

**REPUBLIC OF KENYA
COUNTY GOVERNMENT OF
NYANDARUA
COUNTY TREASURY**



**COUNTY FISCAL STRATEGY PAPER FOR
2025/26 FY AND THE MEDIUM TERM**

***THE CHANGE AGENDA FOR SOCIAL- ECONOMIC DEVELOPMENT
AND WEALTH CREATION***

FEBRUARY, 2025

DRAFT

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To obtain copies of the document, please contact:

Nyandarua County Treasury

P. O. Box 701 - 20303

Ol'Kalou,

KENYA

Contents

FOREWORD	4
ACKNOWLEDGEMENT	7
ABBREVIATIONS AND ACRONYMS	8
GLOSSARY	9
EXECUTIVE SUMMARY	11
1.0 Overview	12
1.1 Global and Regional Economic Development.....	12
1.2 National Macroeconomic Outlook	12
1.3 Domestic Economic Development.....	14
1.4 County Outlook	17
CHAPTER TWO	21
MEDIUM-TERM FISCAL FRAMEWORK.....	21
2.0 Overview	21
2.1 Half-Year Review of Fiscal Performance for the FY 2024/25	21
2.1.1 Revenue Performance.....	22
2.1.2. Expenditure Performance	30
2.2 Fiscal Framework for FY 2025/26 and the Medium Term	33
2.2.1. Revenue Projections	33
CHAPTER THREE	34
INDICATIVE MEDIUM-TERM RESOURCE ALLOCATION.....	34
3.0 Overview	34
3.1 Criteria for Resource Allocation.....	34
3.2 Priority areas for the 2025/26 FY and the medium term.....	43
3.3 Adherence to Fiscal Responsibility Principles.....	50
CHAPTER FOUR.....	53
ASSUMPTIONS AND RISKS UNDERLYING BUDGETARY AND FISCAL POLICY	53
4.0 Overview	53
4.1 Assumptions	53
4.2 Risks.....	54

List of Tables

Table 1: County Revenue Receipts for the period from July to December 2024	22
Table 2: Analysis of Revenue by Stream, Target, and Actual Collection	24
Table 3: Analysis of Revenue by Stream, Target, and Actual Collection	24
Table 4: Equitable Share Exchequer Releases	29
Table 5: Conditional Grant Releases	29
Table 6: FY 2024/25 First Half-Year Expenditure Performance.....	30
Table 7: First Half-Year Departmental Expenditure (2024/25 FY).....	30
Table 8: FY 2024/25 First Half-Year Departmental Expenditure Analysis	32
Table 9: FY 2025/26 and the Medium-Term Revenue Projections	33
Table 10: FY 2025-26 Programme and Departmental Ceilings	36
Table 11: FY 2025/26 and the Medium-Term Departmental Ceilings.....	41
Table 13: County Fiscal Responsibility Adherence:	51

List of Figures

Figure 1: Nairobi Securities Exchange Ltd 20 Index.....	16
Figure 2: FY 2024/25 FY Revenue Estimates	21
Figure 3: Actual Revenue Receipts.....	22
Figure 4: Departmental Ceilings.....	42

FOREWORD

The 2025 County Fiscal Strategy Paper (CFSP) marks the third strategic fiscal planning document under the current County Administration. This paper outlines progress in implementing key strategic interventions as articulated in the Change Manifesto, County Integrated Development Plan (CIDP) III, and the Kenya Kwanza Bottom-Up Economic Transformation Agenda (BETA), all of which align with the Fourth Medium-Term Plan (MTP IV) of Vision 2030.

The 2025 CFSP has been prepared against a backdrop of a stable global and domestic economic outlook. Globally, economic growth is projected at 3.3% in 2025, reflecting a recovery in China, the Eurozone, and the UK, despite a slowdown in the USA and Japan.

Domestically, Kenya's economy has remained resilient despite external and internal economic shocks. The structural reforms and targeted interventions under BETA have played a key role in stabilizing the economy, leading to an economic recovery from 4.9% in 2022 to 5.6% in 2023, primarily due to a strong rebound in the agriculture sector following two years of drought. The macroeconomic fundamentals have strengthened and are expected to continue on an upward trajectory.

However, economic growth is estimated to have slowed down to 4.6% in 2024, reflecting reduced economic activity in the first three quarters of the year and a slowdown in private sector credit growth to key economic sectors. Growth is, however, expected to pick up to 5.3% in 2025 and sustain momentum over the medium term, driven by enhanced agricultural productivity, a resilient services sector and the implementation of priority projects under BETA.

The County's fiscal policy for the FY 2025/26 and over the medium-term places special emphasis on fiscal consolidation to reduce public debt vulnerabilities while providing fiscal space to deliver essential public goods and services. Fiscal consolidation will be supported by concerted expenditure rationalization and revenue mobilization efforts.

To boost revenues, emphasis will be placed on a combination of revenue mobilization efforts leveraging on technology to revolutionize revenue collection, sealing revenue loopholes and enhancing data analytics to enhance revenue.

Additionally, the County will fully operationalize the Assets and Inventory Management Module in IFMIS to track government assets and ensure optimal utilization, accountability, and disposal of idle and unserviceable assets in compliance with legal requirements.

In light of a constrained fiscal environment, the County will prioritize high-impact and essential services by dropping or deferring low-priority expenditures to maximize available resources, re-evaluating ongoing and planned projects to ensure alignment with county priorities, and allocating resources based on program efficiency and impact rather than historical budget trends. This strategic and results-driven approach to resource allocation will enhance efficiency and improve service delivery.

The sector ceilings for FY 2025/26 and the Medium Term will guide resource allocation, ensuring a transparent and strategic approach to budgeting.

The 2025 CFSP serves as a strategic guide for departmental budget ceilings and outlines how the County Government plans to allocate its resources in FY 2025/26 and the Medium Term. The preparation of this document involved extensive stakeholder consultations, and the County Government appreciates all contributions made toward shaping this fiscal plan.

By adopting fiscal discipline, enhanced revenue collection, and strategic spending, the County is committed to achieving sustainable development, economic growth, and improved service delivery for all residents.

HON MARY. W KAMANDE
CECM- FINANCE, ECONOMIC PLANNING AND ICT

ACKNOWLEDGEMENT

The preparation of the County Fiscal Strategy Paper 2025 for has been a comprehensive process, carried out in full compliance with the requirements of the Public Financial Management (PFM) Act, 2012. This document reflects the county's commitment to sound fiscal management, transparency, and accountability in resource allocation, in line with the principles of sustainable development. It dissects the previous and present years' fiscal situation with a view of informing the county's budget for the 2025/26 financial year.

Despite working with a limited fiscal space and the complex balance of legal obligations with the practical realities of the County situation, this paper ensured that resources are directed towards priority areas for the County's socio-economic transformation.

I wish to express my sincere gratitude to the County Executive for their visionary leadership and continuous support throughout the preparation of this paper. Their guidance has ensured that the fiscal strategy is aligned with the county's development priorities and the broader national economic objectives. Heartfelt appreciation goes to the County Executive Committee Member for Finance, Economic Planning, and ICT for leading the entire process of developing this policy document

My deepest appreciation also goes to the technical team comprising of officers from all County departments and the core team from Economic Planning Directorate whose dedication, hard work, and expertise have been instrumental in the formulation of this document. The collaboration across various departments has enriched the analysis and the recommendations set forth in this paper.

I would also like to recognize the active participation of the residents of Nyandarua County in the consultative forums and for providing valuable insights. Their contributions have been central to ensuring that this strategy reflects the needs and aspirations of the people we serve.

This County Fiscal Strategy Paper 2025 outlines the fiscal direction for Nyandarua County, and we are confident that its successful implementation will contribute significantly to the achievement of sustainable economic growth, improved service delivery, and better livelihoods for our people.

JORAM KIARIE
CHIEF OFFICER-ECONOMIC PLANNING AND DEVELOPMENT

ABBREVIATIONS AND ACRONYMS

ATCs	Agricultural Training Centers
ADP	Annual Development Plan
BETA	Bottom-up Transformation Agenda
BPS	Budget Policy Statement
CADP	County Annual Development Plan
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
CIMES	County Integrated Monitoring and Evaluation System
ECDE	Early Childhood Development Education
FY	Financial Year
GESIP	Green Economy Strategy and Implementation Plan
KARI	Kenya Agricultural Research Institute
KEPH	Kenya Essential Package of Health ()
KPHC	Kenya National Population and Housing Census report ()
KPI	Key Performance Indicator
MSMEs	Micro Small and Medium Enterprises ()
M&E	Monitoring and Evaluation
MTEF	Medium Term Expenditure Framework
MTP	Medium-Term Plan
OSR	Own-source Revenue
PFM	Public Finance Management
PFMA	Public Finance Management Act
SDGs	Sustainable Development Goals

GLOSSARY

Baseline: Baseline is an analysis describing the initial state of an indicator before the start of a project/programme, against which progress can be assessed or comparisons made.

Bottom-up Economic Transformation Agenda: It is an economic model that aims at economic turnaround and uplifting the lives and livelihoods of those at the bottom of the pyramid.

Green Economy: The green economy is defined as an economy that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities. The policy framework for the green economy and green growth in Kenya is designed to support a globally competitive low carbon development path through promoting economic resilience and resource efficiency, sustainable management of natural resources, development of sustainable infrastructure and providing support for social inclusion. The Green Economy Strategy and Implementation Plan (GESIP) 2016 aims at guiding the National and County Governments as well as other actors to adopt development pathways with higher and more efficient growth, cleaner environment and higher productivity.

Indicator: An indicator is a sign of progress /change that result from your project. It measures a change in a situation or condition and confirms progress towards achievement of a specific result. It is used to measure a project impact, outcomes, outputs and inputs that are monitored during project implementation to assess progress.

Outcome Indicator: This is a specific, observable, and measurable characteristic or change that will represent achievement of the outcome. Outcome indicators include quantitative and qualitative measures. Examples: Enrolment rates, transition rates, mortality rates etc.

Outcome: Measures the intermediate results generated relative to the objective of the intervention. It describes the actual change in conditions/situation as a result of an intervention output(s) such as changed practices as a result of a programme or project.

Output: Immediate result from conducting an activity i.e. goods and services produced.
Performance indicator: A measurement that evaluates the success of an organization or of a particular activity (such as projects, programmes, products and other initiatives) in which it engages.

Programme: It is a grouping of similar projects and/or services performed by a National/County Department to achieve a specific objective. The Programmes must be mapped to strategic objectives.

Project: A project is a set of coordinated activities implemented to meet specific objectives within defined time, cost and performance parameters. Projects aimed at achieving a common goal form a programme.

Sectors: Is a composition of departments, agencies and organizations that are grouped together according to the services and products they provide. They produce or offer similar or related products and services, and share common operating characteristics.

Target: A target refers to planned level of an indicator achievement

EXECUTIVE SUMMARY

The County Fiscal Strategy Paper (CFSP) outlines the County's budgetary priorities and fiscal framework for the FY 2025/26, anchored in the County Integrated Development Plan (CIDP III) to further Nyandarua County's economic and social progress. The paper has four chapters.

Chapter one provides a comprehensive overview of the economic landscape, comparing the global, regional, national, and County perspectives, with a focus on the County's economic development. The chapter examines economic indicators such as GDP growth, inflation rates, exchange rates, interest rates, and stock market performance, offering insights into the challenges and opportunities facing the Kenyan economy.

Chapter two reviews revenue and expenditure performance over the medium-term in FY 2023/24, equipped with strategies to boost own source revenue and investment, detailing revenue sources and their performance, analyzing expenditure absorption across the sub-sectors, and projecting revenues over the medium term.

Chapter three details the proposed ceilings for each sub-sector in FY 2025/26. Criteria used for resource allocation is explained, including alignment with development priorities and fiscal responsibility principles. It emphasizes social development, wealth creation, revenue automation, investment attraction, and adherence to fiscal responsibility principles.

Chapter four outlines the macroeconomic assumptions underlying the budget framework and requisite mitigation strategies. It also identifies potential internal and external risks that could impact the County's economy and fiscal position.

CHAPTER ONE

ECONOMIC OUTLOOK

1.0 Overview

This section highlights the global, regional, national, and local economic outlook, and their impact on the county's economic development.

1.1 Global and Regional Economic Development.

The global economy refers to how countries around the world are interconnected through buying and selling goods and services, sharing technology and moving money across the borders. This interconnected system has evolved through advancements in technology, reductions in trade barriers, and the growth of multinational corporations leading to a deeply interdependent economic landscape.

