



**COUNTY BUDGET REVIEW AND
OUTLOOK PAPER
(CBROP), 2024**

SEPTEMBER, 2024

© County Budget Review and Outlook Paper (CBROP) 2024

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FOREWORD

This document is prepared in accordance with section 118 of the Public Finance Management Act, 2012, and its related regulations. It provides an overview of the fiscal performance for the financial year 2023/24, focusing on how well it aligns with the 2024 County Fiscal Strategy Paper (CFSP) and the Public Finance Management Act's objectives. In addition, it offers macroeconomic projections and sector ceilings for the fiscal year 2025/26 and the medium-term budget, highlighting deviations from the 2024 CFSP projections. The document also acts as a basis for revising the current FY 2024/25 budget and offers guidance on the financial policies supporting the medium-term plan.

The 2024 Budget Review and Outlook Paper (CBROP) has been crafted during a period of relative stability both globally and domestically. Globally, growth is projected to be 3.2% in 2024 and 3.3% in 2025, supported by recovery in regions like China, the Euro area, and the UK. However, this is offset by slowdowns in the US and Japan. Domestically, the Kenyan economy is on the path to recovery after shocks such as the COVID-19 pandemic, regional conflicts, and adverse climate impacts like droughts and floods in early 2024. These events caused essential commodity prices to rise, the Kenya Shilling to depreciate, and added strain to public debt.

In FY 2023/24, the county faced revenue mobilization challenges. Total revenue reached KShs. 19.10 billion, which was 82.3% of the target of KShs. 23.21 billion. The actual expenditure was KShs. 17.85 billion, showing an absorption rate of 76.9%, with recurrent and development expenditure at 87.9% and 51.3%, respectively. Revenue grew by 14.7% compared to FY 2022/23, while Own Source Revenue (OSR) increased by 26.3%, reaching KShs. 4.56 billion.

As the county prepares for the FY 2025/26 budget, several challenges persist. These include delays in exchequer releases, missed OSR targets, carryovers in expenditures, pending bills, and increased demand for priority interventions. These factors continue to pressure the county's limited resources. In response, the County Government aims to pursue fiscal consolidation, reduce deficits, and prevent the accumulation of pending

bills. This strategy will focus on improving revenue mobilization and reprioritizing expenditures while maintaining essential programs and social spending.

To enhance Own Source Revenue, the County Government plans to operationalize the Kiambu Revenue Authority, harmonize parking fees, reclassify areas into municipalities, and introduce new charges like AirBnB and streetlight advertising fees. Efficiency improvements will be achieved through the implementation of integrated systems, enhancement of tax compliance laws, and better oversight of revenue streams. Additionally, legislation on revenue management will be developed, and hospital collections and rebates will continue to be ring-fenced.

Finally, the National Government has directed a transition from cash to accrual-based accounting to improve cash management and financial reporting. This will enable the county to account for all assets and liabilities. Moreover, the County Government is expected to adopt a Zero-Based Budgeting approach for FY 2025/26 and future budgets. In the constrained fiscal environment, emphasis will be placed on aggressive revenue mobilization, prioritization of resource allocation, and alignment of budgets with county objectives. Departments must ensure their budgets boost productivity and support economic recovery, with wasteful expenditures eliminated and justified budget items prioritized.

NANCY KIRUMBA
COUNTY EXECUTIVE COMMITTEE MEMBER
FINANCE, ICT & ECONOMIC PLANNING

ACKNOWLEDGEMENT

The 2024 County Budget Review and Outlook Paper (CBROP) was prepared in line with the Public Finance Management (PFM) Act 2012 and its regulations. It provides an analysis of fiscal outcomes for FY 2023/2024, outlines macroeconomic projections, and sets indicative sector budget ceilings for FY 2025/2026 as well as the Medium-Term Budget framework. It also provides an overview of how the actual performance of the FY 2023/24 affected compliance on the fiscal responsibility principles and the financial objectives outlined in the PFM Act, 2012. The 2024 CBROP will form the basis for the development of the 2025 County Fiscal Strategy Paper, (CFSP) that will detail the various programmes and initiatives that will be undertaken during the CIDP 2023-2027.

The execution of the FY 2023/24 budget faced significant challenges in revenue mobilization and financing, leading to cash flow issues and the buildup of unpaid bills. As the FY 2025/26 budget is being prepared amid a stabilizing global economy, with a projected dip in growth for 2024 followed by a recovery in 2025, there is a strong focus on prioritizing high-impact programs that will benefit residents. Departments and Sector Working Groups (SWGs) are urged to engage the public and stakeholders in shaping sector priorities for the next fiscal period to ensure optimal resource allocation. The County Government remains committed to aligning its spending with development objectives while navigating the fiscal pressures resulting from revenue shortfalls and growing expenditure demands. The CBROP underscores the need for robust fiscal discipline and collaboration across departments to ensure the budget meets its development goals.

The preparation of the CBROP involved close collaboration between various County departments, under the leadership of the County Executive Committee Member for Finance, ICT and Economic Planning. Special appreciation goes to H.E. Governor Dr. Kimani Wamatangi for his leadership and support. Recognition is also given to the County Treasury core team from the Budget and Economic Planning directorates for their dedication in compiling this paper, along with the valuable contributions of other County Treasury staff who played a key role in the process.

WILLIAM KIMANI
CHIEF OFFICER, FINANCE & ECONOMIC PLANNING

Legal Basis for the Publication of the County Budget Review and Outlook Paper

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

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

Fiscal Responsibility Principles to be enforced by the County Treasury

In line with the Constitution, the Public Financial Management (PFM) Act, 2012, sets out the fiscal responsibility principles that the County Treasury need to enforce. The PFM law (Section 107) states that:

(1) A County Treasury shall manage its public finances in accordance with the principles of fiscal responsibility set out in subsection (2) and shall not exceed the limits stated in the regulations.

(2) In managing the County Government's public finances, the County Treasury shall enforce the following fiscal responsibility principles

- a. The County Government's recurrent expenditure shall not exceed the County Government's total revenue.
- b. Over the medium term a minimum of thirty percent of the County Government's budget shall be allocated to the development expenditure.
- c. The County Government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the County Government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly.
- d. Over the medium term, the County Governments' borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.
- e. The county debt shall be maintained at a sustainable level as approved by County Assembly.
- f. The fiscal risks shall be managed prudently; and
- g. A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.

(3) For the purposes of subsection (2) (d), short term borrowing shall be restricted to management of cash flows and shall not exceed five percent of the most recent audited county government revenue.

(4) Every County Government shall ensure that its level of debt at any particular time does not exceed a percentage of its annual revenue specified in respect of each financial year by a resolution of the County Assembly.

(5) The regulations may add to the list of fiscal responsibility principles set out in subsection (2).

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ABBREVIATIONS AND ACRONYMS

CADP	County Annual Development Plan
CARA	County Allocation of Revenue Act
CBROP	County Budget Review and Outlook Paper
CECM	County Executive Committee Member
CFSP	County Fiscal Strategy Paper
CG	County Government
CIDP	County Integrated Development Plan
OCOB	Office of Controller of Budget
COVID	Coronavirus Disease
FY	Financial Year
GDP	Gross Domestic Product
IFMIS	Integrated Financial Management Information System
KDSP	Kenya Devolution Support Program
KUSP	Kenya Urban Support Program
MDAs	Ministries, Departments and Agencies
MTEF	Medium Term Expenditure Framework
MTP	Medium-Term Plan
NG	National Government
OSR	Own Source of Revenue
PFMA	Public Financial Management Act
UDG	Urban Development Grant
USSD	Unstructured Supplementary Service Data

I. INTRODUCTION

Objective of the 2024 County Budget Review and Outlook Paper (CBROP)

1. The 2024 County Budget Review and Outlook Paper (CBROP) offers an assessment of fiscal performance for the financial year 2023/24, with a focus on compliance with the objectives and principles set forth in the 2023 County Fiscal Strategy Paper (CFSP) and the Public Finance Management (PFM) Act of 2012. Additionally, it presents macroeconomic projections and sector ceilings for the fiscal year 2025/26 and the medium-term budget. It also highlights any deviations from the projections outlined in the 2024 CFSP. Moreover, the CBROP serves as a foundation for revising the current budget for FY 2024/25 and provides guidance on the financial policies supporting the medium-term plan.
2. The 2024 County Budget Review and Outlook Paper (CBROP) serves as the foundation for developing the 2025 County Fiscal Strategy Paper (CFSP), which will outline the progress made in implementing the County Integrated Development Plan (CIDP 2023-2027) and the County Annual Development Plan. This process also includes the preparation of the fiscal year 2025/26 and medium-term budget, guided by the Budget Calendar. The FY 2025/26 Budget Calendar adheres to the timelines set forth in the Public Finance Management (PFM) Act, 2012, and includes the following key milestones from September 2024 to June 2025:
 - **Preparation of the FY 2025/26 Medium-Term Expenditure Framework (MTEF) Budget Proposals:** This stage involves the development of MTEF Sector Budget proposals, with an emphasis on conducting Public Sector Hearings to ensure stakeholder engagement by November, 2024.
 - **2025 County Fiscal Strategy Paper (CFSP):** The preparation of the 2025 CFSP will commence after the approval of the 2024 CBROP and will be based on budget proposals submitted by the various departments. Once prepared, the CFSP will be presented to the Executive Committee for approval, followed by submission to the County Assembly by 28th February, 2025.
 - **Preparation of Draft Budget Estimates and Finance Bill, 2025:** The draft Budget Estimates and the Finance Bill for 2025 will be submitted to both the

Executive Committee and the County Assembly for consideration by 30th April, 2025.

- **Approval and Assent of the Appropriation Bill, 2025, and the Finance Bill, 2025:** The final approval and assent of both the Appropriation Bill and the Finance Bill are expected by 30th June 2025.
3. In compliance with the Public Finance Management (PFM) Act of 2012, the annual budget process aims to enhance the efficiency and effectiveness of revenue mobilization and County Government spending, ensuring debt sustainability and fostering economic growth. Within this framework, the 2024 County Budget Review and Outlook Paper (CBROP) sets sector ceilings that will guide the budget preparation process for FY 2025/26 and the medium term. These sector ceilings are aligned with the County Government's priorities, emphasizing high levels of service delivery while maintaining manageable levels of pending bills.
 4. With this background, the remainder of this paper is organized as follows: Section II reviews the fiscal performance for FY 2023/24 and its implications for the financial objectives set out in the County Fiscal Strategy Paper, Section III provides an overview of recent economic developments and updates the macroeconomic outlook, Section IV examines the implementation of the FY 2024/25 Budget, Section V outlines the resource allocation framework, Section VI presents the budget framework for FY 2025/26, Section VII concludes the paper.

II. REVIEW OF FISCAL PERFORMANCE ON THE FY 2023/2024 BUDGET

Overview

5. The execution of FY 2023/24 was hampered by challenges in revenue mobilization. The total revenues were KShs. 19.10 billion, slightly below the revised target of KShs. 23.21 billion. This represented an overall revenue performance of 82.3 percent against the set target.
6. The actual expenditure for the fiscal year 2023/24 amounted to KShs. 17.74 billion, compared to the budget estimate of KShs. 23.21 billion, indicating an absorption rate of 76.4 percent. Under recurrent expenditure, the absorption rate was 88 percent of the total recurrent budget, while the development expenditure was 49.5 percent of the total development budget.
7. Total revenue exhibited growth, rising from KShs. 16.65 billion in the 2022/23 financial year to KShs. 19.10 billion in the 2023/24 financial year, indicating a 14.7 percent increase in revenue. Notably, Own Source Revenue (OSR) increased by 26.3 percent from KShs. 3.61 billion in the 2022/23 fiscal year to KShs. 4.56 billion in the 2023/24 financial year.
8. Due to the missed targets on both National Government, Development partners and own source revenue in the FY 2023/24 budget, the budget was under funded by KShs. 4.11 billion translating to 17.7 percent.

