

**COUNTY GOVERNMENT OF WAJIR**



**DEPARTMENT OF FINANCE AND ECONOMIC PLANNING**

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# **COUNTY FISCAL STRATEGY PAPER**

## **2024**

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*“Restoring Hope through Investment in Resilient and Durable Solutions”*

**FEBRUARY 2024**

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**CFSP 2024 will be published on the website at: [www.wajir.go.ke](http://www.wajir.go.ke) within 7 days of adoption by the County Executive Committee.**

## **FOREWORD**

The County Fiscal Strategy Paper (CFSP) 2024, the second to be prepared under the leadership of **HE FCPA Ahmed Abdullahi EGH** administration focuses on key Medium Term policies and priorities in the Governors Manifesto and CIDP 2023/2027. These include; quality and affordable healthcare, food security, social protection, access to early childhood education, critical infrastructure development as well as building resilience to climate change shocks.

Since its inception in 2022, the Government has initiated key programmes towards provision of quality health care across the county, provision of clean and safe water for domestic use, infrastructure expansion and rehabilitation as well as social programs for vulnerable groups. These include upgrading of Wajir referral hospital to level 5 which is ongoing, grants to people living with disability, bursary for bright and needy students, drilling of boreholes and excavation of water pans across the county, opening of access roads, construction of ECDE Classrooms and recruitment of health personnel.

The county is faced with numerous challenges like the global supply chain disruptions; elevated prices for basic commodities, poor roads, water and energy infrastructure, public health emergencies, food insecurity and high illiteracy among others. The recent floods across the county led to loss of lives and livelihoods through destruction of various county infrastructure as well as community assets. This necessitated allocation of funds towards mitigation, adaptation and recovery.

In FY 2024/2025, the total county budget is projected at Kshs. 12.39 billion with recurrent allocated Kshs. 8.18 billion and development Kshs. 4.21 billion to be financed from equitable share from the national government, conditional and unconditional additional allocations from the national government's share of revenue, conditional additional allocations financed from proceeds of loans and grants from development partners as well as own source revenue.

The government has limited resources at its disposal and hence the strict ceilings provided for the FY2024/2025 Budget and the Medium Term will form the basis for departmental detailed budgets which shall be submitted to the County Assembly for approval by April, 30 2024. The departments in finalizing their budget estimates should put priority to programmes that have high impact to the community and specifically that create employment, alleviate poverty, bring services closer to the people and improve the lives and livelihoods of the county residents.

CPA Mohamed Hassan Hussein  
County Executive Committee Member  
**FINANCE AND ECONOMIC PLANNING**

## **ACKNOWLEDGEMENT**

The CFSP 2024 highlights the county fiscal and budget framework for the FY2024/2025 and the medium term through identification of key strategic priorities and fiscal policy in tandem with the Third County Integrated Development Plan 2023-2027. The main purpose of this paper is to allocate sector and programmes resource ceilings that will guide the preparation of 2024/2025 county budget estimates.

The paper was prepared in a participatory manner through involvement of departments in identification of sector priorities and preparation of Sector Reports. Further, the community members were consulted through Sub-County Public Participation Forums which contributed to the finalization of the document. Special appreciation goes to the general public and all interested groups who participated in the public participation forums which took place on 19<sup>th</sup> February 2024 across the six sub-counties as well as through written memoranda which helped in the finalization of the CFSP 2024.

In addition, I underscore the role played by the County Executive Committee Member for Finance and Economic Planning for his leadership and guidance in preparation of this statutory paper within the stipulated timelines. My special thanks go to all the County Executive Committee Members (CECMs) and County Chief Officers in charge of various Departments for their support throughout the entire process. We could not have prepared a quality paper without your invaluable contributions that helped shape the County Fiscal framework.

I am grateful to the staff in the Economic Planning, Budget and Statistics unit for their coordination and technical support in the compilation of this Paper. They demonstrated recommendable levels of teamwork and commitment throughout the preparation process of the C-FSP 2024.

CPA Ahmed Hussein Mohamed  
County Chief Officer

**ECONOMIC PLANNING, BUDGET, STATISTICS, AUDIT AND COMPLIANCE**

## ABBREVIATIONS AND ACRONYMS

ADP	Annual Development Plan
CBK	Central Bank of Kenya
CBROP	County Budget Review and Outlook Paper
CECM	County Executive Committee Member
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
CPSB	County Public Service Board
CO	Chief Officer
CRA	Commission of Revenue Allocation
FY	Financial Year
GCP	Gross County Product
GDP	Gross Domestic Product
IBEC	Inter-Governmental Budget and Economic Council
ICT	Information and Communication Technology
IFMIS	Integrated Financial Management Information System
KNBS	Kenya National Bureau of Statistics
MTEF	Medium Term Expenditure Framework
MTP	Medium-Term Plan
NHIF	National Health Insurance Fund
PE	Personnel Emoluments
PFM	Public Finance Management
PPP	Public Private Partnership
PWD	People with Disabilities
SRC	Salaries and Remuneration Commission
SWG	Sector Working Group

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## CHAPTER ONE: COUNTY STRATEGIC BLUE PRINT

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### 1.1 Overview

1. The County Fiscal Strategy Paper (CFSP) 2024 sets out the priority programs and policies of the county government that will be implemented in the Medium-Term Expenditure Framework (MTEF). This is the second fiscal strategy under the leadership of H.E. FCPA Ahmed Abdullahi and it presents sectoral development blueprint whose implementation over the medium term is expected to realize socio-economic development in the county.

2. The CFSP 2024 has been prepared through a consultative process that involved seeking and taking into account the views of varied stakeholders. The Paper covers MTEF period of 2024/2025-2026/2027. It is prepared against a backdrop of global economy 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.

3. The Kenyan economy in 2022 demonstrated resilience in the face of severe multiple shocks that included the adverse impact of climate change, 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. Despite the challenging environment, the Kenyan economy is demonstrating resilience with growth performance well above the global average. In the first half of 2023, the economic growth averaged 5.4 percent (5.5 percent Q1 and 5.4 percent Q2) (**Budget Policy Statement - December, 2023**)

4. During the recent El-Nino rains, the county experienced heavy floods which disrupted the distribution channels for food and commodities hence driving their prices high. In addition, the rains led to destruction of critical infrastructure as well as loss of assets, lives and livelihoods. The government is in the process of restoring key infrastructure affected by the floods as well as cushioning the affected and vulnerable communities.

## **1.2 County Strategic Priorities**

5. During MTEF period of 2024/2025-2026/2027 the Government will strive to achieve the following key outcomes or transformations:

1. Increased access to quality healthcare
2. Enhance access to safe water and sanitation services
3. Improved access to quality basic education, acquisition of skills and support to vulnerable groups.
4. Increased Production and Productivity
5. Improved Land Planning and Housing

### **1.2.1 Increased Access to Affordable and Quality Healthcare**

6. Accessible and quality healthcare is vital for healthy population. The government will prioritize steady procurement of pharmaceutical and non- pharmaceutical items to improve their supply and distribution for the health facilities. Emergency referral service remains an important Programme for the sector to ensure the public access services not offered in the county. Currently, the County Government spends at least Kshs. 48,000 per referral to Nairobi. To reduce referrals out of the county, the Government will continue upgrading the Wajir county referral hospital to level 5 and the sub-county hospitals to standard level 4. This will involve effectuating theatres, intensive Care Unit (ICU), High Dependency Care Unit (HDU), Casualty and Emergency Unit. Four maternities in high volume facilities will be constructed and equipped. And Health centres (3A) will be upgraded to level 3B.

7. The County will procure and distribute Health Management Information System reporting tools for 177 facilities towards attainment of improved data quality and security. Health Monitoring and evaluation will also be prioritized to ensure health indicators are tracked and continuously improved. With view to enhance effective referral services, 25 ambulances have been rehabilitated and are operational. In addition, Eye, Dental and ENT clinics will be equipped to improve services delivery. Further the government recruited 216 nurses and is prioritizing training, mentorship and capacity building of health staff. Through human resource for health program, the Government has been investing in different health cadres to have specialists that offer specialized services.

8. The Government will also work with the national government in up scaling Social Health Insurance Fund (SHIF) by ensuring all households in the county are registered by 2027. Family Health and Special Programmes will be prioritized for funding to decrease maternal mortality, infant mortality, Immunization, TB and HIV & AIDS prevalence in the county.

### **1.2.2. Enhance Access to Safe Water and Sanitation Services**

9. Wajir is a water stressed county. The number of households with an access to clean and safe water in the county remains low and hence need for key initiatives to expand water services. The main water sources include shallow wells, boreholes and water pans. In order to ensure availability and sustainable management of water and achieve universal equitable access to safe and affordable drinking water, the government will undertake hydrological surveys, water resource mapping, borehole drilling, equipping and renovation, water pan excavation, water works for domestic and livestock use. In addition, construction of roof catchment and underground tank is going to be prioritized as well as rehabilitation of water systems and water works will be catered for.

10. The Government will implement the Wajir Water and Sanitation project to provide the third phase of supplying water to Wajir municipality and ensure more boreholes are transferred to WAJWASCO in order to improve water resource management.

### **1.2.3. Improved Access to Quality Basic Education, Acquisition of Skills and Support to Vulnerable Groups**

11. The county has high adult illiteracy rate with low enrolment in pre-primary, primary and secondary schools. The sector's goal is to enhance literacy and acquisition of skills and protect the vulnerable members of the society through social programs. The Government will strive to improve access, retention and transition of learners in ECD and TVET. Better learning environment will be provided through construction of new ECDE classrooms, toilets, renovating existing classrooms. In addition, chairs and tables, learning materials, in-door and out-door playing material will be provided for the pre-primary learners.

12. The government will prioritize Meals Program at pre-primary education level to increase enrolment and transition. Bursaries will be funded for secondary, colleges and university

education to support the needy bright students. Girl Child education is going to be supported through provision of mentoring programmes, sanitary pads and undergarments. Training of ECD teachers on CBC and holistic learning will be a priority in the medium term. The government acquisition of digital literacy gadgets will promote digital literacy among learners. In addition, the Government will also strive to increase enrolments in polytechnics by providing the appropriate tools and equipment.

**13.** The Government will also support the vulnerable members of the society by up scaling cash transfers for the severely disabled, strengthening child protection initiatives for OVCs and establishing social service board that will fight radicalization, drug abuse as well as FGM and Gender Based Violence.

#### **1.2.4: Increased Production and Productivity**

**14.** The Government will prioritize investment towards high production in crop farming and livestock. Access to water for farmers will be supported through excavation of water pans, drilling and equipping of boreholes for irrigation. In addition, the Government will fund acquisition of small-scale irrigation kits. Land under crop production is expected to increase through enhanced mechanized land preparation using farm tractors as well as enhanced extension services by deploying technical officers in all the wards to transfer skills across all the value chains, including the emerging value chains like bee keeping and exotic breeds for chicken. Establishing of demonstration farms across all sub-counties to enhance farmer education and transfer of new technologies and methods will be prioritized.

**15.** To facilitate livestock products export and boost animal market the government will continue investing in the completion of the international abattoir. Towards improvement in disease control, the Department of Agriculture and Livestock will operationalize vet labs and construct vaccine cold chain stores to enhance good storage of drugs and vaccines in addition to erection of cattle crushes across the sub-counties. Meat inspectors for all the sub-counties will be recruited. Finally Facilitation of fodder production through provision seeds, extension services, and construction of hay store will be prioritized.

16. The government will prioritise access to affordable credit for MSMEs to ensure business growth. In addition, construction of aggregation centres will be a priority in the medium term with key value chains given priority.

### **1.2.5: Improved Land Planning and Affordable Housing**

17. The government is in the process of development of spatial plan as well as physical plans for major towns which will improve land use. Once this is completed, an accelerated process of surveying plots in major towns will be prioritized. In addition, the government will collaborate with the National Government to deliver affordable houses for the county residents.

### **1.3 Legal Basis for the Publication of the County Fiscal Strategy Paper**

18. Section 117 (1) of Public Finance Management Act, 2012 requires County Treasury to prepare County Fiscal Strategy Paper to be approved by the County Executive Committee and submitted to the County Assembly by the 28<sup>th</sup> February of every calendar year.

### **1.4 Fiscal Responsibility Principles**

19. A County Treasury is mandated to manage the county government's public finances. Section 107 (2) of the Public Finance Management Act, 2012 requires it to enforce the following fiscal responsibility principles:

1. The county government's recurrent expenditure shall not exceed the county government's total revenue;
2. Over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure;
3. 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;
4. Over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;
5. The county debt shall be maintained at a sustainable level as approved by county assembly;
6. The fiscal risks shall be managed prudently;

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

## **I.5 Outline of the County Fiscal Strategy Paper**

20. The 2024 CFSP is presented in six sections:

- i. **Chapter One:** Outlines the programmes for achieving the County Government's strategic objectives
- ii. **Chapter Two:** Recent Economic Development and Medium-Term outlook
- iii. **Chapter Three:** Highlights the fiscal framework and medium term budget (Revenue projections, recurrent expenditure forecast, development expenditure projections, and fiscal balance). The chapter further highlights, the FY2024/2025 and medium term priorities, the fiscal policy status, Fiscal Strategy Paper's obligation to observe Fiscal Responsibility Principles as set out in the PFMA 2012, Fiscal Structural Reforms. The section generally outlines the county fiscal strategic objectives that the County is implementing to achieve its fiscal responsibility principles.
- iv. **Chapter Four:** Covers the Medium-Term Expenditure Framework. It highlights the total resource envelope for FY 2024/25 MTEF, Spending Priorities, Medium Term Expenditure Estimates, Baseline ceilings, Finalization of spending plans, and details of Sector Priorities.
- v. **Chapter Five:** is the Conclusion and next steps
- vi. **Chapter Six:** Annexures

## **CHAPTER TWO: RECENT ECONOMIC DEVELOPMENTS AND POLICY OUTLOOK**

### **2.1 Overview**

#### **2.1.1 Global and Regional Economic Developments**

**21.** Global economic outlook has become uncertain considering the impact of the ongoing Russia-Ukraine war, elevated global interest rates on account of inflationary pressures limiting access to credit and exacerbating debt servicing costs, frequent extreme weather events increasing fiscal pressures. As a result the 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.

