

REPUBLIC OF KENYA
COUNTY GOVERNMENT OF NANDI



THE COUNTY TREASURY

COUNTY FISCAL STRATEGY PAPER
(CFSP) 2024

**“THE BOTTOM – UP ECONOMIC TRANSFORMATION AGENDA FOR INCLUSIVE AND
SUSTAINABLE GROWTH”**

FEBRUARY, 2024

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The document is also available on the official county website www.nandi.go.ke

FOREWORD

This marks the eleventh iteration of the County Fiscal Strategy Paper (CFSP) since the inception of devolution, which established the County Government of Nandi and other governance structures. The CFSP outlines the county's priority programs to be executed within the Medium-Term Expenditure Framework (MTEF) and aligns the county's goals with those of the National Government, as articulated in the 2024 Budget Policy Statement (BPS). Development expenditures planned within the MTEF period aim to drive socio-economic progress for residents. It's imperative to adhere to and implement the provisions of the Public Finance Management (County Governments) Regulations, 2015, to ensure effective public finance management.

The implementation of programs outlined in this CFSP is anticipated to enhance the economic efficiency and productivity of the county, thereby fostering competitiveness and creating numerous opportunities for meaningful employment and securing livelihoods. This policy document places emphasis on completing and operationalizing all ongoing projects across the county to fully realize their objectives and ensure value for money.

Moreover, it emphasizes a comprehensive review and revision process for spending baselines, which serve as the foundation for budget ceilings. This review incorporates multiple considerations, such as clearing pending bills, rationalizing staff, addressing outstanding commitments the county has made, assessing the capacity of departments and public entities to manage and utilize resources effectively, examining the connection between outcomes, expenditures, and departmental mandates, as well as incorporating input from the public and evaluating departmental program performance thus far.

In addition to these measures, the CFSP underscores the importance of transparent and accountable financial management practices to instill public trust and confidence in the county's financial processes. By adhering to these principles and diligently implementing the strategies outlined in the CFSP, the county aims to not only achieve its developmental objectives but also to enhance governance effectiveness and promote sustainable socio-economic growth for its residents.

Furthermore, it's emphasized that the CFSP will serve as the foundation for the preparation of program-based budget estimates for the fiscal year 2024/2025, ensuring that budgetary allocations are closely aligned with the strategic priorities outlined in this document.

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CECM, FINANCE AND ECONOMIC PLANNING

ACKNOWLEDGEMENT

The drafting of the FY 2024/205 preliminary County Fiscal Strategy Paper (CFSP) was a collaborative effort facilitated by the joint participation of County Departments and Agencies, working under the directive and guidance of His Excellency the Governor. I also wish to extend acknowledgment to the invaluable leadership and direction provided by H.E. the Deputy Governor, the County Executive Committee Member for Finance and Economic Planning, as well as all County Executive Committee Members and Chief Officers for effectively coordinating their respective departments during the formulation of this document.

Furthermore, I would like to express heartfelt appreciation to the Commission on Revenue Allocation (CRA), the National Treasury, the Office of the Controller of Budget (OCB), the County Budget and Economic Forum (CBEF), Civil Society Organizations operating within Nandi, members of ward-based development committees, Faith-Based Organizations, and other stakeholders whose contributions in terms of insights, recommendations, and counsel greatly enriched the content of this policy document.

Lastly, special recognition is due to the technical team from the County Treasury for their dedicated efforts, technical expertise, and coordination throughout the entire process of developing this crucial Paper. Their invaluable input has significantly contributed to the quality and comprehensiveness of the document.

PRISCA JEPCHIRCHIR

CHIEF OFFICER, FINANCE AND ECONOMIC PLANNING

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ABBREVIATIONS AND ACRONYMS

BPS	: Budget Policy Statement
CEC	: County Executive Committee
CFSP	: County Fiscal Strategy Paper
CIDP	: County Integrated Development Plan
CADP	: County Annual Development Plan
COB	: Controller of Budget
ECD	: Early Childhood Development
EIA	: Environmental Impact Assessment
FY	: Financial Year
GDP	: Gross Domestic Product
M&E	: Monitoring and Evaluation
MCAs	: Members of County Assembly
MTP	: Medium Term Plan
MTEF	: Medium Term Expenditure Framework
PFMA	: Public Finance Management Act
SRC	: Salaries and Remuneration Commission
TIVET	: Technical Vocational Education and Training

CHAPTER ONE

1.1 Introduction

The County Fiscal Strategy Paper (CFSP 2024) covers the MTEF period 2024/2025 – 2026/2027. The Paper has been prepared as provided for in Section 117 of the PFM Act, 2012 and sets out the priority programs and projects to be implemented in the FY 2024/2025 and the MTEF period. The implementation of the priority programs and projects over the medium term is expected to achieve the Government agenda dubbed “Bottom – Up Economic Transformation Agenda for inclusive and Sustainable Growth”. The priorities to be pursued are in line with Kenya Vision 2030, MTP IV, Sustainable Development Goals (SDGs), the Governor’s Manifesto, the Nandi County Integrated Development Plan (2023 – 2027), Bottom Up Economic Agenda among other policy documents.

The strategic priority areas include;

- i. Infrastructural Development in Roads
- ii. Investment in Early Childhood Development and Vocational Training
- iii. Access to Clean water, Environmental Conservation, Land and Physical Planning
- iv. Increased Investment in Healthcare for Quality and Accesible Services
- v. Enhancing Agricultural Productivity and Cooperative Development for food Security and Poverty Reduction
- vi. Micro, Small and Medium Enterprise Economy, Digital Superhighway and Creative Economy
- vii. Good Governance, Administration, Public Service and ICT
- viii. Sports and Tourism Development
- ix. Urban Planning and strengthening Kapsabet Municipality

These priority programs are aimed at creating employment and ensuring socio-economic stability hence improving living standards. The Paper also incorporates the National Economic outlook updates to reflect changes in economic and financial trends. In the preparation of this Paper, the National Budget Policy Statement (BPS) was a key reference document in aligning the County’s priorities to the National’s economic policy principles.

The focus of the County Government is to promote wealth creation and build an economically vibrant County through various strategies and a proper sustainable fiscal policy framework.

The County has elaborate plans towards strengthening the framework upon which a wealthy and

economically vibrant County agenda is built; however, there are challenges that need to be addressed gradually. They include: low level of local revenue collection, delays in disbursement of funds by the National government and expenditure pressures with respect to salary demands and operational costs which have impacted negatively on the County development agenda.

1.2 Legal basis for the preparation of the County Fiscal Strategy Paper

This Fiscal Strategy Paper is prepared in accordance with section 117 of the Public Finance Management Act, 2012 which stipulates that:

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

seven days after it has been submitted to the County Assembly.

1.3 Rationale for County Fiscal Strategy Paper

The basis for preparing the CFSP is to indicate:

- i. The mechanism for aligning the county with the national objectives as contained in the Budget Policy Statement.
- ii. The broad strategic priority areas that will guide the County Government in preparing the Budget for Financial Year 2024/2025.
- iii. Create a mechanism for engaging the public in prioritizing the development programs that meet their needs best.
- iv. Details of departmental ceilings for the medium-term expenditure framework (MTEF) period for prudent resource allocation and consistency with the MTEF budgeting approach.
- v. Financial outlook with respect to County Government Revenues, Expenditures and borrowing for the coming Financial Year and over the Medium Term.

1.4 County Government Fiscal Responsibility Principles

The Constitution of Kenya and the Public Finance Management (PFM) Act, 2012 Section 107 sets out the following fiscal responsibility principles to ensure prudence and transparency in the management of Public Resources;

- i. The County Government's recurrent expenditure shall not exceed the County Government's Total Revenue
- ii. Over the Medium Term, a minimum of thirty percent (30%) of the county government's budget shall be allocated to the development expenditure
- iii. The County Governments' expenditure on wages and benefits for its public officers shall not exceed a percentage of the County government's total revenue as prescribed by the Executive Committee Member for Finance in regulations and approved by County Assembly.
- iv. The limit set under paragraph (iii) above, shall not exceed thirty-five (35) percent of the county government's total revenue as set out in PFMA regulation 2015.
- v. Over the Medium Term, the government's borrowing shall be used only for the purpose of financing development expenditure and not for recurrent expenditure

- vi. The county debt shall be maintained at sustainable level as approved by County Assembly.
The fiscal risks shall be maintained prudently; and
- vii. A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained taking into account any tax reforms that may be made in the future.

1.5 Outline of the County Fiscal Strategy Paper FY 2024/2025.

This County Fiscal Strategy Paper is presented in five chapters. Chapter one presents the introduction with an overview, legal basis for the preparation of the CFSP, rationale, County Government's fiscal responsibility principles and the paper outline.

Chapter two outlines the recent economic and fiscal developments within which the 2024/2025 budget will be prepared. It further presents an overview of the forward economic and fiscal developments and the macroeconomic outlook covering the global, national and county scenes with respect to the recent developments.

Chapter three highlights the County strategic priorities and interventions.

In Chapter Four, the paper presents the fiscal policy and budget framework that will support planned growth over the medium and long term, while continuing to provide sufficient resources to support the county social-economic development.

Chapter five Presents the resource envelope and spending priorities proposed for the FY 2024/2025 MTEF Budget.