Table 1: Fiscal Outturn for the FY 2023/24

Fiscal Outturn FY 2023/2024					
	2022/2023	2023/2024			
	Actual	Target	Actual	Deviation (Target Vs Actual)	Absorption %
Total Revenue	16,649,680,377	23,214,856,470	19,101,809,706	(4,113,046,764)	82.3
National Government Transfer	11,967,789,342	12,227,552,449	11,249,348,252	(978,204,197)	92.0
Own Source Revenue	3,608,767,153	6,995,366,310	4,575,500,258	(2,419,866,052)	65.4
Adjustments to Cash basis (CRF Balances)	1,041,432,882	2,548,373,211	2,548,373,211	-	100.0
Other County Donors/partners	31,691,000	1,443,564,500	728,587,985	(714,976,515)	50.5
Total Expenditure	14,072,983,717	23,214,856,470	17,742,437,766	(5,472,418,704)	76.4
Recurrent	12,422,182,371	16,249,459,401	14,297,911,233	(1,951,548,168)	88.0
Development	1,650,801,346	6,965,397,069	3,444,526,533	(3,520,870,536)	49.5

*Source: County Treasury***A. FY 2023/2024 Fiscal Performance****I. REVENUE PERFORMANCE**

9. The total revenue for the year under review was KShs. 19.10 billion, which constituted 82.3 percent of the annual target of KShs. 23.21 billion. This marked a slight increase of 14.7 percent compared to the previous fiscal year, FY 2022/23, which amounted to KShs. 16.65 billion.
10. From the revenue budget, the main source of revenue for the County Governments in the FY 2023/2024 was Equitable Share of KShs. 12.22 billion accounting for 52.67 percent of the total County revenue. During the same period, additional allocations to the County Governments from the National Government's share of revenue as well as from proceeds of loans and grants was Kshs.1.44 billion which accounted for 6.21 percent of the budgeted revenue while own source revenue was Kshs.6.69 billion translating to 30.13 percent of the budgeted revenue. Other revenues of KShs 2.54 billion accounted for 10.9 percent of the total revenues.

Table 2: Revenue Performance in Financial Year 2023/24

Revenue Performance FY 2023/2024 (KShs)						
		FY 2022/2023	FY2023/2024			
	Revenue Source	Actual	Target	Actual	Deviation (KShs)	Actual to Target %
A	Total revenue from National Government	11,967,789,342	13,588,560,914	11,904,672,602	(1,683,888,312)	87.6%
	Equitable Share Allocation	11,717,525,720	12,227,552,449	11,249,348,252	(978,204,197)	92.0%
	Additional Conditional Allocations	250,263,622	1,361,008,465	655,324,350	(705,684,115)	48.1%
B	Own Source Revenue(OSR)	3,608,767,153	6,995,366,310	4,575,500,258	(2,419,866,052)	65.4%
C	Other Revenues	1,073,123,882	2,630,929,246	2,621,636,846	(9,292,400)	99.6%
	Totals County Revenue	16,649,680,377	23,214,856,470	19,101,809,706	(4,113,046,764)	82.3%

Source: County Treasury

a) Equitable Share

11. As provided for under the County Allocation of Revenue Act (CARA), 2023 the County Government projected to receive KShs. 12.23 billion for FY 2023/24. During the period under review the County received KShs. 11.24 Billion representing 92 percent of the targeted revenue. This delay in disbursement was occasioned by the underperformance of the nationally raised revenue.

b) Additional Allocations

12. As provided for under County Government Additional Allocation Act (CGAAA), 2024, the County expected to receive KShs. 1.36 Billion. During the period under review, the actual conditional grant received was KShs. 0.65 billion, representing 48.5 percent of the annual target.

13. The underperformance in the transfer of additional allocations to the County Governments was as a result of: the late approval of CGAAA 2024; delays in finalisation of a framework to transfer of revenue from Court fines; omission by the MDAs to reflect some additional allocations in their budget appropriation to support the disbursement for FY 2023/24, shortfall in collection of ordinary revenue by the National Government and weak compliance by County Governments to the conditions provided for the grants;. The regulations to support the transfer of 10

percent share of Mineral Royalties due to communities are being finalized by the State Department for Mining.

14. The amendments of Section 191A-E of the PFM Act 2012 further delayed the execution of the budget. This required the National Treasury to enter into intergovernmental agreements with the County Governments for transfer of conditional allocations. The National Treasury coordinated the formulation of a model Intergovernmental Agreement which was submitted to the county governments for ratification. The stakeholders noted challenges in operationalization of the intergovernmental agreement due to duplication in public participation in the budget processes and potential delay in budget execution. Consequently the stakeholders have petitioned Parliament to consider repealing the Section 191.

15. The table below summarizes the revenue from the conditional grants for the period under review.

Table 3: Revenue from the Conditional Grant for the FY 2023/24

Conditional Grants Performance FY 2023/2024 (KShs)					
	FY 2022/2023	FY 2023/2024			
	Actual	Target	Actual	Deviation	Actual to Target %
CONDITIONAL ALLOCATIONS	250,263,622	1,361,008,465	655,324,350	(705,684,115.0)	48.1%
Industrial Park & Aggregation Centers Grant	0	250,000,000	64,000,000	(186,000,000.0)	25.6%
Provision of fertilizer subsidy programme	0	159,665,074	0	(159,665,074.0)	0.0%
Court Fines	0	5,084,684	0	(5,084,684.0)	0.0%
Mineral Royalties	0	10,139,863	0	(10,139,863.0)	0.0%
IDA(World bank) credit-Kenya Urban Support project (KUSP)	8,312,711	0	0	-	0.0%
DANIDA Grant - Universal Healthcare for Devolved System Program	30,420,709	17,209,500	17,209,500	-	100.0%
Sweden- Agricultural Sector Development Support Programme (ASDSP II)	23,255,565	2,583,952	2,583,952	-	100.0%
World Bank Credit - National Agricultural & Rural Inclusive Growth Project (NARIGP)	69,625,000	223,275,969	51,435,541	(171,840,428.0)	23.0%

Conditional Grants Performance FY 2023/2024 (KShs)					
	FY 2022/2023	FY 2023/2024			
	Actual	Target	Actual	Deviation	Actual to Target %
IDA(World bank) National Agricultural Value Chain development Project (NAVCDP)	67,192,729	200,000,000	195,533,663	(4,466,337.0)	97.8%
World Bank credit: Kenya Informal Settlement Improvement Project (KISIP II)	40,456,908	200,000,000	200,000,000	-	100.0%
IDA(World bank) FLLoCA-County climate institutional support (CCIS) Grant	11,000,000	24,982,967	24,982,967	-	100.0%
IDA(World bank) FLLoCA-County climate Resilience Investment (CCRI) Grant	0	99,578,725	99,578,726	1.0	100.0%
Livestock value chain support project	0	149,092,200	0	(149,092,200.0)	0.0%
Aquaculture business development project ABDP	0	19,395,531	0	(19,395,531.0)	0.0%

Source: County Treasury

c) County Own Source Revenue Performance

16. The County Government realized KShs. 4.58 billion on Own Source Revenue (OSR) during the financial year, which was 65.4 percent of the annual target of KShs. 6.9 billion. This signifies a **notable increase of 26.3 percent** compared to the KShs. 3.61 billion generated during a similar period in FY 2022/23. The increase in OSR can be attributed to the introduction of a new ERP revenue system, the issuance of waivers on land rates that encouraged the public to pay, the creation of various task forces in tandem with Huduma Mashinani and RRI initiatives that helped in collection, supervising, and public sensitization on revenue matters through the introduction of bulk SMS as a reminder of payments due.
17. Among the various revenue streams, certain categories stood out with impressive collections: **Physical Planning Unit** achieved the highest at KShs. 818.5 million, followed by **Land Rates Unit** at KShs. 809.5 million, and **Hospital collections** at 728.1 million.

18. Notably, there was substantial growth across majority of the revenue streams as compared to the previous financial year, 2022/2023. This growth can be attributed to the revenue strategies as indicated above.

Table 4: Own Source Revenue FY 2023/2024

Performance of Own Source Revenue						
Revenue Stream	FY 2021/2022	FY2022/2023	FY 2023/2024			
			Target	Actual	Variance	% Actual V
Physical Planning unit	634,319,888	673,562,111	1,460,645,457	818,519,284	(642,126,173)	56%
Land rates Management unit	353,175,454	391,204,532	1,728,209,335	809,524,449	(918,684,886)	47%
Hospital Collections	1,106,728,631	1,182,161,856	811,300,000	728,193,767	(83,106,234)	90%
NHIF	-	-	725,000,000	513,510,472	(211,489,528)	71%
Business Permit Management Unit	249,817,482	351,943,207	450,650,500	410,991,174	(39,659,326)	91%
Vehicle Parking Management unit	286,712,501	334,347,143	602,132,055	349,983,230	(252,148,825)	58%
Liquor Licences Management unit	212,248,226	133,529,837	350,000,000	276,844,559	(73,155,441)	79%
Public Health	-	166,788,049	250,000,000	247,280,473	(2,719,527)	99%
Roads,Transport,Public Works Manageme	65,556,232	82,816,080	180,310,302	114,007,839	(66,302,463)	63%
Water Environment & Natural Resources M	69,096,418	87,679,330	102,805,757	113,500,077	10,694,320	110%
Cess Management Unit	92,137,523	69,083,883	156,921,249	84,873,810	(72,047,439)	54%
Agriculture	3,128,053	44,754,778	83,395,975	50,769,904	(32,626,071)	61%
Administration	14,226,075	4,346,407	28,374,145	25,711,958	(2,662,187)	91%
Housing Management unit	18,501,521	22,431,374	35,450,000	16,474,614	(18,975,386)	46%
Market Management unit	6,688,473	8,789,222	15,525,226	9,423,209	(6,102,017)	61%
Trade,Tourism Industry and Cooperative u	4,733,717	6,317,626	11,646,309	3,871,199	(7,775,110)	33%
Youth and Sports			1,500,000	1,168,500	(331,500)	78%
Education,Culture & Social Services Unit	231,500	586,000	1,500,000	851,740	(648,260)	57%
Slaughter Management unit	32,551,886	-	-	-	-	0%
Miscellaneous receipts	-	48,425,718	-	-	-	0%
TOTAL	3,149,853,580	3,608,767,153	6,995,366,310	4,575,500,258	(2,419,866,052)	65%

Source: County Treasury

d) Other Revenues

19. The County Government had budgeted for KShs 2.63 billion as revenue from other sources. This amount comprised of closing balances brought forward in the County Revenue Fund (CRF) from the previous financial year of KSh. 2.55 billion, KShs. 39.36 million from Nutritional international and KShs 43.2 million from MSF Belgium grant intended to support drug and substance rehabilitation programs at Karuri level 4 hospital.

20. The actual receipts for this revenue category were KShs. 2.62 billion representing 99.6 percent of the targeted revenue as shown the table below.

Table 5: Performance of other revenues

Other Revenue Performance FY 2023/2024 (KShs.)					
Revenue Source	FY 2022/23	FY 2023/2024			Actual to Target %
	Actual	Actual	Target	Deviation	
Other Revenue	1,073,123,882	2,621,636,846	2,630,929,246	(9,292,400)	99.6
Adjustments to Cash Basis (CRF)	1,041,432,882	2,548,373,211	2,548,373,211	-	100
MSF Belgium	31,691,000	40,735,000	43,200,000	(2,465,000)	94.3
Nutrition International (N.I) Project	-	32,528,635	39,356,035	(6,827,400)	82.7

Source: County Treasury

II. COUNTY EXPENDITURE PERFORMANCE

Comprehensive Expenditure Review

21. In the fiscal year 2023/24, the County Government's approved supplementary budget amounted to KShs. 23.21 billion. This budget was divided into KShs. 6.97 billion (30 percent) allocated to development programs and KShs. 16.25 billion (70 percent) designated for recurrent programs.

22. During the period under review, KShs. 17.85 billion was requisitioned and approved by the Office of the Controller of Budget (OCoB) for use. KShs. 3.57 billion was requisitioned under development expenditure and KShs. 14.29 billion was requisitioned under recurrent expenditure.

a) Recurrent Expenditure

23. The County Government's recurrent expenditure was KShs. 14.29 billion, equivalent to 88 percent of the revised recurrent budget of KShs. 16.25 billion. This resulted in a deviation of KShs. 1.95 billion from the approved recurrent budget. The decline was primarily due to unrealized projected revenues, particularly shortfalls in OSR, delayed exchequer releases and unremitted conditional grants by the National Government.

