In addition, one mega county annual cultural festival was held at the Kitale ASK showground. The festival attracted 2000 attendees and 16 communities exhibited both tangible and intangible aspects of their rich cultures. 11 community Councils of elders were also supported to enhance peaceful co-existence and cohesive society.

Under tourism promotion, 15 tourist attractions and sites were protected and preserved. In the period under review, it is estimated that 20,000 tourists, both domestic and foreign visited the county. Among the 3 new tourism products identified in the period were bird watching, caving and sports tourism (Jumbo Charge, Peddle to Discover Trans Nzoia). Further accomplishments included the capacity building of 150 Hoteliers and tour operators on quality assurance in line with the requirements needed for star rating of hotels. The training was made possible in conjunction with Tourism Regulatory Authority. The training enabled a number of hotel facilities to be accredited with bronze and silver rating.

2.1.1.8 Public Administration and intergovernmental Relations (PAIR) Sector

The sector comprises the departments of Governance and public service management, Finance and Economic Planning, County Public service Board, County Assembly and Office of County Attorney.

a) Governance and PSM

The sub sector achievements include the furnishing and equipping of Governor's boardroom and office block which has enabled for provision of office accommodation for the Deputy County Secretary and the Communication Directorate besides providing favourable environment for meetings and conferences. In strengthening the county residents' involvement in Governance issues through civic education and public participation, (10) ten Kikao meetings were held across the county.

In enhancing the capacity of the county enforcement unit, 240 enforcement officers were appointed and inducted into the County Public Service. These officers, along with 31 supervisors, were provided with uniforms to enhance their visibility and identification, resulting in a total of 271 officers receiving uniforms.

Internet connectivity at the County Headquarters was improved by installing networks in two offices and the Governor's boardroom. Access to information was also enhanced by revamping the County website. To further boost the county's communication capacity, communication equipment, including two cameras, was purchased

b) **County Public Service Board (CPSB)**

During the period under review, 278 staff were appointed comprising 272 staff on permanent and pensionable terms while 6 staff on contract. Further achievements included facilitation of the setup of the County Health Management Team for the Department of Health Services and Sanitation by appointing 16 officers as County Coordinators for a period of 3 years. Additionally, the Board renewed contracts for 276 staff out of which 162 staff were for the universal health care programme. In the period under review, promotion of 117 officers and upgrade of 8 officers was undertaken besides the confirmation of 120 staff in appointment on permanent and pensionable terms and absorption of 26 ECDE teachers who previously served on contract.

Additionally, the Board approved a total of 6 inter-county transfers (3 into the county and 3 out of the county), approved 217 staff trainings and attachment for 1,128 students across the various county departments. The Board also conducted training and sensitization on the Declaration of Incomes, Assets, and Liabilities (DIALS) across all county departments to promote ethics and integrity in public service.

Other accomplishments included the development of 8 policies, issuance of advisories to the county executive on need basis and provision of prompt feedback to stakeholders on diverse areas touching on their mandate. Under infrastructural development, the construction of perimeter wall to enhance security of board offices was completed as well the portioning of the new office block. In mainstreaming ICT in its operations, online job application system was upgraded by installation of an additional HR module. The Board also installed an intercom system to ease communication within the Board offices.

c) Finance and Economic Planning

Among the sub sector achievements for the year under review were preparation of budget execution and expenditure reporting reports, preparation of annual budget estimates and the attendant documents (CBROP, CFSP and CDMS).These were successfully prepared and forwarded to the county Assembly for approval.

Under the procurement function, the consolidated procurement plan for 2023-2024 was prepared. Additionally, the financial statements for the year, including monthly, quarterly, and annual reports, were successfully formulated and forwarded to the relevant institutions. The department also conducted periodic audit and reporting during the financial year.

To improve revenue and resource mobilization, the automation of the revenue collection system is ongoing. The sub sector also carried out renovation of the revenue offices to provide conducive work environment for revenue collection.

Further, the sub sector successfully coordinated the production, launch and dissemination of the third generation County Integrated Development Plan (CIDP) 2023-2027 in addition to preparing and submitting to the county assembly, the County Annual Development Plan (CADP) for 2024-2025 financial year. To track the achievement of the county development agenda for Fy.2022-2023, the County Annual Progress Report 2022-2023 was also developed.

Other sub sector achievements included the preparation and publishing of 3rd generation CIDP 2023-2027 Indicator Handbook, induction and training of the County Budget and Economic Forum (CBEF) members as well as the formulation of the draft county sectoral plans and the draft departmental strategic plan.

d) **County Assembly**

During the year under review, the County Assembly in line with its key mandate of Legislation, Representation and Oversight, was able to achieve key milestones that included successful passage of 6 Bills, tabling of 24 Reports, movement of 9 Motions, tabling of 24 Status Statements-Questions and presentation of 15 Papers.

Similarly, pertaining to infrastructural development, the sub sector completed the construction of 2 Ward Offices (Matisi Ward and Cherangany-Suwerwa Wards offices) against the targeted number of 5 Ward Offices. Additionally, Car ports were also constructed and cabro-paving at the County Assembly Centre undertaken. The sector is also furthering the completion the multi-year capital projects involving the construction of committee services complex, construction of Official speaker's Residence and construction of Modern Debating Chambers and Administration Block. The completion rates for these projects are 60 percent, 65 percent and 75 percent respectively.

3.3. Sector Strategic Priorities and Interventions for Fiscal year 2025-26 and the Medium Term

3.3.1. Agriculture, Rural and Urban Development

The sector comprises the sub sectors of agriculture, irrigation, livestock, fisheries and cooperative development; Lands, Housing, physical planning and urban development; and Kitale municipal Board.

3.3.2. Agriculture, Irrigation, Livestock, Fisheries and Co-operative Development.

This sub sector executes its mandates through five directorates namely; Agriculture, Livestock, Veterinary Services and Fisheries and Cooperative Development. Its main objective is ***To promote Agriculture Transformation and sector wide coordination for food and nutrition security, improved livelihoods and environmental sustainability.***

The proposed priority projects for the 2025-2026 financial year focus on several key areas aimed at enhancing agricultural productivity and community development.

Firstly,the department plans to undertake crop production, with initiatives designed to increase agricultural output and productivity. This includes the distribution of diverse seedlings and seeds, as well as promoting the planting of export vegetables to boost economic returns.