**22.** USA and Euro Area economies (advanced economies) are projected to have a slower growth of 1.5 percent in 2023 and 1.4 percent in 2024 from 2.6 percent in 2022 mainly occasioned by lower growth in the Euro Area. The slowdown in growth in the advanced economies is as a result of aggressive monetary policy tightening that has contributed to a significant deterioration of global financial conditions.

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

#### **2.1.2 National Economic Developments**

**24.** 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. 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.

**25.** Despite the challenging environment, the Kenyan economy is demonstrating resilience with growth performance well above the global and Southern Sahara Africa average. In the first half of 2023, the economic growth averaged 5.4 percent. 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.

**26. Agriculture:** There was a slowdown in the performance of Agriculture, Forestry and Fishing activities in 2022 compared to 2021. The sector's poor performance was mainly in crop and livestock production, which was severely affected by the widespread drought experienced in 2022. 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.

**27. 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).

**28. 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, 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.

## **2.2 Review of Recent Economic Performance**

**29.** The economy expanded by 5.3 per cent in the first quarter of 2023 compared to 6.2 per cent growth in the corresponding quarter of 2022. The growth was largely supported by a rebound in agricultural activities, which grew by 5.8 per cent owing to sufficient rainfall experienced during the quarter under review. In addition, the performance was also on account of significant growths in Accommodation and Food Service (21.5%), Information and Communication Technology (8.7%); Transportation and Storage (6.2%); Financial and Insurance (5.8%) and Wholesale and Retail Trade (5.7%). In contrast with the first quarter of 2022 where agricultural production contracted, all sectors recorded positive growths, though the magnitudes varied across activities.

**30.** The economy grew by 5.4 per cent in the second quarter of 2023 compared to 5.2 per cent growth in the corresponding quarter of 2022. The growth was primarily underpinned by rebound in the agricultural activities that grew by 7.7 per cent during the period under review. The other sectors that supported growth during the period under review included: Financial and Insurance (13.5%); Accommodation and Food Service (12.2%) and; Information and Communication (6.4%). During the period under review, most macroeconomic indicators exhibited an upward trend.

**31.** The country's real Gross Domestic Product (GDP) grew by 5.9 per cent in the third quarter of 2023, compared to 4.3 per cent in the corresponding quarter of 2022. This growth was mainly supported by a rebound in agricultural activities that had contracted in 2022. During the review quarter, Agriculture, Forestry, and Fishing activities' Gross Value Added rose by 6.7

per cent compared to a contraction of 1.3 per cent in the third quarter of 2022 owing to favorable weather conditions that characterized the better part of 2023. In addition, the growth was also buoyed by significant growths in Financial and Insurance (14.7%), Information and Communication (7.3%) and Accommodation & Food Service (26.0%) activities. The substantial growth in Accommodation and Food activities was manifest in the significant increase in the number of visitor arrivals in the country. However, Transportation and Storage activities GVA decelerated from 5.1 per cent in the third quarter of 2022 to 2.8 per cent during the review period, partly attributable to high cost of petroleum fuels.

**32.** According to the World Bank report on (Kenya Economic Update) May, 2023, Kenya's economic growth will increase by 5% in 2023, up from 4.8% in 2022, due to an expansion in the agriculture sector as well as a rise in private consumption. According to the latest World Bank Africa's Pulse report, Kenya's growth is expected to accelerate slightly from 5% in 2023 to 5.2% and 5.3% in 2024 and 2025, respectively.

**33.** The slight increase in economic activity will be supported by higher consumption expenditure as tighter monetary policy manages to bring inflation within the target band of the Central Bank of Kenya (CBK). Household consumption growth is expected to increase from 4.5% in 2023 to an average of 5.3% in 2024–2025. Lower inflation and commitment to fiscal consolidation will boost business confidence, thus leading to higher investment levels. Fixed investment is set to expand at 9.3% in 2024–2025, from 7.7% in 2023. On the production side, growth in Kenya will reflect strong increases in activity across all sectors during 2024–2025— with growth accelerating to 4.2% in agriculture and 5.2% in industry. Growth in services will remain resilient, at 5.6% in 2024–25, although down from 6.7% in 2022. The World Bank warns that commitment to bringing down inflation to the target range and fiscal consolidation remain critical for achieving Kenya's macroeconomic stability and fostering private sector-driven growth.

**34.** Economic activity in Kenya continued to accelerate at the start of 2023. GDP growth increased from 3.3% in the last quarter of 2022 to 5.1% in the first quarter of 2023. Improved weather conditions, which alleviated the severe drought afflicting Kenya, drove the surge in agricultural output. The sector grew 5.8% in the first quarter of this year, up from a 0.9%

contraction in the last quarter of 2022. A seven percent slump in the Kenya Shilling exchange rate against the US dollar during the quarter increased earnings of key farm exports such as tea, flowers, fruits, and vegetables. Growth in the retail and wholesale trade sector also accelerated to 5.7% in the first quarter, up from 2.7% in the previous quarter. Manufacturing sector growth increased slightly to 2.0% in the first quarter, from 1.8% in the fourth quarter of 2022. Kenya's Private sector activity, as measured by the S&P Global PMI, remained below the 50-point mark for the sixth consecutive month in July, at 40.8, down from 45.0 in June. Weaker customer demand and protests may have contributed to the sharp deceleration in July—the fastest since August 2022. Further depreciation of the Kenya Shilling coupled with increased fuel prices due to the higher value-added tax on fuel led to a surge in business costs.

### **Local Economic Development**

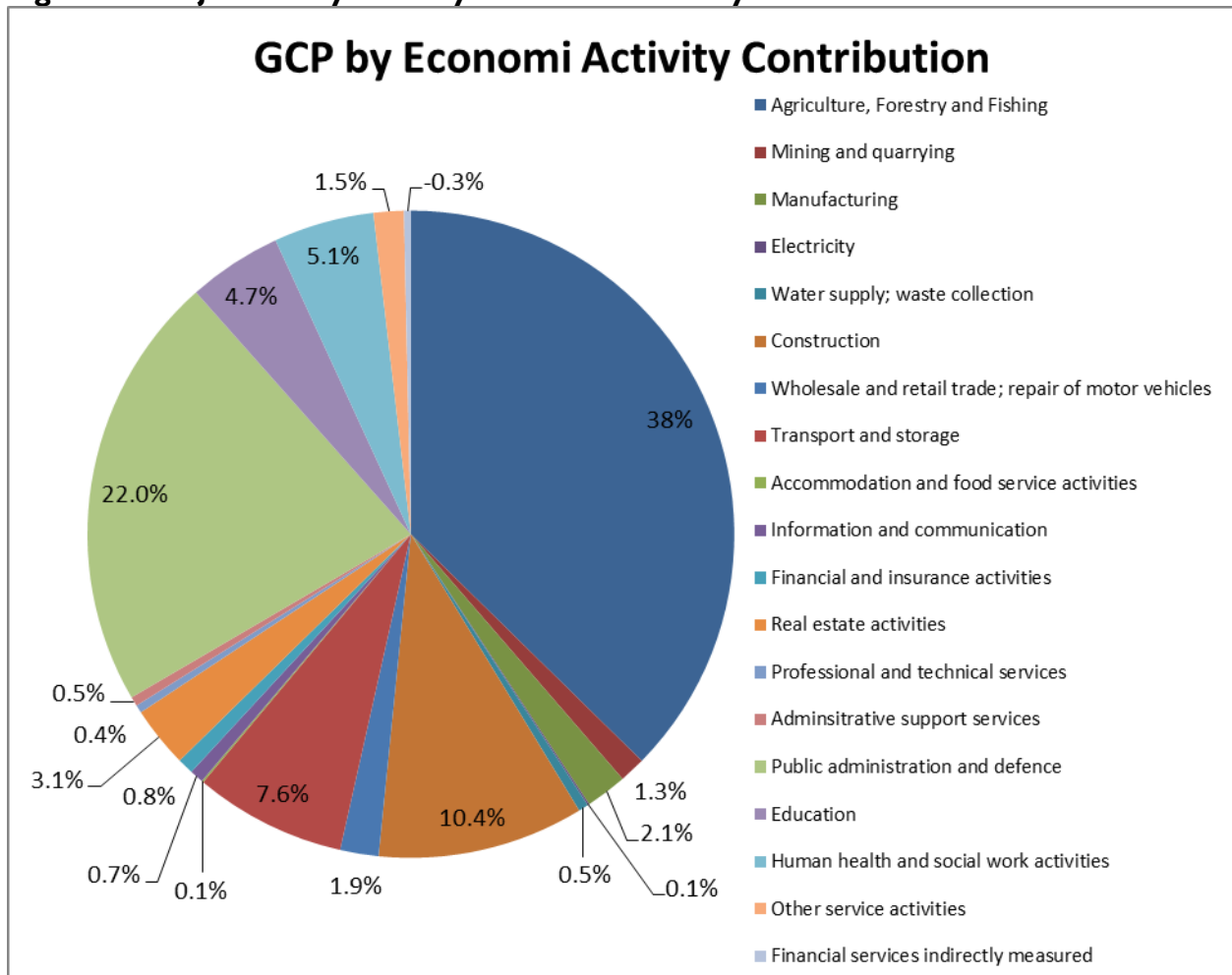
**35.** In 2022/2023, the County economy recorded some major recovery from the effects of the Covid-19 pandemic shocks. However, the recovery was affected by the adverse weather conditions with the county recording poor rainfalls for four consecutive seasons during the 2021 and 2022 short rains and 2022 and 2023 long rains. The Gross County product (GCP) 2022 statistics indicate that the agricultural sector directly contributes approx. 38 percent of the county's economy. Thus 63,433 households are directly involved in agricultural production of either crop farming or livestock rearing, KPHC 2019.

**36.** The Agriculture, Forestry and Fishing sector that contributes 38 percent of the GCP is estimated to have lost approximately 30 percent of the stocks (mainly Camel and Cattle) to the prolonged drought. The major sources of cash income are livestock and crop production, contributing about 60 and 30 percent respectively. Livestock production contributes 70 percent of household income in Pastoral and Agro-Pastoral Livelihood Zones. Crop production contributes 30 percent of household income in Agro Pastoral and 15 percent in other livelihood zones.

**37.** Other sources of income include casual waged labor, sale of charcoal, petty trade, remittances and the sale of firewood. In the last three months, income from crop production registered a recommendable improvement following the floods as result of El-Nino rains. Income from livestock production has increased due to improved livestock prices resulting

from pastoralists having enough pasture in the rangelands and hence increased household purchasing power. The county's major economic activities revolve around Livestock/Agricultural Sector, Construction and Public Administration & Defence accounting for 70 percent of the GCP. A majority of the people, 64 percent, draw their livelihood from the Agricultural sector.

**Figure 1: Wajir County GCP by Economic Activity**

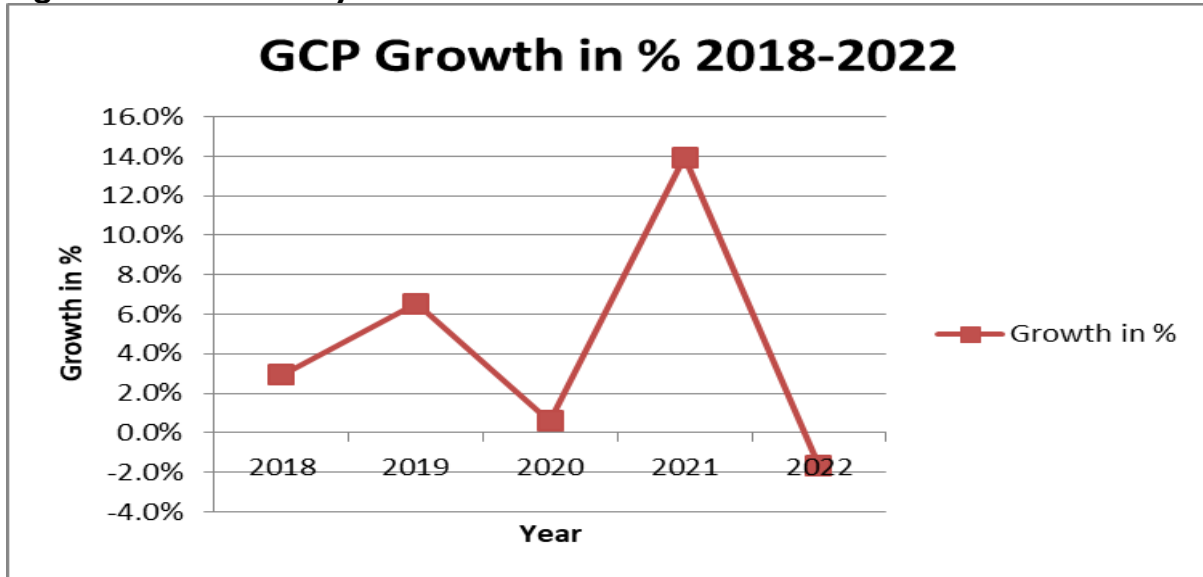


Source: KNBS 2023

**38.** Looking at the GCP trends between 2018 and 2022, the economy seems to be slowing down during dry periods while accelerating when the county receives adequate rains. In 2018 and 2019 the GCP was growing steadily at 3 and 6.5 percent respectively. However, in 2020 the GCP dropped significantly due to the effects of Covid-19 and prolonged drought. As a result of recovery initiatives put in place by the government towards cushioning communities against Covid-19 and the drought, the county recorded a record GCP growth of 14% in 2021. The

affected of prolonged drought and the global inflation of goods and communities slowed the growth of the county GCP in 2022. Figure 2 below shows the GCP growth trends.

