



COUNTY GOVERNMENT OF NANDI

COUNTY TREASURY

COUNTY BUDGET REVIEW AND OUTLOOK PAPER

(CBROP)

OCTOBER 2024

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FOREWORD

The Nandi County Budget Review and Outlook Paper (CBROP) 2024 reviews budget implementation for FY 2023/2024 as well as projecting the broad outlook for County's development agenda for FY 2025/2026. The CBROP provides a reflection of fiscal framework for charting a strong basis for fiscal discipline and public funds accountability. The CBROP reminds us the need for maintaining an ideal balance between government receipts and expenditures.

The CBROP presents the fiscal outcome for the most previous Financial Year and how these outcomes affect financial objectives set out in that year's County Fiscal Strategy Paper (CFSP). Fiscal discipline will seek to ensure that the county's development entities are able work towards improving the residents' livelihoods by instituting mechanisms that enhances financial efficiency, effectiveness and economy. The county is committed to maintain the trend of economic growth and development as desired by the residents.

The 2024 Nandi County Budget Review and Outlook Paper (CBROP), has been prepared in accordance with section 118 of the Public Financial Management Act, 2012 presents the actual fiscal performance of the FY 2023/2024 as it makes comparisons to the budget appropriations for the same year as well as the updated economic and financial outlook to set out the broad fiscal parameters for preparation of the next budget.

The County is committed to enhancing participatory planning and budgeting. This increases communities' participation in development and programme/project ownership. The County will also improve on communicating budget allocation and performance to communities.

I call upon all to adhere to the schedule of activities and timelines as outlined in the Budget circular to enable finalization and appropriation of the FY 2025/2026 budget.



HILLARY KIPTANUI SEREM
CECM, FINANCE AND ECONOMIC PLANNING

ABBREVIATIONS AND ACRONYMS

CBROP	County Budget Review and Outlook Paper
CECM	County Executive Committee Member
CFSP	County Fiscal strategy Paper
CG	County Government
FY	Fiscal Year
PFMA	Public Finance Management Act
CIDP	County Integrated Development Plan
CADP	County Annual Development Plan
M & E	Monitoring and Evaluation
MTEF	Medium Term Expenditure Framework

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CHAPTER ONE

INTRODUCTION

1.1 LEGAL FRAMEWORK

The County Budget Review and Outlook Paper is one of the key stages in the preparation of the annual county budget. Its preparation is entrenched in;

The Constitution of Kenya, 2010 and further in the County Governments Act 2012 which compels County Governments to prepare the plans and that no public funds shall be appropriated outside the approved planning frameworks.

Public Finance Management Act (PFMA), 2012 section 118 (1) which indicates that a County Treasury shall:

(1) (a) Prepare a County Budget Review and Outlook Paper in respect of the county for each financial year; and

(b) Submit the paper to the County Executive Committee by the 30th September of that year.

(2) The CBROP should specify:

(a) The details of the actual fiscal performance in the previous year compared to the budget appropriation for that year;

(b) The updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper;

(c) Information on:

(i) Any changes in the forecasts compared with the County Fiscal Strategy Paper; or

(ii) How actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the County Fiscal Strategy Paper for that financial year; and

(d) Reasons for any deviation from the financial objectives in the County Fiscal Strategy Paper together with proposals to address the deviation and the time estimated for doing so. After

preparation of the Paper by the County Treasury, the County Executive Committee considers the County Budget Review and Outlook Paper with a view to approving it, with or without amendments, and arranges for the same to be laid before the County Assembly, publishes and publicizes the Paper.

(3) The County Executive Committee shall consider the County Budget Review and Outlook Paper with a view to approving it, with or without amendments, within fourteen days after its submission.

(4) Not later than seven days after the County Budget Review and Outlook Paper is approved by the County Executive Committee, the County Treasury shall—

(a) arrange for the Paper to be laid before the County Assembly; and

(b) as soon as practicable after having done so, publish and publicize the Paper.

1.2 COUNTY GOVERNMENT FISCAL RESPONSIBILITY PRINCIPLES

In line with the Constitution, the Public Finance Management (PFM) Act 2012 (section 107) sets out the following fiscal responsibility principles to ensure prudence and transparency in the management of public resources;

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

- vii. The fiscal risks shall be maintained prudently; and
- viii. A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained taking into account any tax reforms that may be made in the future.