In terms of livestock management, the projects aim to implement comprehensive vaccination programs and disease control measures to enhance livestock health. Additionally, there is a focus on supporting dairy cattle feeding and breeding initiatives, alongside establishing cooperative societies that will improve livestock management practices.

The fish production sector will see significant investment as well, with plans to establish fish hatcheries and construct new ponds. Efforts will also be made to procure fingerlings and fish feeds, thereby enhancing fish value addition through improved cold storage solutions.

Moreover, strengthening cooperative development is a critical aspect of these initiatives. This involves enhancing cooperative leadership and management, conducting audits, and providing necessary equipment support to various societies. Reviving and training cooperative societies in financial management will also be prioritized to ensure sustainability.

Finally, environmental management plays a vital role in these proposals, with a focus on promoting climate-smart agriculture and managing soil fertility. Programs for soil testing and analysis will be established to support these efforts.

Overall, these projects are designed to foster agricultural growth, enhance food security, and improve the livelihoods of farmers and their communities.

3.3.3. Lands, Housing, Physical planning and Urban Development.

The outlined priorities focus on enhancing land use planning and management, urban development, and access to affordable housing within the region.

Land Surveying and Documentation

One of the main priorities is to improve land surveying and documentation. This involves significantly increasing the processing of title deeds from the current figure of 205 to a target of 3,000. Establishing a Geographic Information System (GIS) laboratory is also crucial, with plans to complete this project, currently at 60 completion, to 100. Additionally, the development and adoption of at least one new policy will guide land management practices. There is also a commitment to survey and title 2,000 parcels of county government land, as well as to digitize the Trans-Nzoia County Spatial Plan and public land records. Finally, preparing an operational digital plan for development is essential for better land management.

Urban Planning and Development

In the realm of urban planning, the KISIP II project shall continue to stand out as a priority. This initiative includes the construction of 9,477 meters of roads along with associated storm drainage systems. It also encompasses the installation of water supply service lines totaling 9,052 meters, the creation of essential community facilities such as an ablution block and a water kiosk, and the installation of solar street lighting systems and high mast flood lighting. These efforts aim to enhance infrastructure and improve living conditions in urban areas.

Affordable Housing

Increasing access to affordable housing is a critical objective. The focus is on developing solutions that meet the housing needs of the community, ensuring that more residents have access to safe and affordable living spaces.

3.3.4. Kitale Municipal Board

The mandate of the board is provided under section 20 and 21 of the Urban Areas and Cities act which is to oversee the implementation of urban development policies within the Municipality. For the financial year 2025-26 and the medium term the Kitale Municipal Board's proposed programs focus on enhancing urban planning, infrastructure development, and solid waste management, all aimed at fostering a more organized and healthier environment.

Urban Planning and Infrastructure Development

The first program seeks to improve the order of development and urban infrastructure. A key initiative is the Beautification of Kitale Municipality, which aims to enhance five zones, increasing from the current two. This effort is part of a broader strategy to make the municipality more visually appealing and inviting.

Another significant aspect is the Preparation of Physical Development Plans. The goal is to complete and approve two plans, building on the existing single plan. This foundational work will help guide future development in an organized manner.

Additionally, the program includes a focus on Design and Street Naming within the municipality, aiming to mark two streets, starting from none. This initiative seeks to improve navigation and the overall urban experience.

The program also emphasizes the Construction and Maintenance of Roads and Drainage Systems. The targets include constructing two kilometers of new roads and maintaining four kilometers of existing ones. Furthermore, the plan includes the construction and maintenance of two kilometers of drainage systems and the establishment of two parking facilities. These efforts are crucial for improving transportation and managing stormwater effectively.

Another priority is the Construction and Maintenance of Non-Motorized Transport Facilities. This includes constructing and maintaining four kilometers of pedestrian walkways and cycling lanes, enhancing mobility options for residents.

The establishment of Recreational Facilities is also a key goal, with plans to create one new facility, aiming for a total of three in the future. This initiative will provide residents with spaces for leisure and community activities. Lastly, the program highlights the Construction of Wholesale and Retail Markets.

Although no markets have been built yet, plans are in place to develop them. Additionally, there are plans to increase the number of branded kiosks from ten to twenty, promoting local business and commerce.

Solid Waste Management

The second program focuses on ensuring a clean and healthy environment through effective solid waste management. A key component is the Procurement of Waste Management Equipment. The plan includes acquiring five bulk bins, up from the current three, and obtaining fifty street and market litter bins, starting from none. This equipment will enhance waste collection and management in the municipality, contributing to a cleaner urban space.

The primary initiative is the completion of the Masinde Muliro Business Centre. The business center aims to serve as a vital hub for small and medium enterprises (SMEs) and traders, fostering an enhanced business environment. The expected outcomes include increased revenue, heightened trade activities, and substantial job creation, contributing positively to the local economy.

3.3.5. Health Services

The proposed priorities outline a comprehensive plan to enhance health services and infrastructure across the county, focusing on various projects aimed at improving healthcare delivery. Personnel expenditure is the largest segment, nearing 2 billion, emphasizing the organization's commitment to staff salaries and benefits. Specialized materials and supplies follow, with approximately 248 million allocated for essential healthcare items, underscoring the need for quality resources.

Training, Communication and travel are also prioritized, with around 1.67 million set aside to ensure effective operational mobility.

Furthermore, operational supplies and services receive over 3 million for daily operations, while nearly 4.6 million is allocated for routine maintenance of vehicles and equipment, ensuring everything remains operational.

Overall, the recurrent budget focuses on personnel, essential supplies, and operational efficiency through training and maintenance.

Under the Development Priorities, The DANIDA funding program is a significant component, allocating Ksh. Ksh. 6,552,000 for Facilities levels 2 and 3, and an additional Ksh. 2,730,000 designated for Level 1 support, all part of a strategic work plan designed to bolster health service delivery.

In addition to the DANIDA funding, there is a budget of Ksh. 31,120,690 Proposed for the construction of non-residential buildings, including hospitals, based on specific projects identified across the county. This investment aims to enhance the overall infrastructure that supports healthcare and community services.

Several executive projects are also prioritized to upgrade and equip healthcare facilities. Notably, among others, Wamalwa Kijana Teaching and Referral Hospital is earmarked for completion, a new theater at Kapsara Primary Hospital,theater medical equipment for Matunda, Saboti, and Bikeke primary hospitals, ensuring these facilities can provide essential surgical services.

