



# **COUNTY GOVERNMENT OF ISIOLO**

## **THE COUNTY TREASURY**

### **2024 COUNTY FISCAL STRATEGY PAPER (CFSP)**

**Theme: Building a Resilient County Economy for Sustainable Development**

**FEBRUARY 2024**

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The document will also be available on the website at: <https://www.isiolo.go.ke/> as per the PFM Act 2012.

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## FOREWORD

The 2024 County Fiscal Strategy Paper (C-FSP) is the second to be prepared under the Administration of H.E. Abdi Ibrahim Hassan. It sets out the administration’s policies, priority programs, strategies and reforms for the Medium-Term Expenditure Framework (MTEF) as outlined in the 2024/25 County Annual Development Plan(C-ADP).

Since coming into office in September 2022, the Government has implemented bold policy responses to mitigate the persistent shocks that have been negatively affecting the county economy. Aside from these shocks, the County continues confronted by significant losses and damages due to frequent extreme weather events such as drought and floods. These events affected agricultural productivity and has triggered resource based conflicts among communities. Further, the county economy faces the recurrent challenge of low access to finance for business and development; rigidities in business regulatory framework; weak governance; and fiscal risks including pension’s liabilities, stalled public projects, payment arrears; and high pending service that has hindered the economy from achieving its full potential.

The 2024 CFSP outlines the Medium-Term Fiscal Framework, which offers mechanisms for entrenching sustainable growth and development for efficient service delivery in Isiolo County. This calls for openness, transparency, accountability, responsiveness, and abiding by the rule of law to facilitate fiscal discipline and maintain macroeconomic stability.

Currently, the County’s focus is in implementing priority areas identified in 2023-2027 County Integrated Development Plan (CIDP) and 2023/24 C-ADP. Some of the priority includes: Enhancing County Food Security; Investing in Quality, Affordable and Accessible Health Services; Increase access to clean and safe water; Expanding and maintaining the road network; Investing in Education and Vocational Training; Good Governance; Urban Development and enhancement of county own generated revenue.

This Paper articulates Economic Policies and Structural Reforms as well as sector-based expenditure Programmes that the County intends to implement in order to achieve the broad goal of its development agenda. The above-identified priority areas will inform the 3034/25 budget estimates.

Given the limited resources, the hard sector ceilings provided in this CFSP will form a basis for preparation of the detailed 2024/25 Budget estimate and the Medium-Term expenditure framework for submission to county assembly by 30<sup>th</sup> April 2024.

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## ACKNOWLEDGEMENT

The 2024 CFSP is prepared in compliance with the provisions of Section 117 of the Public Finance Management Act, 2012. It outlines the current state of the economy, provides macro-fiscal outlook over the medium term and specifies the set strategic priorities, interventions and policy goals of the County Government together with a summary of Government spending plans as a basis for the FY 2024/25 budget.

As the County Government continues to implement the FY 2023/24 planned budget and the medium term, I wish to emphasize that we are operating under tight resource constraints besides significant own source revenue improvement, that are as a result of the accrued pending bills and recent floods intervention emergencies, hence huge expenditure demands. This called for critical prioritization to ensure focus is on expenditures with the highest positive livelihood impact on the well-being of the people of Isiolo. In this regard, the County will continue prudently manage the use of public resources over the 2024/25-2026/27 Medium Term Expenditure Framework (MTEF).

Construction and completion of ongoing livelihood projects will be accorded funding priority over the MTEF period to support and accelerate inclusive growth and development.

The completion of this fiscal policy document was a result of the collective efforts by various county departments who provided valuable information on required expertise interventions. I am so grateful for their contributions. I am also grateful for the inputs in form of memoranda we received while preparing this document from the private interest groups, stakeholders and public during the Public Sector Hearings in February 2024. A lot of appreciation goes to the dedicated, efficient and effective team in the Economic Planning and Budgeting Department that spent substantial amount of time putting together this 2024 CFSP document while maintaining high quality standards.



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## **ABBREVIATIONS AND ACRONYMS**

A.I.A	Appropriation in Aid
AIDS	Acquired Immunodeficiency Syndrome
CECM	County Executive Committee Member
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
CRA	Commission on Revenue Allocation
DANIDA	Danish International Development Agency
ECD	Early Childhood Development
FY	Financial Year
GDP	Gross Domestic Product
HIV	Human Immunodeficiency Virus
ICT	Information Communication Technology
IFMIS	Integrated Financial Management Information System
Ksh	Kenyan Shilling
LAPSSET	Lamu Port and South Sudan-Ethiopia Transport
MTEF	Medium Term Expenditure Framework
MTP	Medium Term Plan
PAYE	Pay As You Earn
PFM	Public Finance Management
PPP	Public Private Partnership
SBP	Single Business Permit
VAT	Value Added Tax

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## EXECUTIVE SUMMARY

The 2024 CFSP is the second to be implement under the third Generation County Integrated Development Plan 2023-2027. The CFSP outlines the development agenda for the medium term in line with the theme of **building a resilient county economy for sustainable development**. The CFSP is prepared pursuant to provisions of PFM Act, 2012 and outlines the government's strategic priorities, current state of the economy, and fiscal outlook over the medium term and expenditure limits that will form the basis of preparing the FY 2024/25 budget. The 2024 CFSP comprises of seven chapters with the following key highlights:

Chapter 1: Introduction; The CFSP is prepared pursuant to PFM Act Section 117. The chapter contains CFSP Process Overview to be taken into account while preparing the paper. It also contains an Outline of the paper will follow.

Chapter 2: Recent economic & fiscal developments for both national and county government. Assessment of the past and current state of the economy with respect to the County Government revenue and expenditures for the previous year.

Chapter 3: the chapter outlines the forward economic and fiscal policies and the budget framework for both National & County Economic outlook.

Chapter 4: Strategic Priorities and Interventions. The chapter gives an analysis of strategic priorities and interventions. It also gives an analysis of the key priority sectors and interventions for the FY 2024/25 and over the medium term period for building a resilient economy for sustainable development

Chapter 5: Fiscal Policy and Budget Framework Fiscal Policy Framework, Fiscal Responsibility Principles, Fiscal and Public Financial Management Reform, Budget Framework, Revenue Projections, Expenditure Forecasts, Recurrent Expenditure, Development Expenditure, Risk Management Summary. The 2024 CFSP priorities on enhanced resource mobilization to fund the Government agenda. The county will leverage on automation to ensure efficiency and enhance service delivery for results.

Chapter 6: Medium-Term Expenditure Framework: it covers on Resource Envelope and Allocation/Prioritization Criteria, Overall Spending Priorities (in relation to Strategic Priorities/Interventions), Medium-Term Expenditure, Baseline Ceilings sector/Departmental Priorities (within Ceilings) with Narratives, details on allocation o across the various departments and entities, Personnel emoluments ceilings, ceilings operation and Maintenance and basis used on allocation of Development Budget.

Chapter 7: The chapter provides summarized Conclusion of 2024 CFSP. It also provides the next steps after approval of the same.



## CHAPTER ONE INTRODUCTION

### 1.1 Overview

1. The preparation of the County Fiscal Strategy Paper (CFSP) is a requirement of Section 117 of the Public Finance Management (PFM) Act, 2012 and thus plays an integral part in the budget making process. It specifies the Broad Strategic Priorities and policy goals and guides the County Government in preparing its budget for the coming financial year and over the medium term period.
2. The CFSP 2024 forms the basis for implementation of the third-generation County Integrated Development Plan (CIDP 2023-2027). This Paper has, therefore, been formulated by adopting the priority areas as outlined in the draft Annual Development Plan (ADP), 2024 namely:
  - i. Enhancing food security, sustainability of livestock based livelihoods and commercializing of livestock and Crop Production
  - ii. Investing in provision of quality, affordable and accessible Health Services
  - iii. Enhancement of access to Clean and Safe Water
  - iv. Investing in Education by focusing on construction of more ECDE & Vocational Training Centres, provision education scholarship as well as social development of the communities through social protection programs.
  - v. Investment in Road Infrastructure
  - vi. Investing in sustainable land use management for Socio Economic Development
  - vii. Promotion of Tourism, Trade and Industrial Development for a rapidly Industrializing Economy.
  - viii. Investment in conflict resolutions by promoting initiatives for peaceful and cohesive society where all have access to equitable share of resources; and
  - ix. Enhancement of County Own Revenue Generation through Automation
  - x. Enhancing Governance, Transparency and Accountability in the delivery of services.

### 1.2 Legal Basis for County Fiscal Strategy Paper

3. The preparation of the CFSP is anchored in the Constitution of Kenya, 2010; and, PFM Act, 2012.

#### 1.2.1 Constitution of Kenya, 2010

4. Article 220 (1) states that budgets of the National and County Governments shall contain: -
  - a) Estimates of revenue, expenditure, differentiating between recurrent, and development expenditure.
  - b) Proposals for financing any anticipated deficit for the period to which they apply; and

- c) Proposals regarding borrowing and other forms of public debt during the following year.
- 5. Sub-article (2) National legislation shall prescribe –
  - a) The structure of the development plans and budgets of counties.
  - b) When the plans and budgets of the Counties shall be tabled in the county assemblies; and
  - c) The form and manner of consultation between the National Government and County Governments in the process of preparing plans and budgets.

### **1.2.2 Public Finance Management (PFM) Act, 2012**

- 6. The County Fiscal Strategy Paper is prepared in accordance with section 117 of the Public Finance Management Act, 2012 which states that:
  - a) The County Treasury shall prepare and submit to the County Executive Committee a County Fiscal Strategy Paper (CFSP) for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the county assembly, by the 28<sup>th</sup> February of each year
  - b) The County Treasury shall align its CFSP with the National objectives in the Budget Policy Statement.
  - c) In preparing the CFSP, the County Treasury shall specify the broad strategic priorities and policy goals that will guide the County Government in preparing its budget for the coming financial year and over the Medium Term.
  - d) The County Treasury shall include in its Fiscal Strategy Paper, the Financial Borrowing for the financial year and over the Medium Term.
  - e) In preparing the CFSP, the County Treasury shall seek and take into account views of:
    - i. The Commission on Revenue Allocation (CRA).
    - ii. The Public.
    - iii. Any interested persons or groups; and
    - iv. Any other forum established by legislation.
  - f) Not later than fourteen days after submitting the CFSP to the County assembly, the County assembly shall consider and may adopt it with or without amendments.
  - g) The County Treasury shall consider any recommendations made by the County Assembly in finalizing the budget proposal for the financial year concerned; and
  - h) The County Treasury shall publish and publicize the CFSP within seven days after submitted to the County Assembly.

## **1.3 Principles of Public Finance and Fiscal Responsibility Principles**

### **1.3.1 Principles of Public Finance**

7. Article 201 of the Kenyan Constitution, 2010 sets out the following principles of public finance:
  - a) There shall be openness and accountability, including public participation in financial matters.
  - b) The public finance system shall promote an equitable society, in particular-
    - i. The burden of taxation shall be shared fairly.
    - ii. Revenue raised nationally shall be shared equitably among national and county governments; and
    - iii. Expenditure shall promote the equitable development of the country, including by making special provision for marginalized groups and areas.
  - c) The burdens and benefits of the use of resources and public borrowing shall be shared equitably between present and future generations.
  - d) Public money shall be used in a prudent and responsible way; and
  - e) Financial management shall be responsible, and fiscal reporting shall be clear.

### **1.3.2 Fiscal Responsibility Principles**

8. The Public Finance Management (PFM) Act, 2012 sets out the following fiscal responsibility principles to ensure prudence and transparency in the management of public resources:
  - a) The County Government's recurrent expenditure shall not exceed the County government's Total Revenue.
  - b) Over the Medium Term, a minimum of 30 percent of the County government's budget shall be allocated to the Development expenditure.
  - c) The County Governments' expenditure on wages and benefits for its public officers shall not exceed a percentage of the County government's total revenue as prescribed by the Executive Committee Member for Finance in regulations and approved by County Assembly and in line with the PFM act.
  - d) Over the Medium Term, the government's borrowing shall be used only for financing development expenditure and not for recurrent expenditure.
  - e) The County debt shall be maintained at sustainable level as approved by County Assembly.
  - f) The fiscal risks shall be maintained prudently; and
  - g) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained taking into account any tax reforms that may be made in the future.

## **1.4 Budgeting Approach**

9. The formulation of the CFSP 2024 takes into consideration the classification of devolved functions as a basis for revenue sharing as illustrated in Table 1 below.

**Table 1: Departmental Programmes**

<b>Code</b>	<b>Department</b>	<b>Program</b>
3511000000	County Assembly Services	0721003510 P21 County Assembly infrastructure, policy and service support
		0722003510 P22 Legislative and oversight
		0724003510 P24 Administration and support services
3512000000	County Executive	0713003510 P13 County Governance and Coordination Affairs
		0716003510 P16 County Devolved Administration Affairs
		0701003510 P1 County Governance and Coordination Affairs Deputy governor
		0708003510 P8 Governors Delivery Unit
		0723003510 P23 County Public Service
3513000000	Finance, Economic Planning, Cohesion Special Programme	0709003510 P9 Administration and support services
		0710003510 P10 Public financial management
		0711003510 P11 Economic Planning and Coordination Services
		0712003510 P12 Cohesion and Peace Building
		0725003510 P25 Special programmes
		0726003510 P26 KDSP (Kenya Devolution Support Programme) Conditional Grant
3514000000	Lands, Urban Planning, Roads, Infrastructure, Housing, And Public Works	0107003510 P7 Housing and urban development and public works
		0109003510 P9 Land Survey and land use planning
		0204003510 P4 Road improvement, accessibility, Logistic and connectivity
3515000000	Agriculture, Livestock and Fisheries Development	0101003510 P1 Livestock Resource Management and Development
		0102003510 P2 Fisheries Development and Management
		0103003510 P3 Administrative, planning, and support services
		P4 Crop Development and Management
		0105003510 P5 Veterinary Services
3518000000	Education, Vocational Training, Youth Sports Culture Gender and Social Services	0501003510 P1 General Administration, Planning and Support Services.
		0502003510 P2 Early Childhood Development
		0503003510 P3 Technical and Vocational Training
		0504003510 P4 Sports development and Youth Empowerment

Code	Department	Program
		0505003510 P5 Culture and Social Services
3519000000	Tourism, Wildlife Trade Cooperatives Enterprise Development, Administration and Public Service Management	0719003510 P19 Public Service Management and Transformation 0301003510 P1 Trade development and promotion 0303003510 P3 Co-Operative Development 0304003510 P4 Tourism Development Promotion
3521000000	Water, Sanitation, Energy, Environment and Natural Resource	1001003510 P1 Administration, Planning and Support services 1002003510 P2 Water supply and storage services 1003003510 P3 Environment and Natural resources
3522000000	Health Services	0401003510 P1 Preventive and Promotive services 0402003510 P2 Administration and planning Support services 0403003510 P3 Curative Health Services
3524000000	Municipal Administration	0206003510 P6 KUSP 0207003510 P7 Municipal Administration

## 1.5 CFSP Preparation Methodology

- 10.** Article 201 (a) and 232 (d) of the Constitution of Kenya, 2010 provides that the public should be involved in the budget making process through public participation. In this respect, the county sent out an advertisement requesting for memorandums and inputs from the public; from which the county residents gave their inputs and contributions on their preferred priorities areas for development.

### 1.5.1 Public Participation/ Sector Hearings and Involvement of Stakeholders

- 11.** Public participation and involvement of stakeholders in the medium-term budget process is a Constitutional requirement. In fulfilment of this requirement, while preparing the 2024 CFSP, the resolutions adopted by County assembly on the previous CFSP were considered. Additionally, Sector prepared their sector reports, which were later subjected to public hearings between 14<sup>th</sup> and 15<sup>th</sup> February 2024.

## CHAPTER TWO

### RECENT ECONOMIC AND MEDIUM TERM OUTLOOK

#### 2.0 Overview

12. Global economic outlook has become more uncertain - reflecting the impact of the ongoing Russia-Ukraine conflict, elevated global inflation, lingering effects of COVID-19 pandemic and persistent supply chain disruptions. Global growth is expected to slow down to 3.2 percent in 2022 and is projected to slow down to 2.7 percent in 2023 from the earlier forecast of 2.9 percent. The USA economy is projected to slow down to 1.0 percent in 2023 from 1.6 percent in 2022, Euro Area economies will slow down to 0.5 percent from 3.1 percent in 2022. China economy projected to improve to 4.4 percent from 3.2 percent in 2022. In the sub-Saharan Africa region, growth projected at 3.7 percent in 2023 from a growth of 3.6 percent in 2022. This outlook is weaker than the growth of 4.7 percent in 2021 reflecting lower trading partner growth, tighter financial and monetary conditions, and a negative shift in the commodity terms of trade.

#### 2.1.1 National Economic Overview

13. The Kenyan economy in 2022 demonstrated resilience in the face of severe multiple shocks that included the adverse impact of climate change, lingering effects of COVID-19, global supply chain disruption and the impact of Russia-Ukraine conflict. As such, the economic growth slowed down to 4.8 percent in 2022 from 7.6 percent in 2021 but broadly aligned with the pre-pandemic decade average of 5.0 percent. The robust growth of service sectors, particularly transport and storage, financial and insurance, information and communication, and accommodation and food services sectors largely supported this growth. However, the agriculture sector contracted by 1.6 percent due to the adverse weather conditions that affected reduction of crops and livestock.
14. Despite the challenging environment, the Kenyan economy is demonstrating resilience with growth performance well above the global and Sub-Sahara Africa (SSA) average. In the first half of 2023, the economic growth averaged 5.4 percent (5.5 percent Q1 and 5.4 percent Q2). This growth was primarily under-pinned by a rebound in the agricultural activities and a continued resilience of service sectors. All economic sectors recorded positive-growths in the first half of 2023, though the magnitudes varied across activities.
15. **Agriculture:** In the first half of 2023, the agriculture sector rebounded strongly following improved weather conditions and the impact of fertilizer and 34 Draft 2024 Budget Policy Statement seed subsidies provided to farmers by the Government. The sector grew by 6.0 percent in the first quarter and 7.7 percent in the second quarter. The strong performance was reflected in enhanced production, especially of food

crops that led to significant increase in exports of tea, coffee, vegetables and fruits. However, production of cut flowers and sugarcane declined during the period.

16. **Services:** The services sector continued to sustain strong growth momentum in the first half of 2023 growing by 6.0 percent in the first quarter and 5.9 percent in the second quarter. The robust performance was reflected in the notable growth of information and communication, wholesale and retail trade, accommodation and food services, Transport and storage, financial and insurance and real estate.
17. **Industry:** In the first half of 2023, the industrial sector recorded lower growths of 2.5 percent in the first quarter and 1.8 percent in the second quarter compared to growths of 4.4 percent and 4.2 percent, respectively in similar quarters in 2022. The slowdown in growth was mainly reflected in manufacturing, and electricity and water supply sub-sectors. Activities in the manufacturing sector, which accounts for nearly half of the industrial sector output, was hampered by a decline in the manufacture of both food (particularly sugar production) and nonfood products while electricity sub-sector slowed down due to a notable decrease in electricity generation from all sources, except geothermal.

***Inflation rate:***

18. Inflation had remained above the Government target range of  $5\pm 2.5$  percent from June 2022 to June 2023. In order to anchor inflation expectations, the Monetary Policy Committee (MPC) gradually raised the policy rate (Central Bank Rate (CBR)) from 7.50 percent in May 2022 to 10.50 percent in June 2023 and further to 12.50 percent in December 2023. The tightening of the monetary policy was to address the pressures on the exchange rate and mitigate second round effects including from global prices. This will ensure that inflationary expectations remain anchored, while setting inflation on a firm downward path towards the 5.0 percent mid-point of the target range.
19. Consequently, inflation eased gradually to 6.8 percent in November 2023 from a peak of 9.6 percent in October 2022 and has been within the target range for the five months of FY 2023/24. However, inflation has remained sticky in the upper bound of the Government's target range since July 2023. The easing of inflation was supported by lower food prices.
20. Food inflation remained the dominant driver of overall inflation in November 2023. However, it declined to 7.6 percent in November 2023 from a peak of 15.8 percent in October 2022 supported by general decline in international food prices, government interventions through zero rating of select food commodities, and improved weather conditions that enhanced production of fast-growing food items, thus moderating their prices. Nonetheless, sugar prices remained elevated driven by domestic and global factors.
21. Fuel inflation remained elevated reflecting the impact of the rise in international oil prices. It increased to 15.5 percent in November 2023 from 11.7 percent in November 2022. The increase reflects the impact of higher international oil prices, depreciation in the shilling exchange rate and gradual withdraw of the fuel subsidize from

September 2022 and the upward adjustment of electricity tariff from April 2023. In addition, the upward adjustment of VAT on petroleum product in July 2023 from 8.0 percent to 16.0 percent to eliminate tax credits from the sector exacted upward pressures on prices. However, prices of cooking gas continued to decline and moderated inflation reflecting the impact of the zero-rating of VAT on liquefied petroleum gas (LPG).