24. Under recurrent expenditure, the Departments of Education, Gender, Culture and Social Services; Finance, ICT and Economic Planning, and Health Services, achieved the highest absorption rates, recording 91.7 percent, 91.4 percent and 90.2 percent respectively.

Expenditure on Personnel Emoluments

25. The total expenditure on Personnel emolument was KShs. 8.46 billion which accounted for 44.3 percent of the County total revenue. Under County Executive, Personnel emoluments (PE) amounting to KShs. 7.89 billion was paid while KShs. 571.84 million expended by the County Assembly for the period under review.

b) Development Expenditure

26. The total development expenditure for FY 2023/24 was KShs. 3.44 billion, which was 49.5 percent of the development budgetary allocation of KShs. 6.97 billion.

27. The departments of Administration and Public service recorded the highest absorption at 72.2 percent; followed by department of Lands, Housing, Physical Planning and Municipal Administration and urban development recorded absorption of 70.1 percent and departments of Education, Gender, Culture and Social Services recorded 65.2 percent.

28. The table below summarizes Budget Absorption per Department FY 2023/2024 during the reporting period.

Table 6: Budget Absorption per Department FY 2023/2024

Budget Absorption per department FY 2023/2024					
Vote	Department	Approved Budget (AB)	Actual Expenditure (AE)	Deviation (AB-AE)	Absorption AE/AB
	Recurrent	Amount	Amount	Amount	%
4061	County Assembly	1,628,986,518	1,419,787,046	209,199,472	87.2
4062	County Executive	401,228,125	350,662,604	50,565,521	87.4
4063	County Public Service Board	87,510,971	71,701,366	15,809,605	81.9
4064	Finance ICT & Economic Planning	1,501,473,007	1,372,337,343	129,135,664	91.4
4067	Water Environment Energy & Natural Resources	570,432,148	504,159,007	66,273,141	88.4
4068	Health Services	7,534,396,296	6,773,520,811	760,875,485	89.9
4073	Roads, Transport & Public Works	749,109,521	614,521,020	134,588,501	82.0
4075	Administration & Public Service	988,884,296	885,303,614	103,580,682	89.5
4077	Agriculture, Livestock and Cooperatives	482,186,507	350,543,379	131,643,128	72.7
4078	Education, Gender, Culture & Social Services	1,558,953,068	1,432,155,623	126,797,445	91.9
4079	Youth Affairs, Sports & Communication	159,393,228	140,561,052	18,832,176	88.2
4080	Lands,Housing,Physical Planning &Municipal Administration and Urban Development	406,227,109	276,397,900	129,829,209	68.0
4081	Trade, Tourism, Industrialization and Investments	180,678,607	106,260,468	74,418,139	58.8
	Total Recurrent	16,249,459,401	14,297,911,233	1,951,548,168	88.0
	Development				
4061	County Assembly	127,000,000	-	127,000,000	-
4062	County Executive	-	-	-	-
4063	County Public Service Board	-	-	-	-
4064	Finance ICT & Economic Planning	141,966,018	63,489,406	78,476,612	44.7
4067	Water Environment Energy & Natural Resources	628,158,725	232,754,385	395,404,340	37.1
4068	Health Services	882,480,531	503,296,176	379,184,355	57.0
4073	Roads, Transport & Public Works	1,986,648,652	1,082,707,776	903,940,876	54.5
4075	Administration & Public Service	68,573,666	49,480,628	19,093,038	72.2
4077	Agriculture, Livestock and Cooperatives	1,319,198,405	677,367,374	641,831,031	51.3
4078	Education, Gender, Culture & Social Services	590,436,275	384,731,535	205,704,740	65.2
4079	Youth Affairs, Sports & Communication	125,990,755	35,089,638	90,901,117	27.9
4080	Lands,Housing,Physical Planning &Municipal Administration and Urban Development	363,470,833	254,623,664	108,847,169	70.1
4081	Trade, Tourism, Industrialization and Investments	731,473,209	160,985,951	570,487,258	22.0
	Total Development	6,965,397,069	3,444,526,533	3,520,870,536	49.5
	Total Recurrent+Development	23,214,856,470	17,742,437,766	5,472,418,704	76.4

Source: County Treasury

c) County Established Funds

29. Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.2.56 billion to county established funds in FY 2023/24, constituting 11 per cent of the County's overall budget for the year. Actual expenditure during the financial year under review was KShs. 1.73 billion. The table below summarizes each established Fund's budget allocation and performance during the reporting period.

Table 7: Performance of County Established Funds

County Established Fund performance As at 30th June 2024 (Kshs.)				
Vote	Name of the Fund	Approved Budget	Actual Transfer	% Absorption
		Amount	Amount	%
4061	Kiambu County Assembly Car loan & Mortgage scheme fund	328,232,000	0	0
4061	Kiambu County Assembly Staff Mortgage Scheme Fund	0	0	0
4062	Kiambu County Executive Car Loan & Mortgage Scheme Fund	650,000	0	0
4064	Kiambu County Emergency Fund	50,000,000	50,000,000	100
4067	Kiambu County Climate change Fund	304,061,962	129,578,726	42.6
4068	Kiambu County Health Services improvement Fund	1,536,000,000	1,213,497,779	79
4075	Kiambu County Alcoholic Drinks Control Fund	42,000,000	32,000,000	76.2
4078	Kiambu County Education Bursary Fund	300,000,000	300,000,000	100
4079	Kiambu County Jjinue Fund	0	0	0
	Total	2,560,943,962	1,725,076,505	67.4

Source: County Treasury

d) Pending Bill

30. In the fiscal year 2023/24, the County Government allocated KShs. 686.3 million in the approved budget estimates to address pending bills, covering both recurrent and development expenditures. Specifically, KShs. 294 million was allocated from the recurrent budget, with an additional KShs. 392 million from the development budget.

31. During the period under review, the County Government committed, through a letter to the Office of the Controller of Budget, to pay KShs. 25 million per exchequer towards the settlement of pending bills. However, the County Government was only able to pay KShs. 386.8 million during this period due to missed revenue targets.
32. To prudently manage fiscal risk, the County Government, under the new administration, has implemented stringent spending measures, contingent on the availability of funds and alignment with the approved budget estimates.
33. . The County Government is committed to maintaining pending bills at a sustainable level, recognizing that an excessively large outstanding bill negatively impacts service delivery to the residents of Kiambu County, especially when a significant portion of development funds is diverted to settling bills rather than funding development projects. This goal will be achieved by reducing county expenditures and exploring strategies to augment available resources, thereby preventing budgetary deficits.
34. Further, in efforts to address the threat of the ballooning pending bills owed by the County Governments, the Senate recommended that all County Governments pay all verified pending bills amounting to less than KShs. 1 billion by the end of the FY 2024/25. The Senate further, resolved that:
 - a) County Governments prepare and submit to the Controller of Budget a payment plan prioritizing payment of pending bills as a first charge on the County Revenue Fund.
 - b) The Controller of Budget takes into consideration the efforts made by a County Government to clear inherited pending bills when approving exchequer releases.
 - c) County Governments shall only pay pending bills contained in their respective procurement plans.
 - d) Supplementary budgets for County Governments are prepared in the third quarter to curb instances of arbitrary re-allocations out of the approved budget estimates.

35. Table below provides a summary of the pending bills owed by the county government as of June 30, 2024.

Table 8: Summary of pending bills as at 30th June 2024

Pending bills report as at 30th June 2024				
Vote	Department	Recurrent	Development	Totals
4062	County Executive	54,063,385		54,063,385
	Legal Department	100,017,355		100,017,355
4063	County Public Service Board	16,977,469		16,977,469
4064	Finance ICT & Economic Planning	1,220,887,233	8,401,866	1,229,289,099
4067	Water Environment Energy & Natural Resources	61,970,925	110,570,060	172,540,985
4068	Health Services	2,378,931,915	295,309,516	2,674,241,431
4073	Roads, Transport & Public Works	40,231,028	1,613,514,010	1,653,745,038
4075	Administration & Public Service	71,840,506	1,352,180	73,192,686
4077	Agriculture, Livestock and Cooperatives	22,230,978	74,031,610	96,262,588
4078	Education, Gender, Culture & Social Services	28,340,399	130,644,291	158,984,690
4079	Youth Affairs, Sports & Communication	13,641,778	29,068,651	42,710,429
4080	Lands, Housing, Physical Planning & Municipal Administration and Urban Development	54,462,054	4,588,159	59,050,213
4081	Trade, Tourism, Industrialization and Investments	5,420,305	51,392,134	56,812,439
	TOTAL	4,069,015,330	2,318,872,477	6,387,887,807

Source: County Treasury

Fiscal Performance for the Financial Year 2023/24 with Regard to Fiscal Responsibilities Principles

36. In line with the Constitution, the PFM Act Cap. 412, the PFM Regulations, and in keeping in line with prudent and transparent management of public resources, the County Government has largely adhered to the fiscal responsibility principles as set out in the statute as follows:

(a) Recurrent Expenditure as a Percentage of Total Revenue

37. On the principle that the County Government's recurrent expenditure shall not exceed the county government's total revenue, the County Government's actual recurrent expenditure of KShs. 14.3 billion did not exceed the County Government's

total revenue of KShs. 19.10 billion hence the County has complied with the fiscal responsibility principle.

(b) Development Budget as a Percentage of the Total Budget

38. Section 107(2) (b) of the Public Finance Management (PFM) Act, 2012, requires that, over the medium term, a minimum of thirty percent of the county government's budget be allocated to development expenditure.
39. In the financial year 2023/2024, the budget allocation for development expenditure was KShs. 6.96 billion, representing 30 percent of the revised total county budget. The County adhered to the legal requirement of allocating at least 30 percent of the total budget to development expenditure.
40. During the same period under review, the actual development spending for the County Government amounted to KShs. 3.41 billion, translating to 49 percent of the development budget and 14.7 percent of the total budget for FY 2023/2024.
41. To improve the absorption of development expenditure, the County Government plans to reduce recurrent expenditure and enhance revenue collection, thereby creating more fiscal space for investment in development projects. It is important to note that missing revenue targets can hinder the absorption of development expenditure, as most recurrent expenses are non-discretionary and cannot be deferred.
42. Additionally, the low absorption of capital expenditure can be attributed to several factors, including delayed disbursements from the National Treasury, underperformance in Own Source Revenue (OSR) collection, failure to receive some conditional grants for development projects, and lengthy procurement processes. The County also faced challenges related to pending bills, which made it difficult to attract reliable vendors and suppliers for the timely delivery of goods and services, leading to delays in project implementation.

(c) Expenditure on Wage Bill as a Percentage of Total Revenue

43. Regulation 25 (1) (a) and (b) of the PFM (County Governments) Regulations 2015 provides that the County Governments' expenditure on wages and benefits for its public officers shall not exceed thirty-five (35) percent of the County Government's total revenue. During FY 2023/24, expenditure on the wage bill amounted to KShs. 8.46 billion, accounting for 44.3% of the total revenue of KShs. 19.10 billion, against a PFMA, 2012 required threshold of 35 percent. This was an improvement from 49.8 percent incurred in the previous 2022/23 financial year.
44. Since the inception of devolution, the county government have faced significant challenges in adhering to this wage bill ceiling requirement, primarily due to external factors. These factors include nationwide Collective Bargaining Agreements (CBAs) that counties are obligated to implement without additional financial provisions, such as the CBAs for nurses and doctors, which have strained the County Government's financial resources. Additionally, counties inherited large workforces from devolved units, particularly in the health sector. Further, inadequate resource allocations from the national government to counties and periodic salary reviews by the Salaries and Remuneration Commission (SRC) have contributed to the ongoing rise in the wage bill.
45. Moving forward, the County Government is committed to reducing the proportion of expenditure on wages to free up more resources for development activities, in compliance with legal requirements. Strategies to achieve this goal include streamlining the public service, negotiating with the National Government through the Council of Governors and the Intergovernmental Budget and Economic Forum (IBEC) to secure additional resources for counties, and enhancing efforts to improve Own Source Revenue (OSR) mobilization. The County will also focus on implementing and strengthening performance management systems, restructuring and reorganizing the County's organizational structure, staff rationalization, and fully automating the County payroll.