1.3 OBJECTIVES FOR CBROP

Pursuant to the provisions of sec 118 (2) of the Public Financial Management Act 2012, the County Treasury through the County Budget Review and Outlook Paper shall seek to specify;

- The details of the actual fiscal performance in the previous year compared to the budget appropriation for that year;
- The updated economic and financial forecasts in relation to the changes from the forecasts in the most recent County Fiscal Strategy Paper (CFSP);
- Any changes in the forecasts compared with the CFSP;
- How actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the CFSP for that financial year; and
- Reasons for any deviation from the financial objectives in the CFSP together with proposals to address the deviation and the time estimated for doing so.
- Providing a basis for revision of the FY 2024/2025 budget estimates as well as set broad fiscal priorities for the next budget and the medium term.

In summary, this CBROP is expected to present a review of the fiscal performance for the previous financial year in terms of revenues and expenditures.

The CBROP is expected to provide a summary of the national macroeconomic outlook and how this will affect the County's economic performance. The available key Macro-economic indicators are not currently county specific or sufficiently addressing county specific needs. However, the department of Finance and Economic Planning is in the process of establishing a County Statistics office to bridge the gap in future.

CHAPTER TWO

REVIEW OF FISCAL PERFORMANCE IN FY 2023-2024

2.1 OVERVIEW

This section presents the County's fiscal performance focusing on deviations between actual and budgeted expenditure and revenue in the FY 2023/2024 combined with an analysis of the ways in which this performance affected the financial objectives set in the County Fiscal Strategy Paper (CFSP), 2023.

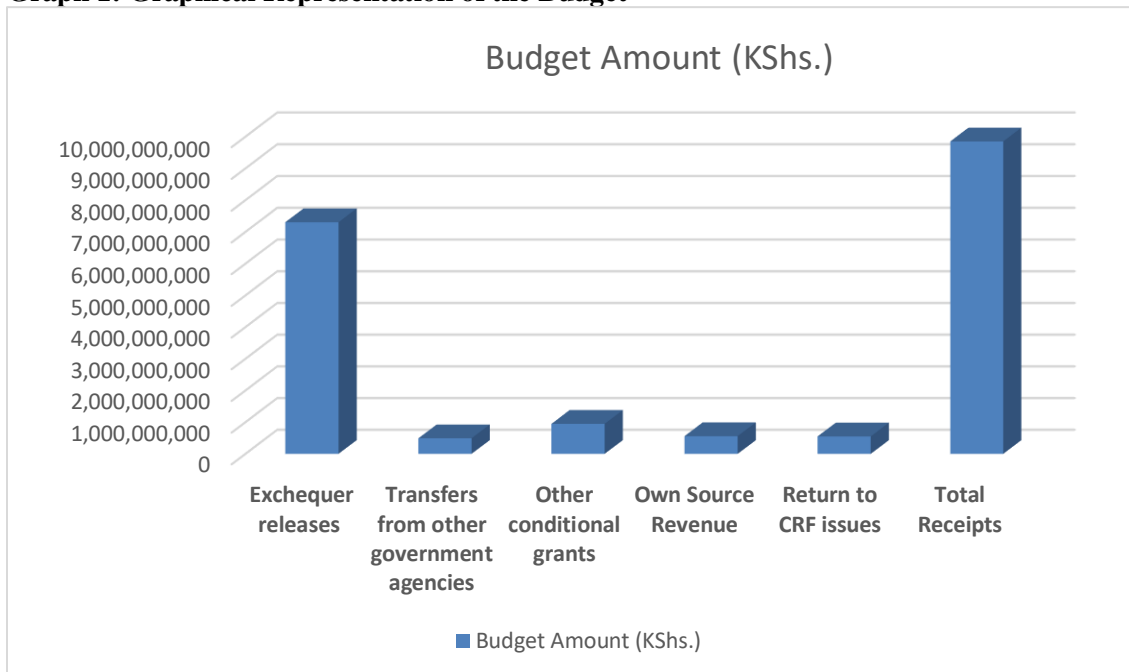
During the period under review, the County Government had a total budget of Ksh 9,850,666,465 which comprised of Ksh. 6,264,572,545 as recurrent budget and Ksh. 3,586,093,920 as development budget. The fiscal performance was generally satisfactory, the county surpassed the revenue target, though there remains potential to increase local revenue collection.

2.2 REVENUE PERFORMANCE

(i) Revenue

In the year ended 30th June, 2024, the County had projected revenues of Kshs. 9,850,666,465 consisting of Kshs 558,329,869 from Own Source and Kshs. **9,292,336,597** from other sources i.e equitable share, transfer from other government entities and proceeds from domestic and foreign grants.