22. Core (non-food non-fuel) inflation remained stable at 3.3 percent in November 2023, from a peak of 4.4 percent in March 2023. The tight monetary policy and muted demand pressures resulted in the decline of inflation.

### ***Monetary and Credit Developments***

23. Broad money supply grew by 19.5 percent in the year to September 2023 compared to a growth of 6.1 percent in the year to September 2022. The primary source of the increase in money supply was an improvement in the Net Foreign Assets (NFA) of the banking system and resilient domestic credit. The increase in NFA mainly reflected the improvement in commercial banks' foreign assets.
24. Net Domestic Assets (NDA) registered a growth of 10.9 percent in the year to September 2023, compared to a growth of 17.6 percent over a similar period in 2022. An increase in domestic credit particularly resilient private sector credit and net lending to government supported growth in NDA. Growth of domestic credit extended by the banking system to the Government declined to a growth of 16.0 percent in the year to September 2023 compared to a growth of 19.8 percent in the year to September 2022.
25. Growth in private sector credit from the banking system remained resilient partly reflecting improving business conditions and demand for working capital. Credit advanced to the private sector grew by 12.2 percent in the year to September 2023 compared to a growth of 12.9 percent in the year to September 2022. Various sub-sectors that include finance and insurance, manufacturing, agriculture and transport and communication registered improved credit expansion. However, there were fluctuations in the Monthly (month on month) credit flows to the private sector which amounted to Ksh 47 billion in September 2023 compared to Ksh 52.4 billion in September 2022.
26. Interest Rates Developments 139. Reflecting the tight monetary policy stance and liquidity conditions in the money market, interest rates increased in the year to November 2023. The interbank rate increased to 11.4 percent in November 2023 compared to 4.6 percent in November 2022 while the 91-day Treasury Bills rate increased to 15.4 percent compared to 9.2 percent over the same period. The introduction of the interest rate corridor, in August 2023, is expected to align the interbank rate to the Central Bank Rate and thereby improve the transmission of the monetary policy.
27. Commercial banks average lending and deposit rates increased in the year to September 2023 in tandem with the tightening of the monetary policy stance. The

average lending rate increased to 14.0 percent in September 2023 from 12.4 percent in September 2022 while the average deposit rate increased to 8.6 percent from 6.8 percent over the same period. Consequently, the average interest rate spread declined to 5.3 percent in September 2023 from 5.6 percent in September 2022. External Sector Developments

28. The current account deficit improved to USD 4,160.5 million (4.1 percent of GDP) in September 2023 compared to USD 5,928.1 million (5.3 percent of GDP) in September 2022. The current account balance was supported by an improvement in the trade balance account and resilient remittances.
29. In the year to September 2023, exports contracted by 2.0 percent mainly due to a decline in horticultural exports particularly cut flowers despite an improvement in receipts from tea and manufactured exports. The increase in receipts from tea exports reflects higher prices attributed to lower global supply due to drought amid resilient demand from traditional markets.
30. On the other hand, imports declined by 13.2 percent in the 12 months to September 2023, mainly reflecting lower imports of infrastructure related equipment, manufactured goods, oil, and chemicals. Oil prices remain elevated because of increased geopolitical fragmentation and global oil supply cuts by major oil exporters particularly Saudi Arabia and Russia. As a result, the trade account balance improved by USD 2,429.5 million to a deficit of USD 9,741.7 million in September 2023.
31. Net receipts on the services account declined by USD 928.2 Million to USD 671.8 million in September 2023 compared to a similar period in 2022. This was mainly on account of a decline from transport receipts, despite an increase in receipts from tourism as international travel continues to improve. Net Secondary income remained resilient owing to an increase in remittances, which amounted to USD 4,142 million in the 12 months to September 2023, and 3.5 percent higher compared to a similar period in 2022.
32. The capital account balance improved by USD 12.6 Million to register a surplus of USD 144.1 million in September 2023 compared to a surplus of USD 131.5 million in the same period in 2022. Net financial inflows slowed down but remained vibrant at USD 3,144.8 million in September 2023 compared to USD 4,784.7 million in September 2022. The net financial inflows were mainly in the form of other investments, financial derivatives, and direct investments. Portfolio investments registered a net outflow during the period.
33. The overall balance of payments position slowed down to a surplus of USD 1,044.4 million (1.0 percent of GDP) in September 2023 from a surplus of USD 2,225.9 million (2.0 percent of GDP) in September 2022. Foreign Exchange Reserves
34. The banking system's foreign exchange holdings remained strong at USD 13,968.3 million in September 2023, an improvement from USD 11,337.4 million in September 2022. The official foreign exchange reserves held by the Central Bank stood at USD 7,651.8 million compared to USD 7,787.5 million over the same period (Figure 2.5).

Commercial banks holdings improved to USD 6,316.5 million in September 2023 from USD 3,549.9 million in September 2022.

35. The official reserves held by the Central Bank in September 2023 represented 4.1 months of import cover as compared to the 4.4 months of import cover in September 2022. It, however, fulfilled the requirement to maintain it at a minimum of 4.0 months of imports cover to provide adequate buffer against short-term shocks in the foreign exchange market.

### ***Exchange Rate Developments***

36. Kenya like several other countries is experiencing foreign exchange challenges due to the rise of US interest rates. In November 2023, the Kenya Shilling weakened by 24.7 percent against the US Dollar, 31.9 percent against the Sterling Pound and 32.2 percent against the Euro, compared to a similar period in 2022.
37. The Kenya Shilling exchanged at an average of Ksh 152.0 in November 2023 compared to an average of Ksh 121.9 in November 2022. Against the Euro, the Kenya shilling weakened to exchange at Ksh 164.2 in November 2023 compared to Ksh 124.2 in November 2022 while against the Sterling Pound the Kenyan Shilling also weakened to exchange at Ksh 188.6 compared to Ksh 143.0, over the same period (Figure 2.6). Increased remittances, adequate foreign exchange reserves and strong exports receipts supported the Kenyan Shilling.
38. The Government has taken measures to stabilize the foreign exchange market, which include the Government-to-Government petroleum supply arrangement. This arrangement mainly intended to address the US Dollar (USD) liquidity challenges and exchange rate volatility caused by the global dollar shortage and sport market reactions that was driving volatility and a false depreciation that was a scarcity value as well as market distortion.
39. Capital Markets Developments 152. Activity in the capital markets slowed down in November 2023 compared to November 2022 as advanced economies tightened their monetary policy amid inflationary pressures. The NSE 20 Share Index declined to 1,496 points in November 2023 compared to 1,638 points in November 2022 while Market capitalization declined to Ksh 1,436 Billion from Ksh 1,971 Billion over the same period (Figure 2.7).
40. In the domestic secondary bond market, bonds turnover declined by 16.1 percent to Ksh 644.86 billion in September 2023 from Ksh 768.84 billion in September 2022. In the international market, yields on Kenya's Eurobonds decreased by 106.8 basis points at the end of September 2023 compared to September 2022.

### **2.1.3 National Fiscal Overview**

41. Budget execution during the first four months of FY 2023/24 progressed relatively well with revenues recording a growth of 13.0 percent in October 2023 compared to a growth of 11.9 percent in October 2022. Total revenue recorded a shortfall of Ksh 47.6 Billion with ordinary revenue missing the October 2023 target by Ksh 59.1

Billion and Ministerial Appropriation in Aid (AiA) recording a surplus of Ksh 11.5 Billion. Improved revenue administration by the Kenya Revenue Authority will support Revenue performance over the course of the fiscal year.

42. Similarly, overall expenditures were below target by Ksh 244.6 billion in October 2023 on account of below target disbursements towards; development expenditure by Ksh 104.3 billion, recurrent expenditures by Ksh 81.4 billion, and County Governments by Ksh 58.8 billion. The below target performance in expenditures is largely explained by the shortfalls in revenue performance

### **Revenue Performance**

43. Revenue collection to October 2023 recorded a slightly higher growth of 13.0 percent compared to a growth of 11.9 percent in October 2022. This revenue performance is partly explained by rising cost of living, which has negatively affected the business environment. As at end October 2023, the cumulative total 42 Draft 2024 Budget Policy Statement revenue inclusive of Ministerial Appropriation in Aid (A-i-A) was Ksh 826.7 Billion against a target of Ksh 874.3 Billion recording a shortfall of Ksh 47.6 Billion.
44. Ordinary revenue for the period to October 2023 was Ksh 713.9 billion against a target of Ksh 773.0 billion translating into a shortfall of Ksh 59.1 billion despite recording a growth of 12.3 percent. All broad tax categories of ordinary revenue save for Value Added Tax (VAT) fell short of the respective targets during the review period. Income tax recorded a shortfall of Ksh 48.8 Billion, Excise taxes of Ksh 12.7 Billion and Import duty of Ksh 9.7 Billion. Value Added Tax (VAT) met the October 2023 target while other revenue was above target by Ksh 12.0 Billion.
45. Ministerial A-i-A inclusive of the Railway Development Levy amounted to Ksh 112.8 billion in October 2023 against a target of Ksh 101.3 Billion recording a surplus of Ksh 11.5 Billion.

### **Expenditure performance**

46. Total expenditure and net lending in the period to October 2023 amounted to Ksh 889.4 billion against a target of Ksh 1,133.9 Billion; translating to a shortfall in expenditure of Ksh 244.6 Billion. This was largely because of below target disbursement towards development expenditure by Ksh 104.3 Billion, recurrent expenditure by Ksh 81.4 Billion and below target disbursement to County Governments of Ksh 58.8 Billion.
47. The below target recurrent expenditure as at October 2023 was on account of below target payments on domestic interest (Ksh 33.3 billion), operations and maintenance (Ksh 55.5 billion), pensions (15.7 billion), and below target contributions to civil service pension fund of Ksh 4.9 billion. External interest payments were above target by Ksh 28 Billion due to depreciation of the Kenya Shilling against the US Dollar. Development expenditures were below target by Ksh 104.3 Billion on account of below target disbursement towards domestically financed programmes by Ksh 83.9

billion and foreign financed programmes by Ksh 15.9 billion. Disbursement to County Governments was below target by Ksh 58.8 Billion.

48. Fiscal operations of the Government by end of October 2023 resulted in an overall deficit including grants of Ksh 58.4 Billion against a projected deficit of Ksh 254.7 Billion. This deficit was financed through net domestic borrowing of Ksh 67.8 Billion and net foreign repayment of Ksh 31.9 Billion.

### **Fiscal Policy**

49. The medium-term fiscal policy approach seeks to support the Government's Bottom-Up Economic Transformation Agenda through continued implementation of a growth responsive fiscal consolidation plan that slows the yearly increase in the public debt and puts in place an efficient liability management strategy without affecting the provision of services to the public. In addition, the Government will put in place measures to broaden the revenue base and rationalize expenditures in order to reduce the fiscal deficits. Consequently, revenue collections expected to rise to 19.7 percent of GDP in FY 2026/27 from 18.9 percent of GDP in the FY 2023/24. Total expenditures projected to remain stable at about 23.7 percent as a share of GDP over the medium term. Implementation of the reforms on revenue and expenditure is expected to result in reduction in the fiscal deficit including grants from Ksh 886.6 billion (5.5 percent of GDP) in the FY 2023/24 to Ksh 692.5 billion (3.1 percent of GDP) in the FY 2026/27

### **Domestic Revenue Mobilization**

50. The Government will implement a mix of tax administrative and tax policy measures in order to boost revenue collection efforts by the Kenya Revenue Authority (KRA) to Ksh 4.0 trillion over the medium term thereby supporting economic activity. In particular, the Government will focus on domestic resource mobilization efforts that include:

- i. Implementation of the Finance Act 2023 that targets to boost revenue collection. This will lead to a tax effort of 16.0% of GDP in FY 2023/24;
- ii. Implementation of the National Tax Policy to improve the tax system's administrative effectiveness, offer uniformity and clarity in tax laws, and control tax expenditures;
- iii. Implementation of the Medium-Term Revenue Strategy (MTRS) for the period FY 2024/25 - 2026/27 to further strengthen tax revenue mobilization efforts to 20.0% of GDP over the medium term;
- iv. Focus on non-tax measures that MDAs can raise through the services they offer to the public e.g. Ministry of Land, Immigration and citizen services among others; and
- v. Strengthening of Tax Administration by KRA through scaling up use of technology to seal leakages; enhancements of iTax and Integrated Customs

Management System (iCMS); and use of e-TIMS (Tax Invoice Management System).

## 2.2 County Economic and Fiscal Overview

### 2.2.1 County Economic Overview

51. The main economic activities in the county include pastoralism and cattle trading, agriculture and tourism. Main source of income for the county economy is about 70% livestock and 20% small-scale business. The County economy in 2023 demonstrated resilience in the face of severe multiple shocks that included the adverse impact of climate change, global supply chain disruption due to the impact of Russia-Ukraine conflict. The county growth was largely supported by the growth of tourism, trade, livestock and crop subsectors
52. Livestock production plays a key role in the agriculture sector where about 23,348 county households engaged in livestock production while 2,780 engaged in crop production and 1,611 on other farming activities.
53. **Livestock and crop production.** About 80 percent of the inhabitants derive their livelihood from livestock enterprise. The livestock production employs about 70 percent of the rural labour force. The improved weather conditions and access to subsidised fertilizer & seed by the government resulted in enhanced production of crop and livestock production.
54. The sector targeted to improve livestock health by controlling diseases and pests. Specifically, the Programme aimed at reducing livestock disease prevalence from 60% in 2017/18 FY to 42% at the end of FY 23. The sub sector managed to improve livestock health by reducing livestock disease prevalence to 38.2 percent by the end of FY 2023. This over achievement was attributed to sustained livestock vaccinations across the County; adoption of one- health approach to disease outbreak management and use of disease e-surveillance system. All this was achieved through collaborations with partners working in the county partners such as DRIC, WFP, NAWIRI, VSF Suisse, FAO, ILRI, and Action against Hunger etc.
55. Still livestock production and crop production face numerous challenges ranging from poor governance of the rangelands largely due to the absence of an appropriate legal framework of land tenure, livestock diseases, frequent droughts and sometimes flooding, lack of an organized market for livestock and livestock products, and inappropriate and inadequate systems of social and financial service.
56. **Health services:** Reduction in maternal mortality and under five mortality rates from 790/100,000 and 56/1,000 live births to 500/100,000 and 31/1,000 live births respectively. As per the Kenya Economic Survey 2022, the County managed to reduce maternal mortality ratio to 451/100,000 live births. This is as result of strengthening of health systems across the building blocks- Service delivery, health financing, human resources for health, health stewardship, health information management and health products and technologies. The reduction in maternal mortalities and increased

child survival is also attributed to a number of interventions that included: operationalization of theatre at Garbatulla, installation of oxygen plants, expansion and equipping of new born units, improved referral systems, implementation of Linda mama for maternal – child health financing, and investment in human resource for health.

57. The County prioritized reducing Crude Mortality Rate (CDR) from 11.7/1,000 live births to 9.0/1,000. However, the County managed to achieve a CDR of 10.6/1,000 live births. The increase in CDR is partly affected by COVID-19 and increase in Non-Communicable Diseases (NCDs). Intervention in reducing CDR in the County included malaria control and management measures, TB/HIV programming, Reproductive maternal, newborn, child and adolescent health interventions, NCDs programmes, and Pandemic and epidemic preparedness and response.
58. Water provision; Increased access to reliable rural water supply from 37% in 2022 to 52% in 2023 translating to 13,280 rural population households accessing safe drinking water. Among the rural water supplies developed include five boreholes (Malkadaka, Malkagalla, Awarsitu, Biliki and Badana).
59. **Education sector:** The sector at the end of FY 23 targeted to increase enrolment from 15,095 in 2020 to 18,116 by end of 2023. The subsector managed to achieve overall enrolment 16,295 by end of 2023. The achievement was due to construction of new 53 ECDE classrooms and recruitment of 248 ECDE teachers. The sector also developed ECDE meals policy
60. The county also increased access, retention, completion of TVET services through construction of two TVET centres in Oldonyiro and Sericho and operationalized one Centre in Merti, recruitment of additional 10 instructors, purchased training equipment for all TVET centres, offered students a capitation grants of Ksh15, 000 per student, introduced new courses that are more attractive and market oriented to students. In addition, the county awarded 35 million shillings in scholarships targeting 10,000 students from vulnerable families to increase access, retention and transition.
61. Tourism and wildlife: The sub sector increased earnings from game reserves from Ksh. 47 Million in the financial year 2017/18 to Ksh 113 million in the FY 2022/23. The increase was due to improvement of reserve security, rehabilitation of the reserve's circuit roads, rehabilitation of Game reserve gates and Tourism marketing and promotion.
62. **Lands & Roads:** By end of FY 2022/23, about 5,800 freehold titles issued in the adjudication areas of Oldonyiro and Ngaremara. In an effort to secure land tenure in Isiolo Town 1,793 land properties were surveyed awaiting issuance of titles. The achievement was through collaboration between the County and national government

### 2.2.2 County Fiscal Overview

63. The medium-term fiscal policy approach seeks to support the county Government's

Economic Transformation through continued implementation of a growth responsive fiscal consolidation plan that puts in place an efficient liability management strategy without affecting the provision of services to the public.

64. The county demonstrated fiscal responsibility principles by putting up place measures aimed at broadening the revenue base by strengthening of the revenue department into fully pledge unit with chief officer and budget. County also rationalize expenditures in order to reduce the fiscal deficits.
65. The revised Approved Budget under supplementary I for the Financial Year 2023/24 amounts to Ksh 5,748,810,380 with Ksh 4,012,488,761(69.8 percent) allocated for Recurrent Expenditure and Ksh. 1,736,321,619 (30.2 percent) for Development Expenditure.
66. Budget execution for FY 2023/24 progressed relatively well with revenues recording at 41 Percent of the annual target and 80% of Half year target. Performance below target due to delays in disbursement of equitable share & conditional grants amounting to Ksh 416,418,502) and Ksh 198,871,353 respectively. County own revenue showed a positive improvement from Ksh 81Million in 2022/23 to Ksh 168 Million in 2023/24 in the same period under consideration. The 2023/24 revenues are inclusive of Ksh 49,918,657 for Facility improvement fund (FIF).
67. Similarly, overall expenditures recorded an improvement of 6% from 51% of half-year target in FY 2022/23 to 57% of half year in FY 2023/24. The below expenditure target was due to delays in disbursements and procurement process.

#### ***2.2.2.1 County Revenue Performance Analysis***

68. To be able to finance the budget for the Financial Year 2023/24, the County Government is expected to receive total revenue of Ksh. 5,748,810,379.55 whose breakdown is as shown in the table 2 below.
69. In the first half of financial year 2023/24, the County had receipts of Ksh. 2,350,573,876.55 (80%) comprising of Ksh. 2,033,102,103(83%) from the equitable share, Ksh. 168,110,102 county own generation revenue and a balance brought forward of Ksh. 117,905,058.55 from financial year 2022/23. The table below provides a summary of the revenues received from the National Government and balances brought forward during the first half of the financial year 2022/23.