(d) Over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;

46. The County Government did not borrow any funds during the period under review.

(e) The County debt shall be maintained at a sustainable level;

47. The County Government did not have any public debts during the period under review.

(f) Prudent Management of Fiscal Risk

48. Section 107 (2) (f) of the PFM Act, 2012 requires the County Treasury to manage their fiscal risks prudently. During the review period, a number of fiscal risks were identified in revenue and expenditure performance. These are:

- i. **High expenditure on wage bill** that lowers the ability of county government to meet financial obligations on operations & maintenance and development requirements; and,
- ii. **Missed revenue targets**, which results in an unfunded budget resulting in accumulation of pending bills.
- iii. **Pending bills** that negatively affects effective delivery of public services.

49. The County Government is committed to mitigate on all risks identified above as demonstrated in this document.

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

50. On the principle of maintaining a reasonable degree of predictability with respect to the level of tax rates and the tax base, the County Government continues to carry out revenue reforms and amendments by revising its fees and charges through the proposed 2023 Finance Act.

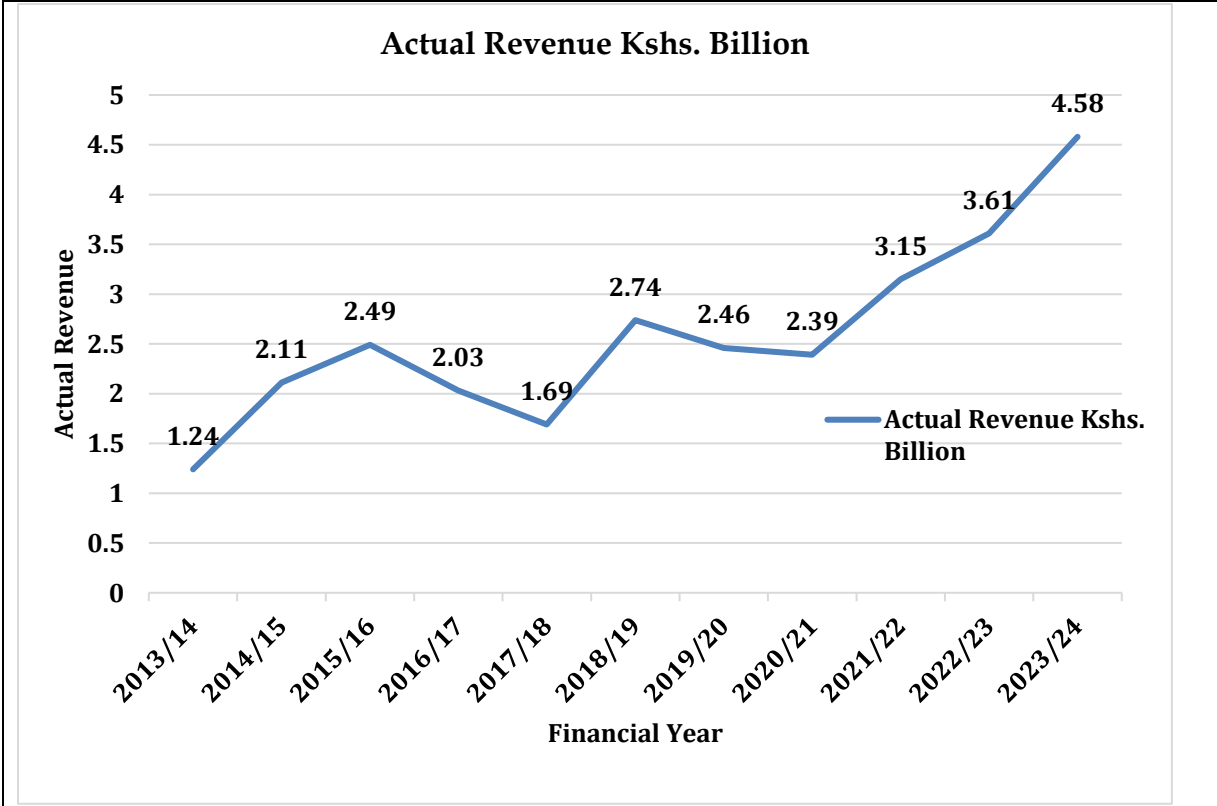
Fiscal Performance for FY 2023/24 in Relation to Financial Objectives

51. In FY 2023/24, the County Government set several key financial objectives aimed at strengthening financial management and improving fiscal performance:

a. Enhancing Own Source Revenue (OSR) Collection

52. During FY 2023/24, the focus was on achieving an annual target of KShs. 7.98 billion on own source revenue (OSR), without raising fees and charges during the period. A comprehensive study on OSR and the tax gap, conducted by the Commission on Revenue Allocation (CRA) with support from the World Bank in June 2022, indicated the county's potential to collect up to KShs. 13.9 billion.

53. In FY 2023/24, the County generated a total of KShs. 4.58 billion from its various revenue streams, including Facility Improvement Fund (FIF). This represented a 26.4 percent increase compared to the KShs. 3.61 billion collected in FY 2022/23 and accounted for 65.4 percent of the annual revenue target. This was the highest OSR collection in recent years, indicating the county's potential to further increase OSR with intensified efforts.



Source: County Treasury

b. Ensuring Effective, Efficient, and Economic Use of Public Resources

54. During the period under review, the County Government aimed to maintain strict control over public expenditure, prioritizing essential services and investments in growth-enhancing sectors. This objective was to be achieved through the enforcement of budgetary discipline, the elimination of wasteful spending, and the streamlining of government operations to achieve cost savings.
55. However, under-spending was observed in both the recurrent and development budgets for FY 2023/24, due to several factors including delayed disbursements from the National Treasury, underperformance in OSR collection, non-receipt of certain conditional grants for development projects, lengthy procurement processes, and challenges related to pending bills. Notably, the monthly exchequer release for June 2024 was delayed until the current financial year (FY 2024/25), all these significantly affecting fund absorption.
56. In response, the County Government plans to implement measures to improve resource absorption and has embarked on an aggressive campaign to mobilize OSR during FY 2024/25, ensuring full funding of the budget.

III. RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

Global Economic Performance

57. This County Budget Review and Outlook paper is prepared when the global economy is stabilizing. The global growth is projected at 3.2 percent in 2024 and 3.3 percent in 2025 from 3.3 percent in 2023. This is a reflection of economic recovery in China, the Euro area and the UK, despite a slowdown in activity in the USA and Japan. Escalation of geopolitical tensions with uncertainties around the US elections, and conflict in the Middle East, interest rates remaining higher-for-even-longer in advanced economies, and policy uncertainty attributed to changes of Government in some major economies are the main risks to growth of the global economy. Consequently, there has been moderation of international oil prices and global inflation with central banks in some major economies lowering interest rates.
58. The growth in the advanced economies in 2023 was 1.7 and was projected to remain stable at 1.7 percent in 2024 and 1.8 percent in 2025. There was a strong momentum in the services sector and higher than expected net exports in the first half of the year resulting in a positive growth in the Euro area from 0.5 percent in 2023 to a projected growth of 0.9 percent and 1.5 percent in 2024 and 2025 respectively. The United Kingdom also recorded a positive growth from 0.1 percent in 2023 to a projected growth of 0.7 percent in 2024 and 1.5 percent in 2025. However, USA and Japan had slowed growth from 2.5 percent and 1.9 percent in 2023 to a projected growth of 2.6 percent and 0.7 percent in 2024. In the emerging market and developing economies, growth was projected at 4.3 percent in 2024 and 2025, reflecting stronger activity in Asia particularly China and India.
59. Economic growth in Sub-Saharan Africa (SSA) declined to 3.4 in 2023 from 4.0 in 2022 but was projected to rise to 3.7 percent in 2024 and 4.1 percent in 2025. Nigeria and South Africa were projected to grow by 3.1 percent and 0.9 percent in 2024 and by 3.0 percent and 1.2 percent in 2025.

Domestic Economic Performance

60. Kenya is recovering from economic shocks both global and domestic among them COVID-19 pandemic and its resultant effects, conflict in Eastern Europe and Middle East that led to global supply chain disruptions and the adverse effects of climate change from the prolonged drought in 2021 to the floods in the first half of 2024. These shocks pushed the economy to its lowest activity level.
61. The government on the other hand came up with various interventions, structural reforms and policies that have supported economic recovery in the country. The economy expanded by 5.6 per cent in 2023 from 4.9 per cent in 2022. This positive growth was a demonstration of resilience and the beginning of economic recovery which was notable in most sectors of the economy. The growth was largely driven by a strong rebound in the agricultural sub sector, as a result of favorable weather conditions after two years of severe droughts and the robust performance of the services sector.
62. The economy is projected to remain resilient in 2024, expanding by 5.0 percent in the first quarter compared to a growth of 5.5 percent in the corresponding quarter in 2023 . In the first quarter of 2024, the primary sector growth declined by 0.3 percent to 5.0 percent from a growth of 5.3 percent in the first quarter of 2023. This was caused by a robust growth in the agriculture, forestry and fishing sub-sector which employs the largest proportion of population despite a contraction in the mining and quarrying subsector. Activities in the agriculture, forestry and fishing sub-sector expanded by 6.1 percent compared to a growth of 6.4 percent in a similar quarter in 2023. The performance was evident in the significant increase in production of tea, milk and sugarcane during the quarter under review. Mining and Quarrying sub-sector contracted by 14.8 percent in the first quarter of 2024 compared to a contraction of 11.0 percent over the same period in 2023 due to a decline in production of most minerals such as titanium, soda ash and gemstone.
63. The performance of the industrial sector remained subdued. The growth of the sector decreased by 1.4 percent to 1.1 percent in the first quarter of 2024 from a growth of 2.5 percent in a similar quarter of 2023. This was mainly on account of a slowdown

in activities in all its sub-sectors i.e. the manufacturing, electricity & water supply and construction subsectors.

64. There was sustained and strong growth momentum of the activities in the services sector in the first quarter of 2024. The sector grew by 6.2 percent in 2024 compared to a growth of 6.5 percent in a similar period in 2023. The performance was largely characterized by significant growths in accommodation and food service, financial and insurance, information and communication, real estate, and wholesale and retail trade sub-sectors.
65. Available economic indicators in the first quarter of 2024 remain strong reflecting sustained performance in agriculture, improved exports and services sector and subdued industrial sector. The annual real growth rate therefore is projected at 5.2 percent and 5.4 percent in 2024 and 2025 respectively. This is supported by Bottom Up Economic Transformation Agenda (BETA) aspirations, namely broad based private sector growth and ongoing Government interventions and strategies. Additionally, implementation of prudent fiscal and monetary policies will continue to support economic activities.
66. Overall year-on-year inflation remained stable at 4.4 percent and 4.3 percent in August and July 2024, respectively. The rate was within the government target range of 5 +/-2.5 percent largely driven by easing food and fuel prices.
67. Food inflation remained a key driver of overall year-on-year inflation though it declined to 5.3 percent in August 2024 from 7.5 percent in August 2023. The easing of food prices was supported by increased food supply arising from favorable weather conditions, continued Government interventions particularly through subsidized fertilizer, and the general easing of international food prices. Prices of most vegetable food items increased in the month of August 2024 compared to the same period in 2023 while those of non-vegetable food items declined during the same period.
68. Fuel inflation declined to 4.7 percent in August 2024 from 14.2 percent in August 2023. The decline largely reflected the easing global oil prices and appreciation of the Kenya Shilling's which resulted in a downward adjustment of pump prices; and lower

electricity prices. Core (non-food non-fuel) inflation has remained low and stable reflecting the impact of tight monetary policy and muted demand pressures.