CHAPTER TWO

RECENT ECONOMIC DEVELOPMENTS AND MEDIUM-TERM OUTLOOK OVERVIEW

2.1 Overview

The economy is projected to remain strong and resilient in 2023/2024 and over the medium term supported by the continued robust growth of the services sectors, the rebound in agriculture, and the ongoing implementation of measures to boost economic activity in priority sectors by the Government. As such, the economy is expected to remain strong and expand by 5.5 percent in both 2023 and 2024 (5.5 percent in FY 2023/24 and 5.4 percent in FY 2024/25)

From the supply side, this growth will be driven by a strong recovery in the agriculture sector supported by the anticipated adequate rainfall in most parts of the country and a decline in global commodity prices that will reduce the cost of production. Additionally, Government intervention measures aimed at lowering the cost of production such as the ongoing fertilizer and seed subsidy program and provision of adequate affordable working capital to farmers will support growth of the sector.

On the demand side, growth will be driven by an improvement in aggregate demand. Aggregate demand will be supported by household private consumption and robust private sector investments coupled with Government investments as the external account supported by strong export growth and resilient remittances.

Consumption will mainly be driven by strong Private consumption which is expected to increase to 79.3 percent of GDP in 2024 from 78.3 percent of GDP in 2023. The easing of inflationary pressures will result in strong household disposable income, which will in turn support household consumption. Government consumption is projected to decline in 2023 and 2024 in line with the fiscal consolidation program.

Kenya's export of goods and services is expected to continue strengthening supported by receipts from tourism and an increase in receipts from tea and manufactured exports. The strengthening of the dollar against the Shilling is also expected to support export receipts. The expected recovery of Kenya's trading partners and the implementation of Africa Continental Free Trade Area (AfCFTA) will enhance demand for exports of Kenyan manufactured products. Additionally, the implementation of crops and livestock value chains, specifically, exports of tea, coffee, vegetables and fresh horticultural produce, among others will support growth in export receipts.

2.2 Recent Economic Developments

Global and Regional Economic Developments

The global economy is experiencing challenges arising from global supply chain disruptions due to the prolonged Russia -Ukraine conflict, elevated global interest rates on account of inflationary pressures limiting access to credit and exacerbating debt servicing costs; and significant losses and damages due to frequent extreme weather events increasing fiscal pressures. As such, global growth is projected to slow down to 3.0 percent in 2023 and 2.9 percent in 2024 from 3.5 percent in 2022 which is below the historical (2000–2019) average of 3.8 percent (**Table 2.1**).

The geopolitical fragmentation arising from the Israeli-Palestinian conflict and elevated global oil prices on account of supply cuts by major oil exporters particularly Saudi Arabia and Russia could weigh on the global economic outlook.

Table 2.1: Global Economic Growth, Percent

Economy	Growth (%)			
	Actual		Projected	
	2021	2022	2023	2024
World	6.3	3.5	3.0	2.9
Advanced Economies	5.4	2.6	1.5	1.4
<i>Of which: USA</i>	<i>5.9</i>	<i>2.1</i>	<i>2.1</i>	<i>1.5</i>
<i>Euro Area</i>	<i>5.3</i>	<i>3.3</i>	<i>0.7</i>	<i>1.2</i>
Emerging and Developing Economies	6.8	4.1	4.0	4.0
<i>Of which: China</i>	<i>8.4</i>	<i>3.0</i>	<i>5.0</i>	<i>4.2</i>
<i>India</i>	<i>9.1</i>	<i>7.2</i>	<i>6.3</i>	<i>6.3</i>
Sub-Saharan Africa	4.7	4.0	3.3	4.0
<i>Of which: South Africa</i>	<i>4.7</i>	<i>1.9</i>	<i>0.9</i>	<i>1.8</i>
Nigeria	3.6	3.3	2.9	3.1
Kenya*	7.6	4.8	5.5	5.5

Source of Data: January 2024 WEO

2.3 Domestic Economic Developments

The Kenyan economy in 2022 demonstrated resilience in the face of severe multiple shocks that included the adverse impact of climate change, lingering effects of COVID-19, global supply chain disruption and the impact of Russia-Ukraine conflict. As such, the economic growth slowed down to 4.8 percent in 2022 from 7.6 percent in 2021 but broadly aligned with the pre-pandemic decade average of 5.0 percent (**Table 2.2**). This growth was largely supported by the robust growth of service sectors, particularly transport and storage, financial and insurance, information and communication, and

accommodation and food services sectors. However, the agriculture sector contracted by 1.6 percent due to the adverse weather conditions that affected reduction of crops and livestock.

Table 2.2: Sectoral GDP Performance

Sector's	Annual Growth Rates		Quarterly Growth Rates			
	2021	2022	2022 Q1	2022 Q2	2023 Q1	2023 Q2
1. Primary Industry	0.5	(1.0)	(0.4)	(1.5)	5.8	7.6
1.1. Agriculture, Forestry and Fishing	(0.4)	(1.6)	(1.7)	(2.4)	6.0	7.7
1.2. Mining and Quarrying	18.0	9.3	23.8	16.6	3.3	5.3
2. Secondary Sector (Industry)	6.8	3.5	4.4	4.2	2.4	1.8
2.1. Manufacturing	7.3	2.7	3.8	3.6	2.0	1.5
2.2. Electricity and Water supply	5.6	4.9	3.2	5.6	2.5	0.8
2.3. Construction	6.7	4.1	6.0	4.5	3.1	2.6
3. Tertiary sector (Services)	9.6	6.7	8.5	7.7	6.0	5.9
3.1. Wholesale and Retail trade	8.0	3.8	4.9	4.1	5.7	4.2
3.2. Accomodation and Restaurant	52.6	26.2	40.1	44.0	21.5	12.2
3.3. Transport and Storage	7.4	5.6	7.7	7.2	6.2	3.0
3.4. Information and Communication	6.1	9.9	9.0	11.2	9.0	6.4
3.5. Financial and Insurance	11.5	12.8	17.0	16.1	5.8	13.5
3.6. Public Administration	6.0	4.5	6.2	3.8	6.6	3.8
3.7. Others	10.8	5.2	6.7	5.5	4.9	5.0
of which: Professional, Admin & Support Services	7.1	9.4	13.1	10.9	7.3	5.5
Real Estate	6.7	4.5	6.0	5.0	5.2	5.8
Education	22.8	4.8	4.6	4.4	3.6	4.5
Health	8.9	4.5	5.7	4.4	5.4	5.0
Taxes less subsidies	11.9	7.0	9.5	6.1	5.3	3.8
Real GDP	7.6	4.8	6.2	5.2	5.5	5.4

Source of Data: Kenya National Bureau of Statistics, The National Treasury

Despite the challenging environment, the Kenyan economy is demonstrating resilience with growth performance well above the global and SSA average. In the first half of 2023, the economic growth averaged 5.4 percent (5.5 percent Q1 and 5.4 percent Q2). This growth was primarily underpinned by a rebound in the agricultural activities and a continued resilience of service sectors. All economic sectors recorded positive growths in the first half of 2023, though the magnitudes varied across activities.

Agriculture: In the first half of 2023, the agriculture sector rebounded strongly following improved weather conditions and the impact of fertilizer and seed subsidies provided to farmers by the Government. The sector grew by 6.0 percent in the first quarter and 7.7 percent in the second quarter. The strong performance was reflected in enhanced production, especially of food crops that led to significant increase in exports of tea, coffee, vegetables and fruits. However, production of cut flowers and sugarcane declined during the period.

Services: The services sector continued to sustain strong growth momentum in the first half of 2023 growing by 6.0 percent in the first quarter and 5.9 percent in the second quarter. The robust performance was reflected in the notable growth of information and communication (driven by increases in wireless internet and fiber-to-home subscriptions), wholesale and retail trade, accommodation and food services (driven by recovery in tourism), transport and storage, financial and insurance (due to strong private sector credit growth and lending to the government) and real estate (supported by sustained expansion of the construction industry).

Industry: In the first half of 2023, the industrial sector recorded lower growths of 2.5 percent in the first quarter and 1.8 percent in the second quarter compared to growths of 4.4 percent and 4.2 percent, respectively in similar quarters in 2022. The slowdown in growth was mainly reflected in manufacturing, and electricity and water supply sub-sectors. Activities in the manufacturing sector, which accounts for nearly half of the industrial sector output, was hampered by a decline in the manufacture of both food (particularly sugar production) and non-food products while electricity sub-sector slowed down due to a notable decrease in electricity generation from all sources, except geothermal.

2.4 Inflation Rate

Inflation had remained above the Government target range of 5 ± 2.5 percent from June 2022 to June 2023. In order to anchor inflation expectations, the Monetary Policy Committee (MPC) gradually raised the policy rate (Central Bank Rate (CBR)) from 7.50 percent in May 2022 to 10.50 percent in June 2023 and further to 12.50 percent in December 2023. The tightening of the monetary policy was to address the pressures on the exchange rate and mitigate second round effects including from global prices. This will ensure that inflationary expectations remain anchored, while setting inflation on a firm downward path towards the 5.0 percent mid-point of the target range.

Consequently, inflation eased gradually to 6.8 percent in November 2023 from a peak of 9.6 percent in October 2022 and has been within the target range for the five months of FY 2023/24. However, inflation has remained sticky in the upper bound of the Government's target range since July 2023. The easing of inflation was also supported by lower food prices.