**Table 2: Fiscal Performance as at 31st December 2023**

S/No	Revenue Stream	Annual Targeted Revenue (Ksh.)	projection as at 31st December 2023	Actual Revenue (Ksh.) as at 31st Dec 2023	Variance (Ksh.)	% annual performance as at 31st Dec 2023 Ksh	absorption against half year target Ksh
	<b>Own Source Revenue</b>	<b>319,208,180</b>	<b>159,604,090</b>	<b>168,110,102</b>	<b>32,506,012</b>	<b>53%</b>	<b>105%</b>
A	Own source through CRF	271,208,180	135,604,090	118,309,944	-17,294,146	44%	87%
	Own source through FIF	48,000,000	24,000,000	49,918,657	49,918,657	104%	208%
<b>B</b>	<b>Equitable Share Receipts Schedule</b>	<b>4,899,041,209</b>	<b>2,449,520,605</b>	<b>2,033,102,103</b>	<b>(416,418,502)</b>	<b>42%</b>	<b>83%</b>
<b>C</b>	<b>Opening balance</b>	<b>43,000,000</b>	<b>43,000,000</b>	<b>43,000,000</b>	-	<b>100%</b>	<b>100%</b>
<b>D</b>	<b>Unspent balances B/F from FY 2022/2023-CRF</b>	<b>2,001,200</b>	<b>2,001,200</b>	<b>2,001,200</b>	-	<b>100%</b>	<b>100%</b>
<b>E</b>	<b>Additional Allocations Balances B/F from FY 2022/23</b>						
1	County Fuel Levy	11,224	11,224	11,224	-	100%	100%
2	County Livestock Support	243,151	243,151	243,151	-	100%	100%
3	KDSP	56,503,926	56,503,926	56,503,926	-	100%	100%
4	Financing Locally led climate action World Bank	11,000,000	11,000,000	11,000,000	-	100%	100%
5	Primary health care	192,001	192,001	192,001	-	100%	100%
6	KUSP	255,182	255,182	255,182	-	100%	100%
7	Current Grants from Foreign Governments -Danida	4,698,375	4,698,375	4,698,375	-	100%	100%
	<b>Sub total</b>	<b>72,903,859</b>	<b>72,903,859</b>	<b>72,903,859</b>	-	<b>100%</b>	<b>100%</b>
	<b>Sub-Total Balances B/F</b>	<b>117,905,059</b>	<b>117,905,059</b>	<b>117,905,059</b>	-	<b>100%</b>	<b>100%</b>
<b>F</b>	<b>Conditional Allocations From Development Partners</b>						
1	Current Grants from Foreign Governments -Danida	7,738,500	3,869,250	4,698,375	829,125	61%	121%
2	Other Capital Grants and Trans -(THS & Library services	19,501,997	9,750,999	-	(9,750,999)	0%	0%
3	Financing Locally led climate action World Bank	136,000,000	68,000,000	11,000,000	(57,000,000)	8%	16%
4	Sweden Agricultural Sector Development Support Programme (ASDSP)	18,446,882	9,223,441	15,758,238	6,534,797	85%	171%
5	County Emergency Locust Re	188,968,553	94,484,277	-	(94,484,277)	0%	0%
6	Kenya Climate Smart Agr	90,000,000	45,000,000	-	(45,000,000)	0%	0%
	<b>Sub-Total</b>	<b>460,655,932</b>	<b>230,327,966</b>	<b>31,456,613</b>	<b>(198,871,353)</b>	<b>7%</b>	<b>14%</b>

S/No	Revenue Stream	Annual Targeted Revenue (Ksh.)	projection as at 31st December 2023	Actual Revenue (Ksh.) as at 31st Dec 2023	Variance (Ksh.)	% annual performance as at 31st Dec 2023 Ksh	absorption against half year target Ksh
	<b>Total Exchequer Receipts (Internal &amp; External Sources)</b>	<b>5,748,810,380</b>	<b>2,933,357,720</b>	<b>2,350,573,877</b>	<b>(582,783,843)</b>	<b>41%</b>	<b>80%</b>
	<b>Total Exchequer Receipts (Internal &amp; External Sources) Plus FIF</b>	<b>5,796,810,380</b>	<b>2,957,357,720</b>	<b>2,400,492,534</b>	<b>-532,865,186</b>	<b>41%</b>	<b>81%</b>

Source: County Treasury 2024

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### ***County Own Generated Revenue Performance***

70. Cumulative County own Revenue as at 31st December 2023 is Ksh 168,228,601 compared to Ksh 81,286,647 in same period in FY 2022/23. This cumulative total revenue is inclusive of FIF for department of health in Aid (A-i-A) of Ksh 49,918,657, used at the source.
71. In absolute terms the county own revenue that passes through the exchequer improved to Ksh118,309,944 as at 31st December 2023 from Ksh 81,286,647 in same period 2022. The improvement was mainly from Game Entrance & Royalties of Ksh 96,060,682 in 2023/24 from Ksh 67,484,560 2022/23 over the same period under consideration. This represents 81.2% of the total county own revenue collection as at 31 December 2023. Game entrance and royalties improved due to return to normalcy by tourism sector after COVID 19 effects, marketing of game reserves, rising efficiency and supervision of park gate collection. Miraa export performed well too at 198% by 31<sup>st</sup> December 2023 this means that more people are engaged in Miraa trade or more are chewing.
72. The county own source revenue that was collected through the exchequer was below target by Ksh 17,294,146 as at 31st December 2023. This deficit can hamper implementation of county programmes / projects. More effort is required in the second half of the year to bridge the gap more especially on land rates, Livestock Auction ,slaughter houses , market stalls, parking, liquor license which are at 13%, 25% 20 25%, 37%, 0% Respectively. The department of revenue should fast track the development of liquor license act, land valuation master roll, automation of all revenue streams and strengthen revenue enforcement unit. The table below provides a summary of the revenues received from the various streams as at 31<sup>st</sup> December 2023 compared to same period in 2022.

**Table 3: County own Revenue Collection Performance as at 31st December 2023**

Title and Details	2022/23 budget Ksh as 31 Dec 2022				2023/24 budget Ksh as 31 Dec 2023			
	Estimates	Actual receipts	Deviations	% performance	Estimate	Actual receipts	Deviation	% performance
<b>Other land Revenue</b>	<b>868,000</b>	<b>411,400</b>	<b>-456,600</b>	<b>47%</b>	<b>2,368,000</b>	<b>667,700</b>	<b>-1,700,300</b>	<b>28%</b>
Plot Application/Transfer/Sub-Division	868,000	411,400	-456,600	47%	2,368,000	667,700	-1,700,300	28%
<b>LAND RATES</b>	<b>7,135,538</b>	<b>4,366,686</b>	<b>-2,768,852</b>	<b>61%</b>	<b>12,135,538</b>	<b>3,334,428</b>	<b>-8,801,110</b>	<b>27%</b>
Land Rent & Rates - Current Year	3,597,538	1,296,940	-2,300,598	36%	8,597,538	1,132,191	-7,465,347	13%
Penalties Rent & Rates	750,000	59,522	-690,478	8%	750,000	51,769	-698,231	7%
Land Rent & Rates - Arrears	2,788,000	3,010,224	222,224	108%	2,788,000	2,150,468	-637,532	77%
<b>Cesses</b>	<b>10,813,273</b>	<b>1,789,690</b>	<b>-9,023,583</b>	<b>17%</b>	<b>14,813,273</b>	<b>7,180,175</b>	<b>-7,633,098</b>	<b>48%</b>
Livestock Auction	2,094,497	917,590	-1,176,907	44%	5,094,497	1,297,540	-3,796,957	25%
Sand Cess	7,100,000	840,000	-6,260,000	12%	8,100,000	5,741,000	-2,359,000	71%
Other Cess (Produce Cess/ Barter/ Murrum/ Cheque Clearance)	1,618,776	32,100	-1,586,676	2%	1,618,776	141,635	-1,477,141	9%
<b>Other Miscellaneous Receipts</b>	<b>13,848,191</b>	<b>3,167,370</b>	<b>-10,680,821</b>	<b>2</b>	<b>13,405,153</b>	<b>7,175,879</b>	<b>-6,229,274</b>	<b>54%</b>
Miraa Export	2,009,078	1,623,450	-385,628	81%	2,009,078	3,977,900	1,968,822	198%
Miscellaneous Charges	475,000		-475,000	0%	475,000	113,500	-361,500	24%
S.B.P Fees/Promotion	3,278,401	1,195,020	-2,083,381	36%	3,278,401	2,020,259	-1,258,142	62%
Liquor License	1,900,000	0	-1,900,000	0%	2,400,000	0	-2,400,000	0%
Public Works /Other Charges	600,000	0	-600,000	0%	600,000	21,500	-578,500	4%
Stand Premiums	642,768	36,000	-606,768	6%	642,768	56,000	-586,768	9%
Clearance & Consents	2,152,998	58,000	-2,094,998	3%	209,960	108,000	-101,960	51%
Plot Transfer Approval	0	0	0	0%	1943038	0	-1,943,038	0%
Lease Extension	627,000	0	-627,000	0%	150,000	0	-150,000	0%
Planning & Survey	0	0	0	0%	477000	0	-477,000	0%
Livestock/Veterinary Inspection (meat)	798,000	245,000	-553,000	31%	1,798,000	604,260	-1,193,740	34%
Weights and Measure	375,000	9,900	-365,100	3%	375,000	0	-375,000	0%
Tractor Hire	549,946	0	-549,946	0%	549,946	100,960	-448,986	18%
Agriculture Training Centre	440,000	0	-440,000	0%	440,000	0	-440,000	0%
Public Inspection - Public Health	0	0	0	0%	0	173,500	173,500	-
<b>Park Revenue</b>	<b>51,422,781</b>	<b>67,484,560</b>	<b>16,061,779</b>	<b>131%</b>	<b>75,325,987</b>	<b>96,060,682</b>	<b>20,734,695</b>	<b>128%</b>
Game Entrance & Royalties	51,422,781	67,484,560	16,061,779	131%	75,325,987	96,060,682	20,734,695	128%

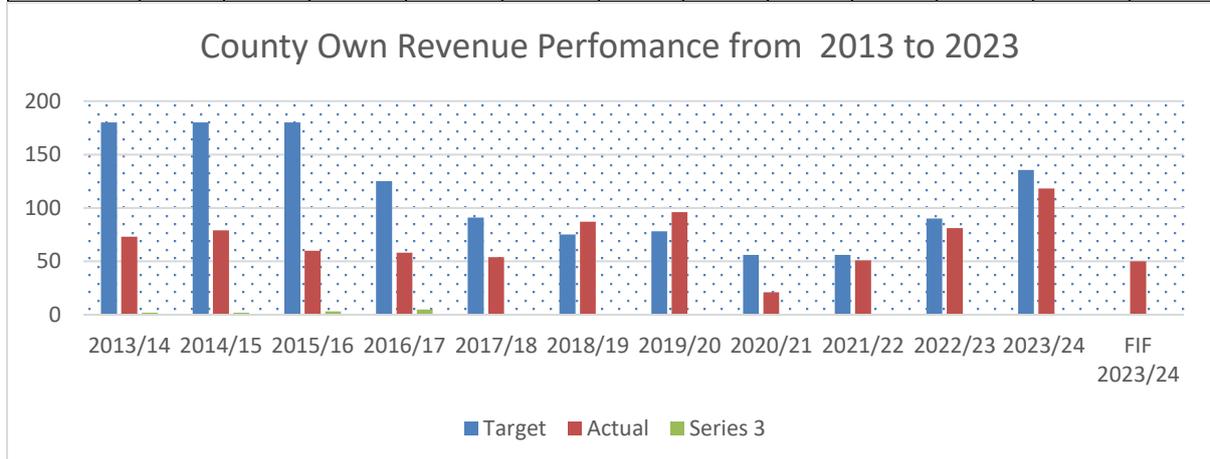
Title and Details	2022/23 budget Ksh as 31 Dec 2022				2023/24 budget Ksh as 31 Dec 2023			
	Estimates	Actual receipts	Deviations	% performance	Estimate	Actual receipts	Deviation	% performance
<b>Market/Trade Centre Fee</b>	<b>715,223</b>	<b>691,800</b>	<b>-23,423</b>	<b>97%</b>	<b>5,215,223</b>	<b>1,302,200</b>	<b>-3,913,023</b>	<b>25%</b>
Market Stalls Rent -Kiosks & Stalls	715,223	691,800	-23,423	97%	5,215,223	1,302,200	-3,913,023	25%
<b>Vehicle Parking Fees</b>	<b>2,740,000</b>	<b>1,913,066</b>	<b>-826,934</b>	<b>70%</b>	<b>5,240,000</b>	<b>1,963,890</b>	<b>-3,276,110</b>	<b>37%</b>
Street Parking Fees	2,740,000	1,913,066	-826,934	70%	5,240,000	1,963,890	-3,276,110	37%
<b>Health Facilities Operations Service Fees</b>	<b>786,893</b>	<b>869,055</b>	<b>82,162</b>	<b>1</b>	<b>1,786,893</b>	<b>0</b>	<b>-1,786,893</b>	<b>0%</b>
Hospital Cost Sharing	786,893	869,055	82,162	110%	1,786,893	0	-1,786,893	0%
<b>Slaughter Houses Administration Fees</b>	<b>1,256,788</b>	<b>559,020</b>	<b>-697,768</b>	<b>0</b>	<b>2,256,788</b>	<b>453,600</b>	<b>-1,803,188</b>	<b>20%</b>
Slaughter Fees	1,256,788	559,020	-697,768	44%	2,256,788	453,600	-1,803,188	20%
<b>Technical Services Fees</b>	<b>614,201</b>	<b>34,000</b>	<b>-580,201</b>	<b>0</b>	<b>1,114,201</b>	<b>171,390</b>	<b>-942,811</b>	<b>15%</b>
Building Plan Approvals	614,201	34,000	-580,201	6%	1,114,201	171,390	-942,811	15%
<b>Gross Internal Revenue Estimates</b>	<b>90,200,888</b>	<b>81,286,647</b>	<b>-8,914,241</b>	<b>90%</b>	<b>135,604,090</b>	<b>118,309,944</b>	<b>-17,294,146</b>	<b>87%</b>
<b>A-I-D</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>24,000,000</b>	<b>49,918,657</b>	<b>25,918,657</b>	<b>208%</b>
Facility Improvement Fund(HIF) Operations Service Fees	0	0	0	0%	24,000,000	49,918,657	25,918,657	208%
<b>TOTAL</b>		<b>81,286,647</b>	<b>81,286,647</b>	<b>100%</b>	<b>159,604,090</b>	<b>168,228,601</b>	<b>32,624,511</b>	<b>105%</b>

Source: County Treasury 2024

**Analysis of performance of local revenue in the first half of FY 2013/14 to first half of FY 2022/23 (in Ksh. Millions)**

**Table 4: Half-year OSR performance FY 2013/14 to FY 2023/24**

Revenue Source	2013 /14	2014 /15	2015/ 16	2016/ 17	2017/ 18	2018 /19	2019 /20	2020 /21	2021 /22	2022/ 23	2023/ 24	2023 /24F IF
<b>Target</b>	180	180	180	125	91	75	78	56	56	90	135.6	-
<b>Actual</b>	73	79	60	58	54	87	96	21	51	81	118.3	49.9



**Figure 1 Half Year Own Source Revenue Performance from FY 2013/14 to FY 2023/24.**

### 2.2.3 County Expenditure Performance Analysis

73. Total county expenditure and transfer in the period to 31st December 2023 amounted to Ksh 1,809,935,170 (63%) against a half year target of Ksh 2,874,405,190; which is an improvement from 51% of the FY 2022/23 on the same period under consideration. The shortfall in expenditure of Ksh 1,064,470,020 was largely on development and recurrent expenditure of Ksh 699,046,206 (81%) and Ksh 365,423,819(18%) respectively. The cause of the under absorption was due to delays in procurement of goods and services and release of funds by the exchequer. The tables below shows half year departmental Expenditure Analysis for the financial years 2022/23 and 2023/24 respectively.

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**Table 5: Departmental Expenditure Analysis as at 31<sup>st</sup> December 2023**

Department	Financial Year 2022/23			Financial Year 2023/24		
	Revised Budget as at 31st Dec 2022	Actual Expenditure as at 31st Dec 2022	Absorption Rate (%)	Revised Budget as at 31st Dec 2023	Actual Expenditure as at 31st Dec 2023	Absorption rate
<b>3511000100 County Assembly</b>	<b>333,626,340</b>	<b>171,116,857</b>	<b>51%</b>	<b>289,626,340</b>	<b>173,120,972</b>	<b>60%</b>
3511000100 County Assembly	333,626,340	171,116,857	51%	289,626,340	173,120,972	60%
<b>3512000000 County Executive</b>	<b>246,057,879</b>	<b>232,414,161</b>	<b>94%</b>	<b>191,636,872</b>	<b>203,135,329</b>	<b>106%</b>
3512000100 Office of Governor	163,536,658	149,724,620	92%	104,525,330	122,478,653	117%
3512000300 County Public Service Board	34,400,000	30,914,075	90%	27,943,498	28,901,997	103%
3512000400 County Secretary	12,450,000	11,500,839	92%	12,125,000	9,165,200	76%
3512000500 Delivery Unit	25,646,117	26,256,778	102%	17,201,857	16,055,880	93%
3512000600 Deputy Governor	10,025,104	14,017,849	140%	6,578,437	6,394,819	97%
3512000800 County Attorney	0	0	0%	20,686,000	17,593,280	85%
3512000900 Intergovernmental	0	0	0%	2,576,750	2,545,500	99%
<b>3513000000 Finance , Economic Planning , Special Programs, Revenue And Cohesion</b>	<b>640,193,510</b>	<b>195,782,567</b>	<b>31%</b>	<b>501,453,175</b>	<b>309,197,570</b>	<b>62%</b>
3513000100 Finance	431,460,343	65,726,466	15%	258,718,437	122,738,185	47%
3513000300 Special Programmes	150,733,460	99,824,691	66%	172,819,624	127,230,800	74%
3513000400 Economic Planning	41,463,387	30,231,410	73%	25,569,230	29,324,585	115%
3513000500cohesion	16,536,320	0	0%	10,933,385	9,714,900	89%
3513000600 Revenue Services	0	0	0%	14,910,000	14,449,400	97%
3513000700 ICT And Innovation	0	0	0%	18,502,500	5,739,700	31%
<b>3514 000000lands &amp; Physical Planning, Housing &amp; Urban Planning and Roads &amp; Infrastructure</b>	<b>107,320,146</b>	<b>12,381,632</b>	<b>12%</b>	<b>100,843,111</b>	<b>18,730,471</b>	<b>19%</b>
3514 000100 Lands and Physical Planning	32,815,000	6,398,000	19%	36,340,391	8,755,210	24%
3514 000200 Roads and Infrastructure	63,788,712	5,961,387	9%	56,576,140	5,890,500	10%
3514 000300public Works	10,716,434	22,245	0%	5,096,580	3,251,018	64%
3514 000400 Housing and Urban Development	0	0	0%	2,830,000	833,743	29%
<b>3515000000agriculture, Livestock &amp; Veterinary Services And Fisheries Development</b>	<b>538,398,345</b>	<b>9,103,832</b>	<b>2%</b>	<b>347,425,686</b>	<b>87,161,571</b>	<b>25%</b>
3515000100 Agriculture & Irrigation	467,897,881	2,357,182	1%	176,094,273	26,425,109	15%
3515000200 Livestock, Veterinary	70,500,464	6,746,650	10%	166,732,293	58,628,974	35%
3515000300 Fishery Development	0	0	0%	4,599,120	2,107,488	46%

Department	Financial Year 2022/23			Financial Year 2023/24		
	Revised Budget as at 31st Dec 2022	Actual Expenditure as at 31st Dec 2022	Absorption Rate (%)	Revised Budget as at 31st Dec 2023	Actual Expenditure as at 31st Dec 2023	Absorption rate
<b>351800000education, Vocational Youth ,Sports Gender &amp; Social Services</b>	<b>168,013,187</b>	<b>41,262,163</b>	<b>25%</b>	<b>170,995,035</b>	<b>53,098,014</b>	<b>31%</b>
3518000100 Education and ECDE	123,637,035	22,264,963	18%	130,868,023	39,487,035	30%
3518000200 Youth and Sports	30,825,968	13,637,200	44%	14,505,940	5,493,800	38%
3518000300 culture, Gender and Social Services	13,550,184	5,360,000	40%	18,060,888	4,294,229	24%
3518000400 Vocational Training	0	0	0%	7,560,185	3,822,950	51%
<b>3519000000tourism and Wildlife, Trade Cooperative and Enterprise Development</b>	<b>215,127,168</b>	<b>125,744,015</b>	<b>58%</b>	<b>276,451,884</b>	<b>176,102,410</b>	<b>64%</b>
3519000100 Tourism and Wildlife	74,140,665	79,414,982	107%	66,313,165	55,478,997	84%
3519000200 Trade and Investment	13,088,194	4,518,082	35%	23,050,694	1,336,796	6%
3519000300 Public Service Management	127,898,309	41,810,951	33%	167,533,025	111,021,256	66%
3519000400devolved Units	0	0	0%	1,100,000	759,600	69%
3519000500civic Education And Public Participation	0	0	0%	4,585,000	1,621,900	35%
3519000600 MSME & Cooperatives	0	0	0%	13,870,000	5,883,861	42%
<b>3521000000 Water, Energy, Environment and Natural Resources</b>	<b>124,141,361</b>	<b>29,352,646</b>	<b>24%</b>	<b>177,907,283</b>	<b>61,521,938</b>	<b>35%</b>
3521000100water And Sanitation	88,884,483	21,122,288	24%	71,893,756	36,659,939	51%
3521000300 Environment and CCA	35,256,878	8,230,358	23%	100,756,027	21,923,899	22%
3521000400 Mining and Natural Resources	0	0	0%	1,295,000	1,122,200	87%
3521000500 Renewable Energy	0	0	0%	3,962,500	1,815,900	46%
<b>3522000000health Services</b>	<b>746,493,424</b>	<b>781,875,922</b>	<b>105%</b>	<b>744,572,756</b>	<b>682,682,084</b>	<b>92%</b>
3522000100medical Services	746,493,424	781,875,922	105%	600,329,250	576,860,784	96%
3522000200 Public Health	0	0	0%	144,243,506	105,821,300	73%
<b>3524000000 Municipal Administration</b>	<b>110,981,209</b>	<b>63,512,822</b>	<b>57%</b>	<b>73,493,050</b>	<b>45,184,811</b>	<b>61%</b>
3524000100 Municipal Administration	110,981,209	63,512,822	57%	73,493,050	45,184,811	61%
<b>Total Recurrent Expenditure</b>	<b>3,230,352,569</b>	<b>1,662,546,617</b>	<b>51%</b>	<b>2,874,405,190</b>	<b>1,809,935,170</b>	<b>63%</b>

Source: County Treasury 2024

### ***2.2.3.1 Recurrent Expenditure analysis***

74. A total of Ksh. 1,640,820,566 was spent on recurrent activities by 31<sup>st</sup> December 2023 against a target of Ksh 2,006,244,385. The recurrent expenditure for the period under review represented 82% percent of the approved supplementary 1 recurrent budget, an increase of 9% compared to a similar period in financial year 2022/23. The below target recurrent expenditure as at December 2023 was mainly on account on non-payments on operations and maintenance, pensions and procurement of medical cover of amounting to Ksh 30 Million.