69. The overall balance of payments position slowed down to a surplus of USD 657.6 million (0.5 percent of GDP) in June 2024 from a surplus of USD 1,096.5 million (1.0 percent of GDP) in June 2023. The current account deficit narrowed to USD 4,091.3 million (3.2 percent of GDP) in June 2024 compared to USD 4,840.9 million (4.5 percent of GDP) in June 2023 reflecting lower imports, strong performance of export of goods and services as well as increased remittances. The capital account balance improved by USD 12.8 million to register a surplus of USD 138.5 million in June 2024 compared to a surplus of USD 125.8 million in the same period in 2023. Net financial inflows declined to USD 2,817.1 million in June 2024 compared to USD 3,420.4 million in June 2023 reflecting a slowdown in inflows to the government and other sectors. However, portfolio investments and financial derivatives registered a net outflow during the period partly due to Kenya's limited access to international financial markets owing to elevated borrowing costs.
70. The foreign exchange market remained stable in the first half of 2024 despite increased global uncertainties, effects of a stronger U.S. Dollar and geopolitical tensions in the Middle East. The Kenya Shilling exchange rate was weaker at the turn of the year but strengthened against the U.S. Dollar from mid-February 2024 through August 2024. It strengthened by 10.15 per cent, 8.55 per cent and 9.55 per cent against the US Dollar, Sterling Pound, and the Euro, respectively in August 2024 compared to a similar period in 2023. It exchanged at an average of Ksh 129.32 per US dollar in August 2024 compared with Ksh 143.93 per US dollar in August 2023. Similarly, the Kenya Shilling underperformed in all EAC regional currencies over the period under consideration. The foreign exchange market was mainly supported by inflows from agricultural exports, remittances and portfolio investors while demand was driven by pickup in economic activities specifically in the manufacturing, wholesale, and retail sectors.
71. The interbank rate increased to 12.97 percent in August 2024 compared to 10.48 percent in August 2023 reflecting the tight monetary policy stance. The rate has

remained within the prescribed corridor around the CBR (set at $CBR \pm 150$ basis points). Commercial banks average lending and deposit rates increased in the year to July 2024 in tandem with the tightening of the monetary policy stance thereby reflecting high cost of funds meant for investments. The average lending rate increased to 16.8 percent in July 2024 from 13.8 percent in July 2023 while the average deposit rate increased to 11.3 percent from 8.4 percent over the same period. Consequently, the average interest rate spread decreased to 5.6 percent in July 2024 from 5.4 percent in July 2023.

72. The 91-day Treasury Bills rate increased to 15.8 percent in August 2024 compared to 13.3 percent over the same period in 2023. Equally, the 182-day Treasury Bills rate increased to 16.7 percent in August 2024 from 13.2 percent in August 2023 while the 364-day rate also increased from 13.6 percent in August 2023 to 16.9 percent in August 2024. This has increased the cost of borrowing by the Government from the domestic market.
73. The activity in the capital markets improved in August 2024 as a result of macroeconomic stability coupled with appreciation of the Kenya Shilling against major international currencies and economic recovery. This further created confidence and triggered inflows of foreign direct investment and attracted investors to the Nairobi Securities Exchange. The NSE 20 Share Index improved to 1,678 points in August 2024 compared to 1,540 points in August 2023 while market capitalization also improved to Ksh 1,620 billion from Ksh 1,545 billion over the same period.

Implication of Macroeconomic Indicators on County Performance

74. The performance of the County is dependent on the performance of the macroeconomic indicators in both global and domestic economy. The County outlook therefore remains vulnerable to both domestic and external shocks. The uncertainties in the global economic outlook resulting from external risks such as escalation of geopolitical tensions particularly the wars in the Middle East and Ukraine; potential worsening of supply disruptions; and uncertainty about the evolution of international oil prices could result to higher import and production costs thus

impacting negatively on commodity markets and slow down the potential growth in the County.

75. The growth outlook in the domestic economy shows a stable macroeconomic environment in the medium term. Stable inflation as a result of easing of food and fuel prices and strengthening of the Kenya shilling impact positively on the County's performance as it improves the purchasing power of investors and suppliers. This further supports implementation of the priority programmes and projects resulting in improved economic growth. The County will continue to formulate and implement sound and prudent policies to achieve its development agenda.
76. The main economic activity in the County is agriculture as it employs the largest proportion of the population. Notably, unpredictable weather conditions and changing climate patterns can disrupt agricultural production in the County. This disruption can result in lower crop yields, decreased agricultural revenue, and increased costs for crop insurance and disaster relief programs. This can negatively affect the County's agricultural sector which is a significant contributor to its economy. In realization of the Bottom-Up Economic Transformation Approach (BETA) aspirations, the Governor's manifesto and the Sustainable Development goal, the county will implement development priorities and strategies such as subsidizing farm inputs; promoting value addition; and developing sound infrastructure among others which will lead to enhanced job creation, improved food security, enhanced economic development and improved quality of life of the citizens.
77. Going forward, the County will enhance stable macroeconomic conditions which is a necessary condition for investment and savings thereby promoting economic growth. This will be achieved through continued coordination between monetary and fiscal policies. The five pillars outlined in the Governor's manifesto namely Governance; People; Resources; Competitiveness and Harmony will guide the County development agenda. The sectors implementing the nine value chains and the Bottom-Up Economic Transformation Agenda (BETA) will be prioritized.

IV. IMPLEMENTATION OF THE FY 2024/25 BUDGET

78. The implementation of FY 2024/25 budget has been impeded by delayed disbursement of exchequer releases from the National Treasury, a situation that has been blamed on the lack of a legal framework for disbursement due to delayed passing of Division of revenue allocation between the National and County Governments. The County has not received the exchequer releases for the months of August and September, 2024. The County has also experienced missed targets on its own source revenue collection (OSR). This has greatly affected the operations of the County.
79. The County's approved budget for FY 2024/25 stands at KShs. 23.57 billion, comprising KShs. 15.4 billion (65.37 percent) allocated for recurrent expenses and KShs. 8.16 billion (34.63 percent) earmarked for development projects. To fund this budget, the County anticipates receiving KShs. 12.34 billion (53.35 percent) as an equitable share of nationally raised revenue, KShs. 2.81 billion (12.15 percent) in conditional grants from development partners and raising KShs. 7.98 billion (34.49 percent) from its own revenue sources.
80. Total Revenue available to the County as at 31st August, 2024 was KShs. 1.5 billion which comprised; the June 2024 exchequer issue from the National Government of KShs. 0.978 billion from FY 2023/2024, unspent Balances brought forward from FY 2023/2024 of KShs. 6.39 million and Own Source of revenue of KShs. 0.521 billion.
81. To ensure that the own source revenue target for the period is met, the County has put in measures among which includes; introduction of a new ERP Revenue system, the issuance of wavers on land rates that encouraged the public to pay, the creation of various task forces in tandem with Huduma Mashinani and RRI initiatives that will help in collection, supervising, and public sensitization on revenue matters through the introduction of bulk SMS as a reminder of payments. Further, through the Council of Governors, there are follow up on the delayed exchequer releases to be expedited.

82. As of August 31, 2024, the total expenditure amounted to KShs. 1.13 billion, a significant drop from the KShs. 1.98 billion spent during the same period last fiscal year. This expenditure is divided into KShs. 0.93 billion for recurrent expenses and KShs. 0.19 billion for development projects. Any delays in fund disbursement or revenue flows adversely affects development expenditures.
83. The County is committed to further improving public finance management systems across all levels. This effort aims to enhance efficiency, elevate service delivery standards, prevent financial leakages, and boost overall productivity.

Adjustments to the FY 2024/2025 Budget

84. The unmet revenue collection in the FY 2023/2024 and delay of release of equitable share as provided in the approved disbursement schedule had implications on the financial objectives outlined in the 2024 CFSP and the 2024/2025 Budget. In particular, the baseline for projecting revenue and expenditures for the FY 2024/2025 and the medium term has changed given the outcome of FY 2023/2024 and the first two months of FY 2024/2025.
85. In light of the above, a supplementary budget estimate has been necessitated to appropriate unspent balances from the previous financial year 2023-2024 and closing balances brought forward in the CRF account. The County will also align revenues from the National Government with CARA 2024 and the County Government Additional Allocation Act 2024, respectively
86. The County Treasury has proposed measures in the Finance Bill, 2024 to help expand the revenue base and curb possible revenue leakages. To achieve OSR target, the County will implement revenue enhancement strategies which include; -
- a) Operationalization of the Kiambu Revenue Authority.
 - b) Proposed harmonization of parking fees across the county.
 - c) Proposed reclassification of urban, rural and other areas to municipalities and reclassifying the county from three to two zones creating a legal ground for harmonization of charges across the county
 - d) Proposed introduction of Air BnB charges to enhance the revenue base.

- e) Propose introduction of a charge for use of county street lights for advertisement.
- f) Put in place policies, regulations and induct all integrated systems (Enterprise Resource Planning -ERP system) to curb loopholes and improve revenue collection efficiency leading to enhanced revenue collection during the FY 2024/25.
- g) Entrench in law measures that require twinning of tax compliance with certain County Government services.
- h) Improvement in service delivery where the County Government will demonstrate linkage between revenue collected and public services delivered to the lowest level of administration.
- i) Develop a legislation on the Revenue Management that will contain enforcement clauses empowering the County to charge and collect fines and penalties,
- j) Committing all accounting officers to be in charge of coordinating revenue streams under their departments by ensuring they meet the set targets,
- k) Implementation of a Physical planning system for approval of plans that will be linked with the existing Revenue Collections systems. This will assist in sealing loopholes and avoid loss of revenue
- l) Continuous ring-fencing of hospital collections and NHIF rebates as per the Kiambu County Health Services Act. Health services Facility Improvement Fund and NHIF rebates collection has been on an upward trend in the last few years. With the ongoing reforms and improvement of the health facilities the department is expected to collect KShs. 2.4 billion in the FY 2024/2025.

87. These reforms are expected to make collection more convenient and increase Own Source Revenue which will help in financing current and future Budgets.

RISKS TO THE 2024/2025 BUDGET IMPLEMENTATION

88. Section 107 (2) (f) of the PFM Act, 2012 requires County Treasuries to manage their fiscal risks prudently. During the review period, a number of fiscal risks were identified in revenue and expenditure performance. These risks include:

- I. Unmet Own Source Revenue Targets:** Falling short of our targets for Own Source Revenue (OSR) collection is another fiscal risk we anticipate. Addressing this risk necessitates progressive mitigation measures to align with our county's development objectives.
- II. National Government Fund Transfers:** The unpredictability and timeliness of fund transfers from the National Government pose a challenge to our budget's proper execution. The County Government through the Council of Governors and the Intergovernmental Budget and Economic Council will continuously engage the National Treasury to release funds as per the approved disbursement schedule.
- III. Pending Bills Challenge:** The issue of unpaid pending bills remains a significant fiscal hurdle for our County Government. The impact of these outstanding bills on our ability to deliver efficient services cannot be overstated. In compliance with the above, the County Government has accorded top priority to settling all eligible bills within our departmental budgets. Further, the County has come up with a monthly payment plan for the outstanding pending bills which aim at settling the pending bills. Additionally, The County Government has taken measures to mitigate the problem of pending bills which include strict adherence to approved budget spending limits and the establishment of realistic revenue targets.
- IV. Wage Bill Overrun:** The County Government continues to grapple with a wage bill that surpasses the recommended threshold of 35 percent, constituting an ongoing risk to our budget framework. The review of salaries by the Salaries and Remuneration Commission (SRC), staff promotions, and the growing demand for technical and critical staff have necessitated the hiring

of additional personnel, which is a key contributor to the burgeoning wage bill. To address this issue, the County Government will focus on increasing its revenue while implementing measures to limit new recruitments to essential positions only. This approach aims to balance the need for efficient public service delivery with prudent management of personnel costs, ensuring that resources are allocated effectively without compromising the quality of services provided.

V. Financing of Urban Areas and Cities: The County Government has established boards for its twelve municipalities and is in the process of creating Thika Smart City in accordance with the Urban Areas and Cities Act, 2011. Historically, funding for these municipalities has primarily come from the Kenya Urban Support Programme (KUSP), which is supported by development partners. A key challenge facing the municipality boards is underfunding, as there is no established criteria for revenue sharing between the County and the boards, as required by the Urban Areas and Cities Act, 2011. To resolve this issue, the County Government must develop a clear and equitable framework for revenue allocation between the County, the municipalities, and the smart city as provided for by section 173 of the PFMA of 2012.