Furthermore, priority is on constructing dental units at both Cherangany and Matunda primary hospitals, while allocation are set aside for for establishing a Mental Health Unit at the County Hospital. To support healthcare personnel, funds are sought for constructing staff quarters at Kabolet, Kiminini, and Khalwenge health centers, addressing the need for adequate accommodation for medical staff.

In terms of medical equipment, a series of allocations, each amounting to Ksh. 1,000,000, are designated for various dispensaries and health centers, including those for Ophthalmology, Physiotherapy, Orthopedic, and Emergency departments. This investment in assorted medical equipment is essential for enhancing the capabilities of healthcare facilities throughout the county.

3.3.6. Energy and Infrastructure

The sector comprises the county department of Public Works, Transport & Energy and it plays a significant role in providing an enabling environment for the other sectors through enhancing infrastructure development and public works.

Some of the key programmes prioritized to catalyze the sector's commitment to achieving and attaining the sector vision and mission include; the roads and transport Programme which involve construction and maintenance of county road network, demarcation of road reserves, construction of footbridges, box culverts and installation of drainage structures. The sector also implements the energy services programme that entails the installation and maintenance of high mast lights in key points market places respectively. Other interventions by the sector include fire and rescue management unit and the equipping of county mechanical workshops

3.4. Environment Protection, Water and Natural resources

The priorities for the Water, Environment, Natural Resources, and Climate Change sector are strategically designed to address critical priorities.

Administrative and support services, to enhance the policy and legal framework, support county water service providers, and secure essential permits. This foundational support is crucial for effective governance in water management.

In **water resources management**, a vast allocation is directed toward improving water supply infrastructure and sanitation. Key initiatives include gravity schemes, and extensive pipeline extensions, accounting for most of the Sector's allocation. Additionally, earmarked under the Sector is groundwater exploitation through borehole drilling, ensuring sustainable use of water resources.

Turning to **environmental management and protection**, this area commands a substantial budget. It includes allocations for waste management initiatives ,county forestation efforts, aimed at promoting a healthier environment. Notable allocations for climate change adaptation and mitigation measures. This encompasses funding for a climate change fund, along with support for the Climate Change Unit.

3.5. Education

The sector comprises of Education and technical training sub sector. The sector medium term objectives are to improve quality of teaching and training in ECDE and Vocational Training Centres, improve transition from ECDE to primary school and to provide financial support in education sector through bursaries and scholarships.The budget for the Early Childhood Development Education (ECDE) sub-sector is designed to enhance access to quality education through a series of key initiatives and investments.

The primary objective is to improve access to quality education within this sector. To achieve this, significant resources are allocated to various programs.

One of the main focus areas is **ECDE infrastructure**, where efforts will include the construction of new classrooms and toilets. Currently, there are 10 classrooms, but the planned target is to increase this to 30. For sanitation, the goal is to construct an additional 15 toilets, building on the existing 10.

In **human resource development**, the recruitment of ECDE caregivers is a priority. Currently, there are 791 caregivers, with a target to reach 1,000. This initiative is essential for ensuring that children receive the care and education they need.

The provision of **teaching and learning materials** is also critical. There are currently 434 ECDE centers supplied with materials, and the goal is to maintain this level of support to ensure that all centers are adequately equipped.

Another vital component of the budget is the **school feeding program**, which aims to benefit 60,000 children, up from the current 42,953. This program is crucial for improving child nutrition and learning outcomes. Additionally, inspections of business premises, which currently number 50, are set to increase to 330, ensuring compliance and safety standards.

In the area of **vocational training**, initiatives include establishing capitation for Vocational Training Centers (VTCs). Currently, there are 3,404 trainees, with a target of 3,000. Start-up kits for graduates are also planned, aiming to provide 800 kits to support their transition into the workforce.

The budget also emphasizes **education bursaries**. The Elimu bursary program, which currently serves 10,000 beneficiaries, aims to expand to 30,000. Additionally, the Ukombozi scholarship program seeks to increase its reach from 20 to 100 beneficiaries, providing further opportunities for students in need.

3.6. General Economic and Commercial Affairs

The sector comprises the Trade and Industrialization sub sector which is responsible for trade development, Micro small and medium enterprises development as well as weights and measures function.

In the coming financial year of 2025-26, The department has identified several key priority projects focusing on enhancing trade and industrial development. The primary objective is to improve trade and industrial activities within the region.

A significant aspect of these projects is the development of trade infrastructure. Plans include constructing one new modern market, completing two stalled markets, and renovating one existing market. Additionally, there are initiatives to support and construct five new business kiosks and to build five additional sanitation blocks.

In terms of trade market access, the department aims to hold one more trade show, increasing the total to three. To strengthen entrepreneurship capacity, three additional trade training sessions are planned to complement the two already conducted.

The promotion of fair trade practices is another priority, with targets set to verify and stamp 8,050 pieces of equipment and inspect 330 business premises. Furthermore, the department will host its first investment forum and construct two Jua Kali centers to support local artisans.

The revamping of the Nawiri fund is also a focus, with plans to increase disbursements from 51.4 million to an additional 20 million, aiming to expand beneficiary groups from 226 to 300.

The expected outcomes include increased trade and industrialization, enhanced market infrastructure, job creation, improved revenue collection, and value addition in agriculture. These efforts are designed to foster a vibrant economic environment in the region, ultimately benefiting the community and supporting sustainable growth.

3.7. Social protection, Culture and Recreation

The sector comprises the Gender, Youth, Culture, Sports, and tourism sub sector. The sectors goal is to "To improve the quality of life for the vulnerable, enhance economic empowerment of organized community groups, provide social protection and support services, promote youth and sports programmes and preserve culture and national heritage in Trans Nzoia County". The Gender sub sector is mandated to improve the quality of life of the communities by providing social protection services, coordinating and implementing affirmative action, capacity building and empowering of organized groups. The Sports sub sector is charged with the responsibility of sports promotion, development of sports facilities, sports education and talent identification and nurturing. Culture sub sector is responsible for identification, preservation and promotion of cultural heritage.

The department has outlined an ambitious set of priority projects for the 2025-2026 financial year, focusing on enhancing social protection services, promoting sports, and preserving cultural heritage.