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**Table 6 Recurrent Expenditure analysis as at 31st December 2023**

Department	Financial Year 2022/23				Financial Year 2023/24			
	Revised Budget as at 31st Dec 2022	Expenditure as at 31st Dec 2022	Deviation	Absorption Rate (%)	Revised Budget as at 31st Dec 2023	Expenditure as at 31st Dec 2023	Deviation	Absorption Rate (%)
	Rec	Rec		Rec	Rec	Rec		Rec
<b>3511000100 County Assembly</b>	<b>224,126,340</b>	<b>149,406,357</b>	<b>-74,719,983</b>	<b>67%</b>	<b>269,626,340</b>	<b>173,120,972</b>	<b>-96,505,368</b>	<b>64%</b>
3511000100 County Assembly	224,126,340	149,406,357	-74,719,983	67%	269,626,340	173,120,972	-96,505,368	64%
<b>County executive</b>	<b>246,057,879</b>	<b>232,414,161</b>	<b>-13,643,718</b>	<b>94%</b>	<b>191,636,872</b>	<b>203,135,329</b>	<b>11,498,457</b>	<b>106%</b>
3512000100 Office Of Governor	163,536,658	149,724,620	-13,812,038	92%	104,525,330	122,478,653	17,953,323	117%
3512000300 County Public Service Board	34,400,000	30,914,075	-3,485,925	90%	27,943,498	28,901,997	958,499	103%
3512000400 County Secretary	12,450,000	11,500,839	-949,161	92%	12,125,000	9,165,200	-2,959,800	76%
3512000500 Delivery Unit	25,646,117	26,256,778	610,661	102%	17,201,857	16,055,880	-1,145,977	93%
3512000600 Deputy Governor	10,025,104	14,017,849	3,992,745	140%	6,578,437	6,394,819	-183,618	97%
3512000800 County Attorney	0	0	0	0%	20,686,000	17,593,280	-3,092,720	85%
3512000900 Intergovernmental	0	0	0	0%	2,576,750	2,545,500	-31,250	99%
<b>3513000000 Finance , Economic Planning ,</b>	<b>386,634,421</b>	<b>133,044,743</b>	<b>-253,589,678</b>	<b>34%</b>	<b>287,107,242</b>	<b>226,323,124</b>	<b>-60,784,118</b>	<b>79%</b>
3513000100 Finance	237,901,254	65,726,466	-172,174,788	28%	115,372,503	96,813,939	-18,558,564	84%
3513000300 Special Programmes	95,733,460	17,324,691	-78,408,769	18%	117,819,624	77,230,300	-40,589,324	66%
3513000400 Economic Planning	36,463,387	30,231,410	-6,231,977	83%	23,569,230	26,374,585	2,805,355	112%
3513000500cohesion	16,536,320	19,762,176	3,225,856	120%	10,933,385	9,714,900	-1,218,485	89%
3513000600 Revenue Services			0	0%	14,410,000	13,449,400	-960,600	93%
3513000700 ICT and Innovation			0	0%	5,002,500	2,740,000	-2,262,500	55%
<b>3514 000000lands &amp; Physical Planning, Housing &amp; Urban Planning and Roads &amp; Infrastructure</b>	<b>32,314,434</b>	<b>12,381,632</b>	<b>-19,932,802</b>	<b>38%</b>	<b>22,047,080</b>	<b>15,730,471</b>	<b>-6,316,609</b>	<b>71%</b>
3514 000100 Lands And Physical Planning	13,315,000	6,398,000	-6,917,000	48%	9,300,000	5,755,210	-3,544,790	62%
3514 000200 Roads and Infrastructure	8,283,000	5,961,387	-2,321,613	72%	6,320,500	5,890,500	-430,000	93%
3514 000300public Works	10,716,434	22,245	-10,694,189	0%	5,096,580	3,251,018	-1,845,562	64%

Department	Financial Year 2022/23				Financial Year 2023/24			
	Revised Budget as at 31st Dec 2022	Expenditure as at 31st Dec 2022	Deviation	Absorption Rate (%)	Revised Budget as at 31st Dec 2023	Expenditure as at 31st Dec 2023	Deviation	Absorption Rate (%)
3514 000400 Housing And Urban Development			0	0%	1,330,000	833,743	-496,257	63%
<b>3515000000agriculture &amp; , Livestock &amp; Fisheries Development</b>	<b>90,833,577</b>	<b>9,103,832</b>	<b>-81,729,745</b>	<b>10%</b>	<b>86,797,894</b>	<b>82,664,071</b>	<b>-4,133,823</b>	<b>95%</b>
3515000100 Agriculture & Irrigation	27,929,689	2,357,182	-25,572,507	8%	26,236,556	24,425,109	-1,811,447	93%
3515000200 Livestock Production & veterinary	62,903,888	6,746,650	-56,157,238	11%	57,338,718	56,131,474	-1,207,244	98%
3515000300 Fishery Development			0	0%	3,222,620	2,107,488	-1,115,132	65%
<b>3518000000education, Vocational Youth ,Sports Gender&amp; Social Services</b>	<b>136,327,598</b>	<b>30,050,163</b>	<b>-106,277,435</b>	<b>22%</b>	<b>143,112,345</b>	<b>41,493,014</b>	<b>-101,619,331</b>	<b>29%</b>
3518000100 Education And ECDE	114,949,442	22,264,963	-92,684,479	19%	119,168,023	32,787,035	-86,380,988	28%
3518000200 Youth And Sports	11,825,996	2,425,200	-9,400,796	21%	11,505,940	5,493,800	-6,012,140	48%
3518000300 culture, Gender And Social Services	9,552,160	5,360,000	-4,192,160	56%	11,048,382	2,294,229	-8,754,153	21%
3518000400 Vocational Training			0	0%	1,390,000	917,950	-472,050	66%
<b>3519000000tourism And Wildlife, Trade Cooperative And Enterprise Development</b>	<b>205,627,168</b>	<b>125,744,015</b>	<b>-79,883,153</b>	<b>61%</b>	<b>254,451,884</b>	<b>176,102,410</b>	<b>-78,349,474</b>	<b>69%</b>
3519000100 Tourism And Wildlife	68,140,665	79,414,982	11,274,317	117%	62,313,165	55,478,997	-6,834,168	89%
3519000200 Trade And Investment	13,088,194	4,518,082	-8,570,112	35%	8,050,694	1,336,796	-6,713,898	17%
3519000300 Public Service Management	124,398,309	41,810,951	-82,587,358	34%	164,533,025	111,021,256	-53,511,769	67%
3519000400devolved Units	0	0	0	0%	1,100,000	759,600	-340,400	69%
3519000500civic Education And Public Participation	0	0	0	0%	4,585,000	1,621,900	-2,963,100	35%

Department	Financial Year 2022/23				Financial Year 2023/24			
	Revised Budget as at 31st Dec 2022	Expenditure as at 31st Dec 2022	Deviation	Absorption Rate (%)	Revised Budget as at 31st Dec 2023	Expenditure as at 31st Dec 2023	Deviation	Absorption Rate (%)
3519000600 MSME & Cooperatives	0	0	0	0%	13,870,000	5,883,861	-7,986,139	42%
<b>3521000000 Water, Energy, Environment, and Natural Resources</b>	<b>41,991,967</b>	<b>29,352,646</b>	<b>-12,639,321</b>	<b>70%</b>	<b>38,313,833</b>	<b>35,664,210</b>	<b>-2,649,623</b>	<b>93%</b>
3521000100water And Sanitation	30,638,581	21,122,288	-9,516,293	69%	23,235,447	21,802,211	-1,433,236	94%
3521000300 Environment and CCA	11,353,386	8,230,358	-3,123,028	72%	11,820,886	10,923,899	-896,987	92%
3521000400 Mining and Natural Resources			0	0%	1,295,000	1,122,200	-172,800	87%
3521000500 Renewable Energy	0	0	0	0%	1,962,500	1,815,900	-146,600	93%
<b>3522000000health Services</b>	<b>673,885,724</b>	<b>781,875,922</b>	<b>107,990,198</b>	<b>116%</b>	<b>688,018,940</b>	<b>667,653,805</b>	<b>-20,365,135</b>	<b>97%</b>
3522000100medical Services	673885724	781875922	107,990,198	116%	579,090,757	566,530,880	-12,559,877	98%
3522000200 Public Health			0	0%	108,928,183	101,122,925	-7,805,258	93%
<b>3524000000 Municipal Administration</b>	<b>33,205,655</b>	<b>15,931,044</b>	<b>-17,274,611</b>	<b>48%</b>	<b>25,131,955</b>	<b>18,933,160</b>	<b>-6,198,795</b>	<b>75%</b>
3524000100 Municipal Administration	33,205,655	15,931,044	-17,274,611	48%	25,131,955	18,933,160	-6,198,795	75%
<b>Total Recurrent Expenditure</b>	<b>2,071,004,763</b>	<b>1,519,304,515</b>	<b>-551,700,248</b>	<b>73%</b>	<b>2,006,244,385</b>	<b>1,640,820,566</b>	<b>-365,423,819</b>	<b>82%</b>

Source: County Treasury 2024

### **2.2.3.2 Development Expenditure**

75. By 31st December 2023, the county had spent a total of Ksh. 169,114,604 on development activities against a budget of Ksh 868,160,810. Development expenditures were below target by Ksh 699,046,206. There is an improvement in development expenditure absorption FY 2023/24 to 19 % from 14 percentage in FY2022/23 under the same period under consideration. The below target performance was associated with delays in procurement process and disbursement of funds for both internal and external funded development programme/ projects.

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**Table 7: Development Expenditure Analysis as at 31st December 2023**

Department	Financial Year 2022/23				Financial Year 2023/24			
	Budge as at 31st Dec 2022	Expenditure as at 31st Dec 2022	Deviation	Absorption Rate (%)	Budget as at 31st Dec 2023	Expenditure as at 31st Dec 2023	Deviation	Absorption Rate (%)
<b>3511000100 County Assembly</b>	<b>109,500,000</b>	<b>21,710,500</b>	<b>-87,789,500</b>	<b>20%</b>	<b>20,000,000</b>	<b>0</b>	<b>-20,000,000</b>	<b>0%</b>
3511000100 County Assembly	109,500,000	21710500	-87,789,500	20%	20,000,000	0	-20,000,000	0%
<b>3512000000 County Executive</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>
3512000100 Office of Governor	0	0	0	0%	0	0	0	0%
3512000300 County Public Service Board	0	0	0	0%	0	0	0	0%
3512000400 County Secretary	0	0	0	0%	0	0	0	0%
3512000500 Delivery Unit	0	0	0	0%	0	0	0	0%
3512000600 Deputy Governor	0	0	0	0%	0	0	0	0%
3512000800 County Attorney	0	0	0	0%	0	0	0	0%
3512000900 Intergovernmental	0	0	0	0%	0	0	0	0%
<b>3513000000 Finance &amp; Economic Planning</b>	<b>253,559,089</b>	<b>82,500,000</b>	<b>-171,059,089</b>	<b>33%</b>	<b>214,345,934</b>	<b>82,874,446</b>	<b>-131,471,488</b>	<b>39%</b>
3513000100 Finance	193,559,089	0	-193,559,089	0%	143,345,934	25,924,246	-117,421,688	18%
3513000300 Special Programmes	55,000,000	82,500,000	27,500,000	150%	55,000,000	50,000,500	-4,999,500	91%
3513000400 Economic Planning	5,000,000	0	-5,000,000	0%	2,000,000	2,950,000	950,000	148%
3513000500cohesion	0	0	0	0%	-	-	0	0%
3513000600 Revenue Services	0	0	0	0%	500,000	1,000,000	500,000	200%
3513000700 ICT and Innovation	0	0	0	0%	13,500,000	2,999,700	-10,500,300	22%
<b>3514 000000 lands &amp; Physical Planning, Roads &amp; public works</b>	<b>75,005,712</b>	<b>0</b>	<b>-75,005,712</b>	<b>0%</b>	<b>78,796,031</b>	<b>3,000,000</b>	<b>-75,796,031</b>	<b>4%</b>
3514 000100 Lands and Physical Planning	19,500,000	0	-19,500,000	0%	27,040,391	3,000,000	-24,040,391	11%
3514 000200 Roads and Infrastructure	55,505,712	0	-55,505,712	0%	50,255,640	-	-50,255,640	0%
3514 000300public Works		0	0	0%	-	-	0	0%
3514 000400 Housing And Urban Development		0	0	0%	1,500,000	-	-1,500,000	0%
<b>3515000000agriculture &amp; Irrigation, Livestock &amp; Fisheries Development</b>	<b>447,564,768</b>	<b>0</b>	<b>-447,564,768</b>	<b>0%</b>	<b>260,627,793</b>	<b>4,497,500</b>	<b>-256,130,293</b>	<b>2%</b>
3515000100 Agriculture & Irrigation	439,968,192	0	-439,968,192	0%	149,857,718	2,000,000	-147,857,718	1%
3515000200 Livestock & veterinary services	7,596,576	0	-7,596,576	0%	109,393,576	2,497,500	-106,896,076	2%
3515000300 Fishery Development	0	0	0	0%	1,376,500	-	-1,376,500	0%

Department	Financial Year 2022/23				Financial Year 2023/24			
	Budge as at 31st Dec 2022	Expenditure as at 31st Dec 2022	Deviation	Absorption Rate (%)	Budget as at 31st Dec 2023	Expenditure as at 31st Dec 2023	Deviation	Absorption Rate (%)
<b>351800000education, Vocational Youth ,Sports Gender&amp; Social Services</b>	<b>31,685,589</b>	<b>11,212,000</b>	<b>-20,473,589</b>	<b>35%</b>	<b>27,882,691</b>	<b>11,605,000</b>	<b>-16,277,691</b>	<b>42%</b>
3518000100 Education and ECDE	8,687,593	0	-8,687,593	0%	11,700,000	6,700,000	-5,000,000	57%
3518000200 Youth and Sports	18,999,972	11,212,000	-7,787,972	59%	3,000,000	-	-3,000,000	0%
3518000300 culture, Gender And Social Services	3,998,024	0	-3,998,024	0%	7,012,506	2,000,000	-5,012,506	29%
3518000400 Vocational Training	0	0	0	0%	6,170,185	2,905,000	-3,265,185	47%
<b>3519000000tourism and Wildlife, Trade Cooperative and Enterprise Development</b>	<b>9,500,000</b>	<b>0</b>	<b>-9,500,000</b>	<b>0%</b>	<b>22,000,000</b>	<b>0</b>	<b>-22,000,000</b>	<b>0%</b>
3519000100 Tourism and Wildlife	6,000,000	0	-6,000,000	0%	4,000,000	-	-4,000,000	0%
3519000200 Trade and Investment	0	0	0	0%	15,000,000	-	-15,000,000	0%
3519000300 Public Service Management	3500000	0	-3,500,000	0%	3,000,000	-	-3,000,000	0%
3519000400devolved Units	0	0	0	0%	-	-	0	0%
3519000500civic Education and Public Participation	0	0	0	0%	-	-	0	0%
3519000600 MSME & Cooperatives	0	0	0	0%	-	-	0	0%
<b>3521000000 Water, Energy, Environment and Natural Resources</b>	<b>82,149,394</b>	<b>0</b>	<b>-82,149,394</b>	<b>0%</b>	<b>139,593,451</b>	<b>25,857,728</b>	<b>-113,735,723</b>	<b>19%</b>
3521000100water and Sanitation	58,245,902	0	-58,245,902	0%	48,658,310	14,857,728	-33,800,582	31%
3521000300 Environment and CCA	23,903,492	0	-23,903,492	0%	88,935,141	11,000,000	-77,935,141	12%
3521000400 Mining And Natural Resources	0	0	0	0%	-	-	0	0%
3521000500 Renewable Energy	0	0	0	0%	2,000,000	-	-2,000,000	0%
<b>3522000000 Health Services</b>	<b>72,607,700</b>	<b>0</b>	<b>-72,607,700</b>	<b>0%</b>	<b>56,553,816</b>	<b>15,028,279</b>	<b>-41,525,537</b>	<b>27%</b>
3522000100medical Services	72,607,700	0	-72,607,700	0%	21,238,493	10,329,904	-10,908,589	49%
3522000200 Public Health	0	0	0	0%	35,315,323	4,698,375	-30,616,948	13%
<b>3524000000 Municipal Administration</b>	<b>77,775,554</b>	<b>47,581,778</b>	<b>-30,193,776</b>	<b>61%</b>	<b>48,361,095</b>	<b>26,251,651</b>	<b>-22,109,444</b>	<b>54%</b>
3524000100 Municipal Administration	77,775,554	47,581,778	-30,193,776	61%	48,361,095	26,251,651	-22,109,444	54%
<b>Total Recurrent Expenditure</b>	<b>1,159,347,806</b>	<b>163,004,278</b>	<b>(996,343,528)</b>	<b>14%</b>	<b>868,160,810</b>	<b>169,114,604</b>	<b>-699,046,206</b>	<b>19%</b>

Source: County Treasury, 2024

## CHAPTER THREE FORWARD ECONOMIC AND FISCAL DEVELOPMENTS

### 3.1 National Forward Economic and Fiscal Development

#### 3.1.1 Economic Outlook

76. Kenya's economy projects to grow by 5.5% in FY 2024, supported by robust growth in the services sectors, a recovery in agriculture and over the medium term supported by ongoing efforts by the Government to stimulate economic activity in the priority sectors. The economy is expected to expand by 5.4% in the first half of 2024 (FY 2023/24) and by 5.7% in the second half (FY 2024/25).
77. **From the supply side**, Strong recovery in the agriculture sector supported by the anticipated adequate rainfall in most parts of the country and a decline in global commodity prices that will reduce the cost of production will drive the national growth. Additionally, Government intervention measures aimed at lowering the cost of production such as the ongoing fertilizer and seed subsidy program and provision of adequate affordable working capital to farmers will support growth of the sector.
78. The increased activities in manufacturing and construction subsectors will mainly drive the industry sector. Improved availability of raw materials following the recovery in agriculture production and a decline in global commodity prices will support the manufacturing sector, which will support food processing. Sustained investment in the Affordable Housing programme, PPP infrastructure projects and the ongoing work on building and maintaining public infrastructure will drive the construction subsector. While the anticipated increase in demand as the industrial and residential consumption grows will remain Electricity and water supply subsector vibrant.
79. Resilient activities in accommodation and restaurant, financial and insurance, information and communication, wholesale, retail trade, transport, and storage, among others, will support services sector. Continued increase in tourists' arrivals as international travels recovers following the global economic slowdown and Government's effort to revamp the sector, through promotion of international conference, cultural festivals and promoting wildlife safaris will support accommodation and restaurant subsector. Improvement of critical national and regional trunk roads that have the highest economic impact and adoption of electric vehicles, which signals new era of mobility, Will support the Transport and Storage subsector. Laying of additional National Fiber Optic network, which will enable the Country to achieve the required national bandwidth to expedite the deployment and development of rural telecommunication services, will support Activities in information and communication subsector.

80. On the demand side, Improvement in aggregate demand will drive growth. Household private consumption and robust private sector investments coupled with Government investments as the public sector consolidates will support Aggregate demand. Improvement in the external account supported by strong export growth and resilient remittances will also support this growth.
81. Strong Private consumption will mainly drive Consumption by increasing to 79.3 percent of GDP in 2024 from 78.3 percent of GDP in 2023. The easing of inflationary pressures will result in strong household disposable income, which will in turn support household consumption. Government consumption projected to decline in 2024 in line with the fiscal consolidation program.
82. It is projected that private sector will support aggregate investment to remain stable at 19.3 percent of GDP in 2023 and 19.2 percent of GDP in 2024. Investment will benefit from focus on public-private-partnership (PPP) projects and improvements in the Foreign Exchange market conditions. Additionally stable macroeconomic conditions coupled with the ongoing fiscal consolidation will support private investments, which will provide the needed confidence for investors. Interventions by the Government through the Hustlers' Fund will strengthen MSMEs thereby correcting market failures for the vast majority of Kenya's at the bottom of the pyramid. This will strengthen the private sector led growth opportunities.
83. Sustained Government investments in the Affordable Housing programme, PPP infrastructure projects and the ongoing work on building and maintaining public infrastructure will drive growth over the medium term. The development spending in the budget will be above 5.0 percent of GDP so as not to influence growth momentum. The spending supports investments in key projects under the Bottom-Up Economic Transformation Agenda (BETA). 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).
84. The projected current account deficit will improve to 4.4 percent of GDP in 2023 and 4.0 percent of GDP in 2024 compared to 5.1 percent of GDP in 2022. A decline in imports amid lower oil prices, exchange rate adjustment, and further rationalization of capital spending will narrow the current account deficit. Additionally, continued strong remittance inflows will support the Current account balance.
85. Receipts from tourism and an increase in receipts from tea and manufactured exports will support strengthening of Kenya's exports of goods and services. Strengthening of the dollar against the Shilling will support Export receipts. The expected recovery of Kenya is trading partners and the implementation of Africa Continental Free Trade Area (AfCFTA) will enhance demand for exports of Kenyan manufactured products. Additionally, the implementation of crops and livestock value chains, specifically, exports of tea, coffee, vegetables and fresh horticultural produce, among others will support growth in export receipts. In the Balance of Payments Statement, external

financing needs will be met mainly by equity inflows and foreign direct investment given the conducive business climate that Government has created particularly the fiscal policy predictability. Monetary Policy Management.