V. RESOURCE ALLOCATION FRAMEWORK

89. The Medium-Term Fiscal Framework (MTEF) for FY 2025/26 places a strong emphasis on enhancing efficiency and effectiveness in expenditure, as well as improving revenue collection.
90. The County Government will continue to pursue a fiscal consolidation policy aimed at reducing the overall fiscal deficit and debt accumulation. This strategy focuses on enhancing revenue mobilization, reprioritizing, and rationalizing expenditures while safeguarding priority County government programs and social spending. Sector Working Groups (SWGs) are therefore required to prepare medium-term budgets by optimally allocating available resources to projects and programs with high impact on growth.
91. This strategic approach is designed to facilitate economic recovery and achieve the County's transformative development goals. The County Government will continue to prioritize initiatives that protect livelihoods, generate employment opportunities, revive businesses, and stimulate economic activities. This includes providing essential services, promoting equity, reducing costs by eliminating duplication and inefficiencies, and implementing measures for environmental protection and addressing climate change.
92. The FY 2025/26 and Medium-Term Budget will be based on the County Integrated Development Plan (CIDP) 2023-2027 and will build on progress made in previous financial years. The County Government will continue to address policy, legal, regulatory, and governance issues as a priority to ensure optimal resource utilization.
93. While operating within a constrained fiscal environment, the County Government will adopt a Zero-Based Budgeting (ZBB) approach, which requires justifying and prioritizing resource allocation based on current needs rather than previous spending patterns. This rigorous process aims to ensure the most efficient use of limited resources, demanding thorough justification for all programs and expenditures proposed for the FY 2025/26 Budget, with consideration for their medium-term impact. Departments must re-evaluate existing programs, emphasizing efficiency,

effectiveness, and the elimination of wasteful expenditures to prioritize essential services, job creation, and economic recovery.

94. To create fiscal space and appropriately phase out expenditure programs, departments are required to conduct a thorough review of their proposed budgets for FY 2025/26 and the Medium Term, ensuring that budgets are directed towards improving productivity and achieving CIDP objectives. This exercise should involve:

- Prioritizing County Government programs and projects in the sector budget proposals;
- Establishing the resources required for individual programs and projects and the level of provision within the provided ceilings; and
- Justifying each proposed program's funding with supporting documentation.

95. To align with these objectives, the following criteria will guide the prioritization and final allocation of resources in FY 2025/26:

- a) Programs that enhance value chains and link to BETA priorities;
- b) Alignment of programs with CIDP (2023-2027) priorities;
- c) Governor's directives and County Executive Committee decisions;
- d) Completion of ongoing and stalled projects, as well as payment of verified pending bills;
- e) The degree to which a program addresses job creation and poverty reduction;
- f) The degree to which a program addresses the core mandate of the Department;
- g) Programs that support climate change mitigation and adaptation;
- h) Cost-effectiveness, efficiency, and sustainability of the program; and
- i) Requirements for furtherance and implementation of the Constitution.

96. These criteria will play a pivotal role in shaping budgetary decisions and resource allocation to effectively achieve the County's developmental goals and fiscal objectives for the specified period.

VI. FY 2025/2026 AND MEDIUM TERM BUDGET FRAMEWORK

97. The FY 2025/26 budget is being prepared amid a stabilizing global economy, with a slight dip in growth projected for 2024 before a recovery in 2025. Advanced economies are expected to experience modest growth, while emerging markets and Sub-Saharan Africa are projected to maintain stable growth rates. Domestically, economic growth remains strong, driven by robust agricultural and manufacturing activities, a stable macroeconomic environment, and ongoing infrastructure investments.
98. This budget will support the Government's economic transformation agenda while emphasizing fiscal consolidation to manage debt. The FY 2025/26 and the Medium-Term Budget will be anchored on the Fourth Plan (MTP IV) of the Vision 2030 and the identified Bottom-up Economic Transformation Agenda (BETA) priorities. This has been aligned into the County Integrated Development plan 2023-2027.
99. The focus will continue to be on five (5) sectors with the largest impact on the economy as well as household welfare; Agricultural Transformation; Micro, Small and Medium Enterprise (MSME) Economy; Housing and Settlement; Healthcare; and Digital Superhighway and Creative Economy. Given anticipated resource constraints, departments are advised to prioritize programs within the available budget.
100. The Medium-Term Budget (FY 2025/26–2027/28) is built upon the County government's commitment to stimulating and sustaining economic activities while positioning the county on a sustainable and inclusive growth path. This objective will be realized through the diligent implementation of programs detailed in the County Integrated Development Plan (2023–2027).
101. Further, the medium-term budget aligns with the Governor's manifesto, which is structured around five (5) core pillars: Governance, People, Resources, Competitiveness, and Harmony. These pillars will also guide the development plans and the Medium-Term Expenditure Framework (MTEF) budget for the period from

2024/25 to 2026/27, as the administration works toward implementing its ambitious agenda.

102. The budget process involves preparing key policy documents for approval by the County Executive Committee and County Assembly. The following policy documents must be prepared and approved within the timelines outlined in the Public Finance Management Act, 2012, and Regulations, 2015:

- County Budget Review and Outlook Paper (CBROP)
- Departmental Sector Proposals
- County Fiscal Strategy Paper (CFSP)
- County Debt Management Strategy Paper
- Programme-Based Budget and supporting details
- Estimates of Revenue
- The Appropriations Bill
- The Finance Bill

103. To ensure the timely finalization and approval of these policy documents and bills, Accounting Officers are required to adhere strictly to the activities outlined in the **Budget Calendar** within the specified timeframes (**Annex IV**).

MEDIUM TERM FISCAL PROJECTIONS

a) Revenue Projections

104. The FY 2025/26 resource envelope is projected at KShs. 22.65 billion constituting: KShs. 12.22 billion as equitable share from National Government, KShs. 2.04 Billion as additional allocations from National Government and loans and grants from Development partners, KShs. 8.37 billion as Own Source Revenue. (*Annex I*). This revenue performance will be underpinned by the on-going reforms in policy and revenue administration.

b) Expenditure Projections

105. The overall projected budgetary expenditure for FY 2024/2025 is KShs. 22.65 billion. This is projected to increase to KShs. 23.27 billion in the FY 2025/2026 and further to KShs. 23.90 billion in the FY 2026/27. (*Annex II*)
106. The recurrent expenditure has been projected at KShs. 15.45 billion in the FY 2025/26. This is expected to increase to KShs. 15.88 billion in the FY 2026/27 and KShs. 16.31 billion in FY 2027/28.
107. The development expenditure has been projected at KShs. 7.19 billion FY 2025/26. This expected to increase to KShs. 7.39 billion in the FY 2026/27 and to KShs. 7.59 billion in the FY 2027/28. More resources will be directed towards development to support key priority areas as the County realigns itself to meet the fiscal responsibility requirements.
108. There is no fiscal deficit and the projections are fully financed.

VII. CONCLUSION AND NEXT STEPS

109. The global economy has stabilized, with growth projected at 3.2 percent in 2024 and 3.3 percent in 2025, driven by recoveries in China, the Euro area, and the UK, despite slowdowns in the USA and Japan. Domestically, Kenya's economy is rebounding from global and local shocks, growing by 5.6 percent in 2023, up from 4.9 percent in 2022. Growth momentum has continued, with a 5.0 percent expansion in the first quarter of 2024. Over the medium term, Kenya's economy is expected to grow at 5.2 percent in 2024 and 5.4 percent in 2025, supported by strong agricultural productivity, robust services, and improved global commodity prices.
110. Taking into account the constrained fiscal environment, the County Government will adopt a Zero-Based Budgeting (ZBB) approach to guide the prioritization and allocation of scarce resources to projects and programmes in the FY 2025-26. Departments will therefore be required to re-evaluate all the existing/planned activities, projects, and programmes to be funded in the FY 2025/26 and medium term budget. Departments should therefore eliminate wasteful expenditures and pursue priorities which are aimed at safeguarding livelihoods, creating jobs, reviving businesses and economic recovery. The hard sector ceilings provided for the FY 2025/26 budget and the Medium Term will form inputs into the 2025 County Fiscal Strategy Paper.
111. The strong revenue performance in FY 2023/24 provides a solid foundation for supporting estimates in FY 2024/25 and the medium-term budget. The focus for FY 2025/26 will be on increasing revenue collection and reducing non-core expenditures to address the fiscal deficit and ensure responsible resource management. This strategy will be reinforced by implementing the priorities outlined in the County Integrated Development Plan (2023-2027), with resources directed towards key sectors such as road infrastructure, agriculture, health, trade, education, water, and housing. To finance these priority areas, the County will enhance Own Source Revenue collection through a strengthened enforcement strategy, despite resource constraints and revenue shortfalls due to emerging risks.

112. The indicative departmental ceilings annexed here will serve as a reference for County Departments as they prepare their sector reports and budget estimates for the Fiscal Year 2025/2026. These ceilings will be further solidified during the 2025 County Fiscal Strategy Paper (CFSP) process. It is imperative that the departments ensure that their budgets for FY 2025/26 and the medium-term period not only aim to enhance productivity but also align with the achievement of their objectives. Consequently, departments are expected to formulate policies, programs, and projects for implementation throughout the medium-term period. The 2024 County Budget Review and Outlook Paper (CBROP) will serve as input for the 2025 CFSP, summarizing the various projects and initiatives slated for implementation during the Medium Term (FY 2025/2026 - 2027/2028).

Annex 1: Revenue Projections for the FY 2025/26-2027/28 MTEF Period

Revenue Projections for the FY 2024/25-2026/27 MTEF Period (KShs)							
		FY 2023/2024	FY 2023/2024	FY 2024/2025	FY 2025/2026	FY 2025/2026	FY 2026/2027
	REVENUE SOURCE	Approved Supplementary 2	Actual	Approved Estimates	CBROP Ceiling	Projections	
	Total Revenue from National Government	13,588,560,914	11,904,672,600	15,594,613,404	14,274,857,650	14,232,019,149	15,019,515,594
A	EQUITABLE SHARE	12,227,552,449	11,249,348,252	12,345,835,662	12,227,552,449	12,594,379,022	12,972,210,393
B	TOTAL COUNTY GOVERNMENT ADDITIONAL ALLOCATIONS	1,361,008,465	655,324,348	3,248,777,742	2,047,305,201	1,637,640,127	2,047,305,201
	I. Conditional Additional Allocation from the National Government's Share of Revenue	409,665,074	64,000,000	430,109,530	-	(409,665,074)	-
	Users Fees Foregone	-		-	-	-	-
	Road Maintenance Fuel Levy Fund	-		335,429,530	-	-	-
	Community Health Promoters (CHPs)			94,680,000			-
	Level 5 Hospitals	-		0	-	-	-
	Development of Youth Polytechnic	-		0	-	-	-
	Medical Leasing	0		0	-	-	-
	Industrial Park & Aggregation Centers Grant	250,000,000	64,000,000	0	-	(250,000,000)	-
	Provision of fertilizer subsidy programme	159,665,074		0	-	(159,665,074)	-
	II. Unconditional Additional Allocations from the National Governments Share of Revenue	15,224,547	0	6,230,202	6,230,202	6,230,202	6,230,202
	Court Fines	5,084,684	-	5,697,644	5,697,644	5,697,644	5,697,644
	Mineral Royalties	10,139,863	-	532,558	532,558	532,558	532,558
	III. Conditional Additional Allocations Financed from Proceeds of Loans and Grants from Development partners	787,026,644	591,324,348	2,812,438,010	2,041,074,999	2,041,074,999	2,041,074,999
	DANIDA Grant - Universal Healthcare for Devolved System Program	17,209,500	17,209,500	14,527,500	14,527,500	14,527,500	14,527,500
	World Bank credit: Kenya Informal Settlement Improvement Project (KISIP II)	200,000,000	200,000,000	759,543,092		0	0
	IDA(World bank) National Agricultural Value Chain Development Project (NAVCDP)	200,000,000	195,533,663	151,515,152	151,515,152	151,515,152	151,515,152
	IDA (World Bank) credit - Kenya Devolution Support Project (KDSP) - Level II	-		37,500,000	37,500,000	37,500,000	37,500,000
	IDA(World bank) FLLoCA- County climate Resilience Investment Grant	99,578,725	99,578,725	125,000,000	125,000,000	125,000,000	125,000,000
	IDA(World bank) FLLoCA- County climate institutional support (CCIS) Grant	24,982,967	24,982,967	-		-	-