According to the Budget Policy Statement (BPS) 2025, the 2024 global growth was projected to stabilize at 3.2%, slightly down from 3.3% in 2023 . This stability was attributed to easing global inflation and the resolution of supply chain disruptions, driven by stronger than expected growth in the United States, large emerging markets such as India, and improved prospects in the UK. Despite these positive trends, global risks remain, including the possibility of inflationary pressures from rising commodity prices and geopolitical tensions. Annual average oil prices and nonfuel commodity prices were projected to increase by 0.8% and 5% in 2024, respectively. The world trade growth was expected to increase to 3.1% and 3.4% in 2024 and 2025, respectively from 2.0 % in 2023, reflecting normalization of supply chain networks.

Growth in advanced economies is expected to remain stable, with a modest 1.8% increase in 2024 and 2025. The United States is projected to see solid growth due to strong consumption and investment, though this may slow in 2025 as fiscal policies tighten in light of the new administration. In the euro area, a recovery is anticipated, driven by stronger exports, rising wages, and eased monetary policy frameworks. On the other hand, emerging markets and developing economies will experience stable growth at 4.2%, but there will be regional variations, with Sub-Saharan Africa expected to rebound in 2025 after a modest growth rate in 2024.

1.2 National Macroeconomic Outlook

Kenya's economic performance is projected to remain stable over the medium term. Economic growth slowed down to 4.6% in 2024 from 5.6 % in 2023 reflecting deceleration of economic activities and slowdown in private sector credit growth in key sectors of the economy.

However, growth is expected to pick up to 5.3 % in 2025 and retain the same momentum over the medium term.

The projected growth in 2025 and over the medium term will benefit from the enhanced agricultural productivity and a resilient services sector. Agriculture productivity is expected to be largely driven by favorable weather conditions and productivity-enhancing government interventions. In line with this trend, the growth in the sector is expected to average around 3.0 %.

The services sector is projected to remain resilient growing at an average of 6.6 % over the medium term. Reforms in ICT sector is expected to boost growth in financial services, health, and public administration while accommodation and restaurant service subsectors will be boosted by Government's effort to revamp the sector, through promotion of high-profile international conference, cultural festivals and promoting wildlife safaris.

The industrial sector is projected to grow from 0.9 % in 2024 to 2.2 % in 2025 and above 3.0 % over the medium term. Growth in industry will be supported by reduction in costs of production and easing of exchange rate pressures. Additionally, the ongoing initiatives by the Government to support value addition is expected to boost growth in industry.

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

Consumption is projected to average around 87.4 % of GDP in 2025 and over the medium term driven by lower recurrent spending by the Government and relatively lower household disposable income as credit to the private sector gradually recovers. The easing of inflationary pressures will result in strong household disposable income, which will in turn support household consumption. Moreover, remittance inflows to Kenya are projected to remain resilient, providing further support to household incomes.

Aggregate investment is projected to rise from 16.2 % of GDP in 2025 to 16.8 % of GDP over the medium term driven by increased investments by both the Government and the private sector. Private investments will be boosted by stable macroeconomic conditions coupled with measures aimed at improving competitiveness, inclusivity, market efficiency, positive business sentiment, and access to the international market. Interventions by the Government to avail credit to the private sector will strengthen MSMEs thereby strengthening the private sector led

growth opportunities. Investments will also benefit from an increased focus on Public Private Partnerships (PPPs) that are expected to partly fill the investment financing gap in the wake of ongoing fiscal consolidation efforts which would reduce government domestic borrowing and lower yields on government securities.

Development spending in the budget will increase progressively over the medium term so as not to impact on growth momentum. This spending will support sustained Government investments in the Bottom-Up Economic Transformation Agenda, particularly investments in the nine priority value chains (Leather, Cotton, Dairy, Edible Oils, Tea, Rice, Blue economy, Natural Resources (including Minerals and Forestry), and Building Materials).

Government interventions towards climate change adaptation and mitigation measures that include rehabilitation of wetlands and reforestation are expected to support growth over the medium term.

Kenya's external position is expected to remain supportive of macroeconomic stability. Overall, the current account deficit is expected to be stable in the medium term. Exports are expected to recover, both from improvements in the global and regional trade outlook, and domestic conditions. Growth will also be supported by implementation of trade initiatives including the Kenya–EU Economic Partnership Agreement, and export promotion measures. Increased remittance inflows and tourism receipts are expected to further provide foreign exchange buffer. Imports are expected to grow as domestic demand recovers, particularly of raw materials, fuels, and intermediate goods, consistent with investment growth and the stability in the foreign exchange market.

1.3 Domestic Economic Development

The Kenyan economy remained strong and resilient in 2024 where the economic growth averaged 4.6 %. The growth was primarily underpinned by strong performance in the agriculture sector, a slight recovery of the manufacturing sector and the resilience of services sector. Activities in Mining and Quarrying contracted mainly due to a decline in production of most minerals such as titanium, soda ash and gemstone. This was as a result of the closure of Kwale miner Base Titanium which formally shut down its mining activity in Kenya in December 2024 due to depletion of commercially viable ore.

It is estimated that real GDP growth for 2025 will be 5.3 %, up from 4.6 % in 2024. This will be supported by enhanced agricultural productivity and a resilient services sector. Agriculture productivity is expected to be largely driven by favorable weather conditions, implementation

of government measures to stimulate economic activity in priority sectors and an optimistic global growth outlook that is projected to positively impact exports.

Inflation Rates

Inflation has significantly declined from a peak 9.6 % in October 2022 to 3.0 % in December 2024 reflecting the effectiveness of the Government's tight monetary policy and pass-through effects of the strengthening exchange rate that have eased food and energy prices. The monetary policy stance over the medium term will aim at achieving and maintaining overall inflation within the target range of 5 ± 2.5 % while maintaining a competitive exchange rate and stable interest rates. Inflation is expected to remain within the target range supported by low and stable food prices on account of improved supply attributed to favorable weather conditions while fuel inflation is expected to remain low due to base effects, stable exchange rate and easing international oil prices.

Kenya shilling exchange rate

The Kenya Shilling has stabilized significantly appreciating from an average of Ksh 159.7 to the US dollar in January 2024 to Ksh 129.4 in December 2024, an appreciation of 19 %. Against the Euro, the Kenya Shilling had strengthened to Ksh 132.30, from Ksh 172.22 in February 2024, and against the Sterling Pound, it had also appreciated to Ksh 158.55 from Ksh 198.95 over the same period. Despite these challenges, the Kenyan Shilling received support from increased remittances, sufficient foreign exchange reserves, and strong export receipts. The recovery has restored confidence in financial markets and significantly reduced the cost of servicing external debt, creating vital fiscal space for development imperatives.

To stabilize the foreign exchange market, the government has implemented measures, including the Government-to-Government petroleum supply arrangement. This initiative is primarily intended to address USD liquidity challenges and exchange rate volatility caused by global dollar shortages and market reactions. These factors had been driving volatility and creating a false depreciation, leading to scarcity value and market distortions.

Interest rates

Interest rates have begun to decline as a result of the easing of the monetary policy, reducing borrowing costs and freeing up fiscal space for growth-enhancing initiatives by businesses. Interbank rate declined to 11.4 % in December 2024 from 11.7 % in December 2023 in line with the easing of the monetary policy. The 91-day Treasury Bills rate declined to 10.0 % in

December 2024 from 15.7 % in December 2023. As a result, commercial banks are anticipated to reduce lending rates, thereby reducing the costs of loans.

The stock market

In the six months to June 2024, the market showed remarkable progress, with the Nairobi Stock Exchange (NSE) all Share Index achieving a 19% increase. The first half of the year 2024 saw foreign investors become overall net buyers of equities listed on the NSE, a testament of renewed investor confidence in the market and the country's economic prospects. The political demonstrations that led to the repeal of the Finance Bill 2024 however affected the performance in the second half of the year. Return to stability in the country's political landscape, especially with the formation of a broad-based government is expected to restore Kenya's favorable position with investors, similar to the positive outlook observed in the first half of the year.



Figure 1: Nairobi Securities Exchange Ltd 20 Index

Source: Nairobi Securities Exchange Ltd

Balance of payment

Kenya's Balance of payment (BOP) is showing a slight improvement, with a narrowing current account deficit although still recording a deficit overall, primarily driven by increased export and some controlled rise in imports. However, the country's high import dependency remains a significant concern and managing external debts servicing is crucial for maintaining stability in the coming years.

The country's BOP outlook for 2025 is projected to show moderate growth, with most forecasts indicating a GDP expansion around 5% driven by a combination of factors including a stable shilling, improving private sector investment, and easing inflation; however, some concerns remain regarding potential external shocks and the impact of recent political events on economic stability.

Foreign Exchange Reserves

The foreign exchange reserves had grown to US dollar 9.6 billion in November 2024 from US dollar 7.4 billion in November 2023, providing 4.9 months of import cover. The resilience shields the country from external shocks in the global economy and restores investor confidence.

At the beginning of February 2025, the Central Bank of Kenya (CBK) foreign exchange reserves stood at USD 8,485 million, providing adequate cover and a buffer against any short-term shocks in the foreign exchange market. This amount represented 4.4 months of import cover, meeting the CBK's statutory requirement to maintain at least 4 months of import cover.

1.4 County Outlook

Nyandarua County has experienced significant economic growth and strategic shifts in its fiscal landscape over recent years, indicating promising potential for development and expansion.

Economic Indicators

(i.) Gross County Product (GCP):

The Gross County Product (GCP) measures the total market value of all goods and services produced within Nyandarua County over a specific period, usually a year and the contribution to the National GDP. It serves as a comprehensive indicator of the county's economic output and growth.

Nyandarua County's GCP has surged from Kshs 109,811 in 2021 to Kshs 117,294 in 2023 compared to Embu whose GCP was Kshs 126,006 in 2021 and declined to Kshs 123,707 in 2023. This reflects a significant economic growth and potential for development in the County.

(ii.) GCP at Current Prices:

GCP at Current Prices refers to the GCP adjusted for inflation, allowing for a more accurate assessment of real economic growth. It also highlights the County's absolute contribution to the national GDP over a period of time.

Nyandarua's GCP at Current Prices has been on an upward trajectory from Kshs 162 billion in 2021 to Kshs 210 billion in 2023. This measure accounts for inflation, providing insights into real economic growth of the County.

(iii.) Real GCP:

Real GCP represents the inflation-adjusted GCP, reflecting changes in the quantity of goods and services produced within Nyandarua County over time. It helps policymakers and analysts understand the true economic performance of the county with reference to the country, excluding the impact of price fluctuations.

Nyandarua County's real GCP growth averaged at 3.1% compared to a national average of 4.6% from 2019 to 2023. This indicates the need for targeted interventions to stimulate economic expansion.

(iv.) GCP Per Capita:

GCP Per Capita is calculated by dividing the total GCP of Nyandarua County by its population. It provides an average measure of economic income per person within the County. It also provides an insight into the economic performance and relative wealth of the County per person.

Nyandarua County boasts a GCP per capita has been on an upward trajectory from Kshs 241,954 in 2021 to ksh 290,577 in 2022 and grew to Kshs 302,965 in 2023. This suggests decent economic activity and the potential for improving living standards among residents.

(v.) Contribution of Agriculture in the County's economy

Whereas Nyandarua contributes 1.5% towards the overall Gross Domestic Product, its main strength continues to be in Agriculture where it contributed a five-year (2019-2023) average of 4.5% in the Average County share of Agriculture, Forestry and Fishing Gross Value Added.

(vi.) ICT

The 2022 Kenya Demographic Household Survey (KDHS) which targeted a population of aged 15 years and above showed that 63.8% had access to Television, 5% had access to Computer, 96% use mobile phones while 20.1% had access to Internet. In the Neighboring County of Nakuru 62.5% had access to Television, 8.3% had access to Computer, 94.4% use mobile phones while 32.1% had access to Internet.