**Figure 2: Gross County Product Growth Trends in Constant Prices**

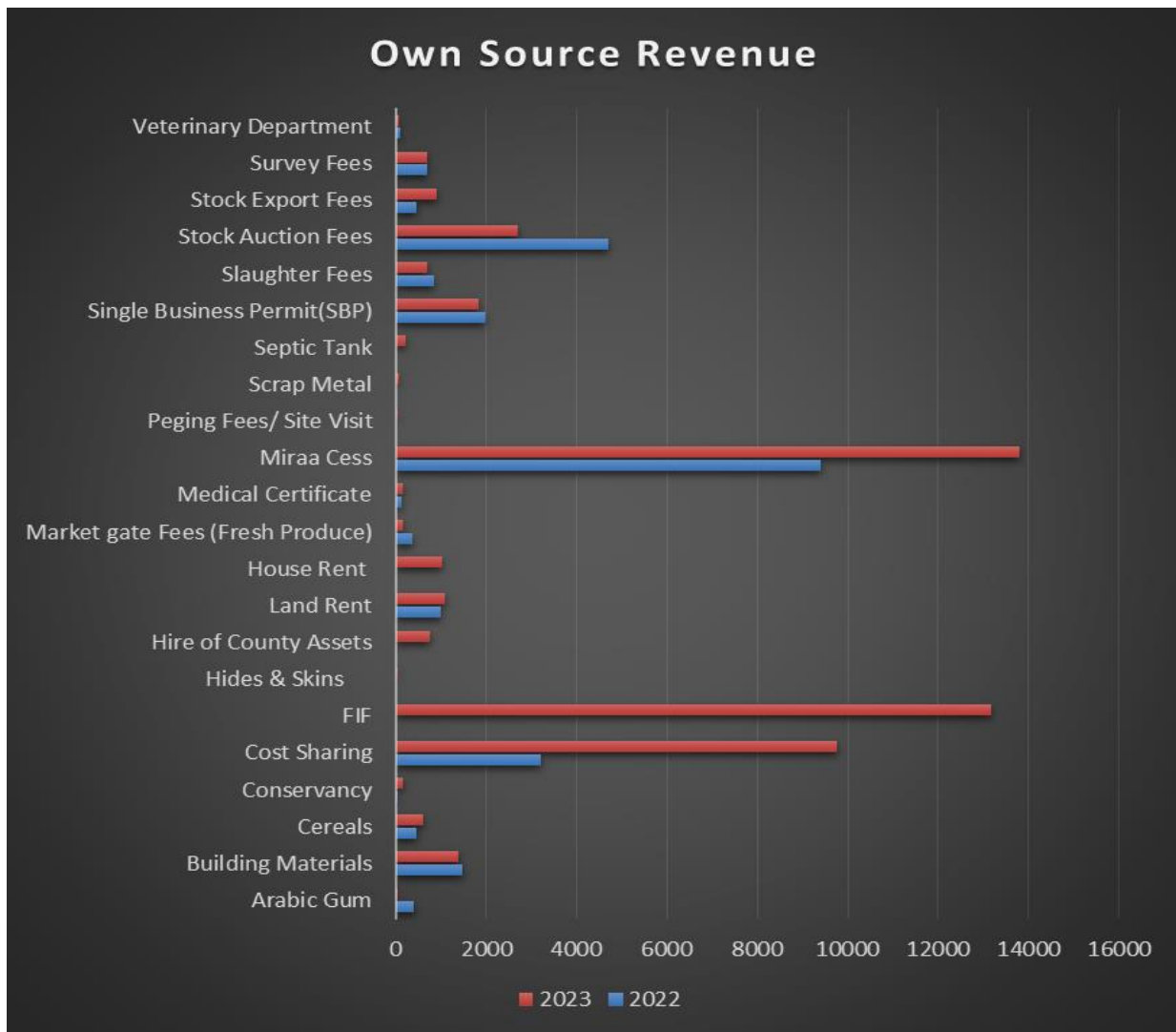


Source: KNBS 2023

**39.** Comparing the OSR streams in the second half of 2023 and 2022; revenue generated from FIF, cost sharing, Miraa Cess and stock auction fees was significantly higher than the same period in 2022 (Figure 3). Comparatively, there was significant drop in revenues from the following streams in 2023: single business permits; construction materials, stock auction fees and slaughter fees which was an indication of the effects of the biting drought as well as disruption of livelihoods occasioned by the El-Nino rains.

**40.** Due to lack of updated county statistics, the own source revenue data has been employed as proxy to analyze the economic activities in this CFSP. The observation is that the key sectors are on the upward trend though they are yet to recover from the effects of the long drought and floods witnessed during OND rains. The County Treasury has initiated the automation of most of the streams and put in place revenue enhancement strategy after H.E the Governor constituted a task force. This has resulted to collection of more than what was collected in the whole financial year 2022/2023.

**Figure 3: First Half Local Revenue Performance FY 2023/2024**



Source: County Treasury

### 2.3 Update on Fiscal Performance and Emerging Trends

**41.** The County’s approved first supplementary budget for the FY 2022/23 was Kshs.11.23 billion, comprising Kshs.3.11 billion (27.7 percent) and Kshs.8.13 billion (72.3 percent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents an increase of 2.7 percent compared to the previous financial year when the approved budget was Kshs.10.94 billion and comprised of Kshs.4.29 billion towards development expenditure and Kshs.6.65 billion for recurrent expenditure.

**42.** To finance the budget, the County expected to: receive Kshs.9.47 billion (84.3 percent) as the equitable share from the National Government; generate Kshs.100 million (0.9 percent) from its own sources of revenue, receive Kshs. 804.57 million (7.2 percent) as grants from

National Government; as well as a cash balance brought forward from FY 2021/22 of Kshs.855.38 million (7.3 percent)

**Table I: Fiscal Performance for the Year 2022/2023**

S/ NO	Revenue	Approved Estimates FY 2022/2023	Actual Receipts FY 2022/2023	Deficit/ Surplus	Actual Receipts as % of Annual Allocation
<b>A.</b>	<b>Equitable share from revenue Raised nationally</b>	9,474,726,151	9,474,726,153	2	100%
<b>B.</b>	<b>Additional allocation</b>				
1	Wajir Water and Sanitation Project	500,000,000	495,928,257	(4,071,743)	99.2
2	Kenya Climate Smart Agriculture Project	78,101,121	51,803,067	(26,298,054)	66
3	Kenya Informal Settlement Improvement Project (KISIP II)	50,000,000	50,000,000		100
4	Emergency Locust Response Project (ELRP)	89,529,250	87,361,271	(2,167,979)	97.6
5	DANIDA to finance Universal Healthcare	27,489,375	28,295,407	806,032	102.9
6	Agriculture Sector Development Support Programme II (ASDSP II)	35,110,369	35,110,369		100
	Locally-Led Climate Action Program (FLLoCA)	22,000,000	22,000,000		100
7	IDA World Bank Kenya Urban Support Program (KUSP II)	2,339,915	2,339,915		100
	<b>Sub Total</b>	<b>10,279,296,181</b>	<b>10,247,564,439</b>	<b>(31,731,742)</b>	<b>100%</b>
<b>C</b>	<b>Other Sources of Revenue</b>				
1	Own Source Revenue	100,000,000	46,789,602	(53,210,398)	46.7
2	Balance B/F from FY2021/22	855,384,444	855,384,444		100
	<b>Total</b>	<b>11,234,680,625</b>	<b>11,149,738,485</b>	<b>(84,942,140)</b>	<b>99%</b>

Source: County Treasury

**43.** From table I above, actual receipts from the projected share of revenue raised nationally stood at a 100 percent. However, the local revenue did not perform well at 46.7 percent, while the revenues for projects funded from donor support had the worst performance at 40 percent. Overall, the budgetary resources performed well at 99 percent of the projected revenues actually received in the year under review.

### Revenue Performance

**44.** In FY 2022/23, the County received Kshs.9.47 billion as the equitable share of the revenue raised Nationally, Kshs. 772.84 million as additional allocation, had a cash balance of Kshs. 855.38 million from FY 2021/22, and raised Kshs.46.75 million as own-source revenue. The total funds received for budget implementation during the period amounted to Kshs.11.15 billion, as shown in Table above.

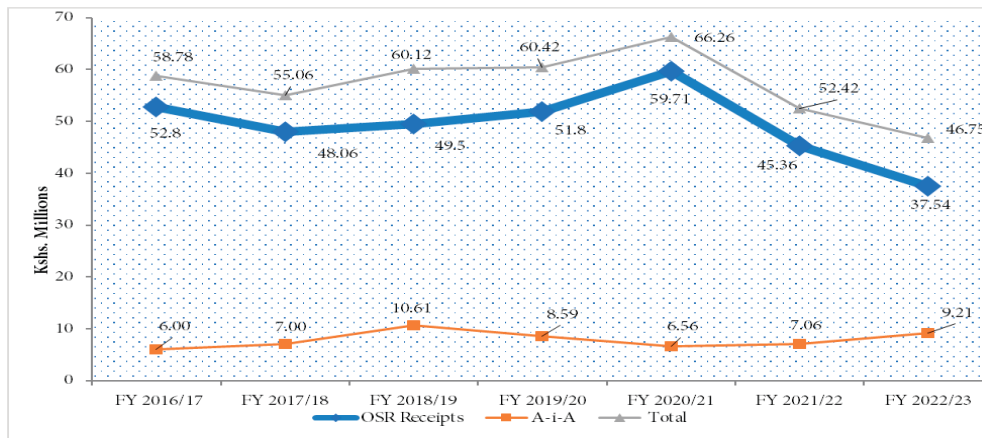
### **Own Source Revenue**

**45.** The county government collected only 46.7% of the projected revenue in the FY 2022/2023. Some of the streams that are extremely underperforming are parking fees and land rates which are predominantly as a result of lack of existence of supportive policy and legal framework. The two streams have the highest potential to gain and even surpass in the short term the targeted annual revenue. The Covid-19 shocks and the current flash flood of the El-Nino situation being experienced in the county and even for the better part of 2022 drought situation compounded the low performance of own source revenue.

**46.** The first half of 2022/23 continues to feel the effects of the slower economy, however, the IMF projects that the economy is expected to continue at the slower than projected growth. The IMF puts the projections at 5.1 percent while the National Treasury projects a growth of 6.1 percent in 2024.

**47.** The county is putting in place the policy and legal framework to enhance and strengthen the potential revenue streams to meet the projected target of own sources revenue and is working with partners and stakeholders such as CoG and KIPPRA to develop the requisite strategies that can propel the economy and aide recovery from the COVID 19 and drought effects.

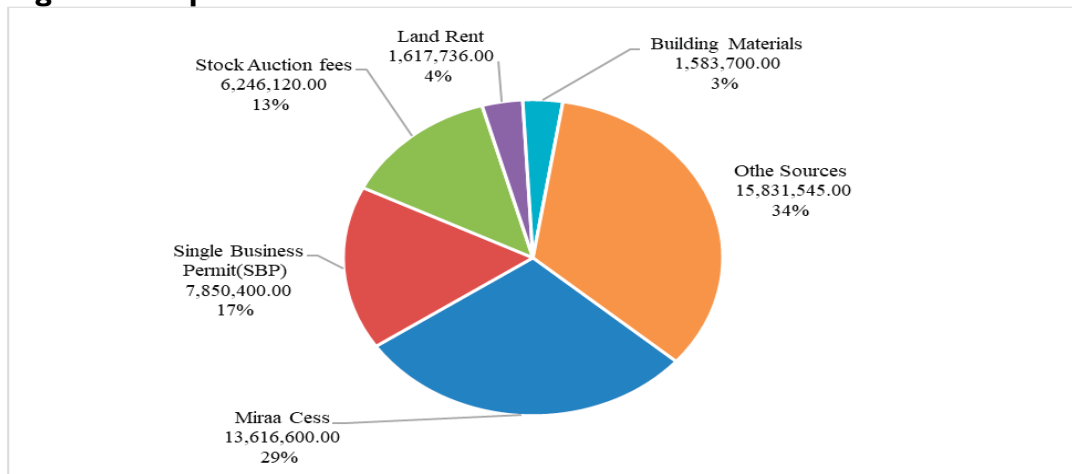
**Figure 4: The Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23.**



Source: County Treasury

**48.** In FY 2022/23, the County generated a total of Kshs.46.75 million from its sources of revenue. This amount represented a decrease of 10.4 percent compared to Kshs.52.15 million realized in FY 2021/22 and was 46.7 percent of the annual target. The revenue streams which contributed the highest OSR receipts are shown in Figure 5 below.

**Figure 5: Top Streams of Own Source Revenue in FY 2022/23**



Source: County Treasury

**49.** The highest revenue stream of Kshs.13.62 million was from Miraa Cess, contributing to 29 percent of the total OSR receipts during the reporting period. Revenue from the health sector (FIF / A-I-A) amounted to Kshs.9.2 million, representing 19.7 percent of the overall OSR in FY 2022/23.

### Fiscal Balance

In the medium term, the government is forecasting a balanced budget hence there will be no need for debt financing.

## 2.4 Significant Economic, Legislative and Financial Events

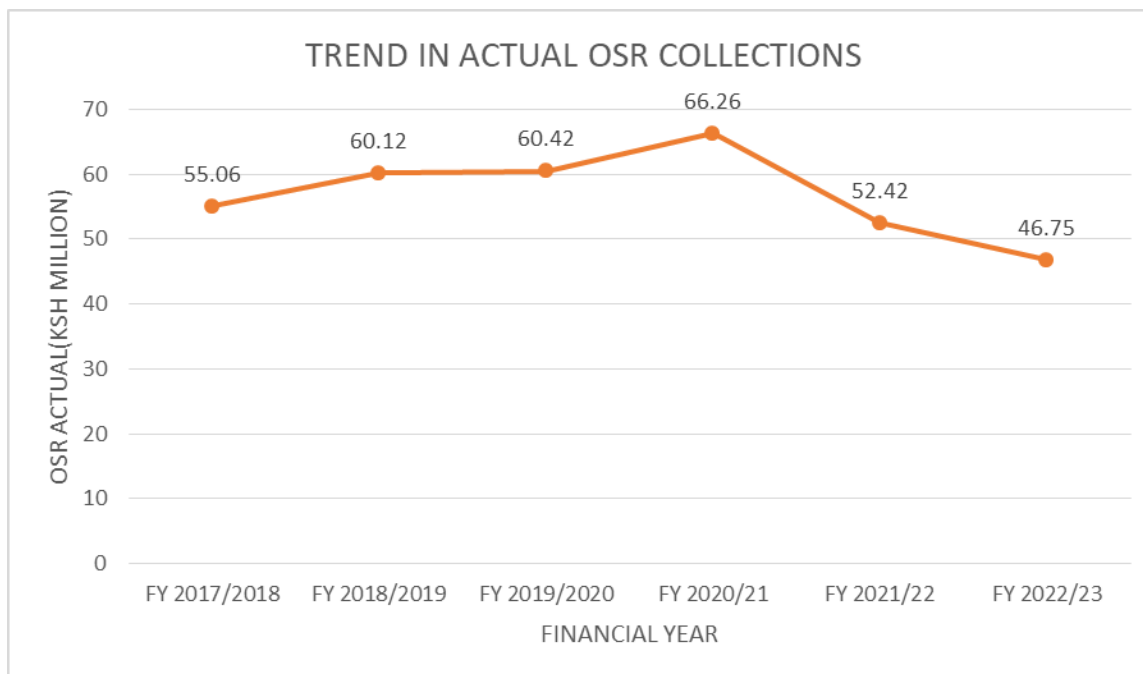
**50.** The constitutional provisions for county governments financing have guaranteed stable flow of funds from the National Government with Wajir County recording an average of 12% growth per annum between 2013/14 and 2017/18. This however significantly changed after the implementation of the 3<sup>rd</sup> revenue sharing formula as well as slowdown in revenue collection nationally; in the period 2018/19 to 2020/21, the county received the same amount of equitable share from the revenues raised nationally.