Revenue Projections for the FY 2024/25-2026/27 MTEF Period (KShs)							
		FY 2023/2024	FY 2023/2024	FY 2024/2025	FY 2025/2026	FY 2025/2026	FY 2026/2027
	REVENUE SOURCE	Approved Supplementary 2	Actual	Approved Estimates	CBROP Ceiling	Projections	
	Aquaculture business development project ABDP	19,395,531	-	19,395,531	19,395,531	19,395,531	19,395,531
	IDA (World Bank) credit - Kenya Urban Support Project (KUSP)-Urban institutional Grant (UIG)	-	-	35,000,000	35,000,000	35,000,000	35,000,000
	IDA (World Bank) credit - Kenya Urban Support Project (KUSP)-Urban Development Grant (UDG)	-	-	1,658,136,816	1,658,136,816	1,658,136,816	1,658,136,816
	SIDA -Kenya Agricultural Business development Project (KABDP)	-	-	11,819,919	-	-	-
	World Bank Credit - National Agricultural & Rural Inclusive Growth Project (NAGRIP)	223,275,969	51,435,541	-	-	-	-
	Sweden- Agricultural Sector Development Support Programme (ASDSP II)	2,583,952	2,583,952	-	-	-	-
	IV. National Government Expenditures on Devolved Functions to be Converted to Additional Allocations Grant to County Governments	149,092,200	-	-	-	-	-
	Livestock value chain support project	149,092,200		-	-	-	-
C	Other County Revenue	2,630,929,246	2,621,636,846	-	-	-	-
	Adjustment to cash Basis	2,548,373,211	2,548,373,211	-	-	-	-
	MSF BELGIUM	43,200,000	40,735,000	-	-	-	-
	Nutrition International	39,356,035	32,528,635		-	-	-
D	Own Source Revenue	6,995,366,310	4,576,313,302	7,980,140,717	8,379,147,753	8,630,522,185	8,889,437,851
	Physical Planning Management Unit	1,460,645,457	818,519,284	1,630,645,457.00	1,712,177,730	1,763,543,062	1,816,449,354
	Business Permit Management Unit	450,650,500	410,991,174	450,650,500.00	473,183,025	487,378,516	501,999,871
	Cess Management Unit	156,921,249	84,873,810	156,921,249.00	164,767,311	169,710,331	174,801,641
	Education Culture ICT & Social Services Unit	3,000,000	2,020,240	650,000.00	682,500	702,975	724,064
	Housing Management Unit	35,450,000	16,474,614	35,450,000.00	37,222,500	38,339,175	39,489,350
	Land Rates Management Unit	1,728,209,335	809,524,449	1,951,633,742.00	2,049,215,429	2,110,691,892	2,174,012,649
	Administration	28,374,145	25,711,958	0.00	0	0	0
	Roads Transport Public Works Management Unit	180,310,302	114,007,839	180,310,302.00	189,325,817	195,005,592	200,855,759
	Slaughterhouse Management Unit	71,599,762	49,730,795	71,599,762.00	75,179,750	77,435,143	79,758,197
	Agriculture Livestock & Fisheries Management Unit	11,796,213	1,039,109	11,796,213.00	12,386,024	12,757,604	13,140,332

Revenue Projections for the FY 2024/25-2026/27 MTEF Period (KShs)							
		FY 2023/2024	FY 2023/2024	FY 2024/2025	FY 2025/2026	FY 2025/2026	FY 2026/2027
	REVENUE SOURCE	Approved Supplementary 2	Actual	Approved Estimates	CBROP Ceiling	Projections	
	Trade Tourism Industry & Cooperatives Unit	11,646,309	3,871,199	20,020,454.00	21,021,477	21,652,121	22,301,685
	Market Management Unit	15,525,226	9,423,209	15,525,226.00	16,301,487	16,790,532	17,294,248
	Vehicle Parking Management Unit	602,132,055	354,811,617	602,132,055.00	632,238,658	651,205,817	670,741,992
	Water Environment & Natural Resources Mgt Unit	102,805,757	113,500,077	102,805,757.00	107,946,045	111,184,426	114,519,959
	liquor management unit	350,000,000	276,844,559	350,000,000.00	367,500,000	378,525,000	389,880,750
	Health Services Management Unit	1,786,300,000	1,484,969,368	2,400,000,000.00	2,520,000,000	2,595,600,000	2,673,468,000
	Public Health	250,000,000	247,280,473	300,000,000.00	315,000,000	324,450,000	334,183,500
	Hospital Collections(FIF)	811,300,000	728,193,767	1,300,000,000.00	1,365,000,000	1,405,950,000	1,448,128,500
	NHIF Rebates	725,000,000	509,495,129	800,000,000.00	840,000,000	865,200,000	891,156,000
	TOTAL REVENUE	23,214,856,470	19,102,622,748	23,574,754,121.00	22,654,005,403	22,862,541,335	23,908,953,445

Annex II: Expenditure Projections for the FY 2025/26-2027/28 MTEF Period

Department Expenditure Ceilings for the FY 2025/26-2027/28 MTEF Period (KShs)							
Vote No.	Department	Supplementary 2	CBROP CEILING	APPROVED BUDGET	CBROP CEILING	PROJECTIONS	
	Recurrent	2023/2024	2024/2025	2024/2025	2025/2026	2026/2027	2027/2028
4061	County Assembly	1,628,986,518	1,525,347,776	1,357,416,186	1,352,347,776	1,352,347,776	1,352,347,776
4062	County Executive	401,228,125	449,052,495	485,000,000	499,550,000	514,536,500	529,972,595
4063	County Public Service Board	87,510,971	98,090,971	90,090,971	90,090,971	92,793,700	95,577,511
4064	Finance, Economic Planning & ICT	1,501,473,007	1,575,091,007	1,508,116,154	1,543,116,154	1,589,409,639	1,637,091,928
4067	Water, Environment, Energy & Natural Resources	570,432,148	513,343,793	500,725,926	500,725,926	515,747,704	531,220,135
4068	Health Services	7,534,396,296	7,070,348,760	7,039,805,677	7,039,805,677	7,250,999,847	7,468,529,843
4073	Roads, Transport & Public Works	749,109,521	636,628,021	771,101,086	771,101,086	794,234,119	818,061,142
4075	Administration & Public Service	988,884,296	972,614,396	1,009,382,896	1,009,382,896	1,039,664,383	1,070,854,314
4077	Agriculture, Livestock & Cooperative Development	482,186,507	525,777,238	510,877,238	510,877,238	526,203,555	541,989,662
4078	Education, Gender & Social Services	1,558,953,068	1,420,816,523	1,401,518,957	1,401,518,957	1,443,564,526	1,486,871,461
4079	Youth Affairs, Sports & Communication	159,393,228	167,482,827	174,552,827	195,000,000	200,850,000	206,875,500
4080	Lands, Housing, Physical Planning-MAUD	406,227,109	395,902,109	402,518,169	385,000,000	396,550,000	408,446,500
4081	Trade, , Tourism, Industry & Investment	180,678,607	174,808,607	158,808,604	160,000,000	164,800,000	169,744,000
	Total Recurrent	16,249,459,401	15,525,304,523	15,409,914,691	15,458,516,681	15,881,701,748	16,317,582,367
	Development						
4061	County Assembly	127,000,000	-	110,000,000	100,000,000	100,000,000	100,000,000
4064	Finance, Economic Planning & ICT	141,966,018	294,966,018	271,000,000	279,130,000	287,503,900	296,129,017
4067	Water, Environment, Energy & Natural Resources	628,158,725	615,580,000	601,890,406	461,009,697	474,839,988	489,085,188
4068	Health Services	882,480,531	974,995,874	715,461,755	800,000,000	824,000,000	848,720,000
4073	Roads, Transport & Public Works	1,986,648,652	2,058,648,652	1,724,148,356	1,775,872,806	1,811,300,267	1,847,790,552
4075	Administration & Public Service	68,573,666	207,860,000	75,000,000	75,000,000	77,250,000	79,567,500
4077	Agriculture, Livestock & Cooperative Development	1,319,198,405	1,188,631,186	713,218,145	734,614,689	756,653,130	779,352,724
4078	Education, Gender & Social Services	590,436,275	385,457,298	637,835,695	530,000,000	545,900,000	562,277,000
4079	Youth Affairs, Sports & Communication	125,990,755	215,071,184	170,000,000	200,000,000	206,000,000	212,180,000
4080	Lands, Housing, Physical Planning-MAUD	363,470,833	318,824,811	2,833,108,773	1,904,861,530	1,962,007,376	2,020,867,597
4081	Trade, , Tourism, Industry & Investment	731,473,209	618,931,084	313,176,300	335,000,000	345,050,000	355,401,500
	Total Development	6,965,397,069	6,878,966,106	8,164,839,430	7,195,488,722	7,390,504,661	7,591,371,077
	Totals	23,214,856,470	22,404,270,630	23,574,754,121	22,654,005,403	23,272,206,409	23,908,953,445

Annex III: Medium Term Expenditure Framework by Programme 2025/2026-2027/2028

Department Ceilings by Programmes for the FY 2024/25-2026/27 MTEF Period (KShs)														
Vote No.	Programme Code	Sector/Department Name & Programmes	Supplementary 2		CBROP CEILING		Approved Budget		CBROP CEILING		PROJECTIONS			
			FY 2023/2024		FY 2024/2025		FY 2024/2025		FY 2025/2026		FY 2025/2026		FY 2026/2027	
					Recurrent	Development	Recurrent	Development			Recurrent	Development	Recurrent	Development
4061		County Assembly	1,628,986,518	127,000,000	1,525,347,776	-	1,357,416,186	110,000,000	1,352,347,776	100,000,000	1,352,347,776	100,000,000	1,352,347,776	100,000,000
	0706004060	General Administration, Planning and Support Services	458,299,879	127,000,000	481,615,776	-	524,310,941	110,000,000	1,352,347,776	100,000,000	1,352,347,776	100,000,000	1,352,347,776	100,000,000
	0701004060	Legislation, oversight of county Government	1,021,876,288		904,732,000	-	688,434,245							-
	0707004060	Representation Services	148,810,351		139,000,000	-	144,671,000							-
4062		County Executive	401,228,125	-	449,052,495	-	485,000,000	-	499,550,000	-	514,536,500	-	529,972,595	-
	0706004060	General Administration, Planning and Support Services	348,533,389		399,515,989	-	435,500,000		448,565,000		462,021,950	-	475,882,609	-
	0711004060	Government Advisory Services	52,694,736		49,536,506	-	49,500,000		50,985,000		52,514,550	-	54,089,987	-
4063		County Public Service Board	87,510,971	-	98,090,971	-	90,090,971	-	90,090,971	-	92,793,700	-	95,577,511	-
	0715004060	Human Resource Management and Development Services	87,510,971		98,090,971	-	90,090,971		90,090,971		92,793,700	-	95,577,511	-
4064		Finance, Economic Planning & ICT	1,501,473,007	141,966,018	1,575,091,007	294,966,018	1,508,116,154	271,000,000	1,543,116,154	279,130,000	1,589,409,639	287,503,900	1,637,091,928	296,129,017
	0706004060	General Administration, Planning and Support Services	1,038,203,460	12,000,000	1,016,723,460	17,000,000	1,000,616,154	5,000,000	1,000,616,154	5,150,000	1,030,634,639	5,304,500	1,061,553,678	5,463,635
	0712004060	Public Finance Management Services	438,269,547	10,000,000	543,367,547	20,000,000	492,500,000	5,000,000	492,500,000	5,150,000	507,275,000	5,304,500	522,493,250	5,463,635
	0713004060	ICT Services	25,000,000	119,966,018	15,000,000	257,966,018	15,000,000	261,000,000	50,000,000	268,830,000	51,500,000	276,894,900	53,045,000	285,201,747
4067		Water, Environment Energy & Natural Resources	570,432,148	628,158,725	513,343,793	615,580,000	500,725,926	601,890,406	500,725,926	461,009,697	515,747,704	474,839,988	531,220,135	489,085,188

Department Ceilings by Programmes for the FY 2024/25-2026/27 MTEF Period (KShs)