Revenue Mobilization Strategies:

To promote independence on funds, Nyandarua County is implementing several revenue mobilization strategies. These include:

- i. The County Treasury has started a comprehensive revenue mapping across the County after the diagnostic own source revenue report. This will give the County the required data analytics that will be critical in sealing revenue leakages. The mapping is GIS based to give real data.
- ii. The government intends to adopt a robust Integrated Revenue Management System from the FY 2025/26 after expiry of the current contract.
- iii. The County Treasury intends to develop scientific revenue forecast models to identify potential revenue gaps and potential while also determining the own source revenue target. This will deter arbitrary setting of unrealistic targets driving the county towards higher debts emanating from unrealized revenue.
- iv. Updating the Valuation Roll has kicked off with support from National Government. The Land Department were requested to fast-track the process to ensure the County Government will reap from the low hanging fruits.
- v. The process of enacting supporting legislations & regulations on revenue collection and administration is ongoing.
- vi. Revenue collection in the County has adopted a multifaceted approach where all the CECMs and Chief Officers in the respective County departments are taking lead and have specific targets in their performance contracts. They have also been allocated wards to supervise and identify leakages and opportunities.
- vii. There have been a lot of Capacity building efforts towards revenue mobilization with an additional 29 revenue officers recruited and another 15 in the process of being recruited.
- viii. Enhancement of revenue mobilization through intensified enforcement and follow ups, daily revenue reports, job rotation and reshuffle of revenue officers and clerks
- ix. Continued partnership between the County Executive and County Assembly during preparation and implementation of the Finance Act to bring buy in of all the leaders and ultimately the citizenry

Expenditure Projections and Fiscal Prudence:

- (i.) There will be adherence to fiscal principles in regard to expenditure projections to promote fiscal prudence and sustainability.
- (ii.) In light of the emerging government policies on levies and employee benefits, the County Treasury in partnership with Human Resource will manage the wage bill by implementing efficient staffing structures and performance-based remuneration systems.
- (iii.) Optimize resource allocation by prioritizing essential services and projects that yield long-term benefits and contribute to sustainable economic growth and social development.

Nyandarua County's financial landscape offers a mix of opportunities and challenges. By capitalizing on its strengths, expanding economic activities, and enacting strategic policies, the county can realize its full potential and promote inclusive growth and prosperity for its residents. Sustained monitoring and adaptability to changing economic conditions will be crucial for achieving long-term development goals.

CHAPTER TWO

MEDIUM-TERM FISCAL FRAMEWORK

2.0 Overview

The chapter provides an in-depth analysis of the county's financial performance in the first half of the 2024/25 fiscal year, highlighting key revenue and expenditure trends. To address revenue shortfalls, the government is adopting innovative strategies such as digitizing payment systems and investing in value-added industries, with the aim of driving economic growth and creating employment opportunities. In addition, the framework emphasizes the government's commitment to public-private partnerships, policy adherence and transparency in fiscal management, as well as its ongoing efforts to build the capacity of its institutions and optimize resource utilization for the benefit of Nyandarua residents.

2.1 Half-Year Review of Fiscal Performance for the FY 2024/25

The County Assembly approved the 2024/25 FY budget and appropriated Kes. 8,486,472,321. Of the approved budget, Kes. 5,449,682,738 (64.14%) is meant for recurrent expenditure while Kes. 3,046,789,583 (35.86%) for development expenditure.

This budget is funded by Kes. 6,137,355,000 (72.32%) from the equitable share, Kes. 600,000,000 (7.07%) from local collections, Kes. 250,000,000 (2.96%) from Facility Improvement Fund (FIF) and Kes. 1,499,117,321 (17.65%) from conditional grants from the National Government and other development partners.

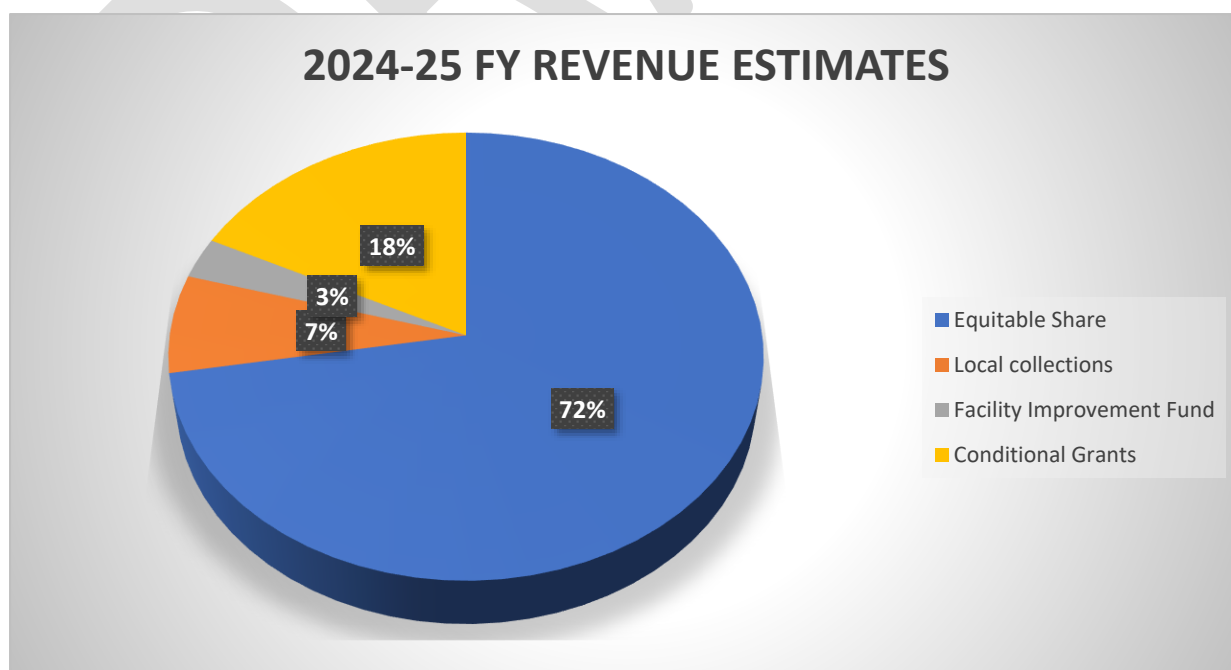


Figure 2: FY 2024/25 FY Revenue Estimates

2.1.1 Revenue Performance

During the period under review (July to December 2024), the county received Kes. 3,178,630,129.60 as the total revenues. The revenues comprised of Kes. 2,936,134,891 as equitable share, Kes. 130,507,877.58 as local collections and Kes. 111,987,361 as the county's Facility Improvement Fund.

Table 1: County Revenue Receipts for the period from July to December 2024

Revenue source	FY 2024/25 FY Revenue Estimates	Revenue received (July-December 2024)	Revenue received by source as a proportion of the estimate	Revenue received by source as a proportion of total receipts
Equitable share	6,137,355,000	2,936,134,891	47.84	92.37
Local collections	600,000,000	130,507,877.58	21.75	4.11
Facility Improvement Fund	250,000,000	111,987,361	44.79	3.52
Conditional grants	1,499,117,321	0	-	-
Other receipts	0	0	-	-
Total	8,486,472,321	3,178,630,129.60	37.46	100.00

Source: County Treasury

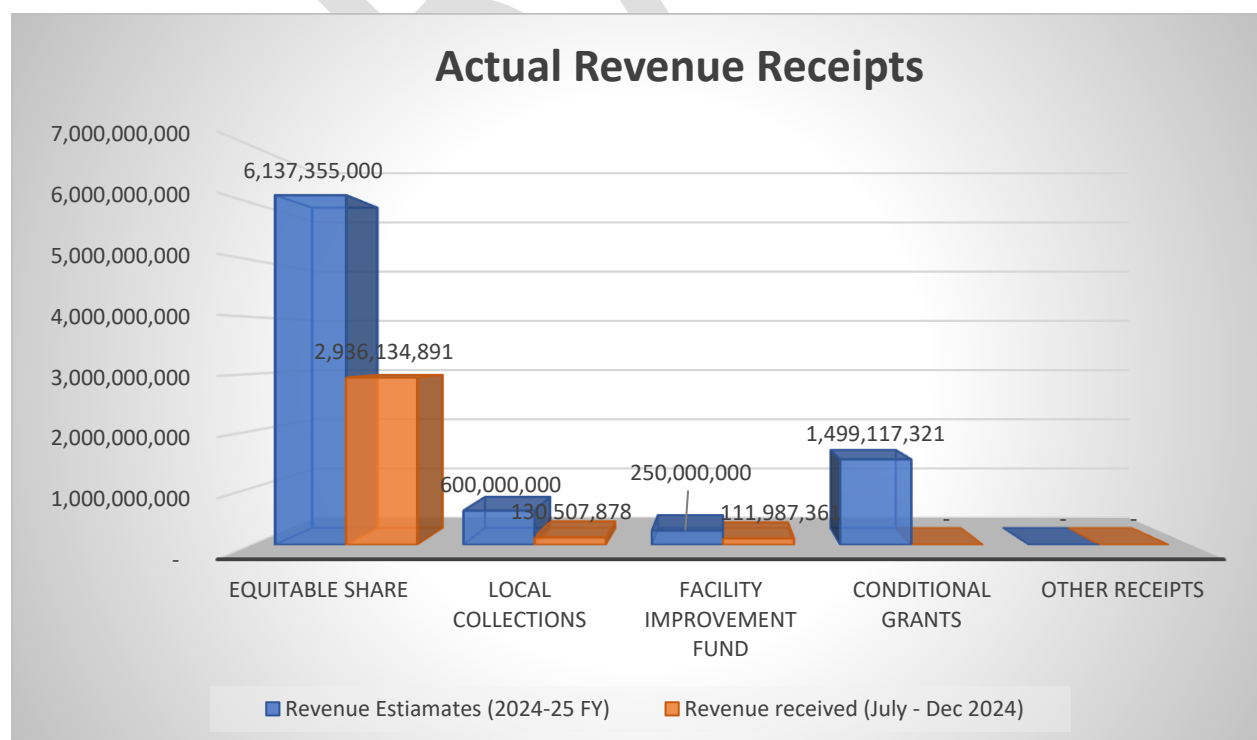


Figure 3: Actual Revenue Receipts

2.1.1.1 Analysis of Own Source Revenue Performance

The County targets collecting Kes. 850,000,000 in the 2024/ 25 FY from the identified revenue streams. In the half year, the County collected Kes. 242,495,238.58 representing 28.53% of the projected target.

J.M. Kariuki Memorial Hospital, Liquor Licensing, produce cess royalties and Engineer Hospital had the highest revenue collection during the period. Water fee, hire of water tanker, dumping fee, Park entrance fee, Sale of trees, Hire of hall/chairs, Survey fees, Search fee, Disposal of assets, Nyandarua seed and Subsidized fertilizer sale didn't record any collection in the period. In the period under review, Library charges, insurance compensation and imprest/salary recovery revenue streams had no projected target but recorded some collections. The analysis of revenues generated versus the target from the County's local sources are indicated in Table 2.

Revenue Performance

Table 2: Analysis of Revenue by Stream, Target, and Actual Collection

Table 3: Analysis of Revenue by Stream, Target, and Actual Collection

Revenue source	Target fy 2024/25	July	August	September	1st quarter total	October	November	December	2nd quarter total	Total	Variance
Health Services											
J.m. Hospital	160,000,000	1,104,277	28,641,396	15,606,077	45,351,750	16,211,362	15,124,585	9,310,817	40,646,764	85,998,514	- 74,001,486
Engineer hospital	40,000,000	140,801	3,306,014	4,853,917	8,300,732	4,882,158	5,896,943	4,498,970	15,278,071	23,578,803	- 16,421,197
Other health facilities	43,500,000				-		-	1,318,044	1,318,044	1,318,044	- 42,181,956
Public health fees	6,500,000	334,600	162,600	131,500	628,700	86,600	88,000	288,700	463,300	1,092,000	- 5,408,000
Total	250,000,000	1,579,678	32,110,010	20,591,494	54,281,182	21,180,120	21,109,528	15,416,531	57,706,179	111,987,361	- 138,012,639
Water, Environment, Climate Change And Natural Resources											
Conservancy	2,600,000	55,200	61,500	33,300	150,000	8,100	-	600	8,700	158,700	- 2,441,300
Exhauster and exh. Milage	1,100,000		25,000		25,000		-	8,000	8,000	33,000	- 1,067,000
Water fee	550,000				-		-	-	-	-	- 550,000
Hire of water tanker	385,000				-		-	-	-	-	- 385,000
Dumping fee	110,000				-		-		-	-	- 110,000
Park entrance fee	11,000				-		-		-	-	- 11,000
Logging fees	2,750,000	15,000	7,500	24,100	46,600	6,600	32,100	4,740	43,440	90,040	- 2,659,960
Sale of trees	100,000				-		-	-	-	-	- 100,000
Noise control	30,000	9,000	5,000	13,000	27,000	11,000	18,000	5,000	34,000	61,000	31,000
Borehole drilling	30,000	250		15,000	15,250	15,000	27,000		42,000	57,250	27,250
Total	7,666,000	79,450	99,000	85,400	263,850	40,700	77,100	18,340	136,140	399,990	- 7,266,010
Youth Empowerment, Sports And Arts											
Hire of stadium	500,000	30,000	-		30,000	20,040	-	-	20,040	50,040	- 449,960
Sport activities	10,000,000		-		-	20,650	-	75,250	95,900	95,900	- 9,904,100
Total	10,500,000	30,000	-	-	30,000	40,690	-	75,250	115,940	145,940	- 10,354,060
Public Service Administration And Devolution											
Impounded fees	5,500,000	32,300	37,500	20,400	90,200	48,000	53,000	39,500	140,500	230,700	- 5,269,300
Grave fees	45,000	3,000	4,000	1,800	8,800	3,600	1,200	1,500	6,300	15,100	- 29,900
Storage fees	55,000				-		-	300	300	300	- 54,700