In the social protection services sector, the primary goal is to improve access to welfare and protection. A significant initiative is the establishment of the Kwanza rehabilitation center, which will involve the construction of hostels, administration blocks, classrooms, and kitchen and dining facilities. Additionally, the Trans Nzoia County Children's Rescue Center aims to rescue, rehabilitate, and reintegrate 300 children, with a budget allocation of approximately 2.7 million for this effort. The Trans Nzoia Bahati home for the elderly is also set for development, with plans to construct three housing units and a perimeter wall for safety. Renovation of a county social hall is planned, alongside the organization of community sensitization forums and training for 250 stakeholders to raise awareness and enhance community engagement. Support for vulnerable individuals, including registered women and youth groups, is another priority, with the goal of assisting 25 groups through the provision of income-generating equipment, requiring a budget of 3 million.

In the sports and youths sub-sector, the objective is to promote sports and enhance talent development in the county. A modern stadium is set to be constructed, requiring a substantial investment of 160 million. The procurement of assorted sports equipment is planned, aiming to issue 159 items to teams and support 490 federations and local teams. Various sports events, including the Governor's Cup, Football Academy, and KYISA games, will be organized to foster participation and competition. Additionally, a youth empowerment center will be established, targeting the enrollment of 250 young people, along with plans to conduct two training sessions to build their capacity and skills.

In the culture and tourism sub-sector, the focus is on enhancing the preservation of cultural heritage. The Kitale Museum is set for renovation, with an aim to complete the project fully. Efforts will be made to map and preserve cultural sites, shrines, and monuments, with a target of identifying and conserving several locations. The annual Trans Nzoia County Cultural Festival is planned to promote local traditions and arts, with the organization of one festival anticipated. Furthermore, initiatives to increase and diversify cultural artifacts at the museum will be pursued, alongside providing financial and material support to performing artists.

In terms of tourism development, the fencing of the Kitale Museum land and landscaping of the grounds are planned to enhance its appeal. Traditional bomas will also be established at the museum to celebrate and promote local culture.

The expected outcomes of these initiatives include increased gender equity and empowerment, with a focus on supporting women, youth, and marginalized groups. Performance indicators will track the number of individuals empowered through targeted programs, participation in leadership roles, and a reduction in gender-based violence cases. Overall, these projects reflect a comprehensive approach to improving social welfare, sports, culture, and tourism, ultimately benefiting the community and fostering sustainable development.

3.8. Public Administration and intergovernmental Relations (PAIR) Governance

The sector comprises of the Office of the Governor, Public Service Management, County Public Service Board, County assembly and Finance and Economic Planning. The sector is responsible for overall policy direction, formulation of County policies, human resource development and management, planning and budgeting, legislation, representation and oversight as well as resource mobilization and public finance management. The sector is also tasked with coordination of public participation which will see a consideration in funding for public participation initiatives through the Vikao Programme. This commitment to civic education and engagement reflects a focus on the community and enhancing transparency, civic education, intergovernmental relations, county enforcement, special programmes and promotion of peace and cohesion among County communities. In addition the sector mandated with the development and management of ICT infrastructure, enhancing access to e-government services as well as coordination of county communication services.

The budget for the upcoming financial year places a strong emphasis on several key infrastructure projects, with a notable priority given to the construction of the Governor's official residence. This significant investment highlights the necessity of providing suitable accommodations for the Governor, which is crucial for conducting official functions and effectively representing the county.

Another important project involves the construction and renovation of offices. This initiative aims to enhance the functionality and appearance of office spaces, fostering a more conducive work environment for staff.

3.8.1. Public Service Management

Additionally, the budget allocates funds for the development of ICT infrastructure and the digitization of service delivery systems. This initiative seeks to modernize operations, streamline processes, and improve access to services, ultimately enhancing overall efficiency and responsiveness to the needs of the community. Collectively, these projects reflect a commitment to improving governance and service delivery within the county

The budget for the upcoming financial year includes significant allocations for various construction and modernization projects that aim to enhance infrastructure and improve service delivery in the county.

One of the major projects is the construction of sub county offices in Kwanza and Endebess. This initiative is designed to provide essential facilities for local administrative functions and improve access to services for residents.

Another key project involves the modernization of records management. This investment aims to streamline data handling and improve the efficiency of record-keeping processes within the county administration.

The budget also includes a significant allocation of Ksh. 37,500,000 for the KDSP Level 2 Development Grant, which is aimed at supporting various development initiatives within the county.

Additionally, there is a provision for consultancy services related to the construction of the County Headquarters. This is a crucial step in planning and executing the construction process effectively.

Furthermore, the Sector has priotitized the completion of the County Headquarters, which includes the installation of cabros and the construction of a perimeter wall. This project is pivotal for establishing a central administrative hub that enhances governance and service delivery.

Overall, these investments under the Sector reflect a commitment to improving county infrastructure, enhancing administrative efficiency, and ensuring that local services are accessible to all residents.

3.8.2. County Public Service Board

The sub sector development objective in the medium term is “To provide policy guidance, regulatory framework and develop institutional and human resource capacity for effective delivery of services to the public”.

The key projects for the sector The County Public Service Board has outlined several priority projects for the 2025-2026 financial year.

In terms of capital projects, one notable initiative is the construction of a modern boardroom at the CPSB headquarters. This project is expected to enhance the board's operational capabilities and facilitate better decision-making processes.

Overall, these initiatives reflect a comprehensive strategy by the County Public Service Board to improve infrastructure, enhance public service delivery, and ensure effective governance practices. The proposed projects demonstrate a commitment to fostering an environment conducive to better service delivery for residents.

The County Public Service Board has outlined several priority projects for the 2025-2026 financial year, aiming to enhance public service delivery and improve infrastructure across various sectors.

The focus on physical infrastructure and equipment aims to create a conducive work environment for employees to enhance service delivery. A key initiative within this area includes the purchase of a new vehicle, which is intended to improve operational efficiency and responsiveness.

Efforts to deliver efficient and accessible public services involve developing human resource policies and legal frameworks, with specific targets for creating sector-specific legislations and guidelines. Additionally, the review of the strategic plan and provisions for board member gratuity are included to ensure that administrative support is both effective and sustainable.

Improving public service delivery is a priority, with key initiatives such as signing performance contracts for employees and implementing a performance appraisal system to foster accountability. The development of service charters, along with conducting customer satisfaction and work environment surveys, is also planned to enhance the overall quality of service provided to residents.