Vote No.	Programme Code	Sector/Department Name & Programmes	Supplementary 2		CBROP CEILING		Approved Budget		CBROP CEILING		PROJECTIONS			
			FY 2023/2024		FY 2024/2025		FY 2024/2025		FY 2025/2026		FY 2025/2026		FY 2026/2027	
					Recurrent	Development	Recurrent	Development			Recurrent	Development	Recurrent	Development
	1002004060	Administration, Planning and support services	539,039,314		489,725,926	-	494,525,926	-	494,525,926	-	509,361,704	-	524,642,555	-
	0109004060	Water Resources Management And Sanitation services	-	237,000,000	-	221,000,000	-	174,252,369	-	179,479,940	-	184,864,338	-	190,410,268
	0110004060	Natural Resources ,Forest Conservation and Management	-	17,500,000	-	25,000,000	1,200,000	10,000,000	1,200,000	10,300,000	1,236,000	10,609,000	1,273,080	10,927,270
	0111004060	Environmental Management and compliance	6,409,867	94,580,000	-	94,580,000	-	44,883,260	-	46,229,757	-	47,616,650	-	49,045,149
	011204060	Climate Change Mitigation and Adaptation	24,982,967	279078725	23,617,867	275,000,000	5,000,000	372,754,777	5,000,000	225,000,000	5,150,000	231,750,000	5,304,500	238,702,500
4068		Health Services	7,534,396,296	882,480,531	7,070,348,760	974,995,874	7,039,805,677	715,461,755	7,039,805,677	800,000,000	7,250,999,847	824,000,000	7,468,529,843	848,720,000
	0402004060	Administration, Planning and Support Services	4,934,051,296		4,788,380,635	-	4,760,698,635	-	4,760,698,635		4,903,519,594	-	5,050,625,182	-
	0401004060	Curative and Preventive health care services	783,345,000		983,345,000	-	959,107,042	-	959,107,042		987,880,253	-	1,017,516,661	-
	0404004060	Curative and rehabilitative Health Services	1,697,000,000	882,480,531	1,178,623,125	974,995,874	1,200,000,000	715,461,755	1,200,000,000	800,000,000	1,236,000,000	824,000,000	1,273,080,000	848,720,000
	0405004060	County Pharmaceutical Services	120,000,000		120,000,000	-	120,000,000	-	120,000,000		123,600,000	-	127,308,000	-
4073		Roads, Transport Public Works & Utilities	749,109,521	1,986,648,652	636,628,021	2,058,648,652	771,101,086	1,724,148,356	771,101,086	1,775,872,806	794,234,119	1,811,300,267	818,061,142	1,847,790,552
	0202004060	Administration, Planning and Support Services	749,109,521		636,628,021	-	771,101,086	364,175,587	771,101,086	375,100,854	794,234,119	386,353,880	818,061,142	397,944,496
	0203004060	Infrastructure Development and Maintenance		1,980,148,652	-	2,033,648,652	-	1,334,972,769		1,375,021,952	-	1,398,423,888	-	1,422,527,881
	0204004060	Energy, Disaster Management, Fire, Safety and Rescue		6,500,000	-	25,000,000	-	25,000,000		25,750,000	-	26,522,500	-	27,318,175

Department Ceilings by Programmes for the FY 2024/25-2026/27 MTEF Period (KShs)														
Vote No.	Programme Code	Sector/Department Name & Programmes	Supplementary 2		CBROP CEILING		Approved Budget		CBROP CEILING		PROJECTIONS			
			FY 2023/2024		FY 2024/2025		FY 2024/2025		FY 2025/2026		FY 2025/2026		FY 2026/2027	
					Recurrent	Development	Recurrent	Development			Recurrent	Development	Recurrent	Development
4075		Administration & Public Service	988,884,296	68,573,666	972,614,396	207,860,000	1,009,382,896	75,000,000	1,009,382,896	75,000,000	1,039,664,383	77,250,000	1,070,854,314	79,567,500
	0706004060	General Administration, Planning and Support Services	931,385,796	58,573,666	916,882,896	157,860,000	924,882,896	35,000,000	924,882,896	35,000,000	952,629,383	36,050,000	981,208,264	37,131,500
	0714004060	Alcoholic Drinks Control and Rehabilitation	32,000,000	10,000,000	32,000,000	50,000,000	30,000,000	40,000,000	30,000,000	40,000,000	30,900,000	41,200,000	31,827,000	42,436,000
	0715004060	Human Resource Management and Development Services	25,498,500	-	23,731,500	-	54,500,000	-	54,500,000	-	56,135,000	-	57,819,050	-
4077		Agriculture, Livestock & Cooperative Development	482,186,507	1,319,198,405	525,777,238	1,188,631,186	510,877,238	713,218,145	510,877,238	734,614,689	526,203,555	756,653,130	541,989,662	779,352,724
	0113004060	Administration, Planning and Support Services	413,131,726		426,762,457	-	426,762,457	-	426,762,457	-	439,565,331	-	452,752,291	-
	0106004060	Crop Development, Irrigation and Marketing services	8,000,000	939,410,674	8,800,000	802,874,271	806,000	431,835,071	806,000	444,790,123	830,180	458,133,827	855,085	471,877,841
	0107004060	Livestock and Fisheries Development and Management	28,854,781	336,987,731	40,314,781	335,756,915	46,308,781	276,383,074	46,308,781	284,674,566	47,698,044	293,214,803	49,128,986	302,011,247
	0108004060	Co-operative Development and Management	32,200,000	42,800,000	49,900,000	50,000,000	37,000,000	5,000,000	37,000,000	5,150,000	38,110,000	5,304,500	39,253,300	5,463,635
4078		Education, Gender, Culture & Social Services	1,558,953,068	590,436,275	1,420,816,523	385,457,298	1,401,518,957	637,835,695	1,401,518,957	530,000,000	1,443,564,526	545,900,000	1,486,871,461	562,277,000
	0502004060	General Administration, Planning and Support Services	1,013,953,068		985,248,958	-	985,248,957	-	985,248,957		1,014,806,426	-	1,045,250,618	-
	0503004060	Pre-Primary education, Vocational Education and Training	505,000,000	577,436,275	395,067,566	338,457,298	380,140,000	607,835,695	380,140,000	500,000,000	391,544,200	515,000,000	403,290,526	530,450,000

Department Ceilings by Programmes for the FY 2024/25-2026/27 MTEF Period (KShs)														
Vote No.	Programme Code	Sector/Department Name & Programmes	Supplementary 2		CBROP CEILING		Approved Budget		CBROP CEILING		PROJECTIONS			
			FY 2023/2024		FY 2024/2025		FY 2024/2025		FY 2025/2026		FY 2025/2026		FY 2026/2027	
					Recurrent	Development	Recurrent	Development			Recurrent	Development	Recurrent	Development
	0504004060	Culture, Gender and Social Services Development	40,000,000	13,000,000	40,500,000	47,000,000	36,130,000	30,000,000	36,130,000	30,000,000	37,213,900	30,900,000	38,330,317	31,827,000
4079		Youth Affairs, Sports & Communication	159,393,228	125,990,755	167,482,827	215,071,184	174,552,827	170,000,000	195,000,000	200,000,000	200,850,000	206,000,000	206,875,500	212,180,000
	0903004060	General Administration, Planning and Support Services	83644827		91,052,827	-	93,052,827	-	95,000,000		97,850,000	-	100,785,500	-
	0904004060	Youth Empowerment	6,343,000		3,500,000	50,000,000	11,000,000	40,000,000	15,000,000	50,000,000	15,450,000	51,500,000	15,913,500	53,045,000
	0905004060	Sports	50,500,000	125,990,755	53,500,000	165,071,184	53,500,000	130,000,000	60,000,000	150,000,000	61,800,000	154,500,000	63,654,000	159,135,000
	0906004060	Communication	18,905,401		19,430,000	-	17,000,000	-	25,000,000		25,750,000	-	26,522,500	-
4080		Lands, Housing Physical Planning Municipal Administration & Urban Development	406,227,109	363,470,833	395,902,109	318,824,811	402,518,169	2,833,108,773	385,000,000	1,904,861,530	396,550,000	1,962,007,376	408,446,500	2,020,867,597
	0104004060	General Administration & support services	222,158,746		209,849,501	-	227,518,169	-	230,000,000		236,900,000	-	244,007,000	-
	0116004060	Land Use Management, Valuation & Rating and Physical Planning	49,734,363	89,932,051	45,000,000	103,543,092	40,000,000	14,428,865	20,000,000	20,000,000	20,600,000	20,600,000	21,218,000	21,218,000
	0114004060	Housing and Community Development		233,088,782	-	95,281,719	-	860,543,092	-	50,000,000	-	51,500,000	-	53,045,000
	0115004060	Urban Areas Development and Administration	134,334,000	40,450,000	141,052,608	120,000,000	135,000,000	1,958,136,816	135,000,000	1,834,861,530	139,050,000	1,889,907,376	143,221,500	1,946,604,597
4081		Trade, Industrialization Tourism & Investment	180,678,607	731,473,209	174,808,607	618,931,084	158,808,604	313,176,300	160,000,000	335,000,000	164,800,000	345,050,000	169,744,000	355,401,500
	0306004060	Administration, Planning and Support Services	111,053,607		118,553,607	-	158,808,604		160,000,000		164,800,000	-	169,744,000	-

Department Ceilings by Programmes for the FY 2024/25-2026/27 MTEF Period (KShs)

Vote No.	Programme Code	Sector/Department Name & Programmes	Supplementary 2		CBROP CEILING		Approved Budget		CBROP CEILING		PROJECTIONS			
			FY 2023/2024		FY 2024/2025		FY 2024/2025		FY 2025/2026		FY 2025/2026		FY 2026/2027	
					Recurrent	Development	Recurrent	Development			Recurrent	Development	Recurrent	Development
	0302004060	Trade Development and Promotion	69,625,000	194,862,366	56,255,000	315,332,508	-	274,000,000		300,000,000	-	309,000,000	-	318,270,000
	0303004060	Industrial and Entrepreneurship Development		534,194,839	-	282,000,000		20,000,000		15,000,000	-	15,450,000	-	15,913,500
	0304004060	Tourism Development and Promotion		-	-	16,500,000		9,176,300		10,000,000	-	10,300,000	-	10,609,000
	0305004060	Investment Development and Promotion		2,416,004	-	5,098,576		10,000,000		10,000,000	-	10,300,000	-	10,609,000
		Totals	16,249,459,401	6,965,397,069	15,525,304,523	6,878,966,106	15,409,914,691	8,164,839,430	15,458,516,681	7,195,488,722	15,881,701,748	7,390,504,661	16,317,582,367	7,591,371,077

Annex IV: Kiambu County Budget Calendar FY 2024-2025

Activity	Responsibility	Timeframe/ Deadline
Develop and issue MTEF Guidelines	County Treasury	30 th August, 2024
Undertaking of Departmental Expenditure Reviews	All Departments	5 th September, 2024
Development of County Budget Review and Outlook Paper (CBROP)	County Treasury	15 th September, 2024
Submission of County Budget Review and Outlook Paper the County Executive Committee	C.E.C Finance	30 th September, 2024
Approval of County Budget Review and Outlook Paper the County Executive Committee	C.E.C Finance	14 th October, 2024
Start of Sector Consultations	All Departments	15 th October, 2024
Submission of County Budget Review and Outlook Paper (CBROP) to the County Assembly	County Treasury	21 st October, 2024
Submission of final sector reports to County Treasury	All CECMs for their respective Departments	4 th November, 2024
Draft 2025 County Fiscal Strategy Paper (CFSP)	County Treasury	15 th November, 2024
Consultative meeting with County Executive committee on sector proposals & Draft CFSP	County Treasury	15 th January 2025
Public participation on 2025 CFSP & FY 2025/26 and MTEF budget	County Treasury	3 rd February 2025
Presentation of County Fiscal Strategy Paper to County Budget and Economic Forum (CBEF)	C.E.C Finance & Economic Planning in consultation with the Governor	6 th February 2025
Submission of 2025 County Fiscal Strategy Paper (CFSP) to County Executive Committee for approval	County Treasury	15 th February 2025
Submission of County Fiscal Strategy Paper (CFSP) to County Assembly	County Treasury	28 th February, 2025
Develop and Issue of circular for finalization of 2025/26 MTEF Budget	County Treasury	5 st March, 2025
Submission of Budget proposals to County Treasury	All Departments	15 th March, 2025
Deadline for Consolidation of Final budget	County Treasury	30 th March, 2025
Submission of Budget Estimates to County Executive for approval	County Treasury	10 th April, 2025
Presentation of Budget to County Assembly	C.E.C Finance & Economic Planning	30 th April, 2025