86. Price stability and providing adequate credit to support economic activity will be through monetary policy stance. Consequently, overall inflation will remain within the Government target range of  $5\pm 2.5$  percent in the medium term. Muted demand pressures consistent with prudent monetary policy and easing domestic and global food prices coupled with Government measures to lower cost of production through subsidizing farm inputs and support sufficient supply of staple food items through zero rated imports will support.
87. The CBK continues to implement reforms outlined in the White Paper on Modernization of the Monetary Policy Framework and Operations. The reforms aim at enhancing the effectiveness of monetary policy and support anchoring of inflation expectations through inflation targeting. In order to enhance monetary policy transmission, the Central Bank of Kenya (CBK) adopted a new monetary policy implementation framework and launched the Centralized Securities Depository System (CSD) in 2023.
88. CBK will continue improving monetary policy formulation and implementation in Kenya including refining macroeconomic modelling and forecasting frameworks, fine-tuning of monetary policy operations around the CBR and improving the communication of monetary policy decisions to make them more effective.

### **3.3.1.1 Risks to the Economic Outlook**

- 89.** There are downside risks emanating from county as well as external sources. On the county front
- i.** Risks relate to unpredictable weather conditions due to the impact of climate change, which could adversely affect agricultural production and result to county inflationary pressures and food insecurity.
  - ii.** Additionally, tight fiscal space due to the impact of the multiple shocks that have affected the global and the domestic economy might lead to tight liquidity conditions for financing the budget.
  - iii.** On the external front, uncertainties in the global economic outlook stemming from the escalating geopolitical fragmentations could result in higher commodity prices, which poses a risk to domestic inflation outcomes leading to further tightening of financial conditions.
  - iv.** Additionally, Continued strengthening of US dollar against other Kenyan shilling arising from aggressive monetary policy tightening present significant risks to financial flows and puts pressures on the exchange rate with implication to growth and inflation.
  - v.** The upside risk to the domestic economy relate to early easing of global financing conditions and lower international fuel and food prices, which would strengthen Kenya's external balances.
  - vi.** Faster than projected rebound in economic activities, that would result in higher Government revenues providing fiscal space that would support fiscal consolidation.
  - vii.** The government continues to monitor both domestic and external environment and will take appropriate policy measures to safeguard the economy against the adverse effects of the risks if they were to materialize.

### **3.1.2 National Fiscal Outlook**

- 90.** Driven by services and household consumption GDP to grow at 6.0% in 2024, Inflation to rise to 5.9% in 2024, driven by food and energy inflation. Monetary policy to remain tight. The fiscal deficit to narrow to 5.4% of GDP in 2024, in line with the fiscal consolidation path. The current account deficit to narrow to 5.0% of GDP in 2024, attributable to a recovery in global demand.
- 91.** The outlook is subject to considerable risks, including the effects of a prolonged Russia's invasion of Ukraine on commodity prices, tight global financing, Drought and slow global economic recovery. Possible risk mitigation measures include diversifying exports and market destinations, Enhancing domestic resource mobilization, Deepening financial sector reforms, and accelerating structural reforms.

## 3.2 County Economic and Fiscal Outlook

### 3.2.1 Economic Outlook

92. The County government will implement policies set out in CIDP III over the medium term with a focus on priority programmes identified during public participation forums with a view of securing socio- economic development. Revamping and boosting livestock and crop production by improving value additions through government and private investment to accelerate economic growth. The county will also focus on improving access to quality health care, access to clean and safe drinking water, support of social protection programs. Over the medium-term period, the county economy is projected to remain resilient through continued robust investments and support to livelihood related sectors.
93. **Livestock** is the key livelihood activity for Isiolo residents. Livestock depends on Water and pasture for survival that is dependent on Rainfall. In the last quarter of 2023, the county experienced higher amounts of rainfall during the short rains season averaging at above 600 mm. Production in both the crop and livestock was sustained throughout the months of October to December 2023 due to the favourable precipitation and temperatures recorded. Livestock and crop production are expected to remain fair in 2024 due to the Normal to near normal rainfall expected during the 2024 March to May long rains seasons while dry from June to October 2024. The failure on rains in the first quarter of the FY 2024/25 will push majority of the population to depend fully on purchased food items as drought will put more pressure on water, food prices and reduce disposable incomes thus enhancing food poverty. Normal or above range precipitation levels during the oncoming October-December short rains require farmers to be supported with certified inputs to boost production. Over the medium term period, the sector needs to focus on disease control and operationalization of Isiolo abattoir to boost the county economic activities by creating market for livestock products and employment.
94. Health sector: The County's health facilities network are dis-proportionately distributed, particularly in rural areas, limiting access to quality and affordable health services. The facilities does not have the necessary medical commodities. Going forward the county will emphasise on supply of medical equipment, commodities sand supplies, recruitment of technical/professional health care personnel and completion and equipping of stalled health facilities.
95. Water and environment sector: The effects of climate change and its ravaging effects have destabilized the county economic balance and livelihoods, which has brought unprecedented shocks to the county planning priorities. These, coupled with other emerging risks and disasters calls for a shift in forward planning, building community resilience and improved resource mobilization to cater for these shocks. Efficient financial management will provide a good foundation upon which the county can leverage on to increase implementation of the budget and apply cost-cutting measures

on unnecessary expenditures to ensure appropriate response to the changing economic and financial environment.

96. More Investment in water sector infrastructures and governance will go long way in improving access to clean and safe water. County will invest on water for human, livestock and irrigation to enhance community resilience in face of climate change shocks. County will also invest in priorities that will enhance universal access to water through developing an inventory of designs and probable sites for investment in high volume collection structures, expansion of existing high capacity water structures, extension of water distribution infrastructure and sensitization on household water harvesting and storage
97. **Education and Vocational Training.** The county government has in the past invested in ECDE and vocational training through construction of ECDE& VCT classes, recruitment of ECDE caregiver's, vocational tutors, school feeding program and bursary. Going forward the sector will enhance support of tertiary and vocational trainings through increased funds for bursaries and capitation. This will lead to increased enrolment despite the inability by parents to offer financial support through prompt payment of school fees due to reduced incomes. More investments in this sector will also be directed towards ECDE support infrastructures, youth, sport support infrastructures, and activities.
98. **Manufacturing** in the county is among the least contributors to the GCP indicating lack of adequate investments in value addition of the produce within the county. The county scale up investment in agro-processing in crop and livestock products. Milk, animals for slaughter and horticultural products are the main raw materials consumed by agro-processors in the county. In 2024, growth in agricultural manufacturing due to the availability of livestock raw materials locally will improve once the Isiolo expo abattoir becomes operational.
99. The following additional measures will be adopted to strengthen county investment
  - i. Prioritizing Investment in county's productive sectors. The county will prioritize implementation of policies geared towards improving household incomes through the county productive sectors. The multiplier effect from investments in these sectors will accelerate the county economy.
  - ii. Strengthen stakeholder and development partner engagement. With the narrowing of financial space and inadequacy of county generated revenue to support investment, the county has initiated efforts to strengthen stakeholder and partner engagement to cover for unfunded priorities. The county will also continue to pursue efforts to safeguard private sector investments through strategies geared towards keeping businesses afloat.

### 3.2.2 County Fiscal Outlook

100. Over the medium period the county will invest on enhancing own revenue collection. County will develop sufficient legislations to guide collection, ensure that there are no loopholes, and improve enforcement and compliance and full integration of revenue collection systems.
101. The Government will sustain efforts to improve efficiency in public spending and ensure value for money by through :
  - i. Eliminating non-priority expenditures;
  - ii. Rationalizing revenue expenditures;
  - iii. scaling up the use of Public Private Partnerships financing for commercially viable projects;
  - iv. Adopting an end - to - end e-Government Procurement (e-GP) System in the FY 2024/25 where all public procurement and assets disposal transactions are undertaken online and are fully compliant with the Public Procurement and Asset Disposal Act of 2015 and its attendant Regulations 2020. The adoption of e-GP will promote savings of Government procurement expenditure, value for money, efficiency, transparency, audit trail and enhance good governance in our public procurement
  - v. Departments shall be required to finalize ongoing projects before commencing new projects in order to reduce the Government's exposure on stalled projects.
  - vi. Approved projects shall be required to factor environmental and climate related risks including carbon emission and disaster risk management as part of project appraisal.
  - vii. Fast track approval and Implementation of the Finance Act 2023 to boost county own revenue ;
  - viii. Seeking technical expertise aid from other government agencies to hasten project designs, procurement and implementation;
  - ix. Carrying out pre project requirements assessments before inclusion in the budget. Some of the requirements include prefeasibility studies, acquisition of sites, having approved Bill of quantities and any other things that may delay the project implementation.; and
  - x. Establishment of project implementation committees to oversee project cycle.

### **3.2.1.4 Risks to the Economic & fiscal Outlook**

**102.** Some of the risks emanating from county as well as external sources are:

- i.** Risks relate to unpredictable weather conditions due to the impact of climate change, which could adversely affect crop and livestock production and result to county inflationary pressures and food insecurity;
- ii.** Additionally, tight fiscal space due to the impact of the multiple shocks that have affected the country economy might lead to tight liquidity conditions for financing the budget.
- iii.** Uncertainties in the global economic outlook stemming from the escalating geopolitical fragmentations could result in higher commodity prices, which poses a risk to domestic inflation outcomes leading to further tightening of financial conditions.
- iv.** Growing Operation and maintenance costs may negatively affect investments in development projects.

**103.** The County government continues to monitor both county and external environment risks and take appropriate policy measures to safeguard the economy against the adverse effects of these risks if they materialize.

## **CHAPTER FOUR**

### **STRATEGIC PRIORITIES AND INTERVENTIONS**

#### **4.1 Overview**

104. The FY 2024/25 and the Medium Term Framework will focus on the implementation of the priorities set out in the 2023 ADP and 2023-2027 CIDP. The priorities are focuses on improving economic growth through inclusive resilient investments. The following are key priority areas for FY 2024/25 and the MTEF period.

#### **4.1.1 Agriculture and Livestock and Fishery Development.**

105. The agricultural sector plays a crucial role in achieving 100% food and nutrition security in Isiolo by producing sufficient quantities of food crops and livestock products to meet the dietary needs of the population. This ensures that all residents have access to an adequate and nutritious diet, which is essential for their health and well-being.

106. The sector contributes to several Sustainable Development Goals (SDGs), including SDG No. 1 on ending poverty and No. 2 on ending hunger, achieving food security, improving nutrition, and promoting sustainable agriculture. By addressing poverty and hunger issues and promoting sustainable agricultural practices, the sector contributes to broader development objectives.

107. Low crop, livestock and fishery productivity in the county is influenced by factors like high post-harvest losses, insufficient value addition, poor market linkages, market information, intermediary exploitation, inadequate extension services, high reliance on rain-fed agriculture, expensive farm inputs such as seeds and fertilizers, pests and diseases, and inadequate financial intermediation.

108. The sector will play a key role in delivering the county government's economic growth. The sector will undertake targeted investments in the agro-processing industry, growth and promotion of MSMEs, implement special sector programs for accelerated development of the county and promote equitable socio-economic development.

109. The sector plans to implement the following priority programs to tackle the identified challenges.

- i. Support value chains for livestock, poultry production, bee keeping, and fish farming and fodder production and conservation.
- ii. Promote agribusiness and value addition along selected value chains by modernization of processing and storage facilities and enhancement of value addition.
- iii. Upscale pest and disease control for both crop and livestock production.
- iv. Expand animal health extension services

- v. Promote livestock breed improvement
  - vi. Scale-up of appropriate climate-resilient technologies and best practices [Soil and water conservation]
  - vii. Rainwater harvesting systems for dry land agriculture scale up adoption of value chain-linked farm pond systems.
  - viii. Scale up area under irrigation to promote integration of nutrition-sensitive production and promote market-linked micro-irrigation agriculture.
  - ix. Scale up Technologies and best practices for post-harvest loss management Agribusiness opportunities for youth, women and PLWD Scale-up of village group saving schemes and microfinance, Entrepreneurship, agribusiness training, and financial literacy skills.
  - x. Support for innovations for livelihood diversification through, but not limited to income generation activities.
110. The interventions above are intended to increase the economic foundation of Isiolo people, therefore increasing community resilience and to guarantee that various families and communities satisfy their production-related infrastructure requirements while also gaining knowledge.

#### **4.1.2 Water, Environment and Natural Resource Management**

111. The county faces significant challenges in accessing water for food security and drinking, including long distances to water points, unavailability for domestic use and irrigation, land degradation, depletion of water towers, wetlands, catchment areas, and water governance issues. These issues stem from stalling and incompleteness of water projects, poor rains, inadequate water sources, inadequate distribution, and siltation of earth dams and poor water management
112. Environmental degradation and climate change possess great challenge to the county economic growth. Issues ranging from deforestation and encroachment of water catchment areas and mining are some of the causes of environmental degradation.
113. In the FY 2024/25 and the medium term period the sector plans to:
- i. Invest in water harvesting;
  - ii. Expand the county water coverage initiatives to increase access to safe water for communities;
  - iii. Repair and restore broken water supply projects;
  - iv. Finalize a draft water policy for supply and governance;
  - v. Conduct Prefeasibility studies on water potentials;
  - vi. Construction of medium-sized sand dams;
  - vii. Drilling of 10 new boreholes per year;
  - viii. Promotion rainwater harvesting at households and institutions in the medium term;
  - ix. Integration of climate-smart initiatives into all development initiatives;

- x. Protection of water sources and catchment areas;
- xi. Promotion of water resource management and governance to support sustainability of water projects and effective management;
- xii. Protection of natural resource management;
- xiii. Enhance awareness on best natural resource explorations, exploitation and use;
- xiv. Enforcement of laws governing natural resource exploitation ; and
- xv. Investing on green/ renewable energy production and use.

#### **4.1.3 Health services**

114. The county's health facilities network, particularly in rural areas are disproportionately distributed, limiting access to quality and affordable health services. Going forward the county will emphasise on supply of medical equipment and supplies, recruitment of technical/professional health care personnel and completion and equipping of stalled health facilities

115. The budget for financial year 2024/25 and MTEF period will focus on provision of essential health service, elimination /reversing the rising burden of communicable and non-communicable conditions, reduce burden of violence and injuries by minimizing the health risks through:

- i. Rehabilitation, Completion &Equipping of health facilities;
- ii. Enhance funding of medical supplies (drugs & non-pharms) and medical equipment to all health care centres;
- iii. Staffing of the existing health facilities;
- iv. Strengthening health management information system;
- v. Improvement of referral strategies;
- vi. Improvement of quality primary health care services;
- vii. Strengthening collaboration with private and other sectors that have an impact on health improvements;
- viii. Support enhancement of health outreaches to vulnerable, marginalised and in accessible population;
- ix. Strengthen public health emergency operations for disease surveillance and control, pandemic preparedness and response; and
- x. Strengthen nutrition specific interventions including scale up of IMAM services at all levels of health services.
- xi. Institutionalization of health promotion in primary health care facilities

#### **4.1.4 Lands, Urban Planning and Development**

116. The area is crucial for improving basic services and urban development, but challenges include poorly organized settlement patterns, costly service delivery, poor urban and

market planning, inadequate urban infrastructure, poor solid and liquid waste management systems, time-consuming land adjudication services, and inadequate survey, mapping, and land titles among farmers and landowners in urban areas.

117. The government plans to develop policies for physical planning, housing, and land resource land to improve urban development and land use. These include improving infrastructure development, improving land information management, and increasing households with secure land tenure systems.
118. The intervention focuses on integrating urban planning, infrastructure development, and housing, addressing lighting, drainage, road developments, land planning, titling, solid and liquid waste management, as urbanization increases demand for low-cost modern housing.
119. County plans to enhance land surveying, planning, and titling, focusing on urban land ownership, mapping, and the issuance of title deeds. This will stimulate land development and improve slow succession processes through collaboration with national agencies, thereby unlocking land adjudication within the county.

#### **4.1.5 Early Childhood Vocational Development**

120. The devolved education function is ECDE and village polytechnics. The public raised concerns about the quality of technical education, in which most of the County Technical Training Polytechnics face low enrolment, inadequate equipment and learning tools, inadequate infrastructure, as well as community apathy towards training at the polytechnic. Communities too during public participation forums raised issues about the quality of ECDE education and proposed interventions to address staffing, infrastructure, and retention in ECDEs. The county government will invest in:
  - i. Upgrading and restructuring the polytechnics to produce market-competitive graduates.
  - ii. Construct 20 classroom per year and sanitation facilities in ECDE centres.
  - iii. Support needy students through scholarships and capitation funds

#### **4.1.6 Sports and Talent Development**

121. In sports and talent development, the public identified limited participation in sporting activities due to poor and inadequate sporting activities. The public prioritized sporting funding at the community level to fully engage idle youths in productive activities, develop talent, and ultimately earn a livelihood from sports.
122. The county government will invest in nurturing talents—both sporting talents and infrastructure across the county—to ensure communities earn livelihoods from their talents.

#### **4.1.7 Youth Empowerment**

123. The youth aged between 18 and 35 years constitute a large proportion of the county population. The main challenges facing the youth are high unemployment, limited access to economic opportunities, and limited mentorship. Additionally, youths are affected by high incidences of drug and substance abuse as well as increased engagement in criminal activities. The county government has prioritized a youth empowerment program, which it will focus on.
- i. Enhancing technical training with market driven courses. This will include establishment of innovation hub at the training centres.
  - ii. Drug and substance awareness and rehabilitation programme.
  - iii. Mentorship programme targeting youths in and out of school on life issues as well as career wise; and
  - iv. Mainstreaming youth empowerment across the sectoral intervention

#### **4.1.8 Social Protection**

124. The county faces the challenges of weak community organization and participation; abuse and violation of the rights of children, the aged and Persons living with Disabilities (PWDs); and increasing demand for social assistance by poor and vulnerable persons and households. However, concerns arise about inadequate cash transfer programs, gender-based violence, child protection rights, and PWD support.
125. In the FY 2024/25 and MTEF period the county prioritizes on improvement and sustaining livelihoods and welfare of the poor and vulnerable by enhancing their capacity and increasing their opportunities to actively participate in county economic growth by:
- i. Mainstreaming disability issues within the main interventions across all sectors
  - ii. Establish a comprehensive gender-based violence recovery mechanism that will provide legal services to victims, raise community awareness about the effects of gender-based violence and sexual harassment, and offer training of community members, including development committees and community resource volunteers, personnel working on paralegal services concerned related to GBV.
  - iii. Enhancing child protection rights through children advocacy forums at the ward level.
  - iv. Fast track finalization of county youth, women and disability enterprise fund act and regulation, support GBV activities in the county.
  - v. Support enhancement of cash transfer/ food relief programmes in the county to impoverished household through collaborations with development partners
  - vi. Retention of children in schools through enhancement of ECDE feeding

programs

- vii. Supporting malnourished persons with nutrition specific supplements and health education trainings
- viii. Enhanced social support networks to link venerable members of the community to service providers.

#### **4.1.9 Tourism ,wildlife Conflict Management, trade and cooperative development**

- 126. The County has significant tourism potential due to its natural beauty and abundance of endemic species like Grey Zebra, reticulated giraffe, Somali ostrich, lesser kudu, and Beisa Oryx. It also boasts a diverse and rich cultural heritage from various ethnic groups, which if marketed well could generate income and create jobs.
- 127. The county face escalating human-wildlife conflicts due to resource competition, resulting in livelihood loss for farmers and households in some cases, fatalities from snakebites and wild animal attacks.
- 128. The sector prioritizes the following intervention for the FY2024/25.
  - i. Strengthening of community conservancies to increase tourist visitation and earnings
  - ii. The government plans to collaborate with agencies and communities to empower them to contribute to the solution of this human wildlife resource based conflicts.
  - iii. Marketing and promotion of tourism products and services
  - iv. Rehabilitation of dilapidated game reserves facilities and infrastructure
  - v. Improvement of park security ( recruitment of rangers )
  - vi. Promotion market products value addition
  - vii. Support of business traders such as construction of bodaboda and fresh produce sheds in urban centres
  - viii. Domestication of cooperative act.
  - ix. Promotion of public private partnership investments

#### **4.1.10 County Assembly**

- 129. The County Assembly will continue to concentrate on the development of the County Assembly Chamber and completion of county assembly ward offices.

#### **4.2 CIDP Enablers 2023 – 2027**

- 130. Enablers facilitate county programs and projects by creating a conducive environment and support systems, focusing on road networks, connectivity, market infrastructure,

energy access, institutional development, citizen engagement, and information technology infrastructure.