Enhancing effective policy coordination and good governance is another critical focus. This includes initiatives to sensitize staff on governance values and principles, ensuring alignment with ethical standards. The preparation of annual reports for the County Assembly and familiarizing new employees with the code of conduct and ethics are also essential components to promote a culture of integrity.

Strengthening the capacity of the County Public Service is also a key objective. This involves targeted recruitment and promotion of staff, as well as comprehensive training initiatives designed to develop skilled and professional public employees.

In terms of capital projects, one notable initiative is the construction of a modern boardroom at the CPSB headquarters, which is expected to enhance the board's operational capabilities and facilitate better decision-making processes.

Overall, these initiatives reflect a comprehensive strategy by the County Public Service Board to improve infrastructure, enhance public service delivery, and ensure effective governance practices. The proposed projects demonstrate a commitment to fostering an environment conducive to better service delivery for residents.

3.8.3. Finance and Economic Planning

The Finance and Economic Planning subsector is tasked with economic planning, budget formulation, revenue collection and management, supply chain management, accounting services, and auditing. Its primary role is to coordinate and facilitate the performance of other sectors, resulting in most of its programs being non-capital in nature. For the MTEF period 2024-2025, the main priorities will focus on enhancing policy formulation, planning, and budgeting, as well as improving financial management and reporting, and boosting revenue collection. To achieve these goals, the sector has identified several interventions for implementation during this period, including strengthening county planning, enhancing monitoring, evaluation, and reporting, improving county statistics and documentation, formulating county development plans, preparing budget policy documents, and automating financial reporting and revenue collection, among other initiatives.

3.8.4. County Assembly

The medium-term development objective of the subsector is to provide quality services to the community through oversight, representation, and legislation, ensuring the autonomy and impartiality of the County Assembly. During the MTEF period, the subsector will focus on significant infrastructural projects, including the completion of the new county assembly administration block and the construction of the county assembly center. These initiatives, along with the equipping of the county assembly, aim to enhance service delivery within the assembly.

4. Part IV: FISCAL POLICY AND BUDGET FRAMEWORK

4.1. Overview

The Fiscal Strategy Paper 2025 is designed to support the transformation of the county economy through infrastructure and socio-economic development while ensuring a balanced budget. It aims to manage the growth of recurrent expenditure in favor of capital investment to promote sustainable development and enhance service delivery. However, the county faces challenges due to a contracting fiscal space, which limits the availability of resources for both ongoing and new projects, as well as the payment of pending bills.

In light of these constraints, the focus for capital investments will be on completing, equipping, and operationalizing ongoing projects, ensuring that the intended beneficiaries can enjoy the anticipated benefits. Additionally, addressing outstanding obligations through the payment of pending bills is a priority to maintain credibility and trust with contractors and service providers.

The medium-term fiscal framework for FY 2025-26 is guided by the macroeconomic policy framework outlined in Part II and the sector priorities detailed in Part III. Sectoral expenditure ceilings are established based on the parameters that informed funding allocations in the FY 2024-25 budget. Most expenditures are expected to support critical infrastructure and the operationalization of existing facilities, while also prioritizing the settlement of pending bills, thereby navigating the tighter fiscal environment with careful planning to maximize the impact of available resources

4.2. Revenue Projections

The financial projections for the fiscal years 2023-24 and the Medium Term present a detailed overview of anticipated revenues from various sources. Notably, the upcoming fiscal year 2025-26 is projected to be a pivotal year, with total revenue expected to decline to Ksh. 9,304,215,455. This decrease is driven by a slight rise in the equitable share, projected at Ksh. 7,899,306,778, while local revenue is set to drop to Ksh. 600,000,000. Grants and transfers will also see a significant decline to Ksh. 804,908,677. In contrast, the previous fiscal years are characterized by steady growth, with the equitable share projected to through Ksh. 7,499,822,440 in 2023-24 to Ksh. 8,708,985,723 by 2027-28. Additionally, unspent balances brought forward have impacted the totals in the years 2023-24 and 2024-25 but are not projected for 2025-26 and beyond. Overall, while 2025-26 may pose challenges with reduced revenue, the long-term outlook remains positive, with total projected revenue expected to rise again to Ksh. 10,257,897,539 by 2027-28.

Table 10: County Revenues Projections for Fy.2025-26 and the Medium term.

Sources	Approved 2023-24 Ksh.	Approved 2024-25 Ksh.	Projected 2025-26 Ksh.	Projected 2026-27 Ksh.	Projected 2027-28 Ksh.
Equitable share	7,499,822,440	7,798,593,372	7,899,306,778	8,294,272,117	8,708,985,723
Local Revenue Projection	643,700,000	680,000,000	600,000,000	630,000,000	661,500,000
Grants and transfers	1,131,396,317	1,197,798,541	804,908,677	845,154,111	887,411,816
Unspent Balances brought forward	910,237,312	845,368,130	-	-	-
Total Projected Revenue	**10,185,156,069**	**10,521,760,043**	**9,304,215,455**	**9,769,426,228**	**10,257,897,539**

Source: County Treasury and BPS 2025.

Additional loans and grants will be allocated once their specifics are determined. According to the budget policy statement, the National Treasury proposes to allocate at least a total of Ksh. 804.9 million (including 352 Million - KDSP II monies - with advisory from State Department of Devolution, to consider therein) as additional allocations (conditional and unconditional) from the National Government's share of revenue and from *Proceeds of Loans and Grants to County Governments for Fy 2025-26*.

Subject to meeting all applicable results, each eligible county will receive a flat allocation of Ksh. 37,500,000. Funds from the Kenya Urban Support Programme (KUSP) - Urban Institutional Grant (UIG) and Urban Development Grant (UDG) will be distributed to the counties based on the findings of the Annual Performance Assessment scheduled for March 2025. Additionally, allocations related to Flocca (KfW and IDA) will be determined according to the financing agreement between KfW and the Government of Kenya.

4.3. Additional Unconditional Allocations from the National Government Share of revenue

The aggregated additional allocations amounting to ksh. 1,200,000,000, once disagregated will be supplementary to the funds allocated as equitable share and Own Source Revenues. They will be assigned to the respective departments. This process ensures that the additional funds are effectively channeled to support specific departmental needs and enhance service delivery across the County. The summary of projected County own source revenue for the coming financial year 2024-25 and the MTEF period is summarised in the table 11.