**51.** In the FY 2021/2022, the equitable share grew by impressive 11 percent in comparison to the receipts of 2020/21. In the FY 2022/2023 the county received same amount of equitable share as FY 2021/22. However, there was growth of 4 percent equitable share in the FY 2023/2024 compared to the preceding Fiscal Year. In the medium term, supported by smart economic recovery strategies, continued reforms in revenue administration and revenue enhancement measures both at the National and the county government, the county government's total revenue is projected to rise by 11.9% from KES 11.2 billion to KES 12.52 billion.

**52.** In FY 2022/23, the County generated a total of Kshs.46.75 million as Own Source Revenue which was a decrease of 10.4 percent compared amount realized in FY 2021/22. This represents 0.5 percent of the equitable revenue share disbursed in the fiscal year. However, Revenue performance is anticipated to improve over the course of the current fiscal year and in the medium term mainly supported by the improved revenue administration and the structural and policy reforms at the department of Revenue and Resource Mobilization.

**53.** The fiscal policy will target to grow OSR collection above 20 percent of revenue potential in the FY 2023/24 and progressively grow by 25 percent of the potential in the medium term. The OSR continues to underperform as analyzed in the Figure 6 below:

### **Figure 6: Trend In Own Source Revenue Collection from FY 2017/18 to FY 2022/23**



Source: County Treasury

**54.** According to a Report by CRA, Wajir County has OSR potential of Kshs 891 Million. That is 1.4 percent of Wajir’s Gross County Product of Kshs 62 Billion (2023 Gross County Product (GCP) Report, KNBS. The county government collected less than 6 percent of its potential in the FY 2022/23.

**Figure 7: Potential of Key County Revenue Streams**

**55.** Analysis shows that the potentially leading revenue generators are Market Trade Centre Fees, Environment and Conservancy, Building Plan Approvals, and Parking fees in that order. In order to achieve this, the Government will undertake a combination of both tax administrative and tax policy reforms.

**56.** On the tax administrative side, the department of Revenue and Resource Mobilization will implement among others, the following measures:

- i. Reduction of OSR gap from 94 percent to 80 percent by unlocking potential revenue streams and further leveraging on the Medium Term Tax Revenue Strategies by the national government such as the rolling out of electronic Tax Management System for the main revenue streams

- ii. Tax base expansion in the urban centres outside Wajir Town and employing human and technological resources in all the urban centres in the county.
- iii. Automation of key revenue streams including Appropriation in Aid from the health facilities. This will seal leakages and enhance compliance
- iv. Linking performance contracting and management with revenue targets so that all government revenue generating sectors double up their efforts and focus more on revenue generation as a key deliverable

**57.** On the tax policy, the Government will implement various tax policy measures to further boost revenue collection. In addition, to further strengthen revenue mobilization efforts, the Government will finalize the development of the County Tax Policy and the Medium-Term Revenue Strategy (MTRS) for the period FY 2024/25 - 2026/27.

**58.** The tax policies and strategies shall aim to achieve the following:

- i. Raise OSR from the current 6 percent to at least 20 percent of the potential
- ii. Increase tax compliance from the current 58 percent to at least 70 percent
- iii. Activating at least 4 dormant revenue streams in the short to medium term with special focus on parking fees, building plans approval, and Environment and conservancy
- iv. Automation of key revenue streams for maximum collection, seal leakages and improve efficiency in revenue administration

## **2.5 Economic Policy and Outlook**

**59.** The BPS projects a GDP growth of around 5.5 percent in the medium term; this is expected to be able to guarantee revenue stability in the medium term. The revenue projections in this CFSP have taken in consideration these projections as well as the revenue rising measures such as laws and policies that the county is putting in place in the short to medium term

**60.** The government projects a balanced budget in the medium term. Inflation has been projected to ease to within the target of 5+/- 2.5% nationally in the medium term and is therefore not expected to have adverse effect on the budgetary resources for the county government.

**61.** In order to align and support the National Government Agenda on the five sectors of Bottom-Up Economic Transformation Agenda, the county has committed to sustain allocation of significant resources to the core sectors. An average of 30% of budgetary allocations will go to the health sector while the agriculture, Trade and Cooperatives, Water Services and Energy & Environment sectors that support food security and value addition will consume 28% in the medium term.

## **2.6 Risks to the Economic Outlook**

**62.** The main risks to both domestic and the local economy is related to unpredictable weather conditions due to the impact of climate change which could adversely affect agricultural production which is the major contributor of the county economy (80%) hence lead to domestic inflationary pressures and food insecurity. Below average rains for the whole of 2022 and first half of 2023 have resulted in a serious drought situation in the county which has hampered growth in the agriculture and livestock sector. Further, a persistent rise in global food prices, coupled with weather-related shocks may push inflation towards the upper bound. Additionally, tight fiscal space due to the impact of the multiple shocks that have affected the global such as Ukraine, Israel and Hamas war might lead to high inflationary pressure for the local economy.

**63.** The continued strengthening of US dollar against other global currencies arising from aggressive monetary policy tightening, present significant risks to financial flows and puts pressures on the exchange rate with implication to growth and inflation. Also weak and non-existent laws for own source revenue generation poses a risk to the realization of the medium-term fiscal consolidation goals contained in the CFSP.

**64.** The Government continues to monitor the domestic and external environment and will take appropriate policy measures to safeguard the economy against the adverse effects of the risks case they materialize. This Fiscal Strategy Paper identifies two major risks to the economic and fiscal outlook for the county:

- i. Weather-related Shocks:** risks relate to unpredictable weather conditions due to the impact of climate change which could adversely affect agricultural production and

result to domestic inflationary pressures and food insecurity. Additionally, tight fiscal space due to the impact of the multiple shocks that have affected the global and the domestic economy might lead to tight liquidity conditions for financing the budget. This could hamper growth in the agriculture and livestock sector in the medium term. Further, a persistent rise in global food prices, coupled with weather-related shocks may push inflation towards the upper bound.

- ii. **Governance Issues:** Weak and non-existent laws for Own Source Revenue generation poses a risk to the realization of the medium-term fiscal consolidation goals contained in the CFSP.

**65.** The Government will continually monitor these risks and taking appropriate legal and policy measures to preserve macroeconomic stability and strengthen resilience in the economy. The risks are analysed and appropriate mitigation measures proposed in Table III below.

**Table 2: Risks to Economic Outlook and Proposed Mitigation Measures**

<b>Risks</b>	<b>Mitigation measures</b>
<p><b>Governance Risks:</b></p> <p>The County government has projected as part of the revenue envelope Own Source Revenue (OSR) that will be used for funding the budget. OSR has continued to be constrained by the weak policy and legal framework to support revenue raising measures.</p>	<ul style="list-style-type: none"> <li>• The government is committed to institute relevant laws and policies in the shortest time possible. In the year 2024/25-2026/27, extensive consultations will be undertaken to either fast track or redraft some of the laws that have been proposed in tax administration, valuation and enforcement to expedite the OSR collection</li> <li>• County Treasury will fast-track the process of automating revenue streams which is on-going</li> </ul>
<p><b>Weather-related shocks:</b> in 2023, the county experienced enhanced rains but the unpredictability of weather patterns poses a risk to the Livestock sector which is the economic mainstay for the county.</p>	<ul style="list-style-type: none"> <li>• The government will expedite the Disaster Risks Management Policy and Bill that are expected to facilitate proper framework for DRM. Further, the county will seek to invest additional resources in water provision, rangeland management, food security and nutrition to build necessary resilience</li> </ul>

Source: County Treasury



# CHAPTER THREE: FISCAL POLICY AND BUDGET FRAMEWORK

## 3.1 Fiscal Framework and Medium Term Budget

66. The FY2024/2025 and the Medium-Term Budget is anchored on the County Government’s policy priorities and economic policy framework as highlighted in Chapter One and Chapter Two of this paper. To ensure implementation of Governors manifesto and county Integrated Development Plan 2023-2027, the government will promote growth oriented policies and direct funds to key county priority areas as well as promote efficient resource mobilization strategies to reduce budget deficits brought about by underperformance of Own Source Revenue.

### 3.1.1 Revenue Projections and Expenditure Trends

#### 3.1.1.1 Revenue Receipts and Projections

67. In FY2024/2025, the County government total Revenue is projected to increase to Kshs 12.39 billion from Kshs 11.52 Allocated in the current financial year 2023/24 excluding the balance brought forward from FY 2022/2023 of Kshs 1.00 billion. This constitutes: Kshs 9.99 billion from National Government as Equitable Share; Kshs 2.20 billion as conditional grants and conditional allocations from loans and grants; and Own Source Revenue of Kshs 200 Million. The own source revenue performance will be boasted by the ongoing automation of the revenue streams which is at advanced stages, operationalization of County Facility Improvement Financing Act in addition to enactment of key legislations that include: revenue rating bill; revenue administration bill; and development of valuation roll.

**Table 3: County Government Revenue Trends and Projections**

FY	Equitable Share	OSR	User Fees forgone	Fuel Levy	Youth Polytechnics Conditional Grant	Loans and Grants	Balance BF	Total
2017/2018	8,138,900,000	56,600,000				352,257,697		8,547,757,697
2018/2019	8,478,000,000	60,100,000				1,866,629,840		10,404,729,840
2019/2020	8,545,500,000	60,400,000	15,784,997	242,569,688	18,903,297	715,958,149		9,599,116,131
2020/2021	8,545,500,000	66,300,000	15,784,997	254,698,172	14,074,894	871,896,369		9,768,254,432
2021/2022	9,474,726,151	52,400,000				1,260,585,139	750,244,495	11,537,955,785
2022/2023	9,474,726,151	46,790,000				1,388,553,807	698,916,355	11,608,986,313

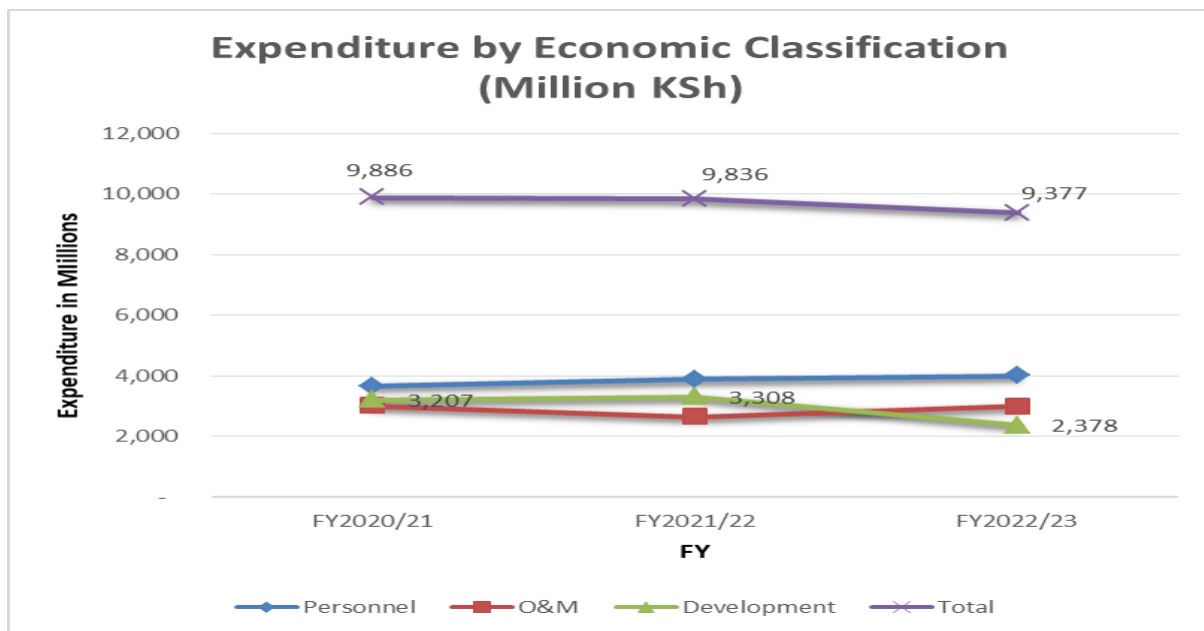
FY	Equitable Share	OSR	User Fees forgone	Fuel Levy	Youth Polytechnics Conditional Grant	Loans and Grants	Balance BF	Total
2023/2024	9,853,656,422	200,000,000				1,468,779,382	1,001,160,705	12,523,596,509
<b>2024/2025</b>	<b>9,993,492,852</b>	<b>200,000,000</b>				<b>2,201,248,603</b>		<b>12,394,741,455</b>
2025/2026	10,236,100,000	225,000,000				1,500,000,000		11,961,100,000
2026/2027	10,236,100,000	250,000,000				1,550,000,000		12,036,100,000
Proportion of Total Revenues (2024/25)	86.1%	1.7%				12%		

Source: County Treasury

### 3.1.1.2 County Expenditure Trends

**68.** The expenditure trends as per **Figure 8** shows that the absorption levels for recurrent budget have been increasing while the development budget absorption levels have been declining over the past three years which has led to decline in absorption for the overall budget. This is partly attributable to the lengthy procurement process as well as delays in release of funds from the National Treasury. The Government will put the right measures in the medium term to improve the trend.