Revenue source	Target fy 2024/25	July	August	September	1st quarter total	October	November	December	2nd quarter total	Total	Variance
Other non-compliance penalties	2,750,000	9,100	66,400		75,500	27,450	57,600	134,800	219,850	295,350	- 2,454,650
Total	8,350,000	44,400	107,900	22,200	174,500	79,050	111,800	176,100	366,950	541,450	- 7,808,550
Lands, Physical Planning And Urban Development;											
Plot rates	30,000,000	587,245	237,913	270,387	1,095,545	263,423	449,350	616,333	1,329,106	2,424,651	- 27,575,349
Land rates	24,000,000	115,990	124,110	90,058	330,158	241,422	544,623	2,440,113	3,226,157	3,556,315	- 20,443,685
Ground rent	4,200,000	17,700	4,000	17,630	39,330	11,500	6,500	2,000	20,000	59,330	- 4,140,670
Sub-division of land	20,800,000	72,500	85,500	87,050	245,050	11,500	139,600	295,500	446,600	691,650	- 20,108,350
Building plan charges/fees	21,720,000	793,612	1,501,323	349,962	2,644,897	1,239,421	393,617	739,447	2,372,485	5,017,382	- 16,702,618
Site indication	60,000	9,000	10,500	8,500	28,000	4,000	-	-	4,000	32,000	- 28,000
Change of user	4,800,000	185,000	150,000	85,550	420,550	201,500	65,000	124,000	390,500	811,050	- 3,988,950
Land/plot reg. Fees	1,200,000	42,500	21,150	11,700	75,350	5,900	108,880	173,250	288,030	363,380	- 836,620
Dev.(ppa forms)	3,600,000	37,200	25,200	23,400	85,800	25,200	142,350	306,500	474,050	559,850	- 3,040,150
Transfer fees	4,800,000	171,500	90,000	69,500	331,000	96,500	28,000	104,500	229,000	560,000	- 4,240,000
Clearance certificate	5,400,000	187,500	114,000	117,000	418,500	135,000	91,800	96,000	322,800	741,300	- 4,658,700
Hire of hall/chairs	12,000				-		-	-	-	-	- 12,000
Survey fees	3,600,000				-		-	-	-	-	- 3,600,000
Lease extension	3,600,000				-		-	11,500	11,500	11,500	- 3,588,500
Search fee	2,400				-		-	-	-	-	- 2,400
Certificate of compliance	1,800,000	7,500		24,800	32,300	2,000	-	2,500	4,500	36,800	- 1,763,200

Revenue source	Target fy 2024/25	July	August	September	1st quarter total	October	November	December	2nd quarter total	Total	Variance
Advertisement	16,200,000	167,100	3,144,310	125,970	3,437,380	118,000	32,230	8,550	158,780	3,596,160	- 12,603,840
Wayleave	15,000	251,300	432,400		683,700	9,700	-	20,000	29,700	713,400	698,400
Total	145,809,400	2,645,647	5,940,406	1,281,507	9,867,560	2,365,066	2,001,950	4,940,192	9,307,208	19,174,768	- 126,634,632
Energy, Road Transport And Housing											
Bus and matatu fees	17,271,600	843,400	919,700	1,001,800	2,764,900	902,500	1,237,570	991,790	3,131,860	5,896,760	- 11,374,840
House/office rent	1,800,000	72,450	58,500	70,770	201,720	51,750	17,000	240,700	309,450	511,170	- 1,288,830
Motor cycle fees (parking)	10,200,000	497,970	691,400	639,100	1,828,470	507,700	685,850	631,570	1,825,120	3,653,590	- 6,546,410
Town parking fee	1,800,000	57,600	69,300	80,450	207,350	62,500	90,050	80,100	232,650	440,000	- 1,360,000
Project management fee	56,000,000	334,920	70,673	85,758	491,351	124,079	100,000	301,997	526,076	1,017,427	- 54,982,573
Disposal of assets	20,000,000				-		-	-	-	-	- 20,000,000
Fire certificate	7,800,000	102,500	97,000	53,250	252,750	33,250	29,250	218,000	280,500	533,250	- 7,266,750
Total	114,871,600	1,908,840	1,906,573	1,931,128	5,746,541	1,681,779	2,159,720	2,464,157	6,305,656	12,052,197	- 102,819,403
Tourism, Cooperatives Development Trade & Industrialization And Development											
Single business permits	120,000,000	1,582,786	1,400,242	862,051	3,845,079	1,571,355	3,288,435	7,754,363	12,614,153	16,459,232	- 103,540,768
Sbp penalties	2,250,000	5,295		2,600	7,895	1,050	-	-	1,050	8,945	- 2,241,055
Sale of application/renewal	1,500,000	58,600	66,090	38,250	162,940	46,700	49,600	56,450	152,750	315,690	- 1,184,310
Open air market fees	11,400,000	755,644	692,548	802,080	2,250,272	751,410	781,300	787,441	2,320,151	4,570,423	- 6,829,577
Market stall rent	3,000,000	137,300	143,300	143,700	424,300	101,700	48,800	224,950	375,450	799,750	- 2,200,250
Change of business	225,000	500			500		820	27,500	28,320	28,820	- 196,180
Weights and measures	1,125,000	10,200	15,000	8,600	33,800	11,000	-	200	11,200	45,000	- 1,080,000

Revenue source	Target fy 2024/25	July	August	September	1st quarter total	October	November	December	2nd quarter total	Total	Variance
Tourism activities	10,000,000	10,650	23,750	49,650	84,050	13,200	4,700	-	17,900	101,950	- 9,898,050
Cooperative audit fees	800,000	25,445			25,445		69,580	-	69,580	95,025	- 704,975
Total	150,300,000	2,586,420	2,340,930	1,906,931	6,834,281	2,496,415	4,243,235	8,850,904	15,590,554	22,424,835	- 127,875,165
Education, Children, Gender Affairs, Culture And Social Services											
Reg.and renewal of groups	7,500				-			22,800	22,800	22,800	15,300
Liquor licence/inspection /app	46,100,000	6,000	16,000	30,000	52,000	19,500	1,193,400	33,976,313	35,189,213	35,241,213	- 10,858,787
Library charges		540	3,040	1,010	4,590	1,200	2,940	1,495	5,635	10,225	10,225
Total	46,107,500	6,540	19,040	31,010	56,590	20,700	1,196,340	34,000,608	35,217,648	35,274,238	- 10,833,262
Agriculture, Livestock And Fisheries											
Cattle dips	300,000	2,610	2,200	4,710	9,520	2,325	1,935	6,005	10,265	19,785	- 280,215
Produce cess royalties	72,000,000	3,574,129	4,252,080	4,858,765	12,684,974	4,841,222	4,733,371	5,324,999	14,899,592	27,584,566	- 44,415,434
Slaughter fees	2,400,000	33,800	42,590	32,000	108,390	34,610	45,280	56,390	136,280	244,670	- 2,155,330
Meat inspection	5,500,000	305,260	273,310	286,110	864,680	248,960	269,010	341,560	859,530	1,724,210	- 3,775,790
Vet department(ai services)	4,510,000	125,246	176,444	509,415	811,105	373,534	331,079	544,315	1,248,928	2,060,033	- 2,449,967
Vaccination	5,345,500	68,000	77,100	144,600	289,700	192,150	20,000	400	212,550	502,250	- 4,843,250
C.o.t & movement permit	720,000	41,410	27,480	26,300	95,190	20,670	-	34,550	55,220	150,410	- 569,590
Atc njabini	1,800,000			162,700	162,700	162,700	-		162,700	325,400	- 1,474,600
Nyandarua seed	3,400,000				-		-		-	-	- 3,400,000
Atc oljoro orok	1,500,000			1,178,730	1,178,730		-		-	1,178,730	- 321,270
Nyahururu-ams	1,800,000			327,400	327,400		-		-	327,400	- 1,472,600

Revenue source	Target fy 2024/25	July	August	September	1st quarter total	October	November	December	2nd quarter total	Total	Variance
Kinangop ams	1,500,000			24,100	24,100	24,100	-		24,100	48,200	- 1,451,800
Fisheries	120,000				-	1,000	-	-	1,000	1,000	- 119,000
Motorcycle mortgage fees	200,000	2,000			2,000	79,500			79,500	81,500	- 118,500
Subsidized fertilizer sale	15,000,000				-			-	-	-	- 15,000,000
Reg. Of transporters (agri)	200,000				-		23,300	-	23,300	23,300	- 176,700
Shamba rent	100,000				-		4,000		4,000	4,000	- 96,000
Total	116,395,500	4,152,455	4,851,204	7,554,830	16,558,489	5,980,771	5,427,975	6,308,219	17,716,965	34,275,454	- 82,120,046
Others											
Imprest/salary recovery	-	-	250,792	203,213	454,005	65,000	-		65,000	519,005	519,005
Insurance compesation	-	-	4,200,000	1,500,000	5,700,000		-	-	-	5,700,000	5,700,000
Total	-	-	4,450,792	1,703,213	6,154,005	65,000	-	-	65,000	6,219,005	6,219,005
Grand total	850,000,000	13,033,430	51,825,855	35,107,713	99,966,998	33,950,291	36,327,648	72,250,302	142,528,241	242,495,239	- 607,504,761

2.1.1.2. Analysis of Equitable Share Receipts

The County received Kes 2,936,134,891 against the projected Kes 3,068,677,500 half year equitable share.

The revenue received represents 47.84 % of the total equitable share and is as tabulated in Table 3.

Table 4: Equitable Share Exchequer Releases

Annual Estimates	Half year estimates	Amount Received	% Received
FY2024/25	FY2023/24	July-December 2024	against Annual Estimate
6,137,355,000	3,068,677,500	2,936,134,891	47.84

2.1.1.3. Analysis of Conditional Grants Receipts

The County had projected to receive Kes. 1,499,117,321 as conditional grants from National Government and other development partners. During the period under review the County Government did not receive any conditional grant.

Table 5: Conditional Grant Releases

Grant	Approved Annual Estimates FY 2024/25	Amount received. (July-December 2024)	% Received against the Approved Annual Estimate
Supplement for Construction of County Headquarters	119,000,000	-	-
Aggregated Industrial Parks Programme	250,000,000	-	-
Fertilizer Subsidy Programme	121,624,039	-	-
Livestock Value Chains Support Project	135,210,000	-	-
Transfer of Library Services	2,865,209	-	-
Roads Maintenance Fuel Levy	222,822,888	-	-
Community Health Promoters	41,610,000	-	-
IDA (World Bank) - National Agriculture Value Chain Development Project (NAVCDP)	151,515,152	-	-
Danida – Primary Health Care in Devolved Context	7,507,500	-	-
World Bank -Kenya Informal Settlement Improvement Project-KISIP II	238,462,533	-	-
World Bank- Financing Locally Led Climate Action Program	136,000,000	-	-

Grant	Approved Annual Estimates FY 2024/25	Amount received. (July-December 2024)	% Received against the Approved Annual Estimate
(FLLOCA)- County Climate Resilience Investment Grant			
Kenya Development Support Program level 2	37,500,000	-	-
Kenya Urban Support Project – Urban Institutional Grant	35,000,000	-	-
Total	1,499,117,321	-	-

2.1.2. Expenditure Performance

The County recorded a cumulative budget absorption of Kes 2,355,637,512 (31.28%). The recurrent expenditure accounted for Kes 2,048,639,466 (27.20%) and development expenditure Kes 306,998,046 (4.07%) of the total budget. The high recurrent absorption was a result of payment of personnel emoluments and County funds.