Table 11: County Own Sources Revenues -FY 2025-2026 and Projection for Medium Term

	Revenue Streams per Department	Targeted Revenue 2024-25	Projected Revenue 2025-26	Projected Revenue 2026-27	Projected Revenue 2027-28
	Agriculture				
1.	Agricultural mechanization services	4,000,000	3,529,412	3,705,882	3,891,176
2.	Hire-lease of county agricultural land	300,000	264,706	277,941	291,838
3.	Audit of co-operative societies	250,000	220,588	231,618	243,199
4.	Coffee movement permits	300,000	264,706	277,941	291,838
5.	Livestock auction fees(Stock yard sale)	1,000,000	882,353	926,471	972,794
6.	sale of tree seedlings	200,000	176,471	185,294	194,559
7.	Slaughter house operation fees	1,000,000	882,353	926,471	972,794
8.	Meat inspection fee	2,000,000	1,764,706	1,852,941	1,945,588
9.	Hides and skins license	500,000	441,176	463,235	486,397
10.	A.I. services	50,000	44,118	46,324	48,640

11.	Livestock movement permits	500,000	441,176	463,235	486,397
12.	Licensing of meat containers	100,000	88,235	92,647	97,279
13.	Certificate of transport(COT)	100,000	88,235	92,647	97,279
14.	Lab services	100,000	88,235	92,647	97,279
	Sector Total	**10,400,000**	**9,176,471**	**9,635,294**	**10,117,059**
	Trade , Commerce and Industry				-
15.	Open air markets	20,000,000	17,647,059	18,529,412	19,455,882
16.	Market stalls, Bandas and Enclosed Markets	12,000,000	10,588,235	11,117,647	11,673,529
17.	Weight and measures fees	1,800,000	1,588,235	1,667,647	1,751,029
18.	Liquor fees	20,000,000	17,647,059	18,529,412	19,455,882
19.	Cess	40,000,000	35,294,118	37,058,824	38,911,765
20.	Single business permit (current, arrears and penalties)	80,000,000	70,588,235	74,117,647	77,823,529
21.	Motor bike fees (yearly sticker)	15,000,000	13,235,294	13,897,059	14,591,912
22.	Motor bike fees(Penalties)		-		-
	Sector Total	**188,800,000**	**166,588,235**	**174,917,647**	**183,663,529**
	Water, Environment and Natural Resources				**-**
23.	Refuse collection and conservancy(Waste Disposal)	5,000,000	4,411,765	4,632,353	4,863,971
24.	Hydrological investigation and drilling of boreholes	-	-	-	-
25.	Use of county dumpsite	1,000,000	882,353	926,471	972,794
26.	Tree harvesting permit(farm trees)	500,000	441,176	463,235	486,397
27.	Licensing of extractive resources	1,000,000	882,353	926,471	972,794
28.	Excessive noice and vibration control	500,000	441,176	463,235	486,397
29.	Nuisance abatement fees	-	-		-
	Sector Total	**8,000,000**	**7,058,824**	**7,411,765**	**7,782,353**
	Works,Transport and Infratracture				**-**
30.	Hire of construction machinery	2,500,000	2,205,882	2,316,176	2,431,985
31.	Approval of Building plans		-	-	-
32.	Fire inspection- compliance certificates	2,500,000	2,205,882	2,316,176	2,431,985
33.	Way leave charges i.e. cutting, trenching and installation of fiber cables-water pipes	500,000	441,176	463,235	486,397
34.	Pole rate i.e KPLC and Telkom poles	1,000,000	882,353	926,471	972,794

	Sector Total	**6,500,000**	**5,735,294**	**6,022,059**	**6,323,162**
	Health				**-**
35.	Income from health(medical and public health)	105,000,000	92,647,059	97,279,412	102,143,382
36.	Cemetery charges	200,000	176,471	185,294	194,559
37.	Toilets	1,500,000	1,323,529	1,389,706	1,459,191
38.	NHIF Reimbursments	205,000,000	180,882,353	189,926,471	199,422,794
	Sector Total	**311,700,000**	**275,029,412**	**288,780,882**	**303,219,926**
	Physical Planning Lands and Housing				**-**
39.	Building approval fees	12,000,000	10,588,235	11,117,647	11,673,529
40.	Plot subdivision and transfer of plots	1,000,000	882,353	926,471	972,794
41.	House rents	1,000,000	882,353	926,471	972,794
42.	Survey fees	1,000,000	882,353	926,471	972,794
43.	Temporary occupation license(TOL)	100,000	88,235	92,647	97,279
44.	Outdoor advertisement charges	18,000,000	15,882,353	16,676,471	17,510,294
45.	Lease of non agricultural county land	1,000,000	882,353	926,471	972,794
	Sector Total	**34,100,000**	**30,088,235**	**31,592,647**	**33,172,279**
	Gender, youth,Sports,Culture and Tourism				**-**
46.	Hire of county stadium		-	-	-
47.	National Museum	5,000,000	4,411,765	4,632,353	4,863,971
48.	Hire of social hall	100,000	88,235	92,647	97,279
49.	Hire of county sports bus		-	-	-
50.	Registration - Renewal of welfare groups - Sports club and Performing artist		-	-	-
51.	Dividend income i.e Mt. Elgon Lodge		-	-	-
52.	Lisencing of private Parks		-	-	-
53.	Hire of county seats- tents		-	-	-
	Sector Total	**5,100,000**	**4,500,000**	**4,725,000**	**4,961,250**
	Education				**-**
54.	Registration of ECD Schools		-	-	-

55.	Hire of county brick-making machines	100,000	88,235	92,647	97,279
	Sector Total	**100,000**	**88,235**	**92,647**	**97,279**
	Finance				-
56.	Land rates(current, arrears and penalties)	50,000,000	44,117,647	46,323,529	48,639,706
57.	Ground Rent		-	-	-
58.	Street parking (Daily, Seasonal, Reserved, Clamping and Impounding)	20,000,000	17,647,059	18,529,412	19,455,882
59.	Enclosed bus park fees	45,000,000	39,705,882	41,691,176	43,775,735
60.	amusement permits	300,000	264,706	277,941	291,838
61.	Miscelleneous Income	-	-	-	-
	Sector Total	**115,300,000**	**101,735,294**	**106,822,059**	**112,163,162**
	Grand Total	**680,000,000**	**600,000,000**	**630,000,000**	**661,500,000**

Source: County Revenue section

4.4. Expenditure Forecasts

In FY 2025-26, the projected expenditure is Ksh. 9,304,215,455 out of which the projected recurrent expenditure is Ksh.6,367,745,251 and a development expenditure target of Ksh. 2,936,470,204 as summarized in table 12.