**Figure 8: Actual Expenditure Trends by Economic Classifications from FY 2020/21 – FY 2022/23 (in Millions)**



Source: County Treasury

### 3.1.2 Expenditure Projections

69. The forecasted expenditure In FY 2024/25 is Kshs 12.39 billion which is nine percent positive growth compared to the current FY 2023/24 budget estimates of Kshs 11.52 Billion excluding balances brought forward. This is attributable to the slight increase in projected equitable share and enhanced total grants from the National Government. Over the medium-term, the expenditure projections are Kshs 11.96 billion and Kshs 12.04 billion in 2025/26 and 2026/27 respectively (See **Annex Table 2**).

#### 3.1.2.1 Recurrent Expenditure Forecasts

70. The FY 2024/25 recurrent expenditure projection is Kshs 8.18 billion which is a drop of Kshs 72.33 million from the budgeted amount of Kshs 8.25 billion in the current FY2023/24 which includes balances brought forward of Kshs 300 million. The projected personnel emoluments comprise 55.0% of the total recurrent expenditure amounting to Kshs 4.54 billion while operations and maintenance will amount to Kshs 3.64 billion. The projected compensation to employees is 37.0% of the total revenues for FY2024/25 compared to 34.0% in the budget estimates for FY2023/24; a growth of 3.0% in county wage bill.

**Table 4: Actual and Projected Expenditure by Economic Classifications (in Millions)**

	2022/23 FY	2023/24 FY	Projections		
	Actual Expenditure	Budget Estimates	2024/25 FY	2025/26 FY	2026/27 FY
Total Expenditure	9,970,230,000	12,523,596,509	12,394,741,455	11,961,396,156	12,036,637,376
Recurrent	7,592,230,000	8,252,425,086	8,180,096,051	8,253,237,012	8,328,866,561
<i>Recurrent as % of CG Total Revenue</i>	76%	66%	66%	69%	69%
Personnel Emolument	4,003,000,000	4,214,666,084	4,540,812,745	4,586,220,872	4,632,083,081
Operations & Maintenance	3,589,230,000	4,037,759,002	3,639,283,306	3,667,016,140	3,696,783,480
<i>Personnel Emoluments as % of CG Revenue</i>	40%	34%	37%	38%	38%

Source: County Treasury

#### 3.1.2.2 Development and Net Lending

71. The FY 2024/25 development expenditure Projection is Kshs 4.21 billion compared to Kshs 4.27 billion in FY2023/24 budget estimates which is a decrease of 2%. This decline is mainly attributed to the balances brought forward from FY 2022/23 as a result of low absorption levels

for the development budget. Comparatively, the FY2024/25 development expenditure constitutes 34% of the total projected expenditure while in the current financial year development expenditure constitutes 34% of the total budget. In the medium term the development expenditure will be maintained at the proportion of 31% in FY2025/26 and FY2026/27. The development expenditure will mainly be funded from equitable share transfers as well as loans and grants from National Government. The County Treasury will however pursue friendly credit options in the event that an opportunity for strategic investment arises in the medium term.

**Table 5: Actual and Projected Development Expenditure in Millions**

	Actual Expenditure	Budget Estimates	Projections		
	2022/23 FY	2023/24 FY	2024/25 FY	2025/26 FY	2026/27 FY
Total Expenditure	9,970,230,000	12,523,596,509	12,394,741,455	11,961,396,156	12,036,637,376
Development	2,378,000,000	4,271,171,423	4,214,645,403	3,708,159,144	3,707,770,815
<i>Development as % of CG Total Revenue</i>	24%	34%	34%	31%	31%

Source: County Treasury

**3.1.3 Fiscal Balance and Deficit Financing**

**72.** The county government does not plan to pursue long term borrowing in the medium term and hence this paper has not factored any debt projection in all the financial projections. In the event that a critical need to borrow arises in the medium term, it will only be for key development and high impact projects. In this case, the borrowing will adhere to the framework provided by the National Treasury on borrowing by County governments as well as the county debt management strategy.

**3.2 FY2024/25 and Medium-Term Budget Priorities**

**73.** The main focus for FY2024/2025 and the Medium Term Framework will be the implementation of the Third Generation CIDP 2023-2027 which incorporates the Governor’s Manifesto and key priority programmes across the county. The main goal is to set the foundations for the inclusive growth of the county economy, in order to create employment, improve county infrastructure, build resilience as well as reduce poverty in all its dimensions.

The CIDP 2023/27 as well incorporates key priorities identified in medium term plan IV as well the five BETA pillars. These include: Agricultural Transformation and Inclusive Growth; Micro, Small and Medium Enterprise (MSME); Housing and Settlement; Healthcare; and Digital Superhighway and Creative Industry. The projects identified under these pillars have high potential for eradicating hunger; creating jobs, expending own source revenue, as well as reducing the cost of living within the county.

**74.** The Third Generation CIDP 2023-2027 identifies the following key pillars for socio-economic growth and development: Ensuring food security through irrigated agriculture, disease control, fodder production, rangeland management as well as value addition for agriculture and livestock products; Universal health care to ensure high productive communities as well as reduced cost of healthcare; Increased access to clean and safe water for drinking through key water infrastructure projects including distribution to households; Increased access to credit for business people and specifically youth and women; Strengthening County government's preparedness and response to pandemic and disasters; Boosting private sector activity through policy, legislation and institutional reforms; and Human capital development and leveraging integration of region through regional blocks.

**75.** The government will prioritize prudent spending on programmes and projects with high impact to communities to ensure more resilient households, easy access to key public services as well as create an enabling environment for private sector to thrive. In addition the government will initiate key programmes to cushion vulnerable households as well as reduce effects of climate change.

**76.** In the FY 2024/2025 and Medium Term Budget, the government will ensure sustainability and strict prioritization in allocation of resources to programmes. The departments will be encouraged to adopt efficiency in allocation of resources through cost budgeting as well as reviewing the projects funded by the development partners. The departments are as well encouraged to restructure and re-align with the Government priority programmes and ensure that they achieve sectoral objectives within the ceiling provided by this C-FSP. The following criteria will serve as a guide for allocating resources:

- Linkage of the programme / project with the priorities of Wajir CIDP 2023/2027 and MTP IV;
- Linkage of programmes that support mitigation and adaptation to climate change;
- Completion of ongoing projects, viable stalled projects and payment of verified pending bills;
- Degree to which a programme / project addresses job creation and poverty reduction;
- Degree to which a programme / project addresses the core mandate of the department,
- Expected outputs and outcomes from a programme / project; and
- Cost effectiveness, efficiency and sustainability of the programme / project.

**77.** The process of developing county government expenditure ceilings was informed by county priorities extracted from the third Generation CIDP 2023-2027, C-ADP 2023/2024 and C-ADP 2024/2025, the Sector Working Group reports as well as the priorities in Medium Term Plan IV. In addition, the ceilings were also adjusted based on the prevailing climatic conditions and changes, expenditure trends and the changes in sector specific priorities. Conditional funds and grants have been ring fenced based on the purpose budgeted for.

**78.** The FY 2024/2025 and Medium Term Framework are based on zero deficits. However, the County Government will address any shortfall in revenue that may occur within the MTEF period through supplementary budget or borrowing within the legal framework by county governments if approved by the Intergovernmental Budget and Economic Forum (IBEC) and the County Assembly.

### **3.3 Fiscal Policy Status**

**79.** In the FY2024/2025 and the medium term, the different sector working groups will provide the platform for dialogues between the government and the various sectors of the county economy. The departments will implement their priorities within the ceiling while giving priority to projects / programmes that positively affects lives and livelihoods of the county residents as well as projects geared towards creating enabling environment for the private sector to grow. In addition, the departments are required to clear their pending bills from the previous years as per the agreed plan approved by the County Executive Committee.

### **3.4 Fiscal Strategy Paper's Obligation to Observe Fiscal Responsibility Principles**

**80.** In the FY 2024/2025 and the medium term, the Government will ensure strict adherence to fiscal responsibility principles. The County Treasury will rationalize to ensure resources allocated to non-core recurrent expenditure are shifted to capital and development programs to ensure sustainable and inclusive growth across the county.

**81.** The PFM Act, 2012 sets out the Fiscal Responsibility Principles to ensure prudence and transparency in the management of public resources. In the FY2024/2025 and the medium term, the government will adhere to these principles as highlighted below:

- i.** Over the medium term, a minimum of thirty (30) per cent of the budget shall be allocated to the development expenditure. The government's development allocation FY 2021/22, FY 2022/2023 and FY 2023/2024, the government achieved an allocation to development expenditure of 39%, 36% and 34%, respectively. However, in the medium term, the development projection is 34% in FY 2024/2025 and 31% in the outer years which is within the law;
- ii.** The Government's expenditure on wages shall not exceed a percentage of 35% of the County total revenue. In the FY 2024/2025 the projected proportion of Personnel Emoluments in FY 2024/25 is 37.0% which represents a 3% increase from the budgeted amount in FY2023/24. In order to achieve this principle, the government conducted a staff audit to clean the wage bill and rationalize the human resource in the county. The government will implement progressive human resources policies to arrest this trend.
- iii.** Over the medium term, the Government's borrowing shall be used only for purpose of financing development expenditure and not for recurrent expenditure. In the medium term the County government does not envisage long term borrowing. However, if need arises it will only be directed to development purpose.
- iv.** The county debt shall be maintained at a sustainable level as approved by County Assembly. In the medium term, the county debt shall be maintained at 20%.
- v.** The fiscal risks identified shall be managed prudently and all mitigation measures indicated put in place to manage all identified and emerging risks. Chapter two of this

paper identifies the probable risks to the county and their mitigation measures well spelt out; and

- vi. The government shall maintain a reasonable degree of predictability with respect to the level of tax/ levy rates and bases shall be maintained, taking into account any tax reforms that may be made in the future. In the medium term, the government will: automate all viable revenue streams; map out more streams to expand from the current 17 streams to 25; implement FIF Act, enact relevant revenue laws; Increase tax, rates and rents compliance; and Enhance the collaboration of the county government with key stakeholders in order to enhance own source revenue;

### **3.4.1 Fiscal Structural Reforms**

**82.** The Government will strive to widen the tax base in order to meet own source revenue full potential. In the current FY 2023/24 the government is in the process of automating revenue streams in order to ensure more resources are availed in the county resource basket. In FY 2024/25 and the medium term, key legislations and policies geared towards revenue enhancement in the county will be enacted. The Government will as well implement FIF Act, institute tax administration reforms; and Tax education to the residents across the county as well as encouraging tax and rates voluntary compliance.

**83.** In the FY 2024/2025 and the medium term, the government key focus will be geared towards rationalizing its expenditure in order to curtail wastages. The accounting officers therefore, will be required to ensure improved accountability and transparency in utilization of public resources as well as putting more focus on programmes and activities that have a high impact on the lives and livelihoods of the county residents.

### **3.4.2 Debt Financing Policy**

**84.** The County Government's current debts are limited to the pending bills that amount to Kshs 5.5 billion as per the Assumption of Office of the Governor Committee Report. The county debts are limited to commitments and pending bills from previous years spending. The government is in the process of vetting pending bills to determine their validity and once

completed, a report will be ready for implementation. The Settlement process of the pending bills will be given first priority every start of the Financial Year.

**85.** In the medium term projections, no debt financing has been factored. However, if an investment opportunity is identified, the Government will source credit from favorable sources upon approval by the relevant government agencies in conformity with the PFM Act.

### **3.5 Fiscal Risk Outlook**

**86.** The county Government projects stable macroeconomic variables thereby allowing the county to enhance revenue collection and improve the fiscal space. The main fiscal risks include underperformance of revenue especially conditional grants and Own Source Revenue. The Government is fast-tracking the implementation of intergovernmental agreement on conditional grant transfer between the county treasury and the national government subject to section 191A to 191E of the PFM Act. Delayed conditional grants release poses fiscal risk to the fiscal outlook and therefore will be mitigated through compliance with all set conditions by the development partners and the National Treasury. Enhancing own source revenue is a key priority for the government and hence the automation process is ongoing which is expected to increase the efficiency in revenue collection and ensure that the county is on the roadmap to attaining the county potential. The department of health enacted the Wajir Facility Improvement Financing that is expected to enhance revenue collection in the health sector.

**87.** Huge Wage Bill and unverified Pending Bills poses a fiscal risk. The county will institute stringent measures to cap wage bill ballooning through human resource rationalization and freezing of employment. The County will prioritize the payment of verified pending bills. The Government will strive to adhere to fiscal responsibility principles especially by ensuring that at least 30 % of the budget is spent on development. The County Treasury will put the necessary measures to increase absorption levels to ensure services are delivered effectively and efficiently. The government will pursue innovative ways to ensure compliance and controls in financial management and reporting as well as ensure compliance with the PFM Act 2012 and Public Financial Management Regulations (PFR).

## CHAPTER FOUR: MEDIUM TERM EXPENDITURE FRAMEWORK

88. The FY 2024/25 and the Medium-Term Budget is based on the priorities in the Third Generation County Integrated Development Plan 2023-2027 and the macroeconomic policy of the country. The county priority policy in the medium term is in line with the National Bottom - Up Economic Transformation Agenda (BETA) by investing heavily in the health care services, food security, Micro Small Medium Enterprises, ICT and local industries in the county.