Graph 1: Graphical Representation of the Budget



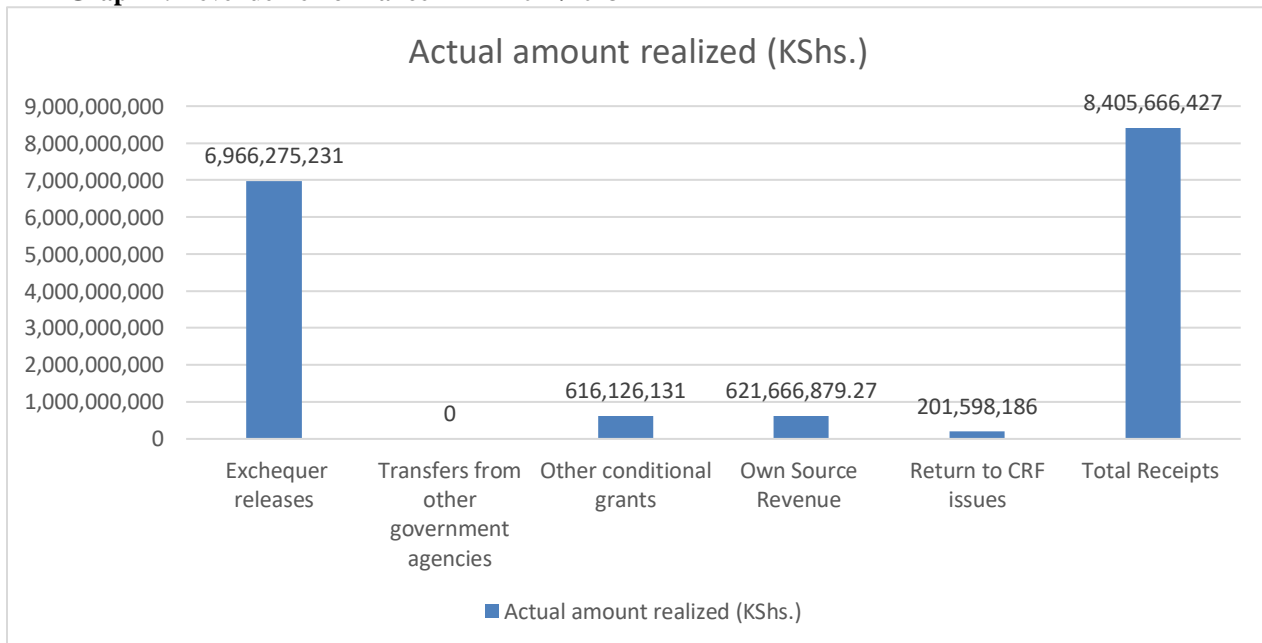
Nandi County revenue sources in FY 2023/2024

Sharable revenue continues to form the largest part of Nandi County revenue budget, contributing 74.2% towards financing the budget. Own generated revenues formed 5.7% of the budget. In order to plug in the deficit, the projected revenue from conditional grants, opening balance and transfer from other government entities of 9.6%, 5.6 % and 5.0 % respectively of our budget. Out of the projected revenue, the County was able to realize **Kshs. 8,405,666,427** in actual revenues, representing 85.3% performance. This performance decreased by 13% compared to previous financial year. In the table below, we present an analysis of revenue performance during the year.

Budget performance against actual amounts

Revenue source	Budget Amount (KShs.)	Actual amount realized (KShs.)	Variance (KShs.)	Realization (%)	Remarks*
Exchequer releases	7,305,294,585	6,966,275,231	339,019,354	95%	Late releases by national treasury
Transfers from other government agencies	491,111,227	0	491,111,227	0%	
Other conditional grants	947,401,565	616,126,131	331,275,434	65%	
Own Source Revenue	558,329,869	621,666,879.27	-63,337,010	111%	System upgrade
Return to CRF issues	548,529,220	201,598,186	346,931,034	37%	
Total Receipts	9,850,666,466	8,405,666,427	1,445,000,039	85.3%	

Graph 2: Revenue Performance in FY 2022/2023



Local Revenue

The total local revenue collected during the financial year ended 30th June 2024 was Ksh. 621,666,879.27 against a set target of Ksh. 558,329,869.00 representing 111.34% performance. A disbursement to Nandi County Revenue Fund amounted to Ksh. 301,771,187

The positive revenue performance was supported by enactment of the Facility Improvement Fund (FIF), enforcement exercise on all revenue sources, upgrade of the Revenue collection system

External Revenue

For the period under review, the county was allocated equitable share amounting to Kshs. 7,305,294,585 from the National Government. Other external revenues amounted to Kshs 1,438,512,792 from conditional grants and Transfers from other government agencies

2.3 Expenditure Performance

The total expenditure for the period under review amounted to Ksh **6,971,536,463** which is exclusive of the allocation to County Assembly as transfers to other Government Entities of Kshs. **851,322,029**. This gives a total figure of Kshs **7,822,858,492** against approved estimates of Kshs. **8,988,667,004** representing an absorption rate of 87.0%.