Table 6: FY 2024/25 First Half-Year Expenditure Performance

Expenditure category	Approved Estimates	Actual expenditure July-December 2024	Absorption rate %
Recurrent	4,549,354,538	2,048,639,466	45.03
Development	2,982,357,783	306,998,046	10.29
Total	7,531,712,321	2,355,637,512	31.28

As shown in table 7, Kes. 2,048,639,466 was spent against an approved recurrent budget of kes. 2,048,639,466 representing 45.03%. The actual development expenditure of kes. 306,998,046 was spent against approved development budget of kes. 2,982,357,783 (10.29%)

2.1.2.1 Departmental Expenditure Performance

Table 8, outlines the expenditure for all departments during the period under review

Table 7: First Half-Year Departmental Expenditure (2024/25 FY)

Department	Approved Budget Estimates FY 2024/25	Total Expenditure July-December 2024	Absorption Rate (%)
Office of The Governor	120,000,000	37,850,405	31.54
Office of The County Secretary & Head of Public Service	60,930,139	12,484,877	20.49
Office of County Attorney	26,850,000	10,572,900	39.38
Public Service & Devolution	2,651,329,921	1,217,038,626	45.90
County Public Service Board	25,925,600	11,882,872	45.83
Finance, Economic Planning and ICT	662,989,735	551,921,866	83.25

Department :	Approved Budget Estimates FY 2024/25	Total Expenditure July-December 2024	Absorption Rate (%)
Health Services	724,285,590	147,687,537	20.39
Education, Children, Gender Affairs, Culture and Social Services	235,281,558	31,002,589	13.18
Tourism, Industrialization, Co- Operative Development, Trade & Industrialization	481,684,800	52,800,862	10.96
Youth, Sports and Arts	70,735,757	18,771,668	26.54
Water, Environment, Climate Change and Natural Resources	414,167,464	23,524,299	5.68
Transport, Energy and Public Works	1,033,725,811	154,666,883	14.96
Lands, Physical Planning and Urban Development	363,564,108	16,883,786	4.64
Municipalities	93,304,200	14,077,516	15.09
Agriculture, Livestock and Fisheries	566,937,638	54,470,827	9.61
County Assembly	954,760,000	368,774,738	38.62
Total	8,486,472,321	2,724,412,251	32.10

The department of Finance, Economic Planning and ICT had the highest absorption of 83.25% of the allocated budget as a result of payment of the County funds domiciled there.

The department of Lands, Physical Planning and Urban Development had the lowest absorption of 4.64% which resulted from delays in land acquisition processes.

2.1.2.2 Analysis of First Half-Year Departmental Expenditure

Table 8: FY 2024/25 First Half-Year Departmental Expenditure Analysis

Programme	Approved Estimates	Actual Expenditure	% Absorption	Approved Estimates	Actual Expenditure	% Absorption
	Recurrent Expenditure	Recurrent Expenditure		Development Expenditure	Development Expenditure	
Office of The Governor	120,000,000	37,850,405	31.54	-	-	
Office of The County Secretary & Head of Public Service	60,930,139	12,484,877	20.49	-	-	
Office of County Attorney	26,850,000	10,572,900	39.38			
Public Service & Devolution	2,649,329,921	1,217,038,626	45.94	2,000,000	-	
County Public Service Board	25,925,600	11,882,872	45.83			
Finance, Economic Planning and ICT	544,289,735	474,675,291	87.21	118,700,000	77,246,575	65.08
Health Services	484,784,500	67,442,671	13.91	239,501,090	80,244,866	33.51
Education, Children, Gender Affairs, Culture and Social Services	169,664,186	30,183,932	17.79	65,617,372	818,657	1.25
Tourism, Industrialization, Co-Operative Development, Trade & Industrialization	55,484,800	27,800,862	50.11	426,200,000	25,000,000	5.87
Youth, Sports and Arts	55,631,824	18,771,668	33.74	15,103,933	-	-
Water, Environment, Climate Change and Natural Resources	35,338,400	14,741,893	41.72	378,829,064	8,782,406	2.32
Transport, Energy and Public Works	71,775,000	42,236,027	58.85	961,950,811	112,430,856	11.69
Lands, Physical Planning and Urban Development	33,930,834	14,409,100	42.47	329,633,274	2,474,686	0.75
Municipalities	71,136,000	14,077,516	19.79	22,168,200	-	-
Agriculture, Livestock and Fisheries	144,283,599	54,470,827	37.75	422,654,039	-	-
County Assembly	889,760,000	368,774,738	41.45	65,000,000	-	-
Grand Total	5,439,114,538	2,417,414,205	44.45	3,047,357,783	306,998,046	10.07

The department of finance, economic planning and ICT had the highest recurrent budget absorption of Kes 474,675,291 (87.21%) due to payments of county funds domiciled here. The Health services department recorded the lowest recurrent absorption of 13.91 %. The department did not receive the expected conditional grants in the half year.

The department of finance, Economic planning and ICT recorded the highest absorption development expenditure of 65.08 %. This was attributed by payment of pending bills.

The department of Agriculture, Livestock and Fisheries, municipalities, Youth, Sports and Arts and Public Service & Devolution did not record any development expenditure. This is because departments were in the process of developing BoQs for the projects thus delaying the procurement process which is currently ongoing.

2.2 Fiscal Framework for FY 2025/26 and the Medium Term

The CFSP 2025 has been guided by programmes and projects as encapsulated in the third CIDP and the approved ADP 2025/26 FY.

2.2.1. Revenue Projections

The total resource envelope for the CFSP 2025 is Kes 7,864.82 million. The budget will comprise of Kes 6,100 million from equitable share, Kes 600 million from County own source revenue, Kes 200 million from FIF - Facility Improvement Financing and Kes 964.82 million from conditional loans and grants from National Government and development partners.

Table 9: FY 2025/26 and the Medium-Term Revenue Projections

Revenue	FY2023/24	Revenue Projections (Kes. Millions)			
	Actual Revenues (Kes. Millions)	FY2024/25	FY2025/26	FY2026/27	FY2027/28
Equitable Share	5433.5	6137.4	6,100.00	6,276.9	6,458.93
Local Receipts Collections	310	600.0	600.00	624	648.96
AIA (Facility Improvement Financing)	205.7	250.0	200.00	208	216.32
Other revenues (unspent balances b/f)	331.2				
Conditional loans and Grants from National Government and Development Partners	570.3	1499.12	964.82	964.82	964.82
Total	6850.7	8,486.52	7,864.82	8,073.72	8,289.03

CHAPTER THREE

INDICATIVE MEDIUM-TERM RESOURCE ALLOCATION

3.0 Overview

This chapter presents the Fiscal Framework for the FY 2025/26 and the medium term. It provides an overview of the resource envelope, proposed ceilings and expenditures. The strategic priorities for FY 2025/26 are derived from the development priorities outlined in the approved CIDP 3 and the FY 2025/26 Annual Development Plan.

The allocation of County resources over the medium term will focus on social development and wealth creation. The FY 2025/26 MTEF budget will prioritize measures aimed at transforming the County, guided by the Constitution, relevant legal frameworks, Acts & Regulations. The County planning framework will ensure equitable allocation of resources across all sectors. To strengthen the link between planning, budgeting and implementation, the Medium-Term Budget framework for FY 2025/26 will continue allocating resources to core programs and sub-programs identified in the approved CIDP III (2023-2027).

Through the approved Annual Development Plan (ADP) for FY 2025/26, all County Departments have identified priority areas along with their estimated resource requirements. These departmental priorities align with the Constitution of Kenya under devolved functions, Vision 2030, the Fourth National Medium-Term Plan (MTP IV) 2023-2027, Nyandarua CIDP III (2023-2027), the Sustainable Development Goals (SDGs) and the Bottom-up Economic Transformation Agenda (BETA).

Additionally, through various investment forums and the Regional Economic Bloc (CEREB), the County aims to attract both local and foreign investors as well as development partners. This will be achieved by creating a conducive business environment through policy legislation that enhances the ease of doing business in the County.

3.1 Criteria for Resource Allocation

Over the Medium Term, the County Government will prioritize resource allocation to drive the realization of change agenda for Social economic development and Wealth Creation while aligning with the Bottom-up Economic Transformation Agenda (BETA).

The resource envelope available for allocation among the County's spending entities consists of:

- i. Equitable Share of National Revenue.
- ii. County Own Source Revenue, including business permits, property rates, entertainment taxes, levies, fees and charges.
- iii. Donor funding through Conditional Loans and Grants.

The key considerations for resource allocation include:

- i. The “**Bottom-up Economic Transformation Agenda**” which prioritizes:
 - a) Agricultural Transformation
 - b) Micro, Small and Medium Enterprises (MSME)
 - c) Housing and Settlement
 - d) Healthcare
 - e) Digital superhighway and Creative Industry
- ii. **High impact projects as identified in CIDP 3**
- iii. **Ward equity**
- iv. **Flagship Projects**
- v. **Ongoing and multi-year projects:** the emphasis is given to completion of on-going and unfinished projects and in particular infrastructure projects and other projects with a high impact on poverty reduction, equity, and job and wealth creation.
- vi. **Job creation:** Specific consideration to job creation for the youth based on sound initiatives identified in the Governor’s manifesto and during the county stakeholders’ consultation for the CIDP will be considered as well as disability and gender mainstreaming.
- vii. **Settlement of verified pending bills:** Pending bills should be treated as first charge in budgeting process.

Table 10: FY 2025-26 Programme and Departmental Ceilings

Department/Programme	Approved FY 2024/25 Original Budget	ADP as approved FY 2025/26	Proposed CFSP Departmental Allocations/ Ceilings FY 2025/26					Total
			Conditional Grants	Flagship Projects	Non-Capital	Capital	Total (Excluding Conditional Grants and Flagships)	
Governor's office								
Service Delivery unit Coordination	72.10	62.00			62.00	-	62.00	62.00
Liaison & Intergovernmental services	16.74	38.00			38.00	-	38.00	38.00
Governor's press services and administrative support	7.26	12.50			12.50	-	12.50	12.50
Special programs and Diaspora Affairs	18.50	6.50			6.50	-	6.50	6.50
Public Participation and Civic Education	5.40	6.00			6.00	-	6.00	6.00
Total	120.00	125.00	-	-	125.00	-	125.00	125.00
County Secretary's office							-	-
Administration and Support services (including general insurance)	47.45	41.60			41.60	-	41.60	41.60
County Executive Committee Affairs	2.50	2.50			2.50	-	2.50	2.50
Communication and public relations	5.35	10.80			10.80	-	10.80	10.80
Records Management	4.00	4.00			4.00	-	4.00	4.00
Total	59.30	58.90	-	-	58.90	-	58.90	58.90
							-	-
County Attorney	26.85	30.00	-	-	30.00	-	30.00	30.00
							-	-
County Public Service Board	25.93	28.00	-	-	28.00	-	28.00	28.00
							-	-
Public Service, Administration and Devolution							-	-
Public Service (Including compensation to Employees Kes. 2,286.80 M, Gratuity Kes. 30M,	2,569.07	2,528.00			2,528.00	-	2,528.00	2,528.00

Department/Programme	Approved FY 2024/25 Original Budget	ADP as approved FY 2025/26	Proposed CFSP Departmental Allocations/ Ceilings FY 2025/26				Total (Excluding Conditional Grants and Flagships)	Total
			Conditional Grants	Flagship Projects	Non-Capital	Capital		
Pension Kes. 90 M & Medical insurance Kes. 100M)								
Administration and Devolution	26.33	22.51			22.51	-	22.51	22.51
Kenya Development Support Program Level 1 - phase 2	37.50	37.50	37.50		-	-	-	37.50
Enforcement and Compliance	18.12	12.50			12.50	-	12.50	12.50
Total	2,651.02	2,600.51	37.50	-	2,563.01	-	2,563.01	2,600.51
							-	-
Finance, Economic Planning and ICT							-	-
Public Finance Management (Including Financial Reporting)	27.90	26.00			26.00		26.00	26.00
Mortgage fund	70.00	85.00			85.00		85.00	85.00
Emergency Fund	50.00	40.00			40.00		40.00	40.00
Nyandarua County Trade Development and Investment Authority Fund	10.00	15.00				15.00	15.00	15.00
County Bursary Fund	194.90	201.10		110.00	91.10		91.10	201.10
Pending Bills	209.89	250.00			-	250.00	250.00	250.00
ICT & E-government services	20.60	39.00			23.50	15.50	39.00	39.00
Economic Planning and Development	59.27	58.00			58.00		58.00	58.00
KDSP Level II	-	-			-		-	-
Revenue and business development	56.56	52.00			52.00		52.00	52.00
Supply Chain Management	10.98	10.00			10.00		10.00	10.00
Internal Audit and Risk Management	11.05	14.00			14.00		14.00	14.00
Total	721.14	790.10	-	110.00	399.60	280.50	680.10	790.10
							-	-
Education, Children, Gender Affairs, Culture and Social Services							-	-
Early Childhood Development Education (ECDE)	63.30	53.30		17.50	9.20	26.60	35.80	53.30