### 4.1 Revenue Projections

89. The total projected revenue for the financial year 2024/2025 is Kshs. 12.39 Billion up from 11.522 billion in the financial year 2023/2024 excluding balance brought forward from the previous year. The county further projects total revenue of Kshs.11.961 Billion and Kshs. 12.036 Billion in the financial years 2025/2026 and 2026/2027 respectively. The resources are expected to come from equitable share, own source revenue, Conditional Grant from National Government and loans and grants from development partners as shown in the Table Below;

**Table 6: Medium Term revenue projection FY 2024/2025- 2026/27**

Revenue Source	FY 2024/2025	FY 2025/2026	FY2026/2027
Equitable Share	9,993,492,852	10,236,100,000	10,236,100,000
Own Source Revenue including A-I-A	200,000,000	225,000,000	250,000,000
Conditional Grants and Loans	2,201,248,603	1,500,000,000	1,550,000,000
<b>Total</b>	<b>12,394,741,455</b>	<b>11,961,100,000</b>	<b>12,036,100,000</b>

Source: County treasury

90. The revenue projection for the financial year 2024/25 is aided by the 2024 Budget Policy statement and the county governments additional allocation bill 2024 which are subject to amendments. The county will monitor the approval process of the above two documents as well as the County Allocation of Revenue Act 2024 in order to determine the resource allocation for the county in the medium term. The projected reduction in the conditional grants and loans is informed by the wajir water and sanitation project that is expected to come to an end before in the medium term. Own source revenue is projected to be enhanced by the planned revenue automation, the enactment of the facility improvement financing act and the huge investment in health that is expected to translate to higher revenues from specialized treatment in public

health facilities. The detailed revenue projection for the financial year 2024/25 is as shown in the table below;

**Table 7: Detailed Revenue Projections FY 2024/2025**

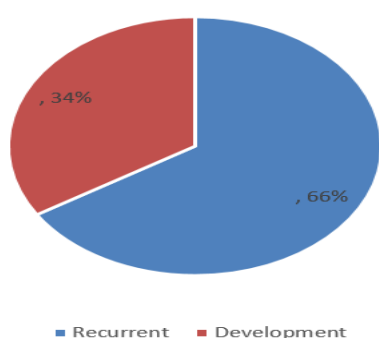
Revenue Source	Amount FY 2024/2025
<b>a) Equitable share</b>	<b>9,993,492,852</b>
<b>b) Conditional Grants (GOK)</b>	<b>531,393,517</b>
i) County Aggregation Industrial Park	250,000,000
ii) Road Maintenance Fuel Levy	251,017,318
iii) Community Health Promoters (CHPs)	28,132,139
iv) Transfer of Museum Function	2,244,060
<b>c) Conditional allocations from loans and grants (GoK)</b>	<b>1,669,855,086</b>
i) Primary HC in Devolved context (DANIDA)	13,162,500
ii) Kenya Informal Settlement Improvement Project	468,615,663
iii) EMERGENCY LOCUST RESPONSE PROGRAM	142,500,000
iv) Food System Resilience Project	173,076,923
v) Wajir Water and Sanitation Project	700,000,000
vi) KDSP II	37,500,000
vii) KUSP - UIG	35,000,000
Viii) Financing Locally Led Climate Action (F-LLoCA)	100,000,000
<b>d) Own Source Revenue</b>	<b>200,000,000</b>
i) Health A-I-A	120,000,000
ii) Other Source of Revenue	80,000,000
<b>Total</b>	<b>12,394,741,455</b>

Source: County Treasury

## 4.2 Expenditure Projections

91. The county expenditure in the financial year 2024/25 project to comprises of recurrent of Kshs 8.192 billion (66.1 percent of the county budget) and development of Kshs 4.202 billion (33.9 Percent of county budget). This is in compliance with fiscal responsibility principles and ensures quality service to the citizenry

**Figure 9: Proportion of Expenditure by Recurrent and Development in the Medium Term expenditure by type**



Source: County Treasury

### 4.3 FY 2024/25 and Medium-Term Budget Priorities

92. The medium term expenditure framework is developed from the departmental priorities in the Third Generation County Integrated Development Plan 2023-2027. The county will exploit cross-sectoral synergies in its key programmes in various sectors for efficiency financing of programmes in various sectors of the economy identified in the CIDP. The county will continue considering programmes that reduce poverty, enhance climate resilience, provide affordable and quality healthcare. Also, programmes that have magnitude impact towards child protection, enrolment and quality education at both early childhood education development and vocational training centers will be considered. Provision of clean water for domestic use, improvement of county roads, and adaption of alternative source of energy, Supporting Small and Medium Enterprises and improvement of livestock & crop production will also be allocated substantial funds in the budgets.

#### 4.3.3 Budgetary Allocations for the FY 2024/25 and the Medium Term

93. The Government plans to spend Kshs 12.39 Billion, Kshs 11.961 Billion and 12.036 Billion in FY 2024/25, FY 2025/26 and FY 2026/27 respectively. About twenty-nine (29%) of the county budget for the FY 2024/25 and 34 per cent of the Equitable Share and Own Source Revenue is expected to finance Health care services as the county intends to finalize the upgrading of Wajir County Referral Hospital to level five and the other sub-county hospitals to level four standards to ensure improved health care services across the county.

94. In the medium term, the health sector is projected to receive the highest allocation of resource in the medium term with an estimated proportion of 28 per cent of the county budget followed by administration and intergovernmental relations sector at 26%. This is further followed by the Agriculture, rural and Urban development at 13% and Environmental protection, water and Natural resources at 12%. Other sectors have also been allocated resources to deliver on their mandate. The health sector is projected to receive increased allocation each of the years. The reduced allocation to development in the two outer years is caused by conditional grants from proceed of loans coming to an end within the medium term. The funding for Wajir water and sanitation project and Kenya informal settlement improvement are projected to end within the medium term.

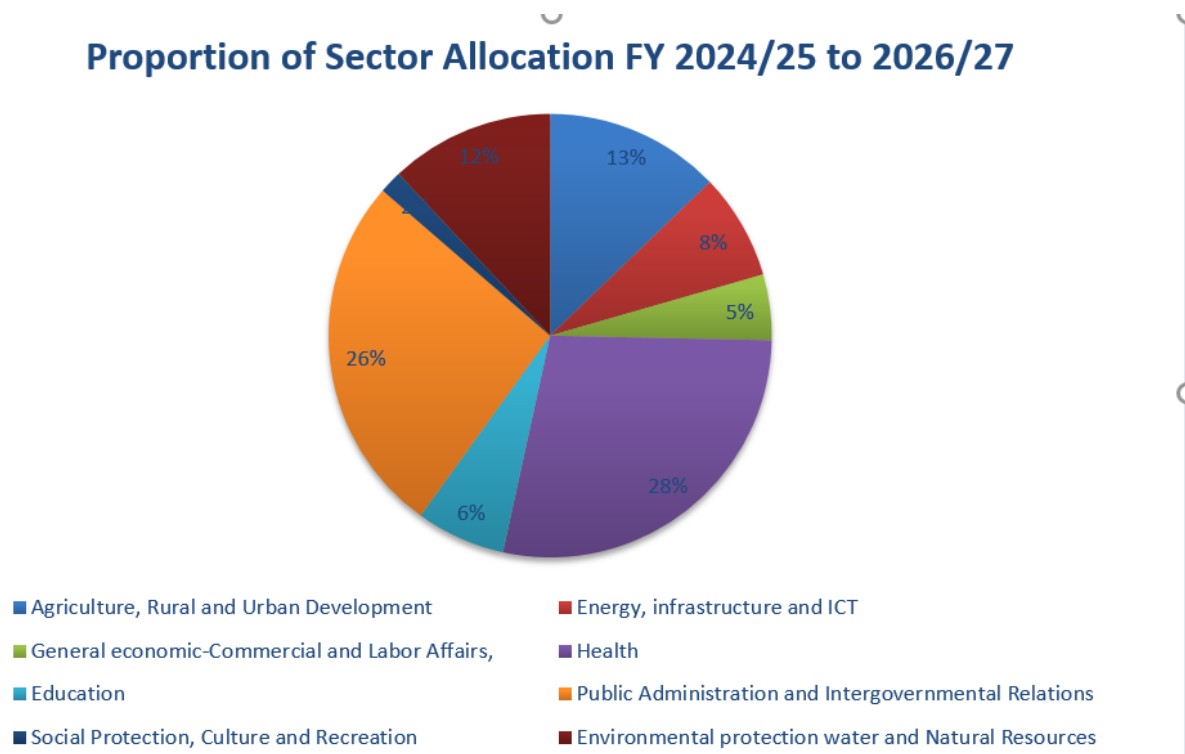
95. Health Care, Public Administration and Food Security has been given considerable allocation of the projected resources. In addition, the Water and Environment sector is projected to substantial amount of the budget with wajir water and sanitation project accounting for the highest proportion. The Horn of Africa Ground Water Resilience project is also implemented by the sector with support from water trust fund. This project is funded off budget and is not part of the projected resource. The sector ceiling for the medium term is as per the table below,

**Table 8: Sector Ceilings FY 2024/2025- FY 2026/2027**

Sectors	FY 2023/24			FY 2024/25			FY 2025/26			FY 2026/27		
	Current	Capital	Total	Current	Capital	Total	Current	Capital	Total	Current	Capital	Total
Agriculture, Rural and Urban Development	521	1,125	1,646	532	1,008	1,540	538	1,021	1,559	542	983	1,525
Energy, infrastructure and ICT	310	598	908	302	633	935	305	659	964	308	666	974
General economic-Commercial and Labor Affairs,	96	695	791	98	414	512	99	418	517	100	422	522
Health	2,758	494	3,251	2,951	500	3,451	2,980	524	3,504	3,010	529	3,539
Education	623	132	754	683	119	802	690	120	810	697	121	818
Public Administration and Intergovernmental Relations	3,385	19	3,404	3,133	15	3,148	3,156	15	3,171	3,181	15	3,196
Social Protection, Culture and Recreation	142	19	161	98	116	214	99	117	216	100	118	218
Environmental protection water and Natural Resources	418	1,190	1,608	384	1,410	1,793	387	833	1,220	391	852	1,244
<b>Total</b>	<b>8,252</b>	<b>4,271</b>	<b>12,524</b>	<b>8,180</b>	<b>4,215</b>	<b>12,395</b>	<b>8,253</b>	<b>3,708</b>	<b>11,961</b>	<b>8,329</b>	<b>3,708</b>	<b>12,036</b>

Source: County Treasury

**Figure 10:** Proportions of Medium Term Ceiling Projections per Sector



**Source: County Treasury**

96. The ceilings considered the priorities identified in the County Integrated Development Plan 2023-27 and County Annual Development Plan 2024/2025. It considers the ongoing flagship projects, ward-based projects, staff compensation and operations expenditures. The transformative agenda of The Governor to enhance bursary scheme, county revolving funds, Social Service Board, enhanced emergency food programmes, alternative source of energy and upgrading of Wajir County referral hospital to level V formed the basis for sector ceiling. The introduction of new policies such as the engagement of community health promoters on stipends, transfer of museum function as well as introduction of conditional grant.

97. The Sector Ceilings in Chapter 4 of this paper form the baseline for the FY 2024/25 budget and the Medium Term Expenditure Framework. Recurrent expenditure forms the highest proportion of sector ceilings at 66 per cent with compensation of employees accounting for the highest proportion at 37 per cent of the county resource in the first year and the medium term. This is above the legal limit of 35 per cent and appropriate measures will be instituted to comply with the fiscal responsibility principle. The county will freeze employment and promotion in the medium term until the fiscal responsible is complied with. Deliberate action will be taken enhance own source revenue by taking

opportunity of the facility improvement financing act enacted by the county to enhance appropriation-in-Aid. Deliberate actions will be taken to ensure total recurrent does not go beyond the 70 per cent legal ceiling by reducing expenditures on office operations and other uses of goods.

98. To observe the fiscal responsibility principals in the proportions of recurrent and development, Energy and Infrastructure, Public Administration, social protection, culture and recreation as well as Environmental protection water and Natural Resources sectors are projected to receive reduced allocation in recurrent from FY2023/2024 allocation. Agriculture, Rural and Urban Development, Health and Education are projected to receive increased allocation in recurrent over the medium from the current year allocation.

99. Development Expenditure ceilings are based on the programmes and projects identified in the CIDP 2023-27 and ADP 2024/25 with consideration of available resources for the county. The following criterion was used for development expenditures to project above ceilings;

- a) Programmes and Projects geared towards hunger and poverty reduction, enhance Enterprise development, improve quality of life and improve county infrastructure in roads, ICT and energy.
- b) Counterpart funding towards projects funded by development partners to enhance donor confidence and improve resource mobilization.
- c) High priority community needs identified through public participation i.e. ward based priority projects;
- d) Programmes and Projects addressing Cross cutting issues such as SDGs, Climate Change, Disaster Risk Reduction, community resilience, youth development, social protection, gender and disability mainstreaming;
- e) Payment of Verified and approved pending bills will be given first priority in the county budget for the Financial Year 2024/25;

#### **4.4 Finalization of Spending Plans**

100. In coming up with the budget, the departments shall direct resources to priority programmes and reduce spending on unproductive areas of the economy. The macro technical group will rationalize all expenditures with special emphasis on vital uses of goods and high yield development programmes and projects.

Specifically, the following costs will be maintained at lowest possible level to release funds for development projects;

1. Conferences, Seminars and workshops
2. Foreign and domestic travel costs
3. Purchase of furniture and computers
4. Non-essential refurbishments of offices and buildings

101. The Macro technical group will ensure programmes and projects that contribute to the achievement of county strategic blueprint receive appropriate funding in the County Programme Based Budget. Addressing external shocks such as restoration of flood damages possible drought and conflicts will also be prioritized in the final county budget.

## 4.5 Details of Sector Priorities

### 4.5.1 Health Services

102. The sector aims to be the provider of choice of quality, accessible and affordable health care services in the county. In the medium term, the department will prioritize finalization of the upgrading of Wajir county referral hospital to a secondary referral hospital that provides a more comprehensive set of services than those offered in a Level 4 facility. It also provides internship services for medical staff, conducts research, and serves as a training center for paramedical professionals. The sector also prioritizes finalization of the ongoing upgrading of sub-county level 4 hospitals and other health centers in the wards to improve primary health care and specialized service provision.

103. The sector will prioritize the implementation of the universal health care through promotion of primary health provision. The county in partnership with the national government plans to engage 1197 community health promoters for the medium term at annual stipend cost of 71.82 Million. The community health promoters are kitted by the national government in the current financial year of 2023/24. The county government together with the development partners will capacity build the health promoters and undertake monitoring and evaluation of the Programme to effectively utilize them.

104. The county government will prioritize the implementation of the Facility Improvement Financing through drafting and legislation of regulation for the Wajir FIF Act 2023. Initial infrastructure of computers, scanners and biometric readers will be provided by the county government to all facility with revenue potential to enhance revenue collection. Training of

health facility in-charges on proper financial management, reporting and insurance claim making to improve the human resource capacity. Stakeholder engagement on the Facility improvement financing Act were done in February 2024 with proper implementation plan drawn. The county project to collect 120 Million as appropriation-In-Aid in the health sector.