Recurrent Expenditure

Total Recurrent Expenditure amounted to Kshs 5,447,556,271 against an approved budget of Kshs **5,661,708,754** reflecting an absorption rate of 96.2%

Statement of Comparison of Budget & Actual Amounts – Recurrent for the year ended 30th June 2024

Receipt/expenditure item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts						
Transfers from the CRF	5,444,923,194	-	5,444,923,194	5,444,923,194	-	100
Other receipts	-	-	-	-	-	-
Opening balance for Non-refundable bank	216,785,559	-	216,785,559	216,785,559	-	100

Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
balances in special purpose deposits accounts e.g. DANIDA						
Total	5,661,708,753	-	5,661,708,753	5,661,708,753	-	100
Payments						
Compensation of employees	4,033,986,309	-	4,033,986,309	3,933,307,091	100,679,218	97.50
Use of goods and services	1,105,597,048	-	1,105,597,048	1,104,264,960	1,332,088	99.88
Transfers to other government units	240,500,000	-	240,500,000	239,500,000	1,000,000	99.58
Other payments	281,625,397		281,625,397	170,484,220	111,141,177	60.54
Total	5,661,708,754	-	5,661,708,754	5,447,556,271	214,152,483	96.22
Surplus/(deficit)	-	-	-	214,152,483	214,152,483	-

Development Expenditure

Total cumulative development expenditure for the period under review amounts to Kshs **1,523,980,192** against an approved budget Kshs **3,326,958,251**. This reflects an absorption rate of 45.8%.

Table: Statement of Comparison of Budget & Actual Amounts: Development for the year ended 30th June 2024

Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts						
Transfers from the CRF	3,323,330,096	-	3,323,330,096	1,521,352,037	1,801,978,059	46
Other receipts	3,628,155	-	3,628,155	2,628,155	1,000,000	72
Opening balance for Non-refundable bank		-	-		-	-

Receipt/expense item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
balances in special purpose deposits accounts e.g. DANIDA						
Total	3,326,958,251	-	3,326,958,251	1,523,980,192	1,802,978,059	46
Payments						
Subsidies	12,000,000	-	12,000,000	11,486,891	513,109	96
Transfers to other government units	353,825,453	-	353,825,453	253,825,453	100,000,000	72
Acquisition of assets	2,125,466,557	-	2,125,466,557	908,011,409	1,217,455,148	43
Other payments	835,666,241		835,666,241	350,656,439	485,009,802	42
Totals	3,326,958,251	-	3,326,958,251	1,523,980,192	1,802,978,059	46
Surplus/(deficit)	0	-	0	-0	0	

2.4 Implications of 2023/2024 Fiscal Performance

Revenue and expenditure projections will be based on the macroeconomic assumptions contained in this CBROP and this will be firmed up in the County Fiscal Strategy Paper (CFSP), 2025. The County will not deviate from the fiscal responsibility principles, but will make appropriate modifications to the financial objectives contained in the CFSP, 2024 to reflect the changed circumstances.

The financial year 2023/2024 fiscal outturn has necessitated revision of the financial objectives to be set out in the next CFSP and the Budget for fiscal year 2025/2026 in the following ways

The county successfully met its revenue targets, although there remains significant potential for increased collection. However, the low uptake of development funds has led to a substantial backlog of uncompleted projects, which have been reallocated in the 2024/2025 fiscal year. This situation necessitates a reassessment of medium-term development expenditure forecasts, as the resulting surplus negatively impacts our development index.

Additionally, revenue and expenditure forecasts have been disrupted by outstanding bills from the 2022/2023 financial year, highlighting the need for adjustments in fiscal aggregates for both the current budget and the medium term. The ongoing surplus also indicates insufficient absorption capacity within departments, emphasizing the necessity of improving the efficiency of preparing Bills of Quantities and expediting the procurement process.

Moreover, the recent adoption of the Equitable Development Act of 2023 mandates that 50% of the development budget be devolved to the wards. This change is likely to affect overall fiscal performance and requires careful consideration in future budgeting.

To enhance local revenue generation, critical measures have been put in place to bridge the gap in the subsequent financial years, and these measures include broadening the revenue base, enhancing compliance, improving the administrative functions of revenue-collection, expanding use of ICT systems in revenue collection, improvement of parking sites and enhancement of land rates, site value rates and property rates collection by updating the county valuation roll.