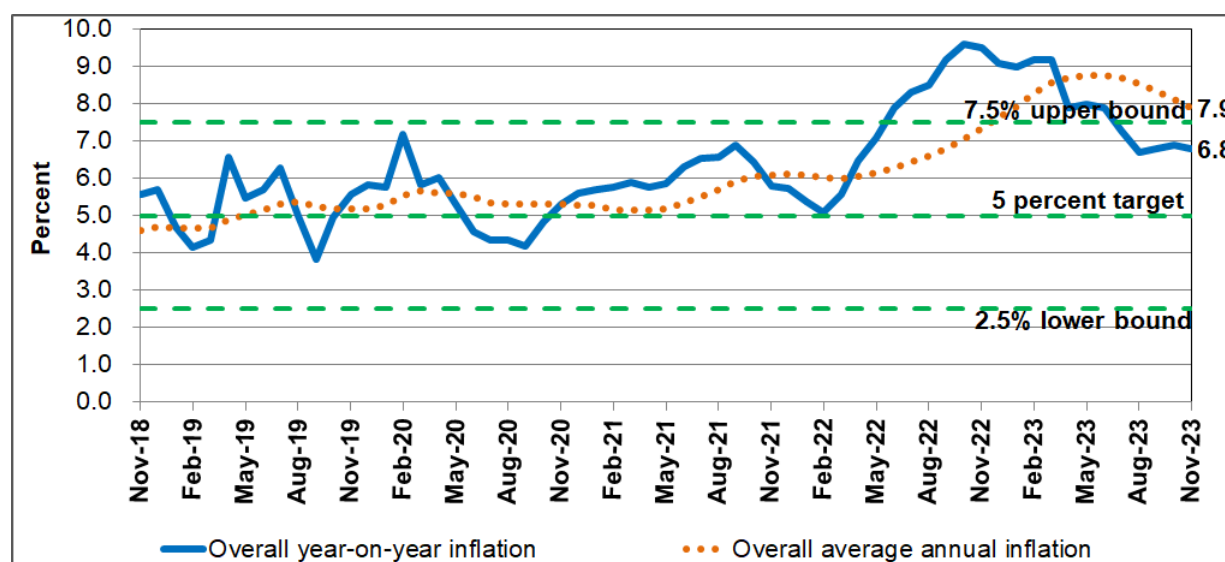
Food inflation remained the dominant driver of overall inflation in November 2023. However, it declined to 7.6 percent in November 2023 from a peak of 15.8 percent in October 2022 supported by general decline in international food prices, government interventions through zero rating of

select food commodities, and improved weather conditions that enhanced production of fast-growing food items, thus moderating their prices. Nonetheless, sugar prices remained elevated driven by domestic and global factors.

Fuel inflation remained elevated reflecting the impact of the rise in international oil prices. It increased to 15.5 percent in November 2023 from 11.7 percent in November 2022. The increase reflects the impact of higher international oil prices, depreciation in the shilling exchange rate and gradual withdraw of the fuel subsidize from September 2022 and the upward adjustment of electricity tariff from April 2023. In addition, the upward adjustment of VAT on petroleum product in July 2023 from 8.0 percent to 16.0 percent to eliminate tax credits from the sector exacted upward pressures on prices. However, prices of cooking gas continued to decline and moderated inflation reflecting the impact of the zero-rating of VAT on liquefied petroleum gas (LPG).

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

Figure 2.1: Inflation Rate, Percent



Source of Data: Kenya National Bureau of Statistics

2.5 Kenya Shilling Exchange Rate

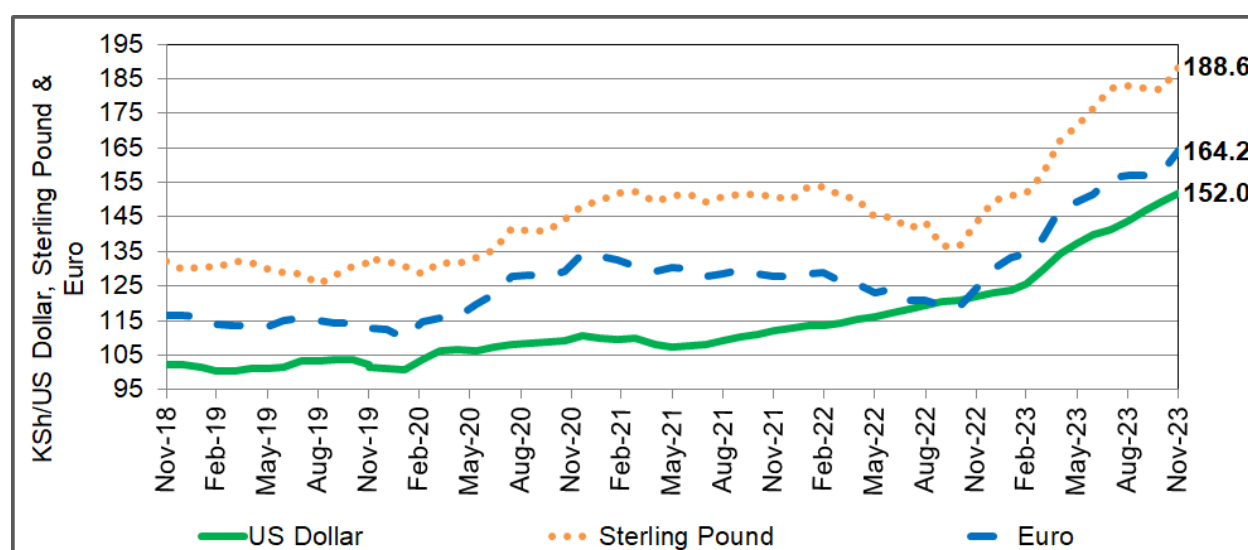
Kenya like several other countries is experiencing foreign exchange challenges due to the rise of US interest rates. In November 2023, the Kenya Shilling weakened by 24.7 percent against the US

Dollar, 31.9 percent against the Sterling Pound and 32.2 percent against the Euro, compared to a similar period in 2022.

The Kenya Shilling exchanged against the dollar at an average of Ksh 152.0 in November 2023 compared to an average of Ksh 121.9 in November 2022. Against the Euro, the Kenya shilling weakened to exchange at Ksh 164.2 in November 2023 compared to Ksh 124.2 in November 2022 while against the Sterling Pound the Kenyan Shilling also weakened to exchange at Ksh 188.6 compared to Ksh 143.0, over the same period (**Figure 2.6**). The Kenyan Shilling was supported by increased remittances, adequate foreign exchange reserves and strong exports receipts.

The Government has taken measures to stabilize the foreign exchange market which include the Government-to-Government petroleum supply arrangement. This arrangement is mainly intended to address the US Dollar (USD) liquidity challenges and exchange rate volatility caused by the global dollar shortage and sport market reactions that was driving volatility and a false depreciation that was a scarcity value as well as market distortion.

Figure 2.6: Kenya Shillings Exchange Rate



Source of Data: Central Bank of Kenya

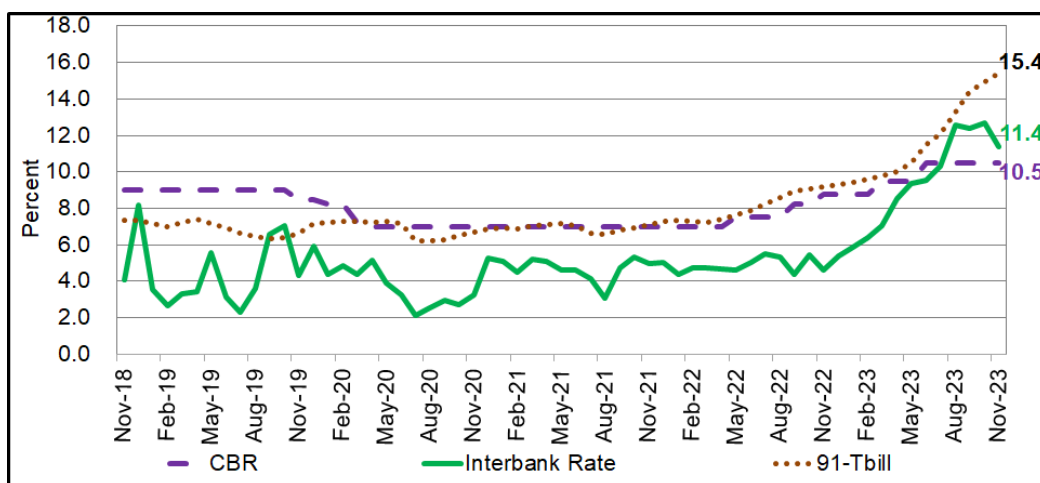
2.6 Interest Rates

Reflecting the tight monetary policy stance and liquidity conditions in the money market, interest rates increased in the year to November 2023. The interbank rate increased to 11.4 percent in November 2023 compared to 4.6 percent in November 2022 while the 91-day Treasury Bills rate increased to 15.4 percent compared to 9.2 percent over the same period (**Figure 2.3**). The

introduction of the interest rate corridor, in August 2023, is expected to align the interbank rate to the Central Bank Rate and thereby improve the transmission of the monetary policy.

Commercial banks average lending and deposit rates increased in the year to September 2023 in tandem with the tightening of the monetary policy stance. The average lending rate increased to 14.0 percent in September 2023 from 12.4 percent in September 2022 while the average deposit rate increased to 8.6 percent from 6.8 percent over the same period. Consequently, the average interest rate spread declined to 5.3 percent in September 2023 from 5.6 percent in September 2022.

Figure 2.3: Short Term Interest Rates, Percent



Source of Data: Central Bank of Kenya

2.7 Fiscal Performance of County Government in FY 2022/2023

In FY 2022/2023, the County Government had a total budget of Ksh. 8,512,743,743 out of which Ksh 7,279,260,501 was CRA allocation and the rest comprised of Own Source Revenue (OSR), conditional grants. From the total revenue, Ksh. 6,148,361,286 was recurrent budget and Ksh. 2,364,382,457 development budgets.