131. The county faces significant development challenges such as poor road infrastructure, low land ownership, limited electricity access, limited green energy installation, low literacy levels, unclear government-citizen feedback mechanisms, and inadequate access to information, and low government service automation and integration.
132. The county plans to improve road infrastructure by developing county roads inventory and maintenance modalities, a road network and maintenance policy to guide road network management. The government will develop and maintain urban roads. County will upgrade Isiolo municipal roads to paved standards over the MTEF period and invest more in improving Isiolo Municipal drainage systems.
133. Limited government service automation and integration hamper service delivery and incapacitate the county in tracking, recording, and reporting its processes and finances. The county will now focus on financing the finalization of ICT policy and a master plan to map out automation and integration requirements. The County government will leverage fiber optic connectivity to enhance access to ICT in the county. This will be in an effort to ensure proper system automation and integration of county government services.
134. For the enhancement of access to information and strengthening of the people's sovereignty at the grassroots of the county, and for the support of elected development committees and project management committees. Further, the county government shall optimize the social halls to make them more available to communities and the governance structures as per the public participation policy
135. As much as the county has instituted performance management, it is now needed to evaluate the impact of the process and flag out issues for improvement. Public sector reforms also need to be focused on to improve service delivery. In addition to performance contracting, other public sector reforms focusing on the county include instituting results-based management, performance improvement programs, capacity building focusing on redesigning processes based on customer needs for better service delivery and sustainable results.

## CHAPTER FIVE FISCAL POLICY AND BUDGET FRAMEWORK

### 5.1 Overview

136. This chapter presents consolidated fiscal policies and framework for FY 2024/2025 and MTEF; and measures the County Government will take in budget allocation.

### 5.2 County Fiscal Policy

137. The FY 2024/25 Medium-Term Fiscal Framework is aims at stimulating sustainable socio-economic growth and development while achieving a balanced fiscal policy. The main objective is to support speedy investment and effective delivery of public goods and services in a sustainable manner based on the Government's policy priorities and macroeconomic policy framework set out in chapter three and four.
138. The overall budget deficit is expected to remain at zero in the short term. In the long term, however, efforts will be made to maintain the budget deficit at less than a figure approved by the County assembly of total expenditure to secure fiscal sustainability.
139. The County will continue with the growth of friendly fiscal consolidation plan by containing non-core recurrent expenditures and enhancing mobilization of revenues in order to hasten development programmes without compromising service delivery. Much emphasis will be on prudent fiscal policy to reinforce County Government's commitment to responsible financial management practices as outlined in the Public Finance Management Act 2012.

#### 5.2.1 Fiscal Responsibility Principles

140. The following Fiscal Responsibility Principles (FRPs) need to be adhered to in line with the relevant legal provisions:
- i. **Development budget:** In line with the PFM Act 2012, over the medium term a minimum of thirty percent of the National and County Governments' budget shall be allocated to the development expenditure. In this regard, there is need to ensure the adherence to this fiscal responsibility principle both at the budget approval stage as well as during the actual implementation of the budget;
  - ii. **Wages:** Regulation 25 (1) (a) and (b) of the PFM (County Governments) Regulations 2015 provides that the County Governments' expenditure on wages and benefits for its public officers shall not exceed thirty-five (35) percent of the county government's total revenue. Adherence to this fiscal rule has been weak and there is need for concerted effort to ensure that the wage bill is within the threshold provided in law;
  - iii. **Borrowing:** Regulation 25 1 (d) of the PFM (County Governments) Regulations 2015 provides that the county public debt shall never exceed twenty (20%) percent of the County Governments' total revenue at any one time. Any County Government intending to borrow should adhere to this public finance fiscal requirement.

- iv. **Taxes:** In line with Section 15 2 (e) of the PFM Act 2012, County Governments are called upon to maintain a reasonable degree of predictability with respect to the level of tax rates and tax bases taking into account any tax reforms that may be made in the future while putting in place legislations for own source revenue collection; and
- v. **Fiscal risk:** County Governments are required to also manage fiscal risks prudently in line with PFM Act Section 152 (e).

### **5.2.2 Fiscal and Public Financial Management Reform**

141. The County Government knows that the fiscal position it takes today will have implications in the future. Therefore, in line with the Constitution and the Public Finance Management (PFM) Act of 2012, the principle of sharing the burdens and benefits of the use of resources between the present and future generation implies that we must make prudent policy decisions. The County Government shall:
- i. Strengthen enforcement and reform organisational structure of revenue department to enhance collection of county own revenue. Efficient collection methods through automation will be key in sealing loopholes for leakages at all collection points. also widening of revenue base and reasonable revenue rates through 2024 finance bill will be crucial in enhancing county own revenues;
  - ii. Reforms in policy, planning and budgeting will focus on strengthening data collection/analysis and reviewing budget procedures to ensure budget formulation process is appropriately integrated with planning;
  - iii. Undertake several measures in reducing non-core expenditures to improve efficiency and reduce wastage in line with the PFM Act (2012);
  - iv. Public consultation shall be ensured on all matters of planning and budgeting so as to ensure full stakeholder participation, transparency and accountability, and adherence to the PFM Act on budget process; and
  - v. Manage expenditures in a manner that reflects value for money through competitive rates for goods and services from its suppliers. Payments shall be made on timely basis to nurture confidence and county creditworthiness.
  - vi. Promoting investment inflows by creating conducive environment for private sector investments.

### **5.3 Budget Framework for 2024/25**

142. The budget framework for financial year 2024/25 targets strategic priorities outlined in the ADP for financial year 2024/25 and CIDP 2023-2027. The County government will continue to re-direct most of its expenditure from non-core recurrent items to finance development activities. During the medium term, the County will continue to diversify its own revenue sources with great emphasis on developing new revenue streams, sealing revenue leakages through automation and Encouraging Public Private

Partnerships (PPPs) in order to create fiscal space, which is important for development.

### 5.3.1 Revenue projection

143. The total revenue projection estimates for the financial year 2024/25 is Ksh. 6,148,780,526 comprised of Equitable Share, Conditional Grant from National Government, Conditional Grant from Development Partners, County Own Source revenue and County Health Facility Improvement Fund of Ksh 4,968,659,825, Ksh 268,683,098, Ksh 540,229,423, Ksh 271,208,180 and Ksh 100,000,000 respectively. This is in line with figures provided in the 2024 Budget Policy Statement (BPS), 2024 County Government Additional Allocation Bill (CGAAB) and County Treasury. The figures will be revised once the County Allocation of Revenue Bill and CGAAB are enacted.

### 5.3.2 Expenditure forecast

144. To fully implement the county strategic priorities outlined in chapter four and County Annual Development Plan for financial year the county requires budget of KSH 12.6Billion.

145. The Budget for FY 2024/25 is projected to increase from Ksh 5,748,810,380 in FY 2023/24 to Ksh 6,148,780,526 representing an overall growth of 7%. Overall 50% of the Annual Development Plan requires support from all county stakeholders for it to be fully implemented.

#### 5.3.2.1 Recurrent Expenditure Forecasts

146. The Recurrent expenditure is projected to be Ksh 4,007,136,153 an increase of 6.72 per cent from Ksh3, 754,872,578 in the printed estimates for FY 2023/24.

147. The recurrent Expenditures of comprises of personnel emoluments, operations, and maintenance. The table 8 below provides the recurrent expenditure forecast by sectors over the medium term (Financial Year 2024/25 to Financial Year 2026/27).

**Table 8: Recurrent Expenditure Forecast for FY 2024/25 to 2026/27**

Department	2023/24 baseline estimate	2024/25 forecast	2025/26 forecast	2026/27 forecast
Personnel Emoluments	2399150989	2,505,504,524	2,605,724,705	2,709,953,693
Operations, and Maintenance	1,355,721,589	1,501,631,629	1,561,696,894	1,624,164,770
<b>Total</b>	<b>3,754,872,578</b>	<b>4,007,136,153</b>	<b>4,167,421,599</b>	<b>4,334,118,463</b>

Source: County Economic planning 2024

#### 5.3.2.2 Development Expenditure Forecast

148. The 2024/25 Development Expenditure is estimated to be Ksh 2,041,644,373 an increase of 29.33 per cent from 1,578,617,308 in the printed estimates for FY 2023/24. The 2024/25 Development Expenditure represents 33.75% of the total County Budget. Development expenditure of Ksh. 2,123,310,148.and Ksh 2,208,242,554 is required in the FY 2025/26 and FY2026/27 respectively over the medium term. The table 8 below provides the development expenditure forecast by sectors over the medium term (Financial Year 2024/25 to Financial Year 2026/27).

**Table 9: Development Expenditure Forecast for FY 2024/25 to 2026/27**

Department	2023/24 baseline estimate	2024/25 forecast	2025/26 forecast	2026/257 forecast
Development	1,578,617,308	2,041,644,373	2,123,310,148	2,208,242,554
<b>Total</b>	<b>1,578,617,308</b>	<b>2,041,644,373</b>	<b>2,123,310,148</b>	<b>2,208,242,554</b>

Source: Source: County Economic Planning 2024

## 5.4 Risk Management

149. To ensure fiscal discipline, the County government will have a balanced budget in the Financial Year 2024/25. The County Government will ensure that the allocated resources for spending are commensurate to the revenues expected. Transfer from the National Government equitable share, conditional grants national government, will finance the budget, conditional grants from development partners and county own revenue sources. The table below gives a breakdown of the various risks, their impact and the mitigation measures.

**Table 10: Risk Management over the Medium Term Period**

Risk	Impact	Mitigation
<b>Pending bills</b>	Reduces funds available for implementation development projects and delivery of services.	Implementing projects in a timely manner and adherence to budget lines
<b>Late Disbursement of Funds</b>	Increased county operating costs and accumulation of pending bills.	Preparation of procurement plans that are synchronized with the cash flows.
<b>Implementation Risks</b>	Poor Project Ownership & Sustainability	Involvement of all stakeholders at all stages
<b>Procurement risk</b>	Delay of budget implementation and loss of funds	Enforcing Public Procurement and Disposal Act, 2015 Designing of implementable work plans for execution.
<b>Accounting and Reporting Risks</b>	Internal audit oversight and accounting errors.	Improve internal control systems.
<b>Technical Risks.</b>	Sub-standard quality of infrastructure and systems installation	Strengthening of the design and BQ section.
<b>Inadequate Legal Framework</b>	Delayed implementation of county programmes.	Fast-track development, operationalization of relevant policies and acts
<b>Change Management Risks</b>	Stalling of county projects	Prioritizing funding of ongoing / stalled projects
<b>Natural calamities</b>	Disrupts implementation of county programmes/ projects	Enhancement of county Emergency operation plan
<b>Security risk</b>	Delays project implementation and destruction of properties	Community dialogues& strengthening of security apparatus
<b>Court cases.</b>	Litigations and court injunctions may derail timely execution of the Budget.	Strict adherence to the provisions of the law and existing legal frameworks
<b>Political risks</b>	Delayed approval of policies, bills and laws, hampering legal timelines and implementation of projects and programmes.	Continuous engagement with the County Assembly and the general public

## CHAPTER SIX MEDIUM TERM EXPENDITURE FRAMEWORK

### 6.1 Overview

150. The FY2024/25 budget and the MTEF period builds on the County government policy priorities set out in the CIDP (2023-2027). The County will continue with the growth friendly fiscal consolidation plan by containing expenditures and enhancing revenues in order to slow down growth in public debt without compromising service delivery. MTEF budgeting will entail adjusting non- priority expenditures to cater for the priority ones. The identified priority sectors will continue to receive more resources. These sectors are required to utilize the allocated resources more efficiently.

### 6.2 Resource Envelope and Allocation/Prioritization Criteria

#### 6.2.1 Resource Envelope

151. The resource envelope projections for the financial year 2024/25 and over the medium term will largely target the transfers from the National Government as provided for by the County Revenue Allocation of Revenue Bill 2024 and the county own revenue. The table 11 below shows the resource envelope over the medium term period.

**Table 11: Resource Envelope for FY 2024/25 and MTEF period**

Revenue	Revenue estimate FY 2023/24	Revenue Projected estimate For FY 2024/25	Revenue Projection For FY 2025/26	Revenue Projection For FY 2026/27
<b>Equitable Share</b>	<b>4,899,041,209</b>	<b>4,968,659,825</b>	<b>5,039,267,768</b>	<b>5,110,879,096</b>
General Provisions (Equitable Share)	4,899,041,209	4,968,659,825	5,039,267,768	5,110,879,096
<b>Conditional Allocations From National Government</b>	<b>7,025,011</b>	<b>268,683,098</b>	<b>282,117,253</b>	<b>296,223,116</b>
Supplement For Construction Of County Headquarters		60,000,000	63,000,000	66,150,000
Transfer for Library Service/	7,025,011			
Transfer of museum Function		1,093,567	1,148,245	1,205,658
Roads maintenance fuel levy		190,644,441	200,176,663	210,185,496
community health promoters		16,945,090	17,792,345	18,681,962
<b>Conditional Allocations From Development Partners</b>	<b>453,630,921</b>	<b>540,229,423</b>	<b>539,211,371</b>	<b>538,351,977</b>
Current Grants from Foreign Governments Danida	7,738,500	6,532,500	5,514,448	4,655,054
Financing Locally Led Climate Action( FLLoCA)	136,000,000	136,000,000	136,000,000	136,000,000
Transforming health system (THS)	12,476,986			
Kenya climate smart agriculture (World bank)	90,000,000			
Agriculture Development support program(Swedish)	2,188,644			
Agriculture Development support program(Swedish) F/Y 2022/23 grant	16,258,238			

Revenue	Revenue estimate FY 2023/24	Revenue Projected estimate For FY 2024/25	Revenue Projection For FY 2025/26	Revenue Projection For FY 2026/27
Emergency locust response project (World Bank)	188,968,553	142,500,000	142,500,000	142,500,000
Food System Resilience Project (FSRP)		173,076,923	173,076,923	173,076,923
KDSP-11		37,500,000	37,500,000	37,500,000.00
KUSP-UIG		35,000,000	35,000,000	35,000,000
UNFPA		9,620,000	9,620,000	9,620,000
<b>Balance brought forward</b>	<b>117,905,059</b>			
<b>County Own Source Revenue Estimates</b>	<b>271,208,180</b>	<b>271,208,180</b>	<b>276,632,344</b>	<b>276,632,344</b>
<b>Gross County Revenue Estimates through exchequer</b>	<b>5,748,810,380</b>	<b>6,048,780,526</b>	<b>6,137,228,736</b>	<b>6,222,086,532</b>
Facility Improvement Fund	48,000,000	100,000,000	104,000,000	108,160,000
<b>Grand Total</b>	<b>5,796,810,380</b>	<b>6,148,780,526</b>	<b>6,241,228,736</b>	<b>6,330,246,532</b>

Source: Budget Policy Statement, 2024, CGAA Bill 2024 & County Revenue Department

### 6.2.2 Resource Allocation Prioritization Criteria

152. The resources available are to be shared in accordance with the following prioritization criteria:
- (i) **Non-Discretionary Expenditure:** This expenditure takes first charge and includes payment of staff salaries and other statutory payments. Personnel emolument is projected to account for about 42.05 percent of the resource envelope. This is due to non-revenue growth accompanied by annual increments, promotions and new recruitments.
  - (ii) **Operations and Maintenance:** These are resources available to sectors for basic operations and maintenance. This will account for about 24.20 percent of the non-discretionary expenditures.
  - (iii) **Development Expenditure:** This will account for 33.75 percent of the projected revenue. Base development expenditures on the programs that address the County priorities and other strategic interventions as in the 2023, Annual Development plan.

### 6.3 Overall Spending Priorities

153. In finalizing the preparation of the budget for the financial year 2024/25, County will continue to pursue the policy of limiting less productive expenditures and redirecting resultant savings to capital investment. Effective use of resources will be sought across spending departments and any identified saving will be redirected to deserving priority expenditures.

### 6.4 Medium-Term Expenditure Baseline Ceilings

154. The 2023/24 baseline estimates depicts the department's current spending levels. In the 2023 /24 FY printed estimate recurrent expenditure category on compensation of employee's accounts for about 45% percent of the resource envelope and it, take the

first charge. Expenditure on operations and maintenance accounts for 25% percent of the total County Resource Envelope. Overall, the recurrent expenditure on compensation to employees and operations and maintenance account for about 70 percent of the projected resource envelope. The balance of 30% percent from total resource envelope is the resources available to fund planned development programmes.

155. The 2024/25 projected estimates depict the department's current spending levels. In the recurrent expenditure category, expenditures on compensation of employee's accounts for about 41.89 percent of the resource envelope and it take the first charge. Expenditure on operations and maintenance accounts for 24.36 percent of the total County Resource Envelope. Overall, the recurrent expenditure on compensation to employees and operations and maintenance account for about 66.25 percent of the projected resource envelope. The balance of 33.75 percent from total resource envelope is the resources available to fund planned development programmes.

#### **6.4.1 Recurrent Ceilings tabulation**

Recurrent budget composes of personnel emoluments, and operation and maintenance.

##### **6.4.1.1 Personnel Emoluments.**

156. The Personnel emoluments ceilings has been set based on actual departmental wage bill in FY 2023/24 projected to FY 2024/25 taking into consideration the mandatory annual wage increment of staff and new recruitments. The projected wage bill for FY 2024/25 takes into consideration gratuities payable to staff amounting to Ksh 74.40 Million. In the medium term, the county will enhance its resource mobilization strategies to increase own revenue, restrict employment to key competencies and only replacing staff who exit the service. These strategies anticipates reducing the county wage bill from the current 45 percent to 35 percent over medium term period.

##### **6.4.1.2 Operation and maintenance**

157. The ceilings under the operation and Maintenance budget have been tabulated taking into consideration the following:
- i. Departmental mandates; this takes into consideration the functions and programmes implemented by the various departments in line with the mandate outlined in the executive order.
  - ii. Mandatory O&M items; this takes into consideration non-discretionary items. This include
  - iii. Appropriation in Aid; this considers the departments with Appropriation in Aid in their Operation and Maintenance Budget
  - iv. Other Operating costs; this is based on past O&M allocations and absorption capacity

158. The calculated recurrent ceilings are as follows.

**Table 12: Recurrent Ceilings calculation for 2024/25**

Department		PE		O&M		Total recurrent		Total recurrent	
	2024/25 annual salary	PE%	Mandatory items	A.I.A(FIF)	Other O&M	FY 2024/25 Ceiling	O&M%	Total	% of total rec
<b>County Assembly</b>	<b>264,673,202</b>	<b>10.4%</b>	-	-	<b>258,164,798</b>	<b>258,164,798</b>	<b>17.4%</b>	<b>522,838,000</b>	<b>13.0%</b>
County Assembly	-	0.0%			258,164,798	258,164,798	17.4%	258,164,798	6.4%
<b>County Executive</b>	<b>301,729,549</b>	<b>11.9%</b>	<b>20,000,000</b>	-	<b>145,883,700</b>	<b>165,883,700</b>	<b>11.2%</b>	<b>467,613,249</b>	<b>11.6%</b>
Office Of Governor	211,863,471	8.4%	20,000,000		54,483,700	74,483,700	5.0%	286,347,171	7.1%
County Public Service Board	39,235,500	1.5%	-		11,000,000	11,000,000	0.7%	50,235,500	1.3%
County Secretary	14,120,050	0.6%	-		20,000,000	20,000,000	1.3%	34,120,050	0.8%
Delivery Unit	14,853,898	0.6%	-		4,000,000	4,000,000	0.3%	18,853,898	0.5%
Deputy Governor	21,656,630	0.9%	-		14,000,000	14,000,000	0.9%	35,656,630	0.9%
County Attorney	-	0.0%	-		38,000,000	38,000,000	2.6%	38,000,000	0.9%
Intergovernmental	-	0.0%	-		4,400,000	4,400,000	0.3%	4,400,000	0.1%
<b>Finance &amp; Economic Planning</b>	<b>118,928,090</b>	<b>4.7%</b>	<b>113,500,000</b>	-	<b>77,800,000</b>	<b>191,300,000</b>	<b>12.9%</b>	<b>310,228,090</b>	<b>7.7%</b>
Finance	84,257,878	3.3%	6,500,000		38,000,000	44,500,000	3.0%	128,757,878	3.2%
Special Programmes	4,000,000	0.2%	80,000,000		8,000,000	88,000,000	5.9%	92,000,000	2.3%
Economic Planning	12,218,212	0.5%	17,000,000		12,000,000	29,000,000	2.0%	41,218,212	1.0%
cohesion	6,000,000	0.2%	10,000,000		8,000,000	18,000,000	1.2%	24,000,000	0.6%
Revenue Services	7,452,000	0.3%	-		7,200,000	7,200,000	0.5%	14,652,000	0.4%
ICT And Innovation	5,000,000	0.2%	-		4,600,000	4,600,000	0.3%	9,600,000	0.2%
<b>lands &amp; Physical Planning, roads Housing&amp; public works</b>	<b>32,962,047</b>	<b>1.3%</b>	<b>5,400,000</b>	-	<b>17,721,040</b>	<b>23,121,040</b>	<b>1.6%</b>	<b>56,083,087</b>	<b>1.4%</b>
Lands And Physical Planning	13,802,197	0.5%	-		8,021,040	8,021,040	0.5%	21,823,237	0.5%
Roads And Infrastructure	11,028,190	0.4%	-		3,400,000	3,400,000	0.2%	14,428,190	0.4%
public Works	8,131,660	0.3%	-		3,300,000	3,300,000	0.2%	11,431,660	0.3%
Housing And Urban Development	-	0.0%	5,400,000		3,000,000	8,400,000	0.6%	8,400,000	0.2%
<b>agriculture &amp; Irrigation, Livestock &amp; Veterinary Services And Fisheries Development</b>	<b>135,763,194</b>	<b>5.4%</b>	<b>10,000,000</b>	-	<b>16,591,083</b>	<b>26,591,083</b>	<b>1.8%</b>	<b>162,354,277</b>	<b>4.0%</b>
Agriculture & Irrigation	38,837,750	1.5%	-		6,500,000	6,500,000	0.4%	45,337,750	1.1%
Livestock& Veterinary	91,466,680	3.6%	10,000,000		7,091,083	17,091,083	1.2%	108,557,763	2.7%
Fishery Development	5,458,764	0.2%	-		3,000,000	3,000,000	0.2%	8,458,764	0.2%
<b>education, Vocational Youth ,Sports Gender&amp; Social Services</b>	<b>202,559,224</b>	<b>8.0%</b>	<b>97,000,000</b>	-	<b>19,488,461</b>	<b>116,488,461</b>	<b>7.9%</b>	<b>319,047,685</b>	<b>7.9%</b>