2.5 Fiscal Responsibility Principles

The fiscal responsibility principle on wages and remuneration as per the PFM Act of 2012 provides for utmost 35 percent of the total County budget. The proportion of actual salaries and remuneration expenditure on the overall expenditure was 56.4 percent. The actual performance on this fiscal principle was higher than the stipulated percentage of 35 percent of the overall county budget by 21.4 percent.

STATEMENT OF RECEIPTS AND PAYMENTS

Table i: Receipts and Payments

1. Statement of Receipts and Payments for the year ended 30th June 2024			
		2023-2024	2022-2023
	Notes	Kshs	Kshs
Receipts			
Transfers from the CRF	1	6,966,275,231	7,279,260,501
Miscellaneous receipts	2	2,628,155	-

Total receipts		6,968,903,386	7,279,260,501
Payments			
Compensation of employees	3	3,933,307,091	3,514,768,261
Use of goods and services	4	1,104,264,960	1,518,007,460
Subsidies	5	11,486,891	6,263,018
Transfers to other government entities	6	493,325,453	230,000,000
Other grants and transfers	7	-	589,372,404
Social security benefits	8	-	-
Acquisition of assets	9	908,011,409	1,410,392,949
Finance costs, including loan interest	10	-	-
Repayment of principal on domestic & foreign Borrowing	11	-	-
Other payments	12	521,140,659	
Total payments		6,971,536,463	7,268,804,092
Surplus/deficit*		(2,633,077)	10,456,409

Table ii: CASH FLOWS

Statement of Cash Flows for the period ended 30th June 2024

		2023-2024	2022-2023
	Notes	Kshs	Kshs
Receipts from operating income			
Transfers from the CRF	1	6,966,275,231	7,279,260,501
Miscellaneous receipts	2	2,628,155	-
Total receipts from operating income		6,968,903,386	7,279,260,501
Payments for operating expenses			

Compensation of employees	3	(3,933,307,091)	(3,514,768,261)
Use of goods and services	4	(1,104,264,960)	(1,518,007,460)
Subsidies	5	(11,486,891)	(6,263,018)
Transfers to other government entities	6	(493,325,453)	(230,000,000)
Other grants and transfers	7	-	(589,372,404)
Social security benefits	8	-	-
Finance costs, including loan interest	10	-	-
Other payments	12	(521,140,659)	-
Total payments for operating expenses		(6,063,525,054)	5,858,411,143
Net receipts/ (payments) from operations		905,378,332	1,420,849,358
Adjusted for:			
Prior year adjustments	17	-	(367,616,724)
Decrease/(increase) in outstanding imprests & advances	18	-	-
Increase/(decrease) in deposits and retentions	19	-	-
Net cash flow from operating activities		905,378,332	1,053,232,634
Cash flow from investing activities			
Acquisition of assets	9	(908,011,409)	(1,410,392,949)
Net cash flows from investing activities		(908,011,409)	(1,410,392,949)
Cash flow from Financing activities			
Repayment of principal on domestic and foreign Borrowing	11	-	-
Net cash flow from financing activities		-	-
Net increase in cash and cash equivalents		(2,633,077)	(357,160,315)
Cash and cash equivalents at beginning of the year		216,785,559	573,945,875
Cash and cash equivalents at end of the year		214,152,482	216,785,559

Table iii: Portfolio Allocation 2023-2024 as per Printed Estimates

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% Of Utilization
	A	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts						
Transfers from the CRF	8,768,253,290	-	8,768,253,290	6,966,275,231	1,801,978,059	79
Other receipts	3,628,155	-	3,628,155	2,628,155	1,000,000	-

Opening balance for Non-refundable bank balances in special purpose deposits accounts e.g., DANIDA	216,785,559	-	216,785,559	216,785,559	-	100
Total	8,988,667,004	-	8,988,667,004	7,185,688,945	1,802,978,059	80
Payments						
Compensation of employees	4,132,467,376	-	4,132,467,376	3,933,307,091	199,160,285	95
Use of goods and services	1,105,597,048	-	1,105,597,048	1,104,264,960	1,332,088	100
Subsidies	10,000,000	-	10,000,000	11,486,891	-1,486,891	115
Transfers to other government units	213,144,329	-	213,144,329	209,500,000	3,644,329	98
Other grants and transfers	1,399,371,926	-	1,399,371,926	804,264,306	595,107,620	57
Acquisition of assets	2,128,086,325	-	2,128,086,325	908,011,409	1,220,074,916	43
Total	8,988,667,004	-	8,988,667,004	6,970,834,657	2,017,832,347	78
Surplus/(Deficit)	0	-	0	214,854,289		