Table 12: Summary of Proposed Expenditure by Vote for MTEF period 2024-25 - 2027-28 Ksh.

	Approved Budget	Projections		
Vote	2024-25	2025-26	2026-27	2027-28
Recurrent	6,070,194,759	6,367,745,251	6,686,132,514	7,020,439,139
Development	4,451,565,284	2,936,470,204	3,083,293,714	3,237,458,400
Total	**10,521,760,043**	**9,304,215,455**	**9,769,426,228**	**10,257,897,539**

Source: County Treasury

***Expenditure projections for the outer MTEF years based on Equitable share & OSR*

4.5. Resource Allocation

In light of recent macroeconomic developments, growth prospects, and constrained resources, the FY 2025-26 budget and the Medium-Term Budget Framework will prioritize the implementation of programs outlined in the 3rd Generation CIDP. Resource allocation for the 2025-26 financial year will be anchored on sector priorities to ensure effective service delivery and sustainable development.

The County Government will continue implementing its fiscal consolidation strategy by rationalizing expenditures and enhancing local revenue mobilization. To achieve this, county sectors will be encouraged to adopt efficient resource allocation practices, reducing non-priority spending. This will involve meticulous budget costing and reviewing ongoing development projects to align them with government policy priorities.

The county fiscal framework serves as a key policy tool aimed at driving growth and improving productivity across all sectors. The projected growth is based on the assumption of normal weather patterns, a stable national and international economic environment, increased investor participation in development initiatives outlined in the CIDP and ADP, and stable international oil prices. Through these strategies, the County Government seeks to foster sustainable growth while ensuring prudent use of public resources.

4.6. Resource Allocation Criteria

Resource Allocation for the MTEF Period

The allocation of resources to various sectors for the MTEF period is guided by several key criteria:

- Alignment with County Plans: Priority is given to programs and projects that align with the CIDP, ADP, and other county planning frameworks.
- Socio-Economic Impact: Initiatives that contribute to socio-economic development and transformative growth are prioritized.
- Flagship and Transformative Projects: Emphasis is placed on funding county flagship and high-impact transformative projects.
- Departmental Mandate: Programs that directly address the core functions of respective departments receive precedence.
- Constitutional Provisions: Projects that deliver services outlined in Schedule 4 of the Constitution and fulfill constitutional obligations are prioritized.
- Donor Commitments: Resource allocation also considers the need to honor existing donor agreements and obligations.

Key Focus Areas:

In line with these criteria, the resource allocation strategy will prioritize the following areas:

- **Improving Public Service Delivery:** Enhancing the quality and efficiency of essential services.
- **Completion of Ongoing Projects:** Ensuring timely completion and operationalization of ongoing programs and projects.
- **Strengthening Human Resource Capacity:** Investing in workforce development to improve service delivery.
- **Supporting Trade and Investment:** Creating a conducive environment for economic growth and investment.
- **Fast-Tracking CIDP Implementation:** Accelerating efforts to achieve the objectives set out in the CIDP.
- **Boosting Agricultural Productivity:** Promoting agricultural production, resilience, and value addition.
- **Enhancing Access to Basic Services:** Facilitating easy access to essential services such as water, education, and healthcare.

This approach aims to foster sustainable development while ensuring efficient utilization of public resources to meet the county's strategic objectives

Pending Bills

As of 30th June 2024, the total outstanding pending bills for the County Government amounted to an estimated Ksh 1.2 billion. These pending bills are categorized as follows:

Ksh 700 million – (Category-Description)

Ksh 500 million – (Category-Description)

4.7. Conclusion and Recommendations

The policies outlined in this CFSP 2025 aim to balance the dynamic nature of emerging issues with changing circumstances. These policies are aligned with the County Integrated Development Plan (CIDP) 2023-2027, the fiscal responsibility principles established under the Public Finance Management (PFM) law, and the national strategic objectives that guide the allocation of public resources at the county level. The sector ceilings and policy guidelines provided will serve as a reference for departments as they make final adjustments to the 2025-26 Medium-Term Expenditure Framework (MTEF) budget.

Given the limitations of budgetary resources, departments must prioritize programs that align with county priorities. This necessitates a thorough assessment of project costs, strategic importance, expected outcomes, potential alternatives, and operational plans to ensure the efficient and effective use of public funds.

Successful budget implementation is crucial for delivering services that drive sustainable growth. Achieving this goal requires the active involvement of all stakeholders, including County Government departments, civil society, communities, the County Assembly, and development partners. Collaborative engagement, innovative solutions, and continuous consultations will be essential for building a resilient and prosperous county. The provisional expenditure ceilings for the various sectors are appended in Annex 1

.