2.8 National Government Revenue FY 2022/2023

Revenue from the National Government consisted of equitable shareable revenue of KES 6,685,782,084 and total Conditional grants of KES 593,478,417. The summary of transfers from the National Government including conditional grants is highlighted in **table 2.4**.

Table 2.4 National Government Revenue FY 2022/2023

	2022-2023	2021-2022
	Kshs	Kshs
Total exchequer releases for quarter 1	1,096,225,087.00	1,155,992,791
Total exchequer releases for quarter 2	1,601,534,540.00	1,750,217,259
Total exchequer releases for quarter 3	1,242,147,341.00	1,747,717,260
Total exchequer releases for quarter 4	3,339,353,533.00	2,582,070,915
Total	7,279,260,501.00	7,235,998,225

Source of Data: Central Bank of Kenya

Out of the Kshs. 7,279,260,501 received through exchequer, Kshs. 6,685,782,084 was the County equitable share with Kshs. 593,478,417 being receipts from domestic and foreign grants.

2.9 County Governments' Own Source Revenue (OSR)

Total OSR collected amounted to Ksh. **207,882,797** against a target of Ksh **373,234,444**. There was a deficit of Kshs 165,351,647 in the 2022/2023 FY translating to 44% shortfall.

Table 2.6: County Governments' Own-Source Revenue (OSR) per revenue stream

REVENUE SOURCE	2018/19	2019/20	2020/21	2021/2022	2022/2023
Business Permits	46,102,045	35,841,862	47,173,887	35,470,082	52,980,727.27
Liquor licensing	10,312,700	6,809,500	11,780,110	10,976,100	11,285,815
Plot rents	2,036,359	1,860,661	1,489,527	1,485,873	1,344,961
Land Rates	24,319,280	21,567,056	23,228,006	14,503,673	4,613,618
Kiosk and Stalls Rent	6,589,508	7,111,376	8,792,673	7,137,779	7,252,912
Parking Fees	30,601,568	27,046,638	26,832,798	25,523,712	38,479,112.00
Market Fees	14,615,695	12,550,796	10,051,900	14,880,911	15,675,007.17
Cess	11,663,613	11,092,433	19,944,822	23,931,845	23,295,390.
Health and Sanitation	97,713,219	125,019,797	99,453,070	118,969,920	27,867,247
Kiborgok Tea Proceeds	13,205,201	15,391,927	10,550,386	11,594,502	
Slaughter Fees	161,505	1,010,450	844,614	783,221	540,987.00

REVENUE SOURCE	2018/19	2019/20	2020/21	2021/2022	2022/2023
Sewerage and Water	1,516,235	1,113,137	665,925	719,000	7,587,614.00
Agriculture	3,604,807	2,021,237	5,128,297	546,973	
Trade Fair	-	-	-	7,106,497	
Cattle Dips/Veterinary	6,479,775	6,954,115	2,369,601	-	
Advertising	17,307,464	7,796,369	6,055,485	5,384,840	3,736,900.00
Physical planning	-	-	-	3,563,742	4,171,934.00
Weight % Measures	-	-	-	664,280	
Tourism and Co-op Dev	-	-	-	441,133	472,190.00
Hire of Exhauster	-	-	-	145,800	5,270,332.80
Other Fees	-	-	-	3,573,439	3,308,050.00
TOTAL	286,235,013	283,187,354	274,361,101	287,403,322	207,882,797

Source: County Revenue office

The revenue collection trend shows a slight increase in revenue collections in the financial year 2023/2024 as compared to the previous financial year 2022/2023.

Table 2.7: Local Revenue Collection as of 31st October 2023.

MONTH	FY 2018/2019	FY 2019/2020	FY 2020/2021	FY 2021/2022	FY 2022/2023	FY 2023/2024
July	13,890,991	14,520,496	2,277,932	5,476,774	2,529,533	11,736,096.85
August	16,077,721	10,397,040	22,190,405	11,877,345	6,056,157.00	18,886,208.30
September	11,354,238	32,667,617	13,240,630	39,603,860	19,606,546.64	16,440,837.25
October	23,762,527	21,648,872	30,577,990	12,238,222	26,034,681.00	16,060,726.70
Total	65,085,477	79,841,307	68,556,243	69,196,201	54,226,917.64	63,123,869.10

Source: County Revenue office

The revenue collection trend shows a marginal decrease in quarterly collections for the current financial year as compared to the previous financial years. This however cannot be a clear indication of the overall performance for the financial year.

Challenges

- Evasion and/or Avoidance.
- Geographical spread of businesses.
- Hostility by sector players.
- Outdated rates/Valuation Roles.
- Incomplete land records.
- Farm management challenges for Kiborgok and Kaimosi tea farms.

Interventions

- Identify, train and Redeployment of staff to the lowest possible levels
- Enforcing the act on all offenders
- Update valuation rolls
- Public sensitization and engage stakeholders on rates.
- Establish a feedback mechanism for information sharing
- Full integration of processes to bank accounts
- Set up amenity clinics to handle NHIF & health insurance clients
- Critical review of the Revenue Collection system.
- Factor in the possible effects of the electioneering circle on achieving set targets.
- Need for capacity building, equipping and proper placement of NHIF Clerks
- Financial estimates also be revised to reflect the current and foreseeable future.

2.10 County Expenditures for FY 2021-2022

Total expenditure was KES. 7,268,804,093 against an approved budget of KES 7,783,488,405 representing an under spending of KES 514,684,312. The overall absorption rate was 93 percent with a 95 percent and 90 percent for recurrent and development expenditure respectively.

Overall recurrent expenditure amounted to KES. 5,397,415,403 representing an under spending of KES 297,239,607 (5 percent) deviation from the approved recurrent expenditure of KES 5,694,655,011 while Development expenditure amounted to KES. **1,871,388,690** representing an under spending of KES **217,444,704** (10 percent) deviation from the approved Development expenditure of KES **2,088,833,394**.

Table 2.8: Statement of Receipts and Payments

	Notes	2022-2023	2021-2022
		Kshs	Kshs
Receipts			
Transfers from the CRF	1	7,279,260,501	7,523,401,547
	2	-	11,401,302
Total receipts		7,279,260,501	7,534,802,849
Payments			
Compensation of employees	3	3,514,768,261	3,649,417,748
Use of goods and services	4	1,518,007,460	1,380,479,065
Subsidies	5	6,263,018	9,500,000
Transfers to other government entities	6	230,000,000	803,003,318
Other grants and transfers	7	589,372,404	392,680,715
Social security benefits	8	-	-
Acquisition of assets	9	1,410,392,950	1,080,487,617
Finance costs, including loan interest	10	-	-
Borrowing	11	-	-
Other payments	12	-	-
Total payments		7,268,804,093	7,315,568,463

TABLE 2.9 STATEMENTS OF RECEIPTS AND PAYMENTS AS AT 31ST DECEMBER 2023.

	Not e	Sep (Q1)	Dec (Q2)	Mar (Q3)	June (Q4)	Cumulative Amount	Comparative Period 2022
RECEIPTS		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Equitable Share (Exchequer releases)	1	1,826,323,509	1,205,373,516	-	-	3,031,697,025	2,306,986,784
Proceeds from Foreign Grants / Development Partners	3	-	500,000	-	-	500,000	4,999,400
Fuel Levy Allocation	4	-	-	-	-	-	-
County Own Generated Revenues	5	24,684,261	44,422,182	-	-	69,106,443	74,880,408
Unspent funds	6	201,030,203	-	-	-	201,030,203	586,681,809
TOTAL RECEIPTS		2,052,037,973	1,250,295,698	-	-	3,302,333,671	2,973,548,401
PAYMENTS							
Compensation of Employees	7	911,937,449	693,261,769	-	-	1,605,199,218	1,666,674,895
Use of goods and services	8	200,892,193	206,464,935	-	-	407,357,128	461,362,193
Subsidies	9	4,742,691	1,000,000	-	-	5,742,691	-
Transfers to Other Government Entities	10	245,731,513	193,377,595	-	-	439,109,108	318,786,628
Other grants .and transfers	11	-	29,451,885	-	-	29,451,885	131,327,864
Acquisition of Assets	12	64,014,145	122,623,352	-	-	186,637,497	165,362,442
TOTAL PAYMENTS		1,427,317,992	1,246,179,535	-	-	2,673,497,527	2,743,514,022
SURPLUS/DEFICIT		624,719,981	4,116,163	-	-	628,836,144	230,034,379

Implementation of FY 2022/2023 Budget and Emerging Fiscal Challenges

Budget execution in the first three months of FY 2022/23 progressed well. Revenues recorded positive growth rates to reflect improvement in business environment, impact of reversal of some tax relief measures effected in January 2021, tax policy measures and enhanced revenue administration by the Kenya Revenue Authority. The Government has embarked on expenditure rationalization and prioritization to ensure that expenditures are on the most impactful programmes that yield the highest welfare benefits to Kenyans.