Table iv Budget Execution by Programmes and Sub-Programmes for the year

Description	Original Budget	Adjustments	Final Budget	Actual	Budget utilization difference
	KShs	KShs	KShs	KShs	KShs
Default - Non Programmatic	0.00	0.00	0.00	-1,194,559.00	1,194,559.00
Default - Non Programmatic	0.00	0.00	0.00	-1,194,559.00	1,194,559.00
Administration and general support services	1,389,281,517.00	(171,770,873.00)	1,217,510,644.00	1,077,345,809.65	140,164,834.35
Administration and support services	1,152,081,776.00	(171,770,873.00)	980,310,903.00	1,077,345,809.65	-97,034,906.65
General Administration and Support Services	163,829,856.00	(18,326,000.00)	145,503,856.00	90,904,488.55	54,599,367.45
General Administration and support services	163,829,856.00	(18,326,000.00)	145,503,856.00	90,904,488.55	54,599,367.45

General Administration and Support Services	86,855,775.00	(13,020,000.00)	73,835,775.00	60,569,155.00	13,266,620.00
General Administration & Support Services	86,855,775.00	(13,020,000.00)	73,835,775.00	60,569,155.00	13,266,620.00
Culture	55,982,709.00	(44,093,739.00)	11,888,970.00	7,976,290.00	3,912,680.00
Development And Promotion of Culture	55,982,709.00	(44,093,739.00)	11,888,970.00	7,976,290.00	3,912,680.00
Health Service Delivery Administration Services	2,845,195,820.00	783,401,375.00	3,628,597,195.00	3,011,703,504.61	616,893,690.39
Health Service Delivery Administration Services	2,607,996,099.00	783,401,375.00	3,391,397,474.00	3,213,141,262.90	178,256,211.10
General Administration and Support Services	1,152,335,952.00	(72,438,000.00)	1,079,897,952.00	1,051,821,298.90	28,076,653.10
General Administration and Support Services	1,152,335,952.00	(72,438,000.00)	1,079,897,952.00	1,051,821,298.90	28,076,653.10
County Executive Committee Services	0.00	0.00	0.00	0.00	0.00
County Executive Services Coordination	0.00	0.00	0.00	0.00	0.00
Administration & Support of Human Resources	111,566,230.00	4,729,500.00	116,295,730.00	117,448,705.00	-1,152,975.00
Administrative Support Services	111,566,230.00	4,729,500.00	116,295,730.00	117,448,705.00	-1,152,975.00
Sports Development	32,241,424.00	23,801,000.00	56,042,424.00	30,981,578.00	25,060,846.00
Sports Activities and Programs	32,241,424.00	23,801,000.00	56,042,424.00	30,981,578.00	25,060,846.00
Grand Total	5,362,889,821.00	492,283,263.00	6,329,572,546.00	5,447,556,271.00	206,179,055.00

CHAPTER THREE

RECENT ECONOMIC DEVELOPMENTS AND MEDIUM-TERM OUTLOOK

3.1 Global and Regional Economic Developments

The global economy is experiencing challenges arising from global supply chain disruptions due to heightened geopolitical tensions, weakening demand particularly in China and Eurozone, elevated global interest rates on account of inflationary pressures limiting access to credit and exacerbating debt servicing costs and significant losses and damages due to frequent extreme weather events increasing fiscal pressures. As such, global growth is projected to slow down to 3.0 percent in 2023 and 2.9 percent in 2024 from 3.5 percent in 2022 which is below the historical (2000–2019) average of 3.8 percent.

Additionally, most currencies in emerging market and frontier economies weakened against the U.S. Dollar, mainly due to the tightening of U.S. monetary policy. Inflation in advanced economies has continued to ease, reflecting effects of monetary policy tightening and lower energy prices. Nevertheless, core inflationary pressures remained elevated.

Table 2.1: Global Economic Performance

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

Source: IMF World Economic Outlook, October 2023. *National Treasury Projection

Advanced economies are projected to record a slower growth of 1.5 percent in 2023 and 1.4 percent in 2024 from 2.6 percent in 2022 mainly driven 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.

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, although with notable shifts across regions. 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, including, 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.

3.2 National Economic Developments

Despite the challenging environment, the Kenyan economy is demonstrating resilience with growth performance well above the global and SSA average. In the first three quarters of 2023, the economic growth averaged 5.6 percent (5.5 percent Q1, 5.5 percent Q2 and 5.9 percent Q3). This growth was primarily underpinned by a rebound in the agricultural activities which grew by an average of 7.0 percent in the first three quarters of 2023 compared to a contraction of 1.8 percent during the same period in 2022. All economic sectors recorded positive growth rates in the first three quarters of 2023, though the magnitudes varied across activities (**Table 2.2**).