Department/Programme	Approved FY 2024/25 Original Budget	ADP as approved FY 2025/26	Proposed CFSP Departmental Allocations/ Ceilings FY 2025/26					Total
			Conditional Grants	Flagship Projects	Non-Capital	Capital	Total (Excluding Conditional Grants and Flagships)	
Vocational Training Development	77.45	76.50		49.00	8.60	18.90	27.50	76.50
Cultural Heritage	10.03	10.00			5.20	4.80	10.00	10.00
Library Services	7.42	7.50			3.00	4.50	7.50	7.50
Gender, Children and social services	64.33	140.11			140.11	-	140.11	140.11
Alcoholic Drinks Control	6.00	6.00			6.00	-	6.00	6.00
Total	228.51	293.41	-	66.50	172.11	54.80	226.91	293.41
							-	-
Health Services							-	-
Health infrastructure and equipment	238.50	242.00		220.00	-	22.00	22.00	242.00
Preventive and promotive health care	90.42	93.33	44.65		48.68	-	48.68	93.33
Solid waste management & cemetery	25.10	29.30		14.00	7.30	8.00	15.30	29.30
Curative health care (Inclusive of Universal Health Coverage)	119.05	340.80		70.00	270.80	-	270.80	340.80
A.I.A (Facility Improvement Financing)	250.00	-			-	-	-	-
Total	723.07	705.43	44.65	304.00	326.78	30.00	356.78	705.43
							-	-
Water, Environment, Climate Change and Natural Resources							-	-
Water Resource development (including Irrigation & drainage)	156.32	144.50		30.00	20.00	94.50	114.50	144.50
Climate Change Resilience	232.93	172.00	104.00		8.00	60.00	68.00	172.00
Environment Management	5.58	7.00			7.00	-	7.00	7.00
Natural Resource management	4.87	7.00			6.30	0.70	7.00	7.00
Total	399.69	330.50	104.00	30.00	41.30	155.20	196.50	330.50
							-	-
Tourism, Cooperatives Development, Trade and Industrialization							-	-
Trade Development	19.10	19.50			10.00	9.50	19.50	19.50

Department/Programme	Approved FY 2024/25 Original Budget	ADP as approved FY 2025/26	Proposed CFSP Departmental Allocations/ Ceilings FY 2025/26					Total
			Conditional Grants	Flagship Projects	Non-Capital	Capital	Total (Excluding Conditional Grants and Flagships)	
Investment Promotion and development (Nyandarua County Trade Development and Investment Authority (NCTDIA))	7.30	7.50			7.50	-	7.50	7.50
Industrial development	408.60	18.00			7.50	10.50	18.00	18.00
Cooperative development	12.69	15.50			13.50	2.00	15.50	15.50
Weights & Measures	4.30	5.00			5.00	-	5.00	5.00
Tourism Development and Marketing	27.35	22.30		7.30	5.70	9.30	15.00	22.30
Total	479.34	87.80	-	7.30	49.20	31.30	80.50	87.80
							-	-
Youth Empowerment, Sports and Arts							-	-
Youth Empowerment	14.97	27.80			27.80	-	27.80	27.80
Sports development	41.06	50.30		22.00	28.30	-	28.30	50.30
Arts development	9.30	8.80			8.80	-	8.80	8.80
Total	65.33	86.90	-	22.00	64.90	-	64.90	86.90
							-	-
Lands, physical planning and urban development							-	-
Urban Development	246.46	249.50	238.40		5.10	6.00	11.10	249.50
Physical Planning	7.98	11.50			11.50	-	11.50	11.50
Survey and mapping (including GIS)	13.38	27.40		20.00	7.40	-	7.40	27.40
Land administration and management	89.85	66.60		20.00	1.50	45.10	46.60	66.60
Total	357.67	355.00	238.40	40.00	25.50	51.10	76.60	355.00
							-	-
Municipalities							-	-
Ol'Kalou Municipality	40.15	41.20			22.20	19.00	41.20	41.20
Pending Bills	0.57	-			-	-	-	-
Mairo-Inya Municipality	25.84	35.30			21.30	14.00	35.30	35.30

Department/Programme	Approved FY 2024/25 Original Budget	ADP as approved FY 2025/26	Proposed CFSP Departmental Allocations/ Ceilings FY 2025/26					Total
			Conditional Grants	Flagship Projects	Non-Capital	Capital	Total (Excluding Conditional Grants and Flagships)	
Engineer Municipality	26.75	30.00			20.30	9.70	30.00	30.00
Total	93.30	106.50	-	-	63.80	42.70	106.50	106.50
							-	-
Public Works, Roads, Transport, Housing and Energy							-	-
Roads and Transport Development	745.30	551.70		193.00	33.30	325.40	358.70	551.70
Energy development	53.19	51.50			36.00	15.50	51.50	51.50
Fire Emergency and Disaster Management Unit	4.00	7.50			7.50	-	7.50	7.50
Public works	206.69	179.00	121.00	50.00	5.00	3.00	8.00	179.00
Housing development	5.03	9.00			3.00	6.00	9.00	9.00
Total	1,014.21	798.70	121.00	243.00	84.80	349.90	434.70	798.70
								-
Agriculture, Livestock and Fisheries								-
Crop development	335.99	340.26	284.06	2.00	31.50	22.70	54.20	340.26
Agricultural Institutions support to ATCs & AMS (including SPPU & Revolving fund)	10.00	5.00		5.00	-	-	-	5.00
Livestock development	164.21	181.91	135.21	9.00	35.70	2.00	37.70	181.91
Veterinary services (including subsidized AI)	52.95	35.50		10.50	21.50	3.50	25.00	35.50
Fisheries Development	3.79	5.40			4.00	1.40	5.40	5.40
Total	566.94	568.07	419.27	26.50	92.70	29.60	122.30	568.07
								-
County Assembly								-
County Assembly	954.76	900.00			820.00	80.00	900.00	900.00
Grand Total	8,487.04	7,864.82	964.82	849.30	4,945.60	1,105.10	6,050.70	7,864.82

Table 11: FY 2025/26 and the Medium-Term Departmental Ceilings

Department/Programme	Approved FY 2024/25 Original Budget	ADP as approved FY 2025/26	proposed ceilings 2025/26 fy	projection 2026/27	projection 2027/28
Governor's office	120.00	125.00	125.00	130.00	135.20
County Secretary's office	59.30	58.90	58.90	61.26	63.71
County Attorney	26.85	30.00	30.00	31.20	32.45
County Public Service Board	25.93	28.00	28.00	29.12	30.28
Public Service, Administration and Devolution	2,651.02	2,600.51	2,600.51	2,704.53	2,812.71
Finance, Economic Planning and ICT	721.14	790.10	790.10	821.70	854.57
Education, Children, Gender Affairs, Culture and Social Services	228.51	293.41	293.41	305.15	317.35
Health Services	723.07	705.43	705.43	733.65	762.99
Water, Environment, Climate Change and Natural Resources	399.69	330.50	330.50	343.72	357.47
Tourism, Cooperatives Development, Trade and Industrialization	479.34	87.80	87.80	91.31	94.96
Youth Empowerment, Sports and Arts	65.33	86.90	86.90	90.38	93.99
Lands, physical planning and urban development	357.67	355.00	355.00	369.20	383.97
Ol'Kalou Municipality	40.15	41.20	41.20	42.85	44.56
Mairo-Inya Municipality	25.84	35.30	35.30	36.71	38.18
Engineer Municipality	26.75	30.00	30.00	31.20	32.45
Public Works, Roads, Transport, Housing and Energy	1,014.21	798.70	798.70	830.65	863.87
Agriculture, Livestock and Fisheries	566.94	568.07	568.07	590.79	614.42
County Assembly	954.76	900.00	900.00	936.00	973.44
Grand Total	8,486.47	7,864.82	7,864.82	8,179.41	8,506.59

Departmental ceilings

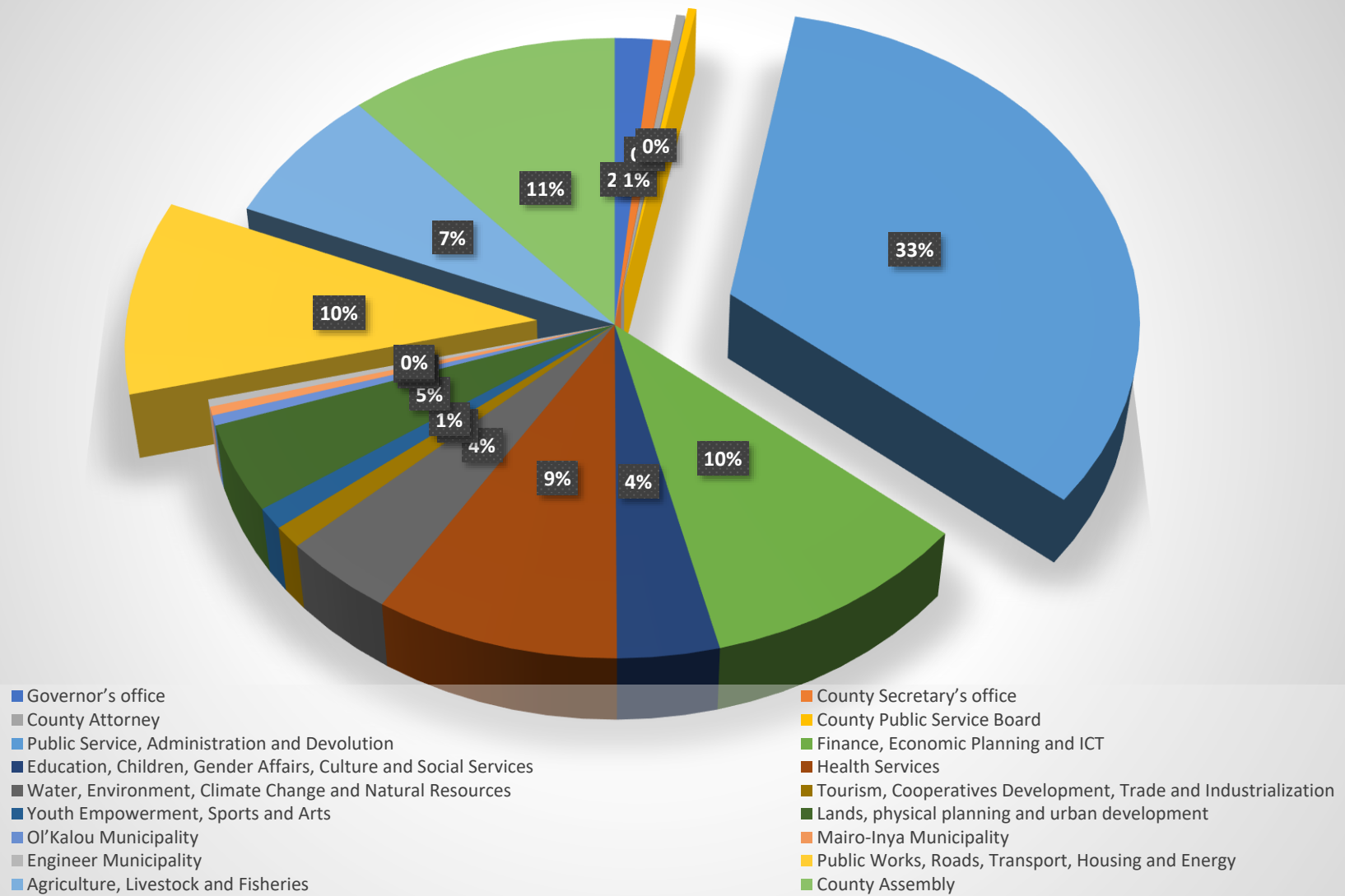


Figure 4: Departmental Ceilings

3.2 Priority areas for the 2025/26 FY and the medium term

1. Office of the Governor

The Office of the Governor provides leadership and policy guidance aligned with the County's change agenda, focusing on improving governance, service delivery, and collaboration with external stakeholders. It aims to enhance transparency, strengthen citizen engagement, and build effective partnerships with both external agencies and the diaspora, contributing to the County's development goals.