Most spending during the first quarter was majorly recurrent in nature with employee cost taking a bigger percentage including a comprehensive medical cover expense for all the staff as an incentive to motivate the staff. Some of the notable challenges faced in the implementation of the County Projects and programmes included;

- High expectation from the Public for development and other socio-economic programmes
- Delays in disbursement of funds from the National government;
- Inadequate financial resources;
- Low domestic revenue collection;
- Inadequate policy and legal framework;

2.11 County Economic Situation

Nandi County is predominantly agricultural, with tea farming being a major economic activity. The county is known for its fertile land suitable for tea cultivation, which contributes significantly to the local economy. Additionally, coffee, maize, dairy farming, and horticulture are also important agricultural activities in the region. The tea sector plays a vital role in the economy of Nandi County, providing employment opportunities and income to many residents. However, fluctuations in global tea prices and challenges within the sector, such as low productivity and issues related to marketing and value addition, may have affected the income of tea farmers and the overall economic performance of the county. The county government commits to investing in agricultural modernization programs aimed at improving productivity and value addition in key sectors such as tea, coffee and dairy farming. This investment include providing farmers with access to high-quality inputs, extension services, training in modern agricultural practices and completing and operationalizing Milk Processing plant in Kabiyet, Avocado Packhouse in Lolduga, Coffee mill in Chebonet among other agricultural projects.

Infrastructure development, including roads, electricity, and water supply, is crucial for economic

growth and development. Investments in infrastructure projects within Nandi County could enhance transportation networks, facilitate trade, attract investors, and improve access to basic services, thereby stimulating economic activities in the region.

Nandi County boasts of natural attractions such as the Nandi Hills and scenic landscapes, Nandi rock, Chepkiit waterfalls, Ngabunat cave, which have the potential to attract tourists. Developing tourism infrastructure, promoting cultural heritage, and organizing events and festivals can contribute to the growth of the tourism sector and generate revenue for the county. The county government intends to invest in tourism infrastructure, promote cultural heritage sites, and organize events and festivals to attract tourists to Nandi County. Collaborating with the private sector and local communities to develop tourism products and services can further enhance the tourism potential of the region.

Like many other regions in Kenya, Nandi County faces challenges related to youth unemployment. Addressing this issue requires concerted efforts from the government, private sector, and development partners to create job opportunities, provide skills training, and support youth entrepreneurship initiatives. Developing targeted youth empowerment programs, including skills training, entrepreneurship development, and mentorship initiatives, can help address youth unemployment challenges and harness the potential of young people as drivers of economic growth.

Climate change has become a pressing issue globally, and like other economies, the Kenyan economy is vulnerable to its ravaging impacts. To minimize the economic and fiscal risks of climate change phenomenon, the Government will continue to pursue a low carbon- climate resilient development path. Climate financing has emerged as an important means of implementation for climate change and for promoting sustainable development and financial sector development.

The Government will implement the Financing Locally-led climate Action (FLLoCA) Program in collaboration with National Government and development partners to manage climate change risks. In order to deepen green financing the Government will implement the programme geared towards transitioning to a low-carbon, climate resilient and green economy.

The County Economic Performance is directly affected by the National Economic environment. The County Government has continued to record positive economic development as a result of improved infrastructure, revitalized agricultural sector and the significant investments in other

sectors including health, education and trade.

2.12 Sector Achievements

2.12.1 Education and Vocational Training

During the review period, the gross enrolment rate in Early Childhood Education across the County improved from 60% to 85%. Towards this, the sector completed the construction of 63 ECDE centres with implementation of an additional 27 centres ongoing across the county. In partnership with the Kenya Literature Bureau, teaching and learning materials were supplied to a number of ECDE Centres.

Towards improved access to basic education and vocational training; 12 Vocational Training classrooms were completed alongside successful revival of stalled historical projects such as Sang'alo VTC, Mogomben VTC, Kurgung VTC tuition block, Sigilai VTC twin workshop and Chemelil Potopototo twin workshop.

The total amount of bursary disbursed was worth Ksh300 million with the number of students on bursary increasing from 6,434 to 13,108 during the period.

2.12.2 Lands, Physical Planning, Housing, Environment, Water, Natural Re- Sources and Climate Change.

During the review period, the number of households with access to clean water increased from 6000 to 7000. This was achieved through drilling of 12 boreholes, laying 10 kilometers of distribution pipes, constructing 14 water tanks and provision of 10 plastic tanks to vulnerable households.

The County vegetation cover improved by 1.8% from 26.2% to 28%. This is attributed to the planting of 70,000 tree seedlings in the county as efforts to avert the adverse effects of climate change. Further, Kipkongorwo, Kapkongony, and Kibirong swamps were restored.

The proportion of survey services offered increased due to acquisition of modern survey equipment, operationalizing the Land Control Board and reflecting a commitment to efficient land management practices.

Local physical development planning is expected to improve in the county with the completion of the County Spatial Plan. The plan serves as a fundamental framework for infrastructure provision, development control and attracting investments across the county.

2.12.3 Agriculture and Co-Operative Development

During the review period, this sector realized increased achievements by establishing and equipping

of a coffee factory in Chebonet, Songhor/Soba ward and an avocado aggregation center in Ollessos ward. These initiatives are aimed at expanding crop production, fostering value addition and increasing income opportunities for local farmers.

The dairy sector was enhanced through completion and equipping of the Nandi Cooperative Cremeries in Kabiyet and construction of seven cooling plants across the county. The milk cooling infrastructure will not only reduce post-harvest losses but also add value to the dairy chain.

Livestock production was enhanced through the operationalization of a chicken processing plant in Kapsabet with a capacity to process 500 birds per hour. In addition, renovation of nine cattle dips across the county was undertaken as one of the strategies in reducing the prevalence of livestock diseases.

2.12.4 Health and Sanitation

To enhance access to curative and rehabilitative health services, maternal mortality was reduced to 264/100,000 births against a target of 250/100,000 births while neonatal mortality reduced to 4/1000 against a target of 3/1000

In terms of access, the average distance to a health facility reduced from the 10km to 6km while the proportion of mothers delivering in health facilities increased to 71% against a target of 68% while the proportion of facilities offering skilled delivery services increased to 37.8% against a target of 68% due to scaled up maternity services across the County. In addition, the Government continuously conducted outreach services and provided incentives to expectant mothers delivering in health facilities through Linda Mama medical cover and Mama packs

Further, the percentage of fully immunized children increased to 80% against a target of 90% while the proportion of underweight children under five years reduced to 2.8% against a target of 7%. The proportion of stunted children under five years reduced to 16.6% against a target of 13%. These changes were mainly attributed to increased advocacy, awareness and training of nutrition personnel.

To improve access to preventive and promotive healthcare, the number of referral cases from primary care units increased to 3824 while out of the County referral cases reduced to 200 against a target of 150. This is attributed to recruitment and training of over 400 health care workers, establishment of theatres, special regular clinics, an operational 5000m³ Oxygen plant and

distribution of 300 Oxygen cylinders across the facilities in the County. In addition, the number of people screened for Tuberculosis rose to 107,984 against a target of 100,000 due to increased advocacy. The department also managed to generate revenue amounting to Ksh 187M from major hospitals in the County. This is attributed to FIF and establishment of systems leading to efficient delivery of health services. Life expectancy of males/females has also improved to 60/70.4 against a target of 60.6/66.5 this is attributed to increased advocacy forums on nutrition and preventive health practices. To reduce the out-of-pocket expenditure by her residents, the County increased the number of households enrolled to National Health Insurance Fund (NHIF) /Universal Health Care Cover to 27,000 against a target of 50,000 This was achieved through a collaboration between NHIF, County and National Government.

These achievements were attributed to expansion, completion, equipping and operationalization of health facilities across the County. Two trauma centres in Kabiyet and Nandi Hills were completed and operationalized, new dispensaries were constructed and opened, renovated health and equipped facilities across the County with in patient and lab equipment. In addition, the nurse-patient ratio increased to 67/100,000 against a target of 250/100,000 while the doctor-patient ratio increased 3-5/100,000 against a target of 27/100,000 as a result of recruitment of more doctors and nurses and training of specialized personnel. At the same time, there are major ongoing projects that once completed will totally change the face of health care and referral services within the County. These projects include the ongoing construction of KCRH's Mother and Child Hospital complex which is nearing completion, Kobujoi, Meteitei and Chepterwai hospital complexes

2.12.5 Administration, Public Service and E-Government

During the review period, service delivery improved through increased implementation of the County Public Participation and Civic Education Act, 2021 resulting in effective Public Participation in policy, planning and budget formulation; operating toll-free call center; improved terms of service for employees and training youths on digital literacy and online job opportunities

To improve urban areas, the sector acquired one waste disposal truck for waste management in the county and tarmacked Mosoriot bus park.

2.12.6 Kapsabet Municipality

General administration and support services improved through acquisition of one waste disposal truck and 12 waste disposal bins. This was achieved under the Kenya Urban Support

programme.

2.12.7 Trade, Tourism, Industrialization And Enterprise Development

In the review period, domestic trade was promoted through establishment of open-air fresh produce markets, Operationalized rural Market Stalls and constructed market sanitation facilities. In addition, boda-boda Shades were constructed across the county.

Industrial development was promoted in the period through construction and equipping of the Nandi Textile and apparel unit in Mosoriot, operational business incubation centre in Kapsabet and construction of Kobujoi, Chepterwai, Maraba, Kurgung and Lessos jua kali shades.

In ensuring fair trade practices calibration and verification of weighing and measuring instruments were enhanced.

2.12.8 Transport, Public Works and Infrastructure Development

The sector improved road network and improved accessibility across the county through grading of 437.5 kilometres, gravelling 65, installed 800 meters of culverts and constructed two box culverts.

2.12.9 Sport, Culture & Heritage, Youth Affairs, Gender And Social Welfare

During the period, sports and talent development was enhanced through completion and equipping of Eliud Kipchoge Modern Athletics Training Camp in Kapsabet and distributed 300 sports equipment to different teams across the county. The training facility is designed to provide top-tier training and accommodation for athletes in the county. In addition, the sector facilitated Mountain Run, Kapsisisywa Girl Child Run, Cross- Country Championships at both regional and county levels, KICOSCA, and Talanta Hela.