Table 2.2: Sectoral GDP Performance

Sectors	Annual Growth Rates		Quarterly Growth Rates					
	2021	2022	2022 Q1	2022 Q2	2022 Q3	2023 Q1	2023 Q2	2023 Q3
1. Primary Industry	0.5	(1.0)	(0.4)	(1.5)	(1.5)	5.9	8.0	6.4
1.1. Agriculture, Forestry and Fishing	(0.4)	(1.6)	(1.7)	(2.4)	(1.3)	6.1	8.2	6.7
1.2. Mining and Quarrying	18.0	9.3	23.8	16.6	(4.5)	3.3	5.2	1.1
2. Secondary Sector (Industry)	6.8	3.5	4.4	4.2	3.0	2.4	1.7	2.9
2.1. Manufacturing	7.3	2.7	3.8	3.6	1.8	2.0	1.4	2.6
2.2. Electricity and Water supply	5.6	4.9	3.2	5.6	6.0	2.5	0.8	1.9
2.3. Construction	6.7	4.1	6.0	4.5	3.5	3.1	2.6	3.8
3. Tertiary sector (Services)	9.6	6.7	8.5	7.7	5.7	5.9	5.9	6.9
3.1. Wholesale and Retail trade	8.0	3.8	4.9	4.1	3.6	5.7	4.2	4.8
3.2. Accomodation and Restaurant	52.6	26.2	40.1	44.0	16.9	21.5	12.2	26.0
3.3. Transport and Storage	7.4	5.6	7.7	7.2	5.1	6.2	3.0	2.8
3.4. Information and Communication	6.1	9.9	9.0	11.2	11.8	9.0	6.4	7.3
3.5. Financial and Insurance	11.5	12.8	17.0	16.1	9.6	5.8	13.5	14.7
3.6. Public Administration	6.0	4.5	6.2	3.8	3.4	6.6	3.8	4.2
3.7. Others	10.8	5.2	6.7	5.5	4.7	4.8	4.9	6.3
of which: Professional, Admin & Support Services	7.1	9.4	13.1	10.9	9.0	7.3	5.5	9.5
Real Estate	6.7	4.5	6.0	5.0	4.0	5.2	5.8	6.2
Education	22.8	4.8	4.6	4.4	3.9	3.0	4.0	4.7
Health	8.9	4.5	5.7	4.4	3.7	5.4	5.0	5.1
Taxes less subsidies	11.9	7.0	9.5	6.1	7.3	5.3	4.0	2.8
Real GDP	7.6	4.8	6.2	5.2	4.3	5.5	5.5	5.9

Source of Data: Kenya National Bureau of Statistics.

In the first three quarters 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 6.1 percent in the first quarter, 8.2 percent in the second quarter and 6.7 percent in the third 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.

Inflation

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

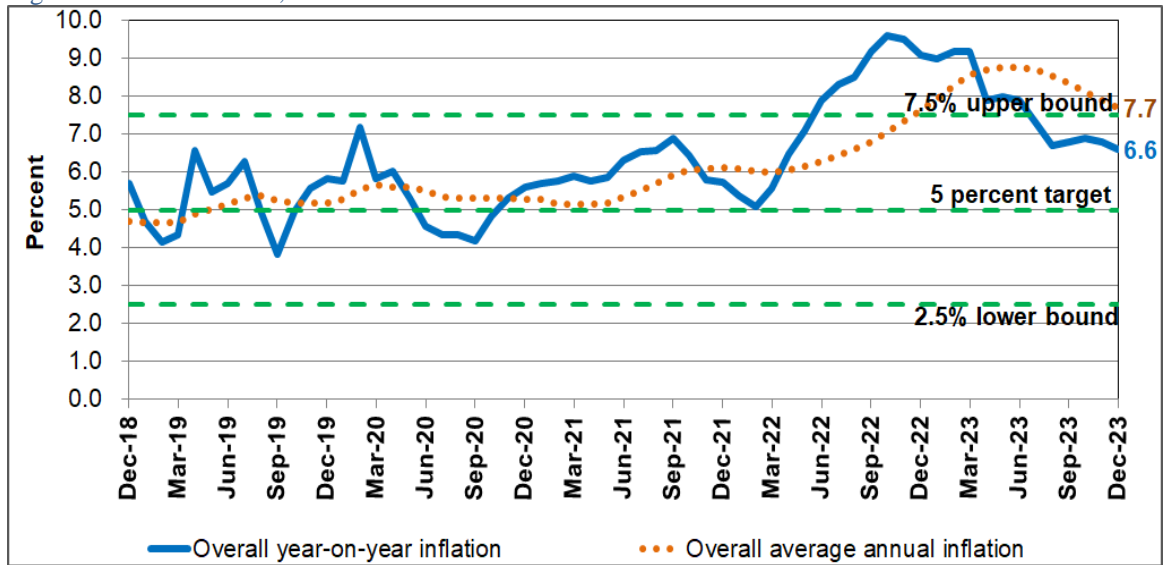
This policy action was complemented by Government interventions and favourable weather conditions that increased food supply. Consequently, inflation eased gradually to 6.6 percent in December 2023 from a peak of 9.6 percent in October 2022 and has been within the target range for the first half of FY 2023/24 (**Figure 2.1**). However, inflation has remained sticky in the upper bound of the Government's target range since July 2023 due to relatively higher energy prices.