To support these initiatives, the Office of the Governor has an allocation of **Kes. 125 million**. This includes significant investments in the following programs: **Kes. 62 million** for the Service Delivery Coordination program; **Kes. 12.5 million** for the Governor's Press Services program; and **Kes. 38 million** for the Liaison and Intergovernmental Relations program.

Additionally, **Kes. 6.5 million** is allocated to the Special Programs and Diaspora Affairs program, which engages the diaspora through policy development and community outreach initiatives, while **Kes. 6 million** is allocated to the Public Participation and Civic Education program.

2. Office of the County Secretary and Head of Public Service

The Office of the County Secretary is tasked with overseeing key governance and administrative functions to ensure seamless service delivery. It plays a crucial role in interdepartmental coordination, County Executive Committee affairs, policy implementation, and intergovernmental relations to enhance collaboration with various stakeholders. The office also spearheads communication and public relations through media engagement, publications, county branding, and strategic outreach initiatives, with an allocation of Kes. 10.8 million. Additionally, records management is a vital function, ensuring timely access to government information through an integrated records system, with Kes. 4.0 million dedicated to its operations. The office further manages assets and utilities, including maintaining county assets, securing government premises, and handling insurance and infrastructure maintenance. The administration and support services component, which facilitates the efficient execution of these responsibilities, has been allocated Kes. 41.6 million, while County Executive Committee affairs receive Kes. 2.5 million for coordination and governance-related activities.

In total, the office has been allocated a proposed **Kes. 58.9 million** to execute these crucial functions, reinforcing transparency, efficiency, and effective administration

Office of the County Attorney

The Office of the County Attorney is responsible for providing legal services, ensuring policy and legal compliance, and safeguarding county interests. The office has been allocated a proposed **Kes. 30 million** to execute its mandate effectively. A significant portion, Kes. 23 million, is dedicated to county litigations, covering legal representation, court proceedings, and the settlement of legal liabilities. The remainder supports legal advisory services, alternative dispute resolution, legislative drafting, policy audits, publishing legal documents, and general office administration. These functions ensure effective legal service delivery, policy compliance, and the protection of the county's legal interests

3. The County Public Service Board

The County Public Service Board will prioritize Human Resource Planning, Management, and Development through targeted trainings, workshops, and reporting on implementation of Board's mandate. The CPSB is the county entity that undertakes recruitments, promotions, succession planning and management as well handling disciplinary matters. Additionally, the Board will ensure compliance with county policies and national values, reinforcing efficiency and accountability in public service. To undertake these, the CPSB will require an allocation of **Kes. 28 million**

4. Public Service, Administration and Devolution

The Department is mandated to undertake payroll, enforcement and compliance, and public administration functions. To realize all stipulated programs within the department, the proposed allocation is **Kes.2,600.51** million out of which **kes. 2,286.80** will go towards compensation to employees, **kes. 30 million** for gratuity, **90 million** for pension and **kes. 100 million** for medical insurance. Other key programmes in the department include **kes. 10 million** for KICOSCA games, **kes. 16.26** for facilitation of sub-county and ward offices. **Kes. 12.5 million** for enforcement & compliance and **kes. 37.5 million** for Kenya Development Support Program Level 2 (KDSP).

5. Health Services

The health sector is the cornerstone of a thriving population. To ensure the county has a healthy population, kes. **705.430** has been allocated towards the programmes in the department. In the planned period, **kes. 82.4 million** has been allocated for **Strengthening Community Health Units** with both the National and County governments contributing half of the amounts towards the programme. A total of **Kes. 340.8 million** has been allocated the curative programme out of which **kes. 70 million** will go towards acquisition of **strategic stocks**, **kes.200 million** as **Facility Improvement Fund (FIF)**, **kes. 12 million** for acquisition of **an ambulance**, **kes.27 million** as **transfer to sub county Health Offices and Dispensary/Health Centre's transfers**, **kes. 13.8 million** as **DANIDA grant** and **kes. 8 million** for acquisition of **Health Management Information System**.

The health infrastructure programme has an allocation of **Kes.242 million** with JM Kariuki Memorial Hospital Mashujaa Complex been identified as the main flagship project with an allocation of **Kes.150 million**. Other projects in the department include completion of **sub county** health centres with an allocation of **Kes. 50 million** (kes. 10 million each for ngano, bamboo, ndaragwa, manunga and chamuka), **Kes. 10 million** for equipping and operationalization of **Mirangine CDC** and **Kes.10 million** for equipping of **Engineer hospital**

6. Education, Children, Gender Affairs, Culture and Social Services

The department is committed to enhancing human capital development through education, social welfare, and cultural heritage. Its mandate covers quality pre-primary and vocational training, safeguarding children's rights, advancing gender equity, and supporting vulnerable groups. Additionally, it oversees alcohol control mechanisms to promote a responsible and productive society.

To support these initiatives, the department has an allocation of **Kes. 293.41 million**. This includes significant investments in flagship projects: **Kes. 12.5 million** for ECDE capitation, **Kes. 36 million** for VTC capitation, **Kes. 3 million** for equipping VTCs, **Kes. 5 million** for digitizing ECDEs, and **Kes. 10 million** to support the establishment of Nyandarua University College. Provision of social economic support to organized groups has been allocated **Kes.104.04 million** and **Kes.26.6 million** and **Kes.22.9 million** for ECDE and VTC infrastructure respectively. Alcohol drinks control has an allocation of **Kes.6 Million**.

7. Youth Empowerment, Sports and Arts

The department plays a crucial role through three key programs: Youth Empowerment, Sports Development and Arts Development. The total proposed budget for the department is **Kes. 86.90 million** where **Kes.27.80 million** allocated to Youth Empowerment, which focuses on youth enterprise support and trainings; **Kes. 50.30 million** for Sports Development & Promotion and **Kes.8.80 million** allocated to Arts Development and talent promotion. The key flagship projects in the department are **Governors Tournament** and **Upgrade of sports facilities (wards)** with an allocation of **kes. 12million** and **kes. 10 million** respectively.

8. Tourism, Cooperatives Development, Trade and Industrialization

This is a key anchor for the development agenda of the County and country at large. Its multiplier effects are wide thus the need to leverage on it. A proposed total allocation of **Ksh 87.80 million** is planned for the department, with **Ksh 56.5 million** for recurrent expenditure and **Ksh 31.3 million** for development expenditure. To promote local trade, market infrastructural development is to be carried out at a cost of **Ksh 9.50 million** while promotion of Co-operatives is planned with an allocation of **Ksh 15.50 million**. Development of **cottage industries, incubation hubs** and development of **agro-processing plant** is to be undertaken at a cost of **Ksh 10.50 million**. Investment promotion is also envisioned to be undertaken at a cost of **Ksh 7.50 million**. The primary flagship project that is to be undertaken is development of the Olkalou Arboretum recreational park with a budget of **Ksh 7.3 million**.

9. Water, Environment, Climate Change and Natural Resources

The department is Committed to promote climate resilience, sustainable access and conservation of water, environment and natural resources. To achieve this, the department has total allocation of **Kes. 330.5 million** with **kes. 41.3 million** allocated for recurrent and **kes. 289.2** for development expenditure. To Increase access to portable water, expand irrigation and improve sanitation, **kes. 89.50 million** has been allocated for development of community water projects, **kes. 12 million** for desilting of colonial dams and **kes. 18 million** for development of irrigation infrastructure.

A total of **kes. 164 million** has been allocated for County climate change interventions with **Kes. 104 million** as Climate change fund- FLLoCA grant and **Kes. 60 million** as counterpart contribution. Further, to ensure proper management and conservation of the environment and natural resources, **kes. 14 million** has been allocated.

10. Lands, physical planning and urban development

The department operates within the infrastructure sector, supporting other sectors by providing space for utilities and county infrastructure. It has a total allocation of **Kes.355.0 million**. The key programmes under this department include Urban Development, Physical Planning, Survey and Mapping (including GIS system), Land Administration and Management and Municipalities. The key projects under the department includes **kes. 19.1 million** for acquisition of **land for social amenities**, **kes. 6 million** for acquisition of land for **Nyakio cemetery** and **kes. 20 million** for acquisition of **dumpsites for both Mairo-inya municipality and Engineer Municipality**. In addition, **kes 20 million** has been allocated for acquisition of **GIS system** and a **mapping drone**. Further **Kes.238.40 million** has been set aside for Kenya Informal Settlements Program (KISP).

11. Municipalities

Olkalou municipality has been allocated **Kes.41.2 million**, Engineer municipality **Kes.30 million** and Mairo-Inya municipality has been allocated **Kes. 35.3 million** for infrastructure development with the overall goal being to improve the quality of life for residents and promote economic growth and development within these municipalities.

12. Public Works, Roads, Transport, Housing and Energy

The Department is a crucial enabler for all other sectors. The department has an allocation of **Kes.798.7 million**. To improve the county roads infrastructure to motorable standards, the department has an allocation of **Kes.158 million** for County machinery programme and contracted works having an allocation of **Kes.306 million**. A further **Kes.13 million** has been allocated for purchase of *1 Backhoe* and *2 Rippers*.

The County headquarter offices has an allocation of **Kes.151 million** whilst the Governor's /Deputy governor's residence has been allocated **Kes.20 million**.

An allocation of **36 million** has been set aside for county lighting operations and maintenance of floodlights/streetlights. The department has a plan of migration from high sodium halogen bulbs to LED Floodlights/Solarization to reduce high rising electric bill.

To support the housing programme **Kes.6 million** has been allocated for renovations of County staff houses and buildings. In order to safeguard life and property in the event of occurrence

of emergencies and disasters, **Kes.7.5 million** has been allocated for emergency response and disaster management.

13. Agriculture, livestock and fisheries

The programs under the department include Crop Development, Livestock Development, Veterinary Services (which offers subsidized artificial insemination), Fisheries Development, and Agricultural Institutions Support (Revolving Fund – AMS, ATCs, and SPPU). To enhance agricultural production and productivity, the department has been allocated a total of **Kes.568.07 million**. **Subsidized AI programme** has an allocation of **kes. 10 million**, **kes. 17.7 million** for **Promotion of poultry and sheep value chains**, **kes. 9 million** for **vaccination of animals**, **kes.7 million** for **Mobile on-farm feed** processing services, **kes. 12.70** for provision **farm inputs** and **kes. 5 million** as additional seed capital for agricultural institutions **revolving Fund**.

Other key programmes supported through conditional grants include **kes. 121.62** allocated for **subsidized fertilizer**, **Kes.161.52 million** as National Agricultural Value Chain Development Project (NAVCDP), **Kes.135.2 million for livestock value chain** and **kes. 20.92** as Kenya Agricultural Business Development Project (**KABDP**).

14. Finance, Economic Planning and ICT

This subsector coordinates the entire County's public finance management cycle. This is by ensuring prudence in identification of service delivery priority areas, resource allocation, acquisition of goods, works and services, settlement of payments, audit, and resource mobilization.

To actualize the above, the department proposes the implementation of key programs to support priority areas. In the Public finance management, the department will oversee the Nyandarua County Trade Development and Investment Authority Fund of **Kshs. 15M** to support businesses, County Emergency Fund of **Kshs. 40M** to take care of emergencies when they arise, County Mortgage Fund at **Kshs. 85M**, County Bursary Fund of **Kshs. 201.1M**, Debt Servicing of pending bills of **Kshs 250M**, Treasury Services, Exchequer Requisitions, financial Reporting and Coordinated External Audits to enhance financial oversight and compliance.

To ensure efficient and effective financial management of county public financial resources, the Internal Audit Management program will focus on generating Audit Reports and support the Internal Audit Committee activities.

The effective utilization of the county resources requires that goods, works and services are acquired at their correct values. This will be through proper Procurement Planning and efficient acquisition of goods, works, and services. The supply chain management services will also ensure regular updates to the asset register, oversee the pre-qualification of suppliers and coordinate the disposal of assets in line with the Public Procurement and Asset Disposal Act. Furthermore, local suppliers and special interest groups will be sensitized on how to tap into they can benefit from the county opportunities.

To support own source revenue collection, legislative and policy frameworks will be developed and implemented, upgrading of county revenue collection infrastructure, business mapping and the preparation of revenue collection reports. Additionally, initiatives such as Taxpayers' Week and the recognition of top taxpayers as well as the establishment of the County Revenue Board will be implemented at a cost of **Kshs. 67M**.