Department		PE		O&M		Total recurrent		Total recurrent	
	2024/25 annual salary	PE%	Mandatory items	A.I.A(FIF)	Other O&M	FY 2024/25 Ceiling	O&M%	Total	% of total rec
Education And ECDE	169,405,108	6.7%	87,000,000		6,262,177	93,262,177	6.3%	262,667,285	6.5%
Youth And Sports	5,157,616	0.2%	10,000,000		4,800,000	14,800,000	1.0%	19,957,616	0.5%
culture, Gender And Social Services	20,015,699	0.8%	-		5,426,284	5,426,284	0.4%	25,441,983	0.6%
Vocational Training	7,980,800	0.3%	-		3,000,000	3,000,000	0.2%	10,980,800	0.3%
<b>Tourism And Wildlife, Trade Cooperative And Enterprise Development</b>	<b>420,498,064</b>	<b>16.6%</b>	<b>148,000,000</b>	<b>-</b>	<b>33,932,151</b>	<b>181,932,151</b>	<b>12.3%</b>	<b>602,430,215</b>	<b>15.0%</b>
Tourism And Wildlife	84,446,598	3.3%	6,000,000		5,426,284	11,426,284	0.8%	95,872,882	2.4%
Trade And Investment	5,215,009	0.2%	-		3,860,867	3,860,867	0.3%	9,075,876	0.2%
Public Service Management	295,814,951	11.7%	142,000,000		10,272,000	152,272,000	10.3%	448,086,951	11.2%
Devolved Units	27,980,800	1.1%	-		6,020,000	6,020,000	0.4%	34,000,800	0.8%
Civic Education And Public Participation	5,000,000	0.2%	-		5,353,000	5,353,000	0.4%	10,353,000	0.3%
MSME & Cooperatives	2,040,705	0.1%	-		3,000,000	3,000,000	0.2%	5,040,705	0.1%
<b>Water, Energy, Environment, And Natural Resources</b>	<b>50,642,128</b>	<b>2.0%</b>	<b>12,000,000</b>	<b>-</b>	<b>20,566,305</b>	<b>32,566,305</b>	<b>2.2%</b>	<b>83,208,433</b>	<b>2.1%</b>
water And Sanitation	26,711,023	1.1%	12,000,000		9,547,573	21,547,573	1.5%	48,258,596	1.2%
Environment And CCA	23,931,104	0.9%	-		4,018,732	4,018,732	0.3%	27,949,836	0.7%
Mining And Natural Resources	-	0.0%	-		3,000,000	3,000,000	0.2%	3,000,000	0.1%
Renewable Energy	-	0.0%	-		4,000,000	4,000,000	0.3%	4,000,000	0.1%
<b>health Services</b>	<b>987,151,644</b>	<b>39.0%</b>	<b>418,000,000</b>	<b>-</b>	<b>40,934,814</b>	<b>458,934,814</b>	<b>30.9%</b>	<b>1,446,086,458</b>	<b>36.0%</b>
medical Services	625,717,124	24.7%	353,000,000	80,000,000	30,932,666	383,932,666	25.9%	1,009,649,790	25.1%
Public Health	361,434,519	14.3%	65,000,000		10,002,148	75,002,148	5.1%	436,436,667	10.9%
<b>Municipal Administration</b>	<b>18,756,100</b>	<b>0.7%</b>	<b>22,500,000</b>	<b>-</b>	<b>5,990,561</b>	<b>28,490,561</b>	<b>1.9%</b>	<b>47,246,661</b>	<b>1.2%</b>
Municipal Administration	18,756,100	0.7%	22,500,000		5,990,561	28,490,561	1.9%	47,246,661	1.2%
<b>Total Recurrent Expenditure</b>	<b>2,533,663,240</b>	<b>100.0%</b>	<b>846,400,000</b>	<b>80,000,000</b>	<b>637,072,913</b>	<b>1,483,472,913</b>	<b>100.0%</b>	<b>4,017,136,153</b>	<b>100.0%</b>

Source: County Economic Planning 2024

**159. Key highlights in recurrent ceilings;**

- i. Health sector, tourism ,trade and PSM , County Assembly , county executive and education received the highest recurrent allocation at 36%,15%, 13%, 11.6% and 7.9% respectively
- ii. 36% of recurrent budget is allocated to health sector is mainly to cater for personnel emoluments , health commodities and operations & maintenance
- iii. 15% on public service management is mainly meant for medical cover, gratuity and personnel emoluments for devolved staff
- iv. 13% allocation for county assembly mainly meant for personnel emoluments for county assembly members and staff and other operations and maintenance.
- v. 11.6% on county executive is mainly meant for personnel emoluments for governor, deputy governor, county executive committee members, county secretary, County Public Service Board, chief officers and other staff working under executive. The allocation also includes operations and maintenance for the sector.
- vi. 7.9% of the total county budget allocated to education Sector is mainly meant for bursary, school feeding programme , personnel emoluments and other O&M

#### 6.4.2 Development ceilings tabulation

160. Allocation of Development expenditure amongst county departments are based on the County Integrated Development Plan (CIDP) 2023-27 and Annual Development Plan (ADP) 2024/25 as well as other strategic objectives and policy goals identified in these CFSP. The following guideline will be used on the development expenditure allocation:

- (i) **Outstanding/ongoing Projects:** Greater emphasis put on the completion of on-going projects.
- (ii) **Projects phased in FY 2023/24.** This takes into consideration the projects phased while preparing the county FY 2023/24 supplementary budget
- (iii) **Strategic Interventions:** Priority given to policy interventions with high impact on poverty reduction, climate change mitigation and adaptation, environmental conservation, and value chain addition.
- (iv) **Pending bills;** Allocation to clear any outstanding pending bills
- (v) **Conditional allocations, loans and Grants;** Allocation has been distributed across the various departments based on the actual allocations in FY 2023/24 and the National Budget Policy Statement. The allocations will be aligned with the approval of the conditional allocations grants bill 2024.
- (vi) The Government will strengthen project conceptualization to ensure funded projects are supported with concept notes outlining the outcomes, activities and the programme/project implementation matrix. The development focus will be towards high impact projects that are outcome-oriented at both the Headquarters and ward

**Table 13 Development Expenditure Allocation FY 2024/25**

Department	Medium Term Flagships	FY 2024/25 Development Programmes	Supp 1 Revolted Projects in 2023/24	Conditional Allocations	Pending Bills	FY 2024/25 Development ceiling	% allocation
<b>County Assembly</b>	-	<b>40,000,000</b>	-	-	-	<b>40,000,000</b>	<b>1.96%</b>
County Assembly		40,000,000				40,000,000	1.96%
<b>County Executive</b>	-	-	-	-	-	-	<b>0.00%</b>
Office Of Governor	-					-	0.00%
County Public Service Board	-					-	0.00%
County Secretary	-					-	0.00%
Delivery Unit	-					-	0.00%
Deputy Governor	-					-	0.00%
County Attorney	-					-	0.00%
Intergovernmental	-					-	0.00%
<b>Finance &amp; Economic Planning</b>	-	<b>145,000,000</b>	-	<b>97,500,000</b>	<b>200,000,000</b>	<b>442,500,000</b>	<b>21.67%</b>
Finance	-	20,000,000		97,500,000	200,000,000	317,500,000	15.55%
Special Programmes	-	110,000,000				110,000,000	5.39%
Economic Planning	-	8,000,000				8,000,000	0.39%
cohesion	-					-	0.00%
Revenue Services	-	2,000,000				2,000,000	0.10%
ICT And Innovation	-	5,000,000				5,000,000	0.24%
<b>Lands &amp; Physical Planning, Roads Housing&amp; Public Works</b>	-	<b>129,000,000</b>		<b>190,644,441</b>	-	<b>319,644,441</b>	<b>15.66%</b>
Lands And Physical Planning	-	49,000,000				49,000,000	2.40%
Roads And Infrastructure	-	80,000,000		190,644,441		270,644,441	13.26%
public Works	-					-	0.00%
Housing And Urban Development	-					-	0.00%
<b>Agriculture &amp; Irrigation, Livestock &amp; Veterinary Services</b>	-	<b>52,000,000</b>	-	<b>315,576,923</b>	-	<b>367,576,923</b>	<b>18.00%</b>
Agriculture & Irrigation	-	7,000,000		315,576,923		322,576,923	15.80%
Livestock& Veterinary	-	38,000,000				38,000,000	1.86%
Fishery Development	-	7,000,000				7,000,000	0.34%

Department	Medium Term Flagships	FY 2024/25 Development Programmes	Supp 1 Revolted Projects in 2023/24	Conditional Allocations	Pending Bills	FY 2024/25 Development ceiling	% allocation
<b>education, Vocational Youth ,Sports Gender&amp; Social Services</b>	-	<b>92,850,929</b>	<b>26,500,000</b>	-	-	<b>119,350,929</b>	<b>5.85%</b>
Education And ECDE	-	28,757,362				28,757,362	1.41%
Youth And Sports	-	38,000,000	10,000,000			48,000,000	2.35%
culture, Gender And Social Services	-	12,093,567	13,000,000			25,093,567	1.23%
Vocational Training	-	14,000,000	3,500,000			17,500,000	0.86%
<b>Tourism And Wildlife, Trade Cooperative And</b>	<b>30,874,490</b>	<b>39,500,000</b>		-	-	<b>70,374,490</b>	<b>3.45%</b>
Tourism And Wildlife	-	21,500,000				21,500,000	1.05%
Trade And Investment	30,874,490	5,000,000				35,874,490	1.76%
Public Service Management	-	6,000,000				6,000,000	0.29%
devolved Units	-	7,000,000				7,000,000	0.34%
Civic Education And Public Participation	-	-				-	0.00%
MSME & Cooperatives	-	-				-	0.00%
<b>Water, Energy, Environment, And Natural Resources</b>	-	<b>307,000,000</b>	-	-	-	<b>307,000,000</b>	<b>15.04%</b>
water And Sanitation	-	130,000,000				130,000,000	6.37%
Environment And CCA	-	168,000,000				168,000,000	8.23%
Mining And Natural Resources	-	-				-	0.00%
Renewable Energy	-	9,000,000				9,000,000	0.44%
<b>health Services</b>	-	<b>203,097,590</b>	-	-	-	<b>203,097,590</b>	<b>9.95%</b>
medical Services	-	110,000,000				110,000,000	5.39%
Public Health	-	93,097,590				93,097,590	4.56%
<b>Municipal Administration</b>	<b>80,000,000</b>	<b>92,100,000</b>	-	-	-	<b>172,100,000</b>	<b>8.43%</b>
Municipal Administration	80,000,000	92,100,000				172,100,000	8.43%
<b>Total Recurrent Expenditure</b>	<b>110,874,490</b>	<b>1,100,548,519</b>	<b>26,500,000</b>	<b>603,721,364</b>	<b>200,000,000</b>	<b>2,041,644,373</b>	<b>100.00%</b>

Source: County Economic Planning 2024

**161. Key Highlights in Development Ceilings;**

- i. Development budget of 21.67% allocated to finance department mainly provision for Ksh. 200Million pending bill accrued from previous years , 60 Million conditional allocation for construction of county headquarters, 37.5 Million for KDSP.
- ii. Development budget of 18% allocated to Agriculture department include Ksh173,076,923 for Food System Resilience Project (FSRP) and Ksh 142,500,000 for provision for, Emergency locust response project (World Bank)
- iii. Allocation of 16% of the development budget to lands and roads are mainly for roads maintenance (Ksh, 190.6 Million conditional grant from fuel levy maintenance, 80 million from county for rural roads, and 55 Million for spatial plan
- iv. Development budget of 15.04% allocated to water and environment sector is mainly Ksh 136Million for FLLoCCA, Ksh 36Million county contribution towards climate fund and Ksh 130Million for new development project for water department.
- v. Allocation of 9.95%. of the development budget to health sector are mainly ksh100Million and 93Million for Curative, and Rehabilitative Health services and Primary health care including 30Million for purchase of two ambulances.
- vi. Allocation of 8.43.% of the development budget to Isiolo municipality mainly for completion of Isiolo market complex , cabro paving of 1km road in Isiolo town and KUSP II for Ksh 80Million , 50Million and Ksh 37 million respectively.
- vii. Allocation of 5.85% of the development budget to education youth sports culture and gender department mainly for completion of Isiolo stadium , ECDE classroom, ECDE Sanitation facilities, furniture for ECDE, vocational training infrastructures, funds to women , youth and disabled enterprise fund, rehabilitation and construction of social halls
- viii. Allocation of 3.45% of the development budget to Isiolo department of tourism , trade and public service management mainly for construction of industrial park and game reserves infrastructures
- ix. Departments/entities will be required to provide detailed concept notes justifying programmes and projects envisioned in this CFSP. This will be used to formulate the FY 2024/25 budget.

162. The overall MTEF ceilings over the medium term is as outlined in table 14 below.

**Table 14: Summary Basis for Setting of Ceilings Estimates**

Sector	Sub Sector	Item Classification	2024/25 Estimates (Ksh.)	% Total Budget
County Assembly	County Assembly	<b>Recurrent</b>	<b>522,838,000</b>	<b>8.64%</b>
		Compensation to Employees	264,673,202	4.38%
		Operations and Maintenance	258,164,798	4.27%
		<b>Development</b>	<b>40,000,000</b>	<b>0.66%</b>
		<b>Sub Total</b>	<b>562,838,000</b>	<b>9.30%</b>
County Executive	Office of Governor	<b>Recurrent</b>	<b>286,347,171</b>	<b>4.73%</b>
		Compensation to Employees	211,863,471	3.50%
		Operations and Maintenance	74,483,700	1.23%
		<b>Development</b>		<b>0.00%</b>
		<b>Sub Total</b>	<b>286,347,171</b>	<b>4.73%</b>
	Intergovernmental relations and Donor coordination	<b>Recurrent</b>	<b>4,400,000</b>	<b>0.07%</b>
		Compensation to Employees		0.00%
		Operations and Maintenance	4,400,000	0.07%
		<b>Sub Total</b>	<b>4,400,000</b>	<b>0.07%</b>
	Office of County Attorney	<b>Recurrent</b>	<b>38,000,000</b>	<b>0.63%</b>
		Compensation to Employees		0.00%
		Operations and Maintenance	38,000,000	0.63%
		<b>Sub Total</b>	<b>38,000,000</b>	<b>0.63%</b>
	CPSB	<b>Recurrent</b>	<b>50,235,500</b>	<b>0.83%</b>
		Compensation to Employees	39,235,500	0.65%
		Operations and Maintenance	11,000,000	0.18%
		<b>Sub Total</b>	<b>50,235,500</b>	<b>0.83%</b>
	County Secretary	<b>Recurrent</b>	<b>34,120,050</b>	<b>0.56%</b>
		Compensation to Employees	14,120,050	0.23%
		Operations and Maintenance	20,000,000	0.33%
		<b>Sub Total</b>	<b>34,120,050</b>	<b>0.56%</b>
	Deputy governor	<b>Recurrent</b>	<b>25,656,630</b>	<b>0.42%</b>
		Compensation to Employees	21,656,630	0.36%
		Operations and Maintenance	4,000,000	0.07%
		<b>Sub Total</b>	<b>25,656,630</b>	<b>0.42%</b>
	Delivery Unity	<b>Recurrent</b>	<b>18,853,898</b>	<b>0.31%</b>
		Compensation to Employees	14,853,898	0.25%
		Operations and Maintenance	4,000,000	0.07%
<b>Sub Total</b>		<b>18,853,898</b>	<b>0.31%</b>	

Sector	Sub Sector	Item Classification	2024/25 Estimates (Ksh.)	% Total Budget
		<b>Sector Total</b>	<b>457,613,249</b>	<b>7.57%</b>
<b>Finance, Economic Planning, Revenue, Special Programs &amp; ICT</b>	<b>Finance</b>	<b>Recurrent</b>	<b>128,757,878</b>	<b>2.13%</b>
		Compensation to Employees	84,257,878	1.39%
		Operations and Maintenance	44,500,000	0.74%
		<b>Development</b>	<b>317,500,000</b>	<b>5.25%</b>
		<b>Sub Total</b>	<b>446,257,878</b>	<b>7.38%</b>
	<b>Economic Planning</b>	<b>Recurrent</b>	<b>41,218,212</b>	<b>0.68%</b>
		Compensation to Employees	12,218,212	0.20%
		Operations and Maintenance	29,000,000	0.48%
		<b>Development</b>	<b>8,000,000</b>	<b>0.13%</b>
		<b>Sub Total</b>	<b>49,218,212</b>	<b>0.81%</b>
	<b>Special Programmes</b>	<b>Recurrent</b>	<b>92,000,000</b>	<b>1.52%</b>
		Compensation to Employees	4,000,000	0.07%
		Operations and Maintenance	88,000,000	1.45%
		<b>Development</b>	<b>110,000,000</b>	<b>1.82%</b>
		<b>Sub Total</b>	<b>202,000,000</b>	<b>3.34%</b>
	<b>Peace and Cohesion</b>	<b>Recurrent</b>	<b>24,000,000</b>	<b>0.40%</b>
		Compensation to Employees	6,000,000	0.10%
		Operations and Maintenance	18,000,000	0.30%
		<b>Development</b>	<b>-</b>	<b>0.00%</b>
		<b>Sub Total</b>	<b>24,000,000</b>	<b>0.40%</b>
	<b>Revenue Services</b>	<b>Recurrent</b>	<b>14,652,000</b>	<b>0.24%</b>
		<b>Compensation to Employees</b>	<b>7,452,000</b>	<b>0.12%</b>
		<b>Operations and Maintenance</b>	<b>7,200,000</b>	<b>0.12%</b>
		<b>Development</b>	<b>2,000,000</b>	<b>0.03%</b>
		<b>Sub Total</b>	<b>16,652,000</b>	<b>0.28%</b>
	<b>ICT and Innovation</b>	<b>Recurrent</b>	<b>9,600,000</b>	<b>0.16%</b>
		Compensation to Employees	5,000,000	0.08%
		Operations and Maintenance	4,600,000	0.08%
<b>Development</b>		<b>5,000,000</b>	<b>0.08%</b>	
<b>Sub Total</b>		<b>14,600,000</b>	<b>0.24%</b>	
		<b>Sector Total</b>	<b>752,728,090</b>	<b>12.44%</b>
<b>Lands &amp; Physical Planning, Roads, Urban Housing</b>	<b>Lands and Physical Planning</b>	<b>Recurrent</b>	<b>21,823,237</b>	<b>0.36%</b>
		Compensation to Employees	13,802,197	0.23%
		Operations and Maintenance	8,021,040	0.13%