105. The department has operationalized 40 health facilities in the financial year 2023/24 and plan to complete the remaining 14 facilities in the FY 2024/. Further resource will be available for maintenance and operation of health facilities. The county has employed 216 health personnel to ensure operationalization of all health facilities and service points. The county project to require funds for the completion of the upgrading of level 3,4, and 5 health facilities. Emergency referral service remains an important programme for the sector to ensure the public access specialized services not offered in the county Family health and special Programme will also be funded to decrease maternal mortality, infant mortality, Immunization, TB and HIV & AIDS prevalence in the county. The sector is projected receive Kshs 13.75 billion in the medium term against resource requirement of 19.45 Billion. The sector will mobilize resources from development partners and donors to address the resource gap.

#### **4.5.2 Education**

106 The sector's goal is to enhance literacy & acquisition of skills in the county. It is concerned with early childhood education, Vocational Training. In the medium term, the department will give priority to: increasing ECD enrollment, provide adequate learning and teaching materials, sustaining the feeding program. The department will prioritize the construction of 38 ECD classrooms, purchase of ECD Tables and Chairs, refurbishment of ECD Centers and Construction of Vocational Training Workshops and Classrooms in the financial year 2024/25. Further resource is projected for the medium term. The Sector will further prioritize the provision of bursaries for needy students at a projected cost of Kshs. 150 million and School feeding Programme is a priority Programme for the sector and will strive to provide feeding Programme in all the ECD centers. The sector is expected to receive enhanced funding in the Financial years 2025/26 and FY 2026/27. To undertake the above intervention, The Sector is Projected to receive Kshs. 802 Million, kshs. 810 Million, Kshs. 818 Million in the Financial Years 2024/25, 2025/26, 2026/27.

### **4.5.3 Agriculture, Rural and Urban Development**

107. The sector addresses food security by strengthening crop and livestock production through farmers training and sensitization in best practices for crop and livestock production including adoption of climate smart agriculture methods. In the medium term, the sector will focus on extension services to transfer skills across all the value chains, including the emerging value chains like bee keeping and exotic breeds for chicken. The sector will prioritize establishment of model/ demonstration farms in the main farming zones that will be used to offer practical lessons to farmers and boost the extension services; this is on top of up-scaling services at the ward level for all the agricultural related disciplines. Support to farmers will be aimed at improving production by providing extension services and incentives like quality inputs like certified seeds & seedlings and post-harvest management including market information, storage and preservation and value addition.
108. In the livestock subsector, the priority will shift towards epidemiology and Disease Surveillance, targeted vaccination and treatment of diseases. setting up of veterinary laboratory, Livestock movement control, setting up of tannery, sustainable rangeland management, introduction of improved livestock breeds and alternative livelihood, livestock insurance and as well as change in livestock farming practices.
109. The Land sub-sector is concerned with the productive and sustainable use of land through spatial and physical planning and strengthening institutional and policy framework for urban management. In the medium term, the department is prioritizing the county spatial plan with support from the National Government and development partners; supporting other county services with the geospatial resource Centre; improving the governance of the municipality by building the capacity of the board; and undertaking urban plans for towns that are not planned

110. To Implement above interventions, the sector will require Kshs. 1,540 Million, Kshs. 1,559 Million and 1525 Million in the FY 2024/25, FY 2025/26 and FY 2026/27 respectively. The reduced funding in the FY 2026/27 is as a result of donor funded project expected to end before the end of the medium term.

#### **4.6.4 Energy, infrastructure and ICT**

111 This sector is mandated with the responsibility of managing county roads, transport, public works and housing services as well as Energy infrastructure improvement and Information Communication Technology to ensure enhanced access to services. The Sector will receive conditional Grant allocation from the National Government through the Kenya Roads Board Fuel levy. The Sector will prioritize the development of County Roads as well as the development of renewable energy and automation at the county and sub-county headquarters. The Road and Transport sub-sector will prioritize the improvement of county roads to all weather roads standards, maintenance of county assets such as vehicles, plants and equipment and improvement government housing and buildings.

112 The housing and public works sub-sector will focus on deployment of the Appropriate Building Technology for construction of public utilities such as schools and health facilities. This will offer job opportunities to locals, transfer of knowledge as well as reduce the cost of construction for these utilities. The priority is to train artisans in ABT and operationalize all ABT centers across the county. ICT sub-sector will prioritize Automation of county government operations remains a top priority for the Sector and therefore the connection of LAN and WAN in the county to improve ICT installations will be undertaken.

113 To implement the above intervention, the sector is projected to receive Kshs. 935 Million, Kshs. 964 Million and Kshs. 974 Million in the FYs 2024/25, 2025/26 and 2026/27 respectively.

#### **4.5.5 General Economic-Commercial and Labor Affairs**

- I14 The sector aims to enhance the development of small and medium enterprises within the county with increased private sector participation in increasing Gross County product (GCP).the sector is further concerned with the revitalization of the dormant cooperative sub-sector to increase savings and access to credit and markets. The county will pursue to take advantage of its comparative advantage in the livestock sector by supporting agro-based small industries.
- I15 The sector plans to undertake the provision of interest-free financing for SMES within the county through Revolving fund, improving market infrastructure within the county, supporting of cottage industries and cooperative societies.The sector is projected to receive Kshs. 512 Million, Kshs. 517 Million and Kshs. 522 Million in the Financial Year 2024/25, 2025/26 and 2026/27 respectively.

#### **4.5.6 Environmental protection, Water and Natural Resources**

- I16 The sector aims to enhance water access, improve water quality and water governance as well as protection of the environment and its natural resource while combating the effect of climate change in the county. In the medium term the sector will prioritize water harvesting, Drilling of boreholes as well as climate change mitigation and adaptation. The department will prioritize afforestation programmes, reversing soil erosion as well as conserving the natural resources. The department will undertake projects aimed at enhance community resilience and adaptations towards the effect of climate change.
- I17 The sector is implementing Wajir water and sanitation project funded by the World Bank, Financing Locally Led Climate Action (F-LLoCA) Project as well as Horn of Africa Underground Water Project to address the sector priority. The Sector is projected to receive Kshs. 4.257 Billion in the medium term.

#### **4.5.7 Social Protection, Culture and Recreation**

- I18 The Sector is concerned with strengthening child protection initiatives, promotion of Culture and heritage as well as sport promotion. The sector will prioritizes development of sports and arts talent through tournaments, regular arts events and upgrading and operationalization of Sports and arts facilities. In Culture, Social Services and Family affairs, the priority is to document and gazette cultural and historic sites for preservation of the local culture; hold the annual quran competition to foster integration and harmony in the

county; and sustain the disability fund that is meant to empower the persons living with disabilities.

- 119 In the Gender and Women Empowerment programme, the priority will ensure that girls remain in school throughout the learning period by providing sanitary towels to all school girls that need them. The department is also planning to operationalize a safe rescue and rehabilitation centre for girls and women that undergo traumatic experiences such as FGM and GBV; and will continue working with the justice sector to ensure safety and security of school girls. The Sector is projected to receive Kshs. 649 Million in the medium term.

#### **4.5.8 Public Administration and Intergovernmental Relations**

- 120 The Sector is concerned with the coordination of the implementation of the county strategic blueprint in the medium term. The sector will provide leadership and necessary approvals to undertake planned programmes and projects by all other sectors. The sector will also be involved intergovernmental coordination to enhance relation between county and national government. In the medium term, In the medium term, the department will undertake cabinet meetings, approval of policies and plans as well providing leadership in the running of the county affair.
- 121 The sector will also prioritize the preparation of financial statement and expenditure controls in the medium term. In the medium term, the Department will also operationalize CIMES as well as load all the programmes and projects and indicators in the e-CIMES platform in addition to operationalizing the County Statistical Unit (CSU) tasked with the preparation of the County Statistical Abstract (CSA) and other county statistics.
- 122 The County Assembly is concerned with representation, oversight and legislation. The county assembly will prioritize effective oversight of the implementation of the planned programmes and projects in the medium term. Setting up policy and legislative framework for the provision of essential service remain a top priority for the sector
- 123 The sector aim is to manage the county human resource, enhance community stakeholder engagement, protect the vulnerable members of the society during emergencies, improve governance and reduce conflict within the county. The department will prioritize the management of the county payroll, supporting the vulnerable members of the society, inculcating performance management within the county operations as well as improve

intergovernmental relations and donor relation. The sector will undertake donor round tables to mobilize resource for disaster response and other county programmes.

124 In the medium term, the sector is focused on building the resilience of the communities by working together with the National government and partners. The focus shall be in strengthening the coordination mechanisms across all the critical areas of DRM, Administration, Peace and Conflict Resolution, Intergovernmental Relations, Service Delivery, and Governance and Ethics. The public involvement in government programs will also be streamlined by implementing the relevant policies and laws to facilitate civic education and public participation mechanisms in the medium-term. The Sector is Projected to receive Kshs. 3.148 Million, Kshs. 3178 Million and 3196 Million for the FY 2024/25, 2025/26 and 2026/27 respectively.

## CHAPTER FIVE: CONCLUSION AND NEXT STEPS

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I25 The CFSP 2024 identifies key and critical sector specific priorities and the strategies to be to ensure implementation of the proposed projects and programmes. The paper also sets the ceilings for the sectors in the medium term. The sectors are advised to utilize the allocated resources prudently and ensure that all efforts are directed towards elevating poverty, eliminating extreme poverty, improving key county infrastructure, resilience building, and social protection to vulnerable groups and improving quality of life across the county residents.

I26 The County Government will utilize the County Integrated Monitoring and Evaluation System to track the implementation of projects and programmes and strengthen the county's capacity to deliver services to its residents. The County Monitoring and Evaluation activities will be guided by the County M & E Policy.

I27 To ensure there is credible data for informed decision making, the County Government will prioritize development of County Statistical Abstract 2024. Similarly, the County will develop County SDGs Indicator Framework to guide development of Voluntary Local Reports for assessing localization of SDG Agenda. The sector working groups are advised to come up with budget proposals in line with the strategic priorities while observing the sector ceilings in this paper.

## ANNEXES

### ANNEX I: FY 2024/25 MTEF Budget Adjusted Timelines

NO	ACTIVITY	RESPONSIBILITY	TIMEFRAME/ DEADLINE
1.	Develop and issue circular on Budget preparation and MTEF guidelines.	C.E.C Finance & Planning	30 <sup>th</sup> August, 2023
2.	Submission of the County Annual Development Plan to the County Assembly	C.E.C Finance & Planning	1 <sup>st</sup> September, 2023
3.	Launch of Sector Working Groups	All departments coordinated by County Treasury	6 <sup>th</sup> September, 2023
4.	Submission of Departmental Public Expenditure Reviews to County Treasury	All Accounting Officers	20 <sup>th</sup> September, 2023
5.	Preparation of Draft County Budget Review and Outlook Paper (CBROP)	Macro Working Group	25 <sup>th</sup> September, 2023
6.	Presentation of County Budget Review and outlook Paper (CBROP) to County Executive Committee for approval	Macro Working Group	29 <sup>th</sup> September, 2023
7.	Capacity building for Budget Execution and Programme Based Budget (PBB)	County Treasury in collaboration with National treasury	September – December, 2023
8.	Submission of County Budget Review and Outlook Paper (CBROP) to the County Assembly	Macro Working Group	10 <sup>th</sup> October, 2023
9.	Circulation of approved CBROP to County Executive and Accounting Officers	County Treasury.	18 <sup>th</sup> October, 2023
10.	Draft Sector reports by SWG's	All departments – County Treasury to co-ordinate	10 <sup>th</sup> January, 2024
11.	Submission of final Sector Working Groups reports	Sector Working Groups/ County Treasury	24 <sup>th</sup> January, 2024

<b>NO</b>	<b>ACTIVITY</b>	<b>RESPONSIBILITY</b>	<b>TIMEFRAME/ DEADLINE</b>
12.	Development of County Fiscal Strategy Paper (CFSP)	County Treasury.	8 <sup>th</sup> February, 2024
13.	Submission of County Fiscal Strategy Paper (CFSP) to C.E.C for approval.	County Treasury.	15 <sup>th</sup> February, 2024
14.	Submission of County Fiscal Strategy Paper (CFSP) to County Assembly	County Treasury.	27 <sup>th</sup> February, 2024
15.	Develop and issue final guidelines on preparation of 2022/23 Medium Term Budget	County Treasury.	29 <sup>th</sup> February, 2024
16.	Submission of departmental budget proposals to county treasury	All Departments	5 <sup>th</sup> March,2024
17.	Consolidation of final draft budgets	County Treasury.	18 <sup>th</sup> March, 2024
18.	Submission of Draft Budget Estimates to County Executive Committee for approval	County Treasury.	22 <sup>th</sup> March,2024
19.	Submission of Draft Budget Estimates to County Assembly	County Treasury.	15 <sup>th</sup> April, 2024
20.	Report on Draft Budget Estimates from County Assembly	County Assembly	8 <sup>th</sup> May, 2024
21.	Consolidation of final budget estimates	County Treasury	15 <sup>th</sup> May,2024
22.	Preparation and submission of budget statement to the County Assembly	County Treasury	1 <sup>st</sup> June, 2024
23.	Approval of the Budget & Appropriation Bill by the County Assembly	County Assembly	15 <sup>th</sup> June,2024
24.	Appropriation Bill Passed	County Assembly	30 <sup>th</sup> June,2024
25.	Finance Bill Passed	County Assembly	31 <sup>st</sup> July,2024
26.	Submission of Vote on Account to County Assembly (if applicable)	County Assembly	30 <sup>th</sup> June, 2024