To promote participation of youth in development and empowerment, the sector recruited 723 service men to Nandi County Youth Service (N.C.Y.S) who benefited with casual employment opportunities and trainings to enhance life skills.

In order to promote culture and social welfare, the sector renovated Jean Marie's mausoleum, held annual Koitalel Samoei commemoration in Nandi Hills, constructed an empowerment center in Chemundu for PWDs, recognized, sensitized and empowered PWDs in the county. In Addition, the government distributed 200 wheelchairs and 240 assistive devices in partnership with Baraton University.

CHAPTER THREE

MEDIUM TERM STRATEGIC PRIORITIES

Development expenditure allocations in the County Fiscal Strategic Paper for FY 2024/2025 and over the Medium Term shall be shared amongst County Departments and agencies based on the County Integrated Development Plan (CIDP 2023-2027) and the County Annual Development Plan (ADP 2024/2025) as well as other strategic objectives and policy goals identified in the 2024 Budget Policy Statement.

Resource allocation in the CFSP for FY 2024/2025 and over the medium term, will be guided by the following two thematic areas;

i. Operationalization of County flagship and other capital projects

Emphasis will be given equipping and optimal operationalization of on-going capital projects in the County and in particular infrastructure projects with high impact on poverty reduction, equity and employment creation including Hospital Complex with Mother and Baby Unit at KCRH, Nandi Cooperative Creameries (NCC) at Kabiyet, Nandi Textile and Apparel Unit (NATEX) in Mosoriot, Eliud Kipchoge Modern Athletics training camp in Kapsabet, Chebonet Coffee Factory in Tinderet and Governor's Offices in Kapsabet. Others include Kobujoi Hospital Complex, Chepterwai Hospital Complex and Avocado Pack House in Ollessos

ii. Operationalization of ongoing and implementation of new Community Driven Projects

Development ceilings for departments/agencies in the 2024/2025 FY CFSP are the aggregate for the cost of flagship projects together with the Community Led ward based projects prioritized for the department through statute framework through public part participation. The priorities outlined herein are aimed at accelerated growth, equitable distribution of resources, poverty reduction, employment creation and improvement of social welfare. Focus remains on the achievement of Nandi CIDP III goals and the Bottom-up Economic Transformation Agenda through; the following strategic priorities;

Strategic Priority I: Infrastructural Development in Roads

Infrastructural development in roads is geared towards agricultural transformation, encourage expansion of trade within and across the county borders as well as expand economic opportunity for employment and also develop ICT infrastructure.

The county will scale up investment in road network through routine maintenance of existing roads by grading, gravelling and culvert installation. Opening up of new roads will significantly reduce the cost of doing business and therefore facilitate high returns to the citizens. The Medium-Term investment in road network in the county will be aligned to support agriculture by linking farmers to markets.

In the current financial year, the county will invest substantial amount on purchasing, hiring and leasing of roadwork machinery and equipment so as to ensure quality road maintenance and sustainability as well as minimize overall costs in the long run.

Strategic Priority II: Investment in Early Childhood Development Education and Vocational Training

Proper and early development of a child lays good foundation necessary for entry into primary school education. The county government appreciates this and therefore, intends to develop ECDEs in the county. The county expects to complete and equip ECDE centers across the county in addition to investing in capacity building of ECDE teachers. In order to offer the youth with necessary skills for the labour market, attention will be given equipping of Vocational Training Centres in the County as well as increase allocation for bursary.

Strategic Priority III: Access to clean water, Environmental Conservation, Land and Physical Planning

The county has invested substantially in developing and commissioning water projects across the county and conservation of water catchment areas by protecting springs and water bodies. The sector Strategy for FY 2024/2025 and the Medium Term is to ensure optimal operationalization and sustainability of earlier funded water projects. Further, the County Government in partnership with the National Government will focus on completion and operationalization of mega water projects including Keben, Kabiyeet and Nandi Hills water projects. This will significantly increase the number of households connected to clean and safe water. Priority will also be accorded drilling of bore holes and establishment of rural Water Company to manage the water projects and to conserve the environment.

Spatial and urban planning of the county provides a basis for provision of affordable housing and improvement of urban settlement.

The County Government of Nandi has adopted digital technology in land administration, management and land use planning. Priority in this CFSP and over the medium term will be accorded continued digitization of land records and integration with valuation roll for enhanced efficient land management and administration. Consequently, the county is in the process of preparing the GIS based County Spatial plan which has digitally mapped and zoned the county land uses. At the local level, the county will continue preparing GIS based local Physical and Land Use Plans for various urban centres. These plans will guide growth and development of the urban

areas by providing a basis for provision of infrastructure e.g. ICT, housing, sewer systems, roads, electricity etc. In undertaking these land functions, the county has established a GIS laboratory to facilitate mapping and digitization of land records. The initiative to digitalize the land records will have an outcome of improving security of tenure and equitable access to land and natural resources hence enhanced livelihood and sustainable socio-economic development.

Environmental conservation will also be enhanced through mapping and Beaconsing of wetlands, restoration of degraded Wetlands and sensitization of various stakeholders in the county.

Strategic Priority IV: Increased investment in healthcare for quality and accessible Services

A healthy population is essential for higher productivity and sustained long term development of the county. The county government intends to enable access to modern and well-equipped health facilities by focusing on the completion of the ongoing projects as well as ensure a well-trained and motivated health personnel for improved service delivery.

The strategy is to expand and modernize Kapsabet County Referral hospital with all essential drugs and non-pharmaceuticals as well as equip with specialized equipment necessary to handle all health-related cases in addition to completing and equipping the hospital complex with mother and baby unit.

Over the Medium Term, the County Government will continue to rehabilitate, expand, and establish maternity wings in all the sub-county hospitals and health centres in the county. Attention will also be given equipping, supply of drugs and recruiting/rationalization of technical staff in all the sub-county hospitals and health centres in the county for effective service delivery. Focus will further be given equipping of Kapsabet and Nandi hills morgues with facilities necessary to handle relevant cases.

Strategic Priority V: Boosting agricultural productivity and cooperative development for food security and poverty reduction

Investing in Agricultural sector not only achieves economic growth but also ensures food security, job creation, income generation and overall poverty reduction. The County therefore aims at raising agricultural productivity and increase commercialization of agriculture.

The Government is cognizant of the fact that increase in agricultural production has a direct effect on rise in per capita income in the rural community alongside production of primary raw materials that set stage for industrialization. As a priority the county will focus on construction to completion and fully equipping the Nandi Cooperative Creameries at Kabiyeet.

Additionally, the county will Promote value addition and agro-processing initiatives through construction of Coffee Milling Factory, establishment of aggregation centers for crop production, carry out disease surveillance and vaccinations, Promote Cooperatives ventures including inputs, marketing, manufacturing and value addition, promoting savings and financial services are some of the strategies that will be put in place to achieve the sector priority.

Strategic Priority VI: Micro, Small and Medium Enterprise economy, Digital Superhighway and Creative Economy

In the FY 2024/2025 and the Medium Term, the government will focus on organizing the business community into specific value chains so as to create room for better interventions that will optimize their potential. The special interest groups will then be equipped with requisite relevant knowledge and capacity. The County government has further established linkages with various financial institutions and partners for proper financing of the MSMEs.

The County government of Nandi is alive to the need to embrace digital economy in a bid to enhance business and service delivery. Mapping of the county products has been done and an E-Commerce platform created to digitally showcase what Nandi has to offer. In the FY 2024/2025 and the Medium Term, the government seeks to build on the platform for enhanced cross county trading and competitive edge of the County.

The county further has begun engaging the youth in a digital Ajira program by training and resourcing them with computers. This is to enable the educated youth to take advantage of legitimate online businesses that can be executed remotely. These opportunities offer flexible working arrangements since the youth can work from their rural homes without the need to travel. This further underscore the need to have internet connectivity across the county.

Strategic Priority VII: Good governance, Administration, Public Service and ICT

Nandi County continues to receive its shareable revenue from the National Government. It is imperative that devolution achieves the objectives of better service delivery and rapid local economic development as well as job creation in line with the Vision 2030. However, this can only be realized if accountability and fiscal discipline in the use of devolved resources are entrenched and macroeconomic environment remains stable.

Further, the County government intends to enhance citizen participation and involvement through enhanced implementation of the County Public Participation and Civic Education Act, 2020. This will enhance feedback, transparency and sustainability in development.

To further enhance effective and efficient service delivery, the government in FY 2024/2025 will ensure completion and operationalization of the County Government offices in Kapsabet.

Public Service Management

The quality of human resource is critical for socio-economic development of the County. The sector will endeavor to build highly skilled and responsive workforce well equipped with requisite skills, knowledge, attitudes and competencies to realize the County Government's Transformative Agenda. In this regard, the public service should be creative, innovative and responsive to the needs of the County and by extension the citizens in view of the development priorities. To achieve this in the sector will develop Human Resource and Development policies for its staff in FY 2024/2025 and the Medium Term. The policy mechanism shall ensure priority and scarce skills are available under the County Public Service. In addition, framework to guide in development of effective career management in public service will also be developed.

Lastly, the sector will develop Human Resource Information System (HRIS) to ensure consolidation and digitization of human resource data and payroll information for ease of track, optimal staffing, wage bill and policy considerations.