Sector	Sub Sector	Item Classification	2024/25 Estimates (Ksh.)	% Total Budget	
		<b>Development</b>	<b>49,000,000</b>	<b>0.81%</b>	
		<b>Sub Total</b>	<b>70,823,237</b>	<b>1.17%</b>	
	<b>Roads and Infrastructure</b>	<b>Recurrent</b>	<b>14,428,190</b>	<b>0.24%</b>	
		Compensation to Employees	11,028,190	0.18%	
		Operations and Maintenance	3,400,000	0.06%	
		<b>Development</b>	<b>270,644,441</b>	<b>4.47%</b>	
		<b>Sub Total</b>	<b>285,072,631</b>	<b>4.71%</b>	
		<b>Public Works</b>	<b>Recurrent</b>	<b>11,431,660</b>	<b>0.19%</b>
	Compensation to Employees		8,131,660	0.13%	
	Operations and Maintenance		3,300,000	0.05%	
	<b>Development</b>		<b>-</b>	<b>0.00%</b>	
	<b>Sub Total</b>		<b>11,431,660</b>	<b>0.19%</b>	
	<b>Housing and Urban Development</b>	<b>Recurrent</b>	<b>8,400,000</b>	<b>0.14%</b>	
		Compensation to Employees		0.00%	
		Operations and Maintenance	8,400,000	0.14%	
		<b>Development</b>	<b>-</b>	<b>0.00%</b>	
		<b>Sub Total</b>	<b>8,400,000</b>	<b>0.14%</b>	
		<b>Sector Total</b>	<b>375,727,528</b>	<b>6.21%</b>	
	<b>Agriculture, Livestock &amp; Fisheries</b>	<b>Agriculture</b>	<b>Recurrent</b>	<b>45,337,750</b>	<b>0.75%</b>
			Compensation to Employees	38,837,750	0.64%
Operations and Maintenance			6,500,000	0.11%	
<b>Development</b>			<b>322,576,923</b>	<b>5.33%</b>	
<b>Sub Total</b>			<b>367,914,673</b>	<b>6.08%</b>	
<b>Livestock Production</b>		<b>Recurrent</b>	<b>108,557,763</b>	<b>1.79%</b>	
		Compensation to Employees	91,466,680	1.51%	
		Operations and Maintenance	17,091,083	0.28%	
		<b>Development</b>	<b>38,000,000</b>	<b>0.63%</b>	
		<b>Sub Total</b>	<b>146,557,763</b>	<b>2.42%</b>	
<b>Fisheries</b>		<b>Recurrent</b>	<b>8,458,764</b>	<b>0.14%</b>	
		Compensation to Employees	5,458,764	0.09%	
		Operations and Maintenance	3,000,000	0.05%	
		<b>Development</b>	<b>7,000,000</b>	<b>0.12%</b>	
		<b>Sub Total</b>	<b>15,458,764</b>	<b>0.26%</b>	
		<b>Sector Total</b>	<b>529,931,200</b>	<b>8.76%</b>	
			<b>Recurrent</b>	<b>262,667,285</b>	<b>4.34%</b>

Sector	Sub Sector	Item Classification	2024/25 Estimates (Ksh.)	% Total Budget	
Education & ECDE, Vocational Training, Youth, Sports & Gender	Education and Early Childhood Development	Compensation to Employees	169,405,108	2.80%	
		Operations and Maintenance	93,262,177	1.54%	
		<b>Development</b>	<b>28,757,362</b>	<b>0.48%</b>	
		<b>Sub Total</b>	<b>291,424,647</b>	<b>4.82%</b>	
	Youth and Sports	<b>Recurrent</b>	<b>19,957,616</b>	<b>0.33%</b>	
		Compensation to Employees	5,157,616	0.09%	
		Operations and Maintenance	14,800,000	0.24%	
		<b>Development</b>	<b>48,000,000</b>	<b>0.79%</b>	
	Gender Culture and Social Service	<b>Sub Total</b>	<b>67,957,616</b>	<b>1.12%</b>	
		<b>Recurrent</b>	<b>25,441,983</b>	<b>0.42%</b>	
		Compensation to Employees	20,015,699	0.33%	
		Operations and Maintenance	5,426,284	0.09%	
	Technical and Vocational Training	<b>Development</b>	<b>25,093,567</b>	<b>0.41%</b>	
		<b>Sub Total</b>	<b>50,535,550</b>	<b>0.84%</b>	
		<b>Recurrent</b>	<b>10,980,800</b>	<b>0.18%</b>	
		Compensation to Employees	7,980,800	0.13%	
	Tourism, Trade, MSME, PSM, CEPP & Devolved Units	Tourism and Wildlife	Operations and Maintenance	3,000,000	0.05%
			<b>Development</b>	<b>17,500,000</b>	<b>0.29%</b>
			<b>Sub Total</b>	<b>28,480,800</b>	<b>0.47%</b>
			<b>Total</b>	<b>438,398,613</b>	<b>7.25%</b>
Trade and Investment		<b>Recurrent</b>	<b>95,872,882</b>	<b>1.58%</b>	
		Compensation to Employees	84,446,598	1.40%	
		Operations and Maintenance	11,426,284	0.19%	
		<b>Development</b>	<b>21,500,000</b>	<b>0.36%</b>	
PSM		<b>Sub Total</b>	<b>117,372,882</b>	<b>1.94%</b>	
		<b>Recurrent</b>	<b>9,075,876</b>	<b>0.15%</b>	
	Compensation to Employees	5,215,009	0.09%		
	Operations and Maintenance	3,860,867	0.06%		
	<b>Development</b>	<b>35,874,490</b>	<b>0.59%</b>		
	<b>Sub Total</b>	<b>44,950,366</b>	<b>0.74%</b>		
	<b>Recurrent</b>	<b>448,086,951</b>	<b>7.41%</b>		
	Compensation to Employees	295,814,951	4.89%		
	Operations and Maintenance	152,272,000	2.52%		
	<b>Development</b>	<b>6,000,000</b>	<b>0.10%</b>		
	<b>Sub Total</b>	<b>454,086,951</b>	<b>7.51%</b>		

Sector	Sub Sector	Item Classification	2024/25 Estimates (Ksh.)	% Total Budget	
	<b>Devolved Units and Inspectorate</b>	<b>Recurrent</b>	<b>34,000,800</b>	<b>0.56%</b>	
		Compensation to Employees	27,980,800	<b>0.46%</b>	
		Operations and Maintenance	6,020,000	<b>0.10%</b>	
		<b>Development</b>	<b>7,000,000</b>	<b>0.12%</b>	
		<b>Sub Total</b>	<b>41,000,800</b>	<b>0.68%</b>	
	<b>Civic Education and Public Participation</b>	<b>Recurrent</b>	<b>10,353,000</b>	<b>0.17%</b>	
		Compensation to Employees	5,000,000	<b>0.08%</b>	
		Operations and Maintenance	5,353,000	<b>0.09%</b>	
		<b>Development</b>	-	<b>0.00%</b>	
		<b>Sub Total</b>	<b>10,353,000</b>	<b>0.17%</b>	
	<b>MSME and Cooperatives</b>	<b>Recurrent</b>	<b>5,040,705</b>	<b>0.08%</b>	
		Compensation to Employees	2,040,705	<b>0.03%</b>	
		Operations and Maintenance	3,000,000	<b>0.05%</b>	
		<b>Development</b>	-	<b>0.00%</b>	
		<b>Sub Total</b>	<b>5,040,705</b>	<b>0.08%</b>	
		<b>Sector Total</b>		672,804,705	<b>11.12%</b>
	<b>Water, Environment, Natural Resources &amp; Renewable Energy</b>	<b>Water and Sanitation</b>	<b>Recurrent</b>	<b>48,258,596</b>	<b>0.80%</b>
Compensation to Employees			26,711,023	<b>0.44%</b>	
Operations and Maintenance			21,547,573	<b>0.36%</b>	
<b>Development</b>			<b>130,000,000</b>	<b>2.15%</b>	
<b>Sub Total</b>			<b>178,258,596</b>	<b>2.95%</b>	
<b>Environment and Climate Change and Adaptation</b>		<b>Recurrent</b>	<b>27,949,836</b>	<b>0.46%</b>	
		Compensation to Employees	23,931,104	<b>0.40%</b>	
		Operations and Maintenance	4,018,732	<b>0.07%</b>	
		<b>Development</b>	<b>168,000,000</b>	<b>2.78%</b>	
		<b>Sub Total</b>	<b>195,949,836</b>	<b>3.24%</b>	
<b>Mining and Natural Resources</b>		<b>Recurrent</b>	<b>3,000,000</b>	<b>0.05%</b>	
		Compensation to Employees		<b>0.00%</b>	
		Operations and Maintenance	3,000,000	<b>0.05%</b>	
		<b>Development</b>	-	<b>0.00%</b>	
		<b>Sub Total</b>	<b>3,000,000</b>	<b>0.05%</b>	
<b>Renewable Energy</b>		<b>Recurrent</b>	<b>4,000,000</b>	<b>0.07%</b>	
		Compensation to Employees		<b>0.00%</b>	
	Operations and Maintenance	4,000,000	<b>0.07%</b>		

Sector	Sub Sector	Item Classification	2024/25 Estimates (Ksh.)	% Total Budget
		<b>Development</b>	<b>9,000,000</b>	<b>0.15%</b>
		<b>Sub Total</b>	<b>13,000,000</b>	<b>0.21%</b>
		<b>Sector Total</b>	390,208,433	<b>6.45%</b>
Health Services	Medical Services	<b>Recurrent</b>	<b>1,009,649,790</b>	<b>16.69%</b>
		Compensation to Employees	625,717,124	<b>10.34%</b>
		Operations and Maintenance	383,932,666	<b>6.35%</b>
		<b>Development</b>	<b>110,000,000</b>	<b>1.82%</b>
		<b>Total</b>	<b>1,119,649,790</b>	<b>18.51%</b>
	Public Health	<b>Recurrent</b>	<b>436,436,667</b>	<b>7.22%</b>
		Compensation to Employees	361,434,519	<b>5.98%</b>
		Operations and Maintenance	75,002,148	<b>1.24%</b>
		<b>Development</b>	<b>93,097,590</b>	<b>1.54%</b>
		<b>Sub Total</b>	<b>529,534,257</b>	<b>8.75%</b>
		<b>Sector Total</b>	1,649,184,048	<b>27.26%</b>
Minicipality	Municipal Administration	<b>Recurrent</b>	<b>47,246,661</b>	<b>0.78%</b>
		Compensation to Employees	18,756,100	<b>0.31%</b>
		Operations and Maintenance	28,490,561	<b>0.47%</b>
		<b>Development</b>	<b>172,100,000</b>	<b>2.85%</b>
		<b>Total</b>	<b>219,346,661</b>	<b>3.63%</b>
		<b>Sector Total</b>	<b>219,346,661</b>	<b>3.63%</b>
		<b>Grand total</b>	<b>6,048,780,526</b>	<b>100.00%</b>

Source: County Economic Planning & Payroll 2024

## **6.5 Sector/Departmental Medium Term Expenditure Ceilings**

- 163.** The departmental budget ceilings for financial year 2024/25 and over the medium term period are as provided in table 18 below.

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**Table 15 :2024/25 & Medium Term Expenditure Ceilings**

Sector/ Department	2024/25 Proposed Ceilings			2025/26 Projected Ceilings			2026/27 Projected Ceilings		
	Rec	Dev	Totals	Rec	Dev	Totals	Rec	Dev	Totals
<b>County Assembly</b>	<b>522,838,000</b>	<b>40,000,000</b>	<b>562,838,000</b>	<b>543,751,520</b>	<b>41,600,000</b>	<b>585,351,520</b>	<b>565,501,581</b>	<b>43,264,000</b>	<b>608,765,581</b>
County Assembly	522,838,000	40,000,000	562,838,000	543,751,520	41,600,000	585,351,520	565,501,581	43,264,000	608,765,581
<b>County Executive</b>	<b>457,613,249</b>	<b>-</b>	<b>457,613,249</b>	<b>475,917,779</b>	<b>-</b>	<b>475,917,779</b>	<b>494,954,490</b>	<b>-</b>	<b>494,954,490</b>
Office Of Governor	286,347,171	-	286,347,171	297,801,058	-	297,801,058	309,713,100	-	309,713,100
County Public Service Board	50,235,500		50,235,500	52,244,920	-	52,244,920	54,334,717	-	54,334,717
County Secretary	34,120,050		34,120,050	35,484,852	-	35,484,852	36,904,246	-	36,904,246
Delivery Unit	18,853,898		18,853,898	19,608,054	-	19,608,054	20,392,376	-	20,392,376
Deputy Governor	25,656,630		25,656,630	26,682,895	-	26,682,895	27,750,211	-	27,750,211
County Attorney	38,000,000		38,000,000	39,520,000	-	39,520,000	41,100,800	-	41,100,800
Intergovernmental	4,400,000		4,400,000	4,576,000	-	4,576,000	4,759,040	-	4,759,040
<b>Finance &amp; Economic Planning</b>	<b>310,228,090</b>	<b>442,500,000</b>	<b>752,728,090</b>	<b>322,637,214</b>	<b>460,200,000</b>	<b>782,837,214</b>	<b>335,542,702</b>	<b>478,608,000</b>	<b>814,150,702</b>
Finance	128,757,878	317,500,000	446,257,878	133,908,193	330,200,000	464,108,193	139,264,521	343,408,000	482,672,521
Special Programmes	92,000,000	110,000,000	202,000,000	95,680,000	114,400,000	210,080,000	99,507,200	118,976,000	218,483,200
Economic Planning	41,218,212	8,000,000	49,218,212	42,866,940	8,320,000	51,186,940	44,581,618	8,652,800	53,234,418
cohesion	24,000,000	-	24,000,000	24,960,000	-	24,960,000	25,958,400	-	25,958,400
Revenue Services	14,652,000	2,000,000	16,652,000	15,238,080	2,080,000	17,318,080	15,847,603	2,163,200	18,010,803
ICT And Innovation	9,600,000	5,000,000	14,600,000	9,984,000	5,200,000	15,184,000	10,383,360	5,408,000	15,791,360
<b>lands &amp; Physical Planning, roads Housing &amp; public works</b>	<b>56,083,087</b>	<b>319,644,441</b>	<b>375,727,528</b>	<b>58,326,410</b>	<b>332,430,219</b>	<b>390,756,629</b>	<b>60,659,466</b>	<b>345,727,427</b>	<b>406,386,894</b>
Lands And Physical Planning	21,823,237	49,000,000	70,823,237	22,696,166	50,960,000	73,656,166	23,604,013	52,998,400	76,602,413
Roads And Infrastructure	14,428,190	270,644,441	285,072,631	15,005,318	281,470,219	296,475,536	15,605,530	292,729,027	308,334,558
public Works	11,431,660	-	11,431,660	11,888,926	-	11,888,926	12,364,483	-	12,364,483
Housing And Urban Development	8,400,000	-	8,400,000	8,736,000	-	8,736,000	9,085,440	-	9,085,440
<b>agriculture &amp; Irrigation, Livestock &amp; Veterinary Services And Fisheries Development</b>	<b>162,354,277</b>	<b>367,576,923</b>	<b>529,931,200</b>	<b>168,848,448</b>	<b>382,280,000</b>	<b>551,128,448</b>	<b>175,602,386</b>	<b>397,571,200</b>	<b>573,173,586</b>
Agriculture & Irrigation	45,337,750	322,576,923	367,914,673	47,151,260	335,480,000	382,631,260	49,037,310	348,899,200	397,936,510
Livestock & Veterinary	108,557,763	38,000,000	146,557,763	112,900,074	39,520,000	152,420,074	117,416,077	41,100,800	158,516,877
Fishery Development	8,458,764	7,000,000	15,458,764	8,797,114	7,280,000	16,077,114	9,148,999	7,571,200	16,720,199

Sector/ Department	2024/25 Proposed Ceilings			2025/26 Projected Ceilings			2026/27 Projected Ceilings		
	Rec	Dev	Totals	Rec	Dev	Totals	Rec	Dev	Totals
<b>education, Vocational Youth ,Sports Gender&amp; Social Services</b>	<b>319,047,685</b>	<b>119,350,929</b>	<b>438,398,613</b>	<b>331,809,592</b>	<b>124,124,966</b>	<b>455,934,558</b>	<b>345,081,976</b>	<b>129,089,964</b>	<b>474,171,940</b>
Education And ECDE	262,667,285	28,757,362	291,424,647	273,173,977	29,907,656	303,081,633	284,100,936	31,103,962	315,204,898
Youth And Sports	19,957,616	48,000,000	67,957,616	20,755,921	49,920,000	70,675,921	21,586,158	51,916,800	73,502,958
culture, Gender And Social Services	25,441,983	25,093,567	50,535,550	26,459,663	26,097,310	52,556,972	27,518,049	27,141,202	54,659,251
Vocational Training	10,980,800	17,500,000	28,480,800	11,420,032	18,200,000	29,620,032	11,876,833	18,928,000	30,804,833
<b>Tourism And Wildlife, Trade Cooperative And Enterprise Development</b>	<b>602,430,215</b>	<b>70,374,490</b>	<b>672,804,705</b>	<b>626,527,423</b>	<b>73,189,470</b>	<b>699,716,893</b>	<b>651,588,520</b>	<b>76,117,049</b>	<b>727,705,569</b>
Tourism And Wildlife	95,872,882	21,500,000	117,372,882	99,707,797	22,360,000	122,067,797	103,696,109	23,254,400	126,950,509
Trade And Investment	9,075,876	35,874,490	44,950,366	9,438,911	37,309,470	46,748,381	9,816,467	38,801,849	48,618,316
Public Service Management	448,086,951	6,000,000	454,086,951	466,010,429	6,240,000	472,250,429	484,650,847	6,489,600	491,140,447
devolved Units	34,000,800	7,000,000	41,000,800	35,360,832	7,280,000	42,640,832	36,775,265	7,571,200	44,346,465
Civic Education And Public Participation	10,353,000	-	10,353,000	10,767,120	-	10,767,120	11,197,805	-	11,197,805
MSME & Cooperatives	5,040,705	-	5,040,705	5,242,334	-	5,242,334	5,452,027	-	5,452,027
<b>Water, Energy, Environment, And Natural Resources</b>	<b>83,208,433</b>	<b>307,000,000</b>	<b>390,208,433</b>	<b>86,536,770</b>	<b>319,280,000</b>	<b>405,816,770</b>	<b>89,998,241</b>	<b>332,051,200</b>	<b>422,049,441</b>
water And Sanitation	48,258,596	130,000,000	178,258,596	50,188,940	135,200,000	185,388,940	52,196,498	140,608,000	192,804,498
Environment And CCA	27,949,836	168,000,000	195,949,836	29,067,830	174,720,000	203,787,830	30,230,543	181,708,800	211,939,343
Mining And Natural Resources	3,000,000	-	3,000,000	3,120,000	-	3,120,000	3,244,800	-	3,244,800
Renewable Energy	4,000,000	9,000,000	13,000,000	4,160,000	9,360,000	13,520,000	4,326,400	9,734,400	14,060,800
<b>health Services</b>	<b>1,446,086,458</b>	<b>203,097,590</b>	<b>1,649,184,048</b>	<b>1,503,929,916</b>	<b>211,221,494</b>	<b>1,715,151,409</b>	<b>1,564,087,112</b>	<b>219,670,353</b>	<b>1,783,757,466</b>
medical Services	1,009,649,790	110,000,000	1,119,649,790	1,050,035,782	114,400,000	1,164,435,782	1,092,037,213	118,976,000	1,211,013,213
Public Health	436,436,667	93,097,590	529,534,257	453,894,134	96,821,494	550,715,628	472,049,899	100,694,353	572,744,253
<b>Municipal Administration</b>	<b>47,246,661</b>	<b>172,100,000</b>	<b>219,346,661</b>	<b>49,136,527</b>	<b>178,984,000</b>	<b>228,120,527</b>	<b>51,101,989</b>	<b>186,143,360</b>	<b>237,245,349</b>
Municipal Administration	47,246,661	172,100,000	219,346,661	49,136,527	178,984,000	228,120,527	51,101,989	186,143,360	237,245,349
<b>Total Recurrent Expenditure</b>	<b>4,007,136,153</b>	<b>2,041,644,373</b>	<b>6,048,780,526</b>	<b>4,167,421,599</b>	<b>2,123,310,148</b>	<b>6,290,731,747</b>	<b>4,334,118,463</b>	<b>2,208,242,554</b>	<b>6,542,361,017</b>

Source: County Economic Planning 2024

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## **CHAPTER SEVEN**

### **CONCLUSION**

164. The CFSP 2024 is prepared as a guiding tool for budget preparation of financial year 2024/25. It broadly define the expected revenues and expenditure over the medium term as well as propose strategies of financing any anticipated deficit. County Government is expected to prepare a balanced budget in financial year 2024/25.
165. The set of policies outlined in the CFSP reflects circumstances that are in line with the fiscal responsibilities as outlined in the PFM Act, 2012. They are also consistent with the County Government strategic objectives pursued as a basis for allocation of public resources. These strategic objectives are provided in the County Government priorities spelled out in the national policies and Isiolo CIDP, 2023-2027.
166. The adoption of Programme Based Budgeting (PBB) will ensure that all County resources are linked to specific projects outputs and outcomes. The use of the Integrated Financial Management Information System (IFMIS) and the introduction of e-Procurement System will also make it possible for the County to track the resources to results achieved in a more efficient manner.
167. In the budget for the financial year 2024/25, key priority areas are investment in provision of essential health service, Livelihood sectors such as agriculture and livestock, surface and underground water resources, road infrastructure network, Health tourism promotion and Education will receive considerate allocation while maintaining reasonable growth on other County sectors. Allocation of funds to these County key priority areas will generally reflect the critical needs of the County residents. It is envisaged that the enhancement of these key areas will drive the County economy up by creating greater supply hence improving the per capita income of households.