**ANNEX 2: County Government Fiscal Projections FY2024/25 MTEF**

Revenue & Expenditure	2022/23 FY	2023/24 FY		2024/25 FY		2025/26FY		2026/27FY	
	Actual	Budget	CFSP 2023	CFSP 2024	CBROP 2023	CFSP 2024	CBROP 2023	CFSP 2024	CBROP 2023
<b>TOTAL REVENUE &amp; GRANTS</b>	<b>10,910,069,958</b>	<b>11,522,435,804</b>	<b>11,363,000,000</b>	<b>12,394,741,455</b>	<b>11,763,000,000</b>	<b>11,961,100,000</b>	<b>11,999,000,000</b>	<b>12,036,100,000</b>	<b>12,125,000,000</b>
Unspent Bal B/F from Previous FY	698,916,355	1,001,160,705	0	0	0	0	0	0	0
<b>Revenue (Total)</b>	<b>11,608,986,313</b>	<b>12,523,596,509</b>	<b>11,363,000,000</b>	<b>12,394,741,455</b>	<b>11,763,000,000</b>	<b>11,961,100,000</b>	<b>11,999,000,000</b>	<b>12,036,100,000</b>	<b>12,125,000,000</b>
Equitable Share Allocation	9,474,726,151	9,853,656,422	9,863,000,000	9,993,492,852	10,163,000,000	10,236,100,000	10,399,000,000	10,236,100,000	10,505,000,000
Local Revenue	46,790,000	200,000,000	200,000,000	200,000,000	200,000,000	225,000,000	200,000,000	250,000,000	220,000,000
Grant income	1,388,553,807	1,468,779,382	1,300,000,000	2,201,248,603	1,400,000,000	1,500,000,000	1,400,000,000	1,550,000,000	1,400,000,000
<b>Grant (Total)</b>	<b>10,910,069,958</b>	<b>11,522,435,804</b>	<b>11,363,000,000</b>	<b>12,394,741,455</b>	<b>11,763,000,000</b>	<b>11,961,100,000</b>	<b>11,999,000,000</b>	<b>12,036,100,000</b>	<b>12,125,000,000</b>
<b>Total Expenditure</b>	<b>9,970,230,000</b>	<b>12,523,596,509</b>	<b>11,363,000,000</b>	<b>12,394,741,455</b>	<b>11,763,837,326</b>	<b>11,961,396,156</b>	<b>11,999,114,073</b>	<b>12,036,637,376</b>	<b>12,125,104,770</b>
<b>Recurrent</b>	<b>7,592,230,000</b>	<b>8,252,425,086</b>	<b>7,822,000,000</b>	<b>8,180,096,051</b>	<b>8,094,762,326</b>	<b>8,253,237,012</b>	<b>8,256,657,573</b>	<b>8,328,866,561</b>	<b>8,343,352,477</b>
<i>Recurrent as % of CG Total Revenue</i>	76%	66%	69%	66%	69%	69%	69%	69%	69%
Personnel Emolument	4,003,000,000	4,214,666,084	4,020,000,000	4,540,812,745	4,184,696,000	4,586,220,872	4,229,542,960	4,632,083,081	4,374,838,389
Operations & Maintenance	3,589,230,000	4,037,759,002	3,802,000,000	3,639,283,306	3,910,066,326	3,667,016,140	4,027,114,613	3,696,783,480	3,968,514,088
<i>Personnel Emoluments as % of CG Revenue</i>	34%	34%	35%	37%	36%	38%	35%	38%	36%
<b>Development</b>	<b>2,378,000,000</b>	<b>4,271,171,423</b>	<b>3,541,000,000</b>	<b>4,214,645,403</b>	<b>3,669,075,000</b>	<b>3,708,159,144</b>	<b>3,742,456,500</b>	<b>3,707,770,815</b>	<b>3,781,752,293</b>
<i>Development as % of CG Total Revenue</i>	20%	34%	31%	34%	31%	31%	31%	31%	31%
<b>Unspent Bal Current FY</b>	<b>1,638,756,313</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### ANNEX 3: MTEF Sector Programme Ceilings (Kshs. Millions) - FY2024/25 -2026/27

SECTORS/PROGRAMMES	FY 2023/24		FY 2024/25		FY 2025/26		FY 2026/27	
	Current	Capital	Current	Capital	Current	Capital	Current	Capital
Agriculture, Rural and Urban Development (ARUD)	521	1,125	532	1,008	538	1,021	542	983
Department of Crop Production	207	632	204	342	206	343	208	347
Crop Production Services	23	632	15	342	15	343	16	347
General Administration and Support Services	184	-	189	-	191	-	193	-
Department of Livestock and Veterinary Services	39	58	23	55	23	55	23	56
Livestock Production Services	23	13	13	15	13	15	13	15
Veterinary Services	16	45	10	40	10	40	10	41
Department of Lands, Spatial Planning and Urban Development	59	262	60	551	61	557	61	514
Land Policy and Physical Planning	59	262	60	551	61	557	61	514
Wajir Municipality	216	174	245	60	247	66	249	66
Urban Development Services	216	174	245	60	247	66	249	66
Energy- Physical infrastructure and ICT	310	598	302	633	305	659	308	666
Department of Roads & Transport	240	204	231	417	233	441	236	446
County Roads and Transport management	115	204	103	417	104	441	105	446
General Administration and Support Services	126	-	128	-	129	-	131	-
Department of Public Works and Housing	7	229	6	100	6	101	6	102
Public Work Services	3	168	2	70	2	71	2	71
Government Buildings and Housing	4	60	4	30	4	30	4	31
Department of Energy	5	163	3	100	3	101	3	102
Energy Services	5	163	3	100	3	101	3	102
Department of Information Communication Technology and Innovation	58	2	62	16	63	16	63	16
ICT and Innovation Services	58	-	62	-	63	-	63	-

SECTORS/PROGRAMMES	FY 2023/24		FY 2024/25		FY 2025/26		FY 2026/27	
	Current	Capital	Current	Capital	Current	Capital	Current	Capital
ICT infrastructure Services	-	2	-	16	-	16	-	16
General economic-Commercial and Labor Affairs, Department Trade, Investment and Industrialization	96	695	98	414	99	418	100	422
Trade Development Services	4	191	4	160	4	162	4	163
Investment and Industry	3	500	3	250	3	253	3	255
General Administration and Personnel Services	86	-	88	-	89	-	90	-
Department of Cooperatives and SMEs	4	4	4	4	4	4	4	4
Cooperatives Support Services	4	4	4	4	4	4	4	4
Health	2,758	494	2,951	500	2,980	524	3,010	529
Department of Public Health	97	142	157	130	159	131	160	133
Preventive and Promotive Services	23	30	80	30	81	30	82	31
Family Health Services	68	112	70	100	71	101	71	102
Special Programmes	7	-	7	-	7	-	7	-
Department of Medical Services	914	352	840	370	848	393	857	397
Curative and Rehabilitative Services	880	352	805	370	813	393	821	397
Emergency and Referral Services	33	-	35	-	35	-	36	-
Department of Health Shared Services	1,746	-	1,954	-	1,973	-	1,993	-
General Administration and personnel Services	1,743	-	1,950	-	1,969	-	1,989	-
Health Research services	4	-	4	-	4	-	4	-
Education	623	132	683	119	690	120	697	121
Department of Early Childhood Education'	609	120	670	110	677	111	683	112
Early Childhood Education services	120	120	170	110	172	111	173	112
General Administration and personel Services	488	-	500	-	505	-	510	-
Department of Vocational Training	14	12	13	9	13	9	13	9
Vocational and Technical Training Services	14	12	13	9	13	9	13	9

SECTORS/PROGRAMMES	FY 2023/24		FY 2024/25		FY 2025/26		FY 2026/27	
	Current	Capital	Current	Capital	Current	Capital	Current	Capital
Public Administration and Intergovernmental Relations	3,385	19	3,133	15	3,156	15	3,181	15
Department of Executive Office of the Governor	586	-	577	-	583	-	589	-
Coordination and Supervisory Services	586	-	577	-	583	-	589	-
The County Treasury	578	-	556	-	562	-	562	-
County Accounting Services	237	-	218	-	220	-	220	-
County Supply Chain Management	31	-	20	-	20	-	20	-
Financial Reporting Services	5	-	4	-	4	-	4	-
General Administration and Support Services	305	-	314	-	317	-	317	-
Department of Economic Planning and Audit	39	-	77	-	77	-	77	-
County Audit Services	7	-	8	-	8	-	8	-
County Budget Management	10	-	9	-	9	-	9	-
Economic Planning and Statistics	22	-	60	-	60	-	60	-
Department of Revenue Services	21	-	26	-	26	-	26	-
County Revenue management	21	-	26	-	26	-	26	-
Department of Human Resource management	867	-	730	-	737	-	745	-
Human Resource Management	371	-	220	-	222	-	224	-
General Administration and Support Services	496	-	510	-	515	-	520	-
Department of Special Programme	185	-	158	-	160	-	161	-
Public Participations and Civic Education	5	-	5	-	5	-	5	-
Peace and Conflict Resolution	48	-	25	-	25	-	26	-
Disaster management and Humantatian Coordination	112	-	110	-	111	-	112	-
Efficiency Monitoring	8	-	7	-	7	-	7	-
Strategic Delivery	7	-	7	-	7	-	7	-
Governance and Ethics	5	-	5	-	5	-	5	-

SECTORS/PROGRAMMES	FY 2023/24		FY 2024/25		FY 2025/26		FY 2026/27	
	Current	Capital	Current	Capital	Current	Capital	Current	Capital
Department of County Administration	24	19	27	15	27	15	28	15
Decentralised Units and inspectorate Services	24	19	27	15	27	15	28	15
Department intergovernmental Relations	7	-	8	-	8	-	8	-
Intergovernmental and Donor Relations	7	-	8	-	8	-	8	-
County Public Service Board	79	-	75	-	76	-	77	-
Coordination and Supervisory Services	79	-	75	-	76	-	77	-
County Assembly	1,000	-	900	-	900	-	909	-
Legislative and oversight services	1,000	-	900	-	900	-	909	-
Social Protection, Culture and Recreation	142	19	98	116	99	117	100	118
Department of Culture, Social Service and Family Affairs	59	-	55	5	56	5	56	5
Culture, Social Services and Family Affairs	59	-	55	5	56	5	56	5
Department of Gender	77	10	37	10	37	10	38	10
Gender and Women Empowerment	77	10	37	10	37	10	38	10
Department of Sports and Youth affairs	6	9	6	101	6	102	6	103
Sport Promotion services	6	9	6	101	6	102	6	103
Environmental protection water and Natural Resources	418	1,190	384	1,410	387	833	391	852
Department of Water	172	309	144	325	145	348	147	362
Water System Rehabilitation & maintenance	67	123	30	139	30	150	31	157
Water Infrastructure Development	9	186	10	186	10	198	10	205
General Administration and Support Services	95	-	104	-	105	-	106	-
Wajir Water and Sewerage Company	154	666	145	750	146	148	148	149
Water System Rehabilitation & maintenance	154	666	145	750	146	148	148	149
Department of Environment and Climate Change	87	200	87	180	87	182	88	184

SECTORS/PROGRAMMES	FY 2023/24		FY 2024/25		FY 2025/26		FY 2026/27	
	Current	Capital	Current	Capital	Current	Capital	Current	Capital
Environmental Conservation Services	15	200	9	180	9	182	9	184
General Administration and Support Services	72	-	78	-	79	-	80	-
Department of Mining & Wildlife	2	5	2	5	2	5	2	5
Mining & Wildlife	2	5	2	5	2	5	2	5
Department of Irrigation	3	10	6	150	6	151	6	152
Irrigation	3	10	6	150	6	151	6	152
<b>Total</b>	<b>8,252</b>	<b>4,271</b>	<b>8,180</b>	<b>4,215</b>	<b>8,253</b>	<b>3,708</b>	<b>8,329</b>	<b>3,708</b>

#### ANNEX 4: Own Source Revenue Collection for First Half 2023/2024

REVENUE STREAM	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTALS PER REVENUE STREAM
Stock Auction Fees	535,500	608,550	630,700	351,000	87,500	480,200	<b>2,693,450</b>
Stock Export Fees	144,500	175,300	248,500	143,900	12,000	194,700	<b>918,900</b>
Slaughter Fees	53,400	112,000	175,200	115,580	23,400	205,200	<b>684,780</b>
Hides & Skin	-	-	-	5,000	-	-	<b>5,000</b>
Arabic Gum	-	9,240	-	-	-	-	<b>9,240</b>
Miraa Cess	3,116,000	3,266,300	2,605,000	1,805,000	413,800	2,591,600	<b>13,797,700</b>
Single Business Permit(SBP)	241,180	261,700	512,000	109,100	67,600	645,100	<b>1,836,680</b>
Septic Tank	35,000	41,000	-	-	-	128,600	<b>204,600</b>
Conservancy	36,900	11,900	-	54,300	33,300	15,450	<b>151,850</b>
Land Rent	57,550	2,200	40,500	154,750	155,708	679,266	<b>1,089,974</b>

House Rent	123,100	123,100		226,000	226,000	321,692	<b>1,019,892</b>
Survey fees	90,288	318,459	124,380	-	-	151,100	<b>684,227</b>
Peging Fees /SITE visit	-	-	-	-	15,500	-	<b>15,500</b>
Water	-	-	-	-	-	-	-
Building Materials	116,000	212,400	269,000	188,800	107,000	480,000	<b>1,373,200</b>
Market Gate Fees(Fresh Produce)	34,100	42,000	-	27,000	17,500	33,500	<b>154,100</b>
Scrap Metal	-	-	6,000	4,000	-	57,800	<b>67,800</b>
Cereals	100,500	174,100	47,800	145,400		127,900	<b>595,700</b>
Development Permission	-	-	-	-	-	-	-
Allotment (For Schools)	-	-	-	-	-	-	-
Charcoal	-	-	-	-	-	-	-
Hire of County Assets	-	-	518,000	94,050	87,000	64,000	<b>763,050</b>
Cost Sharing	2,367,904	2,109,110	1,421,780	1,140,787	1,334,855	1,385,985	<b>9,760,421</b>
Medical Certificate	50,800	-	-	25,400	34,200	33,000	<b>143,400</b>
School Registration	-	-	-	-	-	-	-
Approval Of Building Plan (Safcom)	-	-	-	-	-	-	-
Advertisement	-	-	-	-	-	-	-
Sale of Tender Documents	-	-	-	-	-	-	-
Veterinary Department	-	18,175	27,200	22,925	-	5,000	<b>73,300</b>
Transport / Parking Fee	-	-	-	-	-	-	-
FIF					10,110,000	3,060,000	<b>13,170,000</b>
<b>MONTHLY TOTALS</b>	<b>7,102,722</b>	<b>7,485,534</b>	<b>6,626,060</b>	<b>4,612,992</b>	<b>12,725,363</b>	<b>10,660,093</b>	<b>49,212,764</b>