ANNEXES

Annex 1: Proposed Ceilings for FY.2025-2026 and Medium Term

S. No.	DEPARTMENT	Personnel Emoluments	Operations and Maintenance	Recurrent Grants	Total Recurrent	Development Grants	Ward Specific Provision	Executive Development	Total Development	Total Ceilings FY 2025-26	Total Ceilings FY 2026-27	Total Ceilings FY 2027-28
		(A)	(B)	(C)	(D)=(A)+(B)+(C)	(E)	(F)	(G)	(H)=(E)+(F)+(G)	I=(D)+(H)		
1	Agriculture	248,279,635	7,404,639		255,684,274	231,250,000	21,810,345	118,760,539	371,820,884	627,505,158	658,880,416	691,824,437
2	Livestock and Cooperative	-	5,227,863		5,227,863	60,550,000	46,120,690	24,412,820	131,083,510	136,311,373	143,126,942	150,283,289
3	Trade, Commerce and Ind	32,121,230	21,889,338		54,010,568		18,103,448	63,474,039	81,577,487	135,588,055	142,367,458	149,485,831
4	Water and Environment	52,571,426	21,053,836		73,625,262		68,965,517	145,939,337	214,904,854	288,530,116	302,956,622	318,104,453
5	Public Works and Energy	109,608,725	10,950,000		120,558,725		6,551,724	93,100,000	99,651,724	220,210,449	231,220,971	242,782,020
6	Roads and infrastructure	-	33,664,000		33,664,000		244,568,966	136,395,361	380,964,327	414,628,327	435,359,743	457,127,731
7	Health and Sanitation	1,977,076,674	415,477,195	113,826,677	2,506,380,546	9,282,000	31,120,690	112,978,283	153,380,973	2,659,761,519	2,792,749,595	2,932,387,075
8	Lands and Housing	40,967,562	24,723,380		65,690,942		12,931,034	97,752,122	110,683,156	176,374,098	185,192,803	194,452,443
9	Municipal Board	13,125,000	18,135,192		31,260,192		2,586,207	43,389,861	45,976,068	77,236,260	81,098,073	85,152,977
10	Gender and Youth	40,156,308	129,030,000		169,186,308		102,586,207	181,970,120	284,556,327	453,742,635	476,429,767	500,251,255
11	Governance	96,557,567	116,586,835		213,144,402		-	38,820,571	38,820,571	251,964,973	264,563,222	277,791,383
12	Public Service Mgnt	315,156,112	299,593,006		614,749,118	390,000,000	-	221,753,963	611,753,963	1,226,503,081	1,287,828,235	1,352,219,647
13	County PSB	43,435,455	54,008,032		97,443,487		-	9,345,680	9,345,680	106,789,167	112,128,625	117,735,057
14	Education and ICT	468,769,764	227,033,032		695,802,796		69,655,172	69,860,502	139,515,674	835,318,470	877,084,394	920,938,613
15	Finance	156,836,921	455,320,337		612,157,258		-	57,669,004	57,669,004	669,826,262	703,317,575	738,483,454

S. No.	DEPARTMENT	Personnel Emoluments	Operations and Maintenance	Recurrent Grants	Total Recurrent	Development Grants	Ward Specific Provision	Executive Development	Total Development	Total Ceilings FY 2025-26	Total Ceilings FY 2026-27	Total Ceilings FY 2027-28
16	Economic Planning	-	32,034,962		32,034,962		-	6,233,421	6,233,421	38,268,383	40,181,802	42,190,892
17	County Attorney	8,820,000	113,545,126		122,365,126		-		-	122,365,126	128,483,382	134,907,551
	Total Executive	**3,603,482,379**	**1,985,676,773**	**113,826,677**	**5,702,985,829**	**691,082,000**	**625,000,000**	**1,421,855,623**	**2,737,937,623**	**8,440,923,452**	**8,862,969,625**	**9,306,118,106**
18	County Assembly	367,052,988	297,706,434		664,759,422			198,532,581	198,532,581	863,292,003	906,456,603	951,779,433
	Grand Total	**3,970,535,367**	**2,283,383,207**	**113,826,677**	**6,367,745,251**	**691,082,000**	**625,000,000**	**1,620,388,204**	**2,936,470,204**	**9,304,215,455**	**9,769,426,228**	**10,257,897,539**
	Proportion to Total Revenue	**42.7**			**68.4**				**31.6**			

Departmental Budget Ceilings for MTEF Period 2023-24-2026-27. ***The ceilings are based on the equitable share and own source revenue. The loans and grants are additional funds allocated to the departments where they are applicable.***

Annex 2: Equitable Share growth trend

Allocation	Allocation in Ksh	Growth in Ksh.	% Growth
2013-2014 (Base year)	3,356,022,973	3,356,022,973	0.0
2014-2015	4,013,445,218	657,422,245	16.4
2015-2016	5,099,612,701	1,086,167,483	21.3
2016-2017	5,502,547,171	402,934,470	7.3
2017-2018	5,647,400,000	144,852,829	2.6
2018-2019	5,620,600,000	-26,800,000	-0.5
2019-2020	5,264,914,200	-355,685,800	-6.8
2020-2021	5,760,300,000	495,385,800	8.6
2021-2022	7,186,157,670	1,425,857,670	19.8
2022-2023	7,186,157,670	0	0.0
2023-2024	7,499,822,440	313,664,770	4.2
2024-2025	7,798,593,372	298,770,932	3.8
2025-2026	7,899,306,778	100,713,406	1.3

Annex 3: Analysis of Local Revenue Performance from Fy.2013-14 to Fy.2022-23

Financial Year	**Revenue Target (Ksh.)**	**Actual Revenue (Ksh)**	**Revenue Target (%)**
2013-2014	500,000,000	202,266,615	40.5
2014-2015	385,000,000	301,267,105	78.3
2015-2016	389,026,513	311,586,973	80.1
2016-2017	500,000,000	241,193,609	48.2
2017-2018	500,000,000	248,724,083	49.7
2018-2019	500,000,000	372,555,742	74.5
2019-2020	500,000,000	356,077,068	71.2

Financial Year	Revenue Target (Ksh.)	Actual Revenue (Ksh)	Revenue Target (%)
2020-2021	493,799,500	340,453,746	68.9
2021-2022	529,500,000	379,991,105	71.8
2022-2023	629,500,000	477,280,569	75.8
2023-24	643,700,000	476,638,172	74.0
2024-25(Half Year Target)	340,000,000	159,664,542	47.0
2024-25(Full Year Target)	680,000,000	159,664,542	23.5

Annex 4: Analysis of personal emoluments against the County budget.

Financial Year	Personnel Expenditure	Approved Budget	PE as of Total Budget
2013-2014	1,331,772,619	4,424,513,086	30.1
2014-2015	1,825,867,635	5,374,097,481	34.0
2015-2016	1,599,246,132	6,154,867,114	26.0
2016-2017	1,944,062,488	6,875,000,761	28.3
2017-2018	2,667,942,552	6,628,528,220	40.2
2018-2019	2,390,559,373	8,042,560,324	29.7
2019-2020	2,429,057,373	7,974,595,274	30.5
2020-2021	2,663,904,368	8,396,207,368	31.7
2021-2022	3,200,142,358	9,253,170,349	34.6
2022-2023	3,304,858,873	9,293,454,362	36.3
2023-2024	3,362,026,285	10,185,156,069	32.8

References:

I. Budget policy statement, 2025
II. 3rd generation County Integrated development Plan CIDP 3rd Gen.
III. County Budget Review and Outlook paper 2024
IV. Sector Reports FY 2025-26
V. County Annual Development plan 2024-2025
VI. Draft 2023-2024 County Annual Progress Report
VII. County Expenditure Reports