The Economic Planning program aims to improve the management of projects identification and prioritization, resource allocation, statistics management, monitoring and evaluation, resource mobilization, debt management and economic modelling. To support resource mobilization a resource mobilization committee will be established and facilitated.

The ICT subsector will be supported to ensure a well-connected digital Nyandarua, efficient communication, creativity and innovation. Maintenance and support of ICT networks and systems will be supported. In addition, key capital projects to be implemented include establishment of ICT hubs, the installation of surveillance systems, Local Area Networks (LANs), free Wi-Fi hotspots, extension of the National Optic fibre, automation of county services as well digitization of government functions will be undertaken at a cost of **Kshs. 24 Million**.

Implementation of all these programmes in the department of Finance, Economic Planning and ICT will require **Kshs. 790.1 million**.

15. County assembly

In order to fulfil its mandates as bestowed by the constitution of Kenya, 2010, County Government Act, 2012, and the Public Finance Management Act, 2012 of oversight, legislation and representation, the County Assembly has an allocation of **Kes. 900 million**.

3.3 Adherence to Fiscal Responsibility Principles

In line with the Constitution, Section 107 of the PFM Act, 2012 and regulation 25 of the PFM (County Governments) Regulations, 2015 sets out the Fiscal Responsibility Principles which the County Governments have to adhere to.

The law stipulates that:

- i. The County public debt shall never exceed twenty (20) % of the County Government's total revenue at any one time.
- ii. The County Government wages shall be contained at thirty-five (35) % of the County Government's total revenue in the Medium Term.
- iii. The approved expenditures of a county assembly will be as per the senate's recommendations. This shall not exceed 7% of the total revenues of the County Government or twice the personnel emoluments of that County Assembly, whichever is lower.
- iv. The County Government actual expenditure on development shall be at least thirty (30) % of the County Government's total expenditure.
- v. fiscal risks shall be managed prudently; and
- vi. A reasonable degree of predictability for the level of tax rates and tax bases shall be maintained, considering any tax reforms that may be made in the future.

In the 2025/26 FY and the Medium Term, the County Treasury will ensure that the Budgets are prepared in a way that ensures strict adherence to this principle. Table 12 gives a summary of the indicators on Fiscal Responsibility.

Table 12: County Fiscal Responsibility Adherence:

Indicator		Amount (Kes)	% Share of total Budget
County Expenditure	Development	2,486.85	31.62
	Recurrent	5,377.97	68.38
	Total	7,864.82	100
County expenditure on wages & benefits (Excluding the county assembly)		2,492	31.68
Expenditure by County Assembly	Recurrent and Development	900	11.44
Debt financing	Development	250	3.18

From the analysis presented in table 11, the extent of adherence to the Fiscal Responsibility Principles is as follows:

i. The County public debt shall never exceed twenty per cent of the County Government's total revenue at any one time.

In the 2025/26 FY, the County does not plan to borrow externally. The County Government will ensure that all its obligation to the suppliers is met on a timely basis to avoid piling of Pending Bills. The County has allocated Kes. 250 million (3.18% of the budget) towards payment of pending bills.

ii. County Government's expenditure on wages and benefits for its public officers shall not exceed thirty-five (35) per cent of the County Government's total revenue

In 2025/26 FY, the County's expenditure on wages and benefits will account for 31.68% of the total expenditure. This includes the employees' pension and gratuity funds and medical schemes. The County is therefore in line with the set limit of 35% of the County revenues.

iii. The approved expenditures of a County Assembly shall not exceed seven per cent of the total revenues of the County Government or twice the personnel emoluments of that County assembly, whichever is lower.

The County Assembly's ceiling accounts for **11.44%** of the total revenues. The allocation is above this fiscal responsibility principle is occasioned by the recurrent expenditure ceiling determined by the Commission on Revenue Allocation (CRA) and development expenditure which is a non-ceiling.

iv. The County Government actual expenditure on development shall be at least thirty per cent.

It is projected that the County Government will spend **31.62%** of its Budget on development in 2025/26 FY. This will be mostly on expenditure towards the completion of on-going projects, flagship projects and other service delivery initiatives. This allocation will also be continued over the Medium Term.

v. Fiscal risks shall be managed prudently.

Fiscal risks will be managed prudently through the establishment of policy, legal and regulatory framework in ensuring prudence in expenditure, contract and asset management. The County will endeavor to implement the County Risk policy.

Further, a provision of **Kes. 40 million** has been factored to cater to urgent and unforeseen expenditures. This will ensure that emergencies can be handled without disorienting the plans and budgets.

vi. A reasonable degree of predictability for the level of tax rates and tax bases shall be maintained, considering any tax reforms that may be made in the future.

To ensure a reasonable degree of predictability for the level of tax rates, charges and tax bases, legislation on property rates, entertainment tax and produce cess will be amended through the Finance Acts depending on the fiscal strategy each year. The legislation will also contain clear justification for the fees and charges to be charged and the modalities for charging the same. The County Finance Acts will refer to the substantive legislation while proposing amendments to the charges, fees and taxes hence maintaining a degree of predictability.

CHAPTER FOUR

ASSUMPTIONS AND RISKS UNDERLYING BUDGETARY AND FISCAL POLICY

4.0 Overview

This chapter evaluates the assumptions and risks that underpin the budgetary and fiscal policies of the county. These assumptions influence revenue generation, expenditure planning, and economic growth. The risks pose potential challenges to the achievement of the county's fiscal strategy objectives.

4.1 Assumptions

Political

The County Government is committed to upholding fiscal responsibility by ensuring a balanced allocation of resources that prioritizes sustainable development. Careful financial management will ensure public service delivery, efficient use of public funds, and fostering inclusive growth.

Economic

Inflation rates will remain moderate in the near term, contrary to previous expectations of elevated levels. Recent trends indicate a stable inflation rate within the Central Bank's target range. As a result, the Central Bank has shifted towards a more accommodative monetary policy, lowering the Central Bank Rate (CBR) to support economic growth.

It is anticipated that global growth will stabilize. Commodity prices are expected to show moderate increases, with oil prices projected to rise by 0.8% and non-fuel commodity prices by 5.0% in 2024.

Kenya's macroeconomic outlook remains optimistic, driven by sustained growth in the agriculture and services sectors. The recovery in agriculture, along with strong performance in the services industry, is expected to support overall economic resilience and expansion.

Nyandarua County's economic growth is expected to continue on an upward trajectory, with a focus on maintaining its economic output per person above the national average. This progress is underpinned by strategic revenue mobilization efforts designed to enhance financial sustainability and support development initiatives.

The county expects departments with historically low budget absorption rates to enhance their spending efficiency, ensuring that allocated funds are utilized as planned. Streamlined and timely procurement processes are anticipated to accelerate project implementation and reduce delays.

Technological

The county is set to implement a new Integrated Revenue Management System, diversify revenue and public-private partnerships to streamline collection processes and improve financial oversight.

Environmental

Nyandarua County is committed to enhancing environmental sustainability by promoting climate-smart agricultural practices. Practices such as improving soil fertility management, reducing post-harvest losses, promoting drought-tolerant and climate-smart crop varieties, and implementing water harvesting and irrigation systems improve sustainability.

Legal

Strict budgetary controls will be implemented to keep wage expenditures below 35%, to prevent excessive spending on salaries while ensuring efficient service delivery. By adhering to these fiscal discipline measures, the county aims to promote economic stability, enhance public service efficiency, and create a conducive environment for development.

4.2 Risks

The successful implementation of this strategic plan relies on the county government's ability to anticipate and address potential risks and challenges that could obstruct progress. Several risks may arise in executing the County Fiscal Policies and their associated interventions, including:

- ***Revenue transition and sustainability***

The county remains reliant on traditional revenue sources, posing a challenge as it transitions to modernized collection systems. During this shift, achieving revenue targets may prove difficult, particularly as new systems take time to become fully operational. Efforts to diversify the local economy come with inherent uncertainties, including market adaptability and sectoral integration.

Mitigation

Investments in modern revenue management systems will help reduce reliance on outdated collection methods, ensuring a smoother transition. Clear implementation strategies and phased rollouts will minimize disruptions during this shift.

- ***Overdependence on equitable share***

County's overreliance on equitable share transfers from the national government makes it vulnerable to fiscal shocks, especially if national revenue collection falls short. The accumulation

of pending bills and delays in statutory deductions, such as pensions, could also strain the county's cash flow and hinder service delivery.

Mitigation

The county will diversify its revenue sources by enhancing its Own Source Revenue (OSR) collection and clearing pending bills through structured payment plans.

- ***Climate Change***

Climate change has already started to impact Kenya's economy, and its potential macroeconomic and fiscal implications are significant. Increasing temperatures due to climate change are expected to have significant long-term effects on both economic growth and the sustainability of public finances, leading to increased fiscal risks.

The impacts of climate change extend beyond agriculture, creating a complex web of interconnected challenges across various sectors. The energy sector faces disruptions due to changing rainfall patterns affecting hydroelectric power generation, while rising temperatures reduce the efficiency of geothermal plants and transmission systems. Infrastructure across the country experiences accelerated degradation from extreme weather events, leading to increased maintenance costs and disruption of essential services. The health sector confronts new challenges as changing weather patterns influence disease patterns and create additional burdens on healthcare systems. The tourism sector, a key foreign exchange earner, faces risks as climate change affects wildlife habitats and migration patterns.

Mitigation

The county should invest in climate-resilient infrastructure and adopt climate-smart agriculture to align agricultural development with climate resilience. Farmers should be supported in growing drought-resistant and fast-maturing crops to counter prolonged drought. Timely execution of development projects during favorable weather should be prioritized, alongside substantial investments in drainage systems and water harvesting for irrigation. Initiatives such as the tree planting program, targeting 15 billion trees by 2032, aim to enhance carbon sequestration and protect infrastructure from climate-related disasters.

- ***Dependency on agriculture***

Food security has caused serious problems in Kenya, such as rising poverty, growing inequality between households and regions, and a surge in social conflicts brought on by competition for resources like water and land. The county's primary industry for production and job development is agriculture, a vital economic pillar.

Mitigation

The government will reduce over-reliance on agriculture by offering citizens alternative investment opportunities through the construction of industrial parks and skills incubator centers. The government will also seek avenues for diversification through the introduction of new crop varieties, agro-processing and manufacturing.

- ***Delays in the release of funds***

Capital budgeting principles are used to model projects; thus, disbursement is a crucial component of project financial management. All relevant cash flows associated with the undertaking must be determined with a reasonable degree of accuracy in order to achieve the desired returns within the allotted time periods. The implementation of this strategy may be hampered by the National Treasury's delayed transfer of funding, which is the main source of county resources.

Mitigation

The county government will develop policies that will support enhanced revenue mobilization and institute austerity measures on non-priority recurrent expenditure as well as redirecting resources to finance priority growth-supporting programmes. There is a need to set realistic revenue targets and also increase the revenue collection bracket. While budgeting, priority should be given to unpaid complete projects (Pending bills) and ongoing phased projects.

- ***Natural Disasters and Man-made Hazards***

Natural disasters, both natural and human-induced, continue to pose great challenges to the county's economic and social stability. These events which range from droughts and floods to landslides, have resulted in major economic losses, displacement of communities, and loss of human life. The fiscal impact of these disasters is particularly concerning, as they often require immediate, unplanned expenditure that can strain government resources and disrupt planned development initiatives.

Mitigation

The county should advocate for a policy which provides a framework for coordinated disaster response and risk reduction. While the national government has an ongoing review and update of the Disaster Risk Financing Strategy (DRFS, 2023-2027), which is crucial as it aims to strengthen both National and County Governments' capacity to respond effectively to disasters while protecting development goals and maintaining fiscal stability, there is a need for the county to also strategize.

- ***Persistent Poverty and Economic Slowdown***

The economic repercussions of the Gen Z demonstrations, coupled with ongoing geopolitical tensions, have led to business closures and operational challenges. As a result, there has been job losses and reduced household incomes, exacerbating poverty and hindering economic growth.

Mitigation

Both national and county governments should work to enhance the business and governance environment to restore confidence, stability, and growth. Providing stimulus packages and incentives can aid business recovery. In preparing the FY 2025/26 budget, emphasis will be placed on aggressive revenue mobilization, including policy measures to increase revenue. A strong outcome in revenue collection will provide a solid foundation for supporting household incomes and job creation. The government also aims to support the private sector in creating opportunities and stimulating growth.