Digitization

Information, Communication and Technology plays a critical role in the efficiency of service delivery in the County. The sector has invested substantially in the extension of internet connectivity, construction of an ICT centre and installation of systems including MED BOSS for patients and drug monitoring in Kapsabet and Nandi Hills hospitals. Others include automation of revenue in Finance and the establishment of the county call and data centre. FY 2024/2025 priorities in the sector is digitization of more services as well as optimal utilization of existing ICT infrastructure in the County.

Nonetheless, there is still great potential to use ICT to even create employment opportunities to hundreds of youths in the County. In this regard the sector will endeavor to construct and fully equip ICT centres in all the Sub counties. The sector also plans to install three outdoor screens in major towns in the County. This will not only serve as a source of information to the public but as a source of revenue to the County Government through advertisements and promotional activities which will be run from time to time.

Over the MTEF period, the sector plans to upgrade the call centre which has greatly improved public engagement by responding to over 40,000 complaints, compliments, inquiries and emergencies. Upgrade of the centre will ensure sustainable and increase efficiency in service delivery.

The sector plans to support all the other sectors in the county in the automation of all critical services through development of systems. This will in turn boost fairness, equity and even scale up creative/ innovative economy.

Strategic Priority VIII: Sports and Tourism Development

Nandi County is the indisputable source of world champions in athletics and other sporting activities with celebrated personalities. In FY 2024/2025 and over the Medium Term, government will continue investing in sports infrastructure by fully equipping Eliud Kipchoge Modern Athletics Training Camp and diversifying its talent potential to include other sports and arts. This will strengthen and position the county as a sports hub.

Strategies to develop tourism infrastructure that can attract both local and international visitors are put into consideration which entails: rehabilitation of existing sites and marketing the existing tourism attractions.

Strategic priority IX: Urban Planning and Kapsabet Municipality

Urban planning plays a critical role in the development and growth of urban areas. To further improve urban planning and management the sector plans to;

- Implement Institutional Development Plan (IdeP) for Kapsabet Municipality which is a critical requirement for the Municipality to collect own revenue and attract more funding from development partners.
- The sector has also planned to upgrade three more towns in Nandi County to Municipality status. The sector will achieve this through development of policies, strategic plans and development plans; Construction of social halls, acquisition of land for cemetery and other socio-economic infrastructure.
- The sector in collaboration with National government and other development partners plans to close the housing gap by constructing 2 units (400 houses) in the MTEF period. This will greatly improve access to affordable housing In the County, create

employment and other entrepreneurial opportunities for the residents. The sector will provide land and other infrastructure to facilitate this development.

- To promote commerce coupled with security, the county street lighting will be done in all major urban areas.
- Efficient waste management system will be put in place as well as proper drainage and sewer lines especially in Kapsabet town and other urban areas.

CHAPTER FOUR

FISCAL POLICY AND BUDGET FRAMEWORK

4.1 Overview

The fiscal framework for the FY2024/25 and the medium-term budget is based on the Government's policy priorities and macroeconomic policy framework set out in the County Integrated Development Plan (CIDP) 2023-2027 and the County Annual Development Plan for FY2024/25. To support Continued Transformation Agenda for a balanced growth and development across the county, the Government will continue with the fiscal consolidation plan by containing expenditures and enhancing mobilization of local revenue.

4.2 Fiscal Policy

The fiscal framework for the FY2024/25 and over the medium term is based on the County Government's policy priorities and macroeconomic policy framework set out in this document. The fiscal policy will continue to support accelerated growth, employment creation, more equitable distribution of resources, poverty reduction, improvement of social welfare and security while undertaking the functions of County Government within a context of sustainable public financing. The fiscal policy will therefore focus on:

- **Strengthening Internal Revenue collection:** To match the increased resource requirement by sectors, the county will increase its revenue mobilization efforts and also cast a wider net to bring more stakeholders on board.
- **On-going projects:** emphasis is given to completion of on-going capital projects and in particular infrastructure projects with high impact on poverty reduction, equity and employment creation;
- **Completion of earlier funded and implementation of new Community Driven Projects**
- **Strategic policy interventions:** further priority is given to policy interventions across all sectors that address balanced growth, social equity, efficient service delivery and environmental conservation.

4.3 Fiscal Reforms

The County Government aims to widen the tax base by reviewing the relevant revenue legislations in order to improve revenue raising measures and efficiency. This is underpinned by the on-going reforms in revenue administration including negotiations with various stakeholders (Multinational Companies on tea Cess, land owners), review of valuation rolls for site value and land rating purposes, upgrading of the revenue collection system, expansion of the local revenue base through creation of more parking slots within urban areas and establishment of a county resource mobilization unit. Over the medium term, the County Government will rationalize its expenditure with an aim to reduce wastage. This will be done by ensuring improved accountability and transparency among the accounting officers who are in charge of public finances. The on-going fiscal structural reforms include full automation of all procurement processes and establishment of an asset management unit will instill strong internal controls on expenditure.

To achieve value for money there is need to strengthen audit function through continuous review of audit risks and periodic monitoring and evaluation of projects and programmes.

The County will be enacting and implementing the following fiscal structures to enable it to be fully compliant with PFM, 2012:

1. Enhanced Expenditure Productivity – To accelerate absorption rates especially in the development expenditures, the County will re-organize its structure to focus more on increased development expenditure with raft of measures put towards reducing recurrent expenditure to devote more resources to development.
2. Staff rationalization - this will be achieved through proper placement, roll out and use of process manuals on technical capacity building of staff for enhanced efficiency in service delivery
3. The County Government aims to widen the tax base by reviewing the relevant revenue legislations in order to improve revenue raising measures and efficiency as well as bring to automation all revenue streams for proper accountability
4. Fiscal risks shall be managed prudently

Risks to the Economic Outlook

- Delays in disbursement to County Governments

- Overreliance on equitable share of revenue hence exposing the County to fiscal shocks occasioned by revenue underperformance at the national level
- Underperformance of own source revenue
- Accumulation of Pending bills,
- Low absorption of budgeted funds leading to delay in envisaged socio-economic transformation
- Expenditure pressures due to increasing wage bill thus leaving inadequate resources for development.

Proposed Interventions to the Risks

- Application of fiscal responsibility principles
- Formulation of adequate legislations to guide and manage revenue collection in the County
- Undertaking quarterly implementation reporting of all County projects and programmes to ensure planned projects and programmes are implemented and paid on time
- Developing staffing plan to guide the county in recruitment of various cadres and increasing own source revenue by tracking new revenue sources.

4.4 Adherence to Fiscal Responsibility Principles

Adherence to Fiscal Responsibility Principles Section 107 of the PFM Act, 2012 and Regulations of 2015 requires County governments to adhere to the following fiscal responsibility principles:

1. Maintaining a Balanced Budget – the law states that the County Government’s recurrent expenditure shall not surpass its total revenues. The County has maintained a balanced budget and will over the medium-term period.
2. Compliance with the Requirement for Expenditure on Wages – Regulation 25(1) (b) of the PFM (County Governments) Regulations, 2015 requires that county governments’ wage bill shall not exceed 35 percent of their total revenues. The county Government will conduct rationalization of staff by ensuring proper placement.
3. Adherence with the Requirement for Development Spending Allocations – the law requires county governments to allocate a minimum of thirty percent of their budget to development expenditures. The County has consistently complied with the requirement and will be maintained at 30 per- cent over the medium-term.

4.5 Deficit Financing Policy

The County Government is taking all measures to ensure there is balance between the resources available and the priorities and programmes identified for implementation. The county expenditures are limited to county estimates that balance off with the sum total of internal revenue collection, share of the national revenue and conditional grants.

4.6 Revenue projections

The FY2024/25 budget estimates will target revenue inflow of Kshs **8,672,712,199** which has the CRA shareable revenue and own source revenue. Local revenue is estimated at Kshs. 589,863,495. where shareable revenue as estimated stands at Kshs. 7,421,325,940 and a total of 661,522,764.60 being conditional and unconditional allocations and grants from both national and development partners. The performance of own source revenue will be underpinned by the valuation roll for land and rating purposes, upgrading of the revenue system, enforcement of the Finance Act and establishment of a resource mobilization unit.

4.7 Expenditure projections

The expenditure estimates for the FY2024/25 are Kshs. **8,672,712,199** with a slight decrease from the current F/Y's estimates. Expenditure ceilings on goods and services for the County sectors/departments are based on the County priorities extracted from the CIDP 2023-2027 and the ADP 2024-2025. The ceilings are also adjusted based on expenditure trends and the County change of priority programs within the spending units. Most of the outlays are expected to support completion, equipping and operationalization of all ongoing infrastructural facilities- both flagship and transformational projects, opening up of new roads and continuous maintenance of existing ones alongside settling of pending bills.

Moreover, the county anticipates receiving extra additional conditional funds/grants from development partners. This shall be realized as and when the CARA 2024 is realized.

CHAPTER FIVE

MEDIUM TERM EXPENDITURE FRAMEWORK

5.1 Resource Envelope

The resource envelope available for allocation among the spending entities is based on the updated medium term fiscal framework which is outlined in chapter four. In view of the continued pressure that arise from wage bill and limited resources, MTEF budgeting will focus on adjusting expenditures to cater for the priority sectors.

An evaluation of the macroeconomic situation and a limited resource envelope in recent years shows that adjusting non-priority expenditures to cater for the priority ones will guide the Medium-Term Expenditure Framework (MTEF) budgeting processes. Share of resources for priority physical infrastructure sector, such as Roads, Water and Agriculture, will continue to rise over the medium term. All the other sectors will continue to receive adequate resources in line with our county's commitment to a balanced sector development to enhance the quality of life for the residents of Nandi and ensure sustainable economic growth.

Financing of County Government budget revolve around two main financing sources namely; transfers from the National Government and own source revenue. The shareable revenue transfers will account for 90 percent of the expenditure priorities in the budget and 3.67 percent will be financed from own revenue source.

5.2 Revenue Projections

The County's sources of revenue include:

- **Equitable share**

The equitable share is an unconditional allocation to the County Governments from the revenue generated by the National Government as provided for by the constitution through County Revenue Act as shareable revenue. The County is fully responsible for these funds and is directly accountable to the County Assembly on how the resources under her control are spent. Shareable revenue from the National Government is estimated at Kshs. **7,421,325,940** during the financial year 2024-2025.

- **Conditional and Unconditional grants**

For the Year 2024-2025 the County Government is expected to receive Kshs. 17,907,660.60 as unconditional allocations for 20% share of minerals and royalties and a further Kshs. 223,007,145

as Conditional allocations to County Governments from the National Government's Share of Revenue in the Financial Year 2024/25.

Conditional Allocations from proceeds of loans or grants from Development Partners for Financial Year 2024/25, Nandi county will receive a total of Kshs. **420,607,959.**

- **Own revenues**

The County own revenue is projected at Kshs **589,863,495**. This is based on the current trend of revenue collection and other revenue measures to be instituted.

Total revenue available to fund the expenditure is therefore projected at Kshs **8,672,712,199** in FY 2024/2025 projected to increase to Kshs 8,889,530,003.70 in FY 2025/2026.

RESOURCE ENVELOPE 2024-2025

CODE	REVENUE ITEMS	2021-2022	2022-2023	2023-2024	2024- 2025
1	Total Anticipated Revenue	8,965,549,809	7,270,203,341	9,363,316,922	8,672,712,199
1.1	Local Revenue	387,106,430	279,334,300	515,557,531	589,863,495
1520100	Land Rates	42,184,423	26,224,400	92,284,080	96,898,284
1520500	Plot Rent/House Rent	1,257,694	1,292,018	2,292,780	6,500,000
1420328	Single Business Permits	43,954,440	30,322,076	60,123,000	63,129,150
1420405	Market Fees	15,587,938	10,870,808	17,840,000	18,732,000
1330405	Agriculture	6,931,003	2,241,776	5,980,120	6,279,126
1420328	Liquor Licensing A-I-A	14,383,114	12,548,245	15,468,200	16,241,610
1420345	Cess	22,529,356	12,775,383	65,585,324	102,300,101
1420507	Kiborgok Tea Proceeds	19,612,948	10,497,402	15,807,362	26,597,730
1580401	Slaughter Fees	661,053	836,776	856,226	899,037
1550105	Kiosks & stalls	5,840,001	7,332,406	7,592,406	7,972,026
1550000	Trade Fair	1,660,270	-	6,500,300	6,825,315
1420404	Parking Fees	46,098,288	30,035,808	48,700,060	51,135,063
1450100	Veterinary	3,831,073	3,849,060	4,049,460	4,251,933
1580100	Health and Sanitation (A-I-A)	151,872,821	120,661,799	155,231,711	162,993,296
1420403	Sewerage and Water	536,267	578,319	678,719	712,654
1530000	Advertising	2,266,269	1,868,695	2,168,295	2,276,709
1530000	Physical Planning	1,079,176	1,566,045	6,866,044	8,209,346
1530000	Weights % Measures	1,618,764	1,049,068	1,549,168	1,626,626
1530000	Tourism and Co-op Development	1,162,190	871,126	1,271,226	1,334,787
1530000	Hire of Exhauster	1,187,094	902,650	1,102,650	1,157,782
1530000	OTHER FEES	2,852,248	3,010,440	3,610,400	3,790,920
1.2	GOVERNMENT FUNDING	7,899,732,213	6,990,869,041	7,853,823,805	7,421,325,940
1.2.1	CRF Balances	989,363,172		548,529,220	
1.2.2	CRA EQUITABLE SHARES	6,990,869,041	6,990,869,041	7,305,294,585.00	7,421,325,940
1.3	Conditional allocations from NATIONAL GOVERNMENT			286,000,326	223,007,144.67
1.3.1	Establishment of the Industrial Park			100,000,000	
1.3.2	COMPENSATION OF USER FEE				
	Fertilizer Subsidy Programme			128,705,606	
	Livestock Value Chain Support Project			57,294,720	
1.3.3	RMLF				187,283,793.82
1.3.4	Community Health Promoters				35,723,350.85

1.3.5	Polytechnics				
	Unconditional Allocations from National Government			55,110,901	17,907,660.60
	Minerals Royalties			55,110,901	17,907,660.60
	Conditional Allocations from Development Partners				
1.4		598,211,166		652,824,359	420,607,959
1.4.1	DANIDA -HSPS3	11,851,125		24,759,750	
1.4.2	KDSP II - World Bank	82,682,844			37,500,000
1.4.3	W.B - Transforming of Health Systems	118,895,815			
	W B. -National Agricultural and Rural Growth Projects			150,000,000	
1.4.4	IDA (WORLD BANK). -National Agricultural Value Chain Development project (NAVCDP)	297,105,136		250,000,000	151,515,152
1.4.5	Other Loans and grants	14,000,000			
	Nutrition International			35,500,000	
1.4.6	Kenya UrbanSupport project (KUSP)- UIG				35,000,000
1.4.7	European Union Water Tower Programme				
1.4.8	Food and Agriculture Organization				
1.4.9	KISIP-Kenya Informal Settlements Improvement Project	50,000,000		50,000,000	188,354,057
1.4.10	Financing Locally Led Climate Action (FLLoCA)			126,000,000	
	FLLoCA County Climate Institutional Support (CCIS) Grant			11,000,000	
1.4.11	Transfer for Library Services			5,047,663	
1.4.12	Primary Healthcare in Devolved Context				8,238,750
1.5.0	ASDSP	23,676,246		516,946	
1.5.1	LEASING OF MEDICAL EQUIPMENT	153,297,872			

PROPOSED BUDGET CEILINGS FOR FY 2024/2025

SUMMARY OF THE MTEF EXPENDITURE ESTIMATES FOR THE FINANCIAL YEAR 2024-2025						
VOTE TITLE	PE ESTIMATES	Rec Est	Other op Est	Total Dev Est	Total Est	%
COUNTY EXECUTIVE	180,070,663	323,500,565	6,162,000	60,000,000	569,733,228	6.57
HEALTH AND SANITATION	2,780,893,031	288,498,750	15,675,000	219,500,000	3,304,566,781	38.10
PUBLIC SERVICE AND LABOUR	41,066,263	13,247,272	1,027,000	0	55,340,535	0.64
COUNTY ASSEMBLY	408,896,190	301,890,708	7,774,780	40,000,000	758,561,678	8.75
KAPSABET MUNICIPALITY	14,239,784	49,581,910	2,054,000	15,000,000	80,875,694	0.93
OFFICE OF THE COUNTY ATTORNEY	35,581,774	43,150,124	1,200,000	0	79,931,898	0.92
FINANCE AND ECONOMIC PLANNING	234,739,364	199,095,690	32,864,000	25,000,000	491,699,054	5.67
ADMINISTRATION, PUBLIC SERVICE AND e-Government	120,520,957	181,829,708	6,664,070	33,300,000	342,314,735	3.95
AGRICULTURE AND CO-OPERATIVES DEVELOPMENT	293,451,720	25,737,100	4,621,500	250,051,358	573,861,678	6.62
SPORTS, YOUTH AFFAIRS ,CULTURE AND HERITAGE	55,035,350	22,917,815	1,284,366	49,375,964	128,613,495	1.48
EDUCATION AND VOCATIONAL TRAINING	315,966,890	169,682,680	1,181,050	301,410,000	788,240,620	9.09
LANDS, ENVIRONMENT, NATURAL RESOURCES AND CLIMATE CHANGE	93,683,189	19,690,373	4,108,000	419,754,057	537,235,619	6.19
TRANSPORT, PUBLIC WORKS AND INFRUSTRUCTURE DEVELOPMENT	97,341,375	27,501,162	30,080,000	663,875,920	818,798,456	9.44
TRADE,TOURISM,INDUSTRIALIZATION AND ENTERPRISE DEVELOPMENT	50,599,180	15,301,748	1,437,800	75,600,000	142,938,728	1.65
TOTALS	4,722,085,729	1,681,625,605	116,133,566	2,152,867,299	8,672,712,199	100
Percentage Allocation	54.45	19.39	1.34	24.82	100	

CONCLUSION

The set of policies outlined in this CFSP aims at striking a balance between priorities which keep changing and the emerging issues that are broadly in line with the CIDP and the fiscal responsibility principles outlined in the PFM Act, 2012. They are also consistent with the national strategic objectives which set a basis for County Government allocation of public resources.

Budgetary resources are usually limited; thus, it is imperative that Departments prioritize their programs within the available resources to ensure that utilization of public funds is in line with County Government priorities. Departments need to carefully consider detailed costing of projects, strategic significance, deliverables (output and outcomes), alternative interventions, administration and implementation plans in allocating resources. There is also need to ensure that recurrent resources are being utilized efficiently and effectively before funding is considered for programs.

Proper implementation of the budget is critical towards providing services that will promote sustainable growth. Sustainability requires greater effort from all the stakeholders including County Government departments, civil societies, communities, County Assembly and development partners. This means providing for continuous consultations through public participations with each other, finding solutions and encouraging innovation to build a sustainable County.