Food inflation remained the dominant driver of overall inflation in December 2023. However, it declined to 7.7 percent in December 2023 from a peak of 15.8 percent in October 2022 supported by general decline in international food prices, government interventions through zero rating of select food commodities, and improved weather conditions that enhanced production of fast-growing food items, thus moderating their prices. Nonetheless, sugar prices remained elevated driven by domestic and global factors.

Fuel inflation declined to 13.7 percent in December 2023 from 15.5 percent in November 2023, driven by a downward adjustment in pump prices by the Energy and Petroleum Regulatory Authority (EPRA). However, fuel inflation has remained elevated reflecting the impact of higher international oil prices, depreciation in the shilling exchange rate and gradual withdraw of the fuel subsidize from September 2022 and the upward adjustment of electricity tariff from April 2023. In addition, the upward adjustment of VAT on petroleum product in July 2023 from 8.0 percent to 16.0 percent to eliminate tax credits from the sector exacted upward pressures on prices. However, prices of cooking gas continued to decline and moderated inflation reflecting the impact of the zero-rating of VAT on liquefied petroleum gas (LPG).

Core (non-food non-fuel) inflation remained stable at 3.4 percent in December 2023, from a peak of 4.4 percent in March 2023. The decline is attributed to the tight monetary policy and muted demand pressures.

Figure 2.1: Inflation Rate, Percent

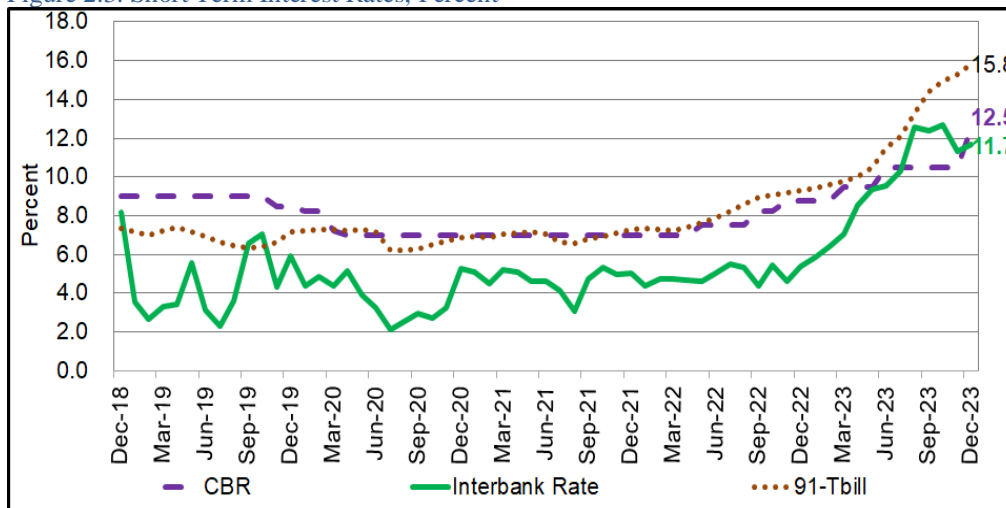


Source of Data: Kenya National Bureau of Statistics

Interest Rate Developments

Short-term interest rates increased in December 2023, partly reflecting the tight monetary policy stance and liquidity conditions in the money market. The interbank rate increased to 11.7 percent in December 2023 compared to 5.4 percent in December 2022 while the 91-day Treasury Bills rate increased to 15.8 percent compared to 9.3 percent over the same period (**Figure 2.3**). The introduction of the interest rate corridor around the CBR (set at $CBR \pm 250$ basis points by the MPC in August 2023) has aligned the interbank weighted average rate to the Central Bank Rate and thereby improving the transmission of the monetary policy.

Figure 2.3: Short Term Interest Rates, Percent



Source of Data: Central Bank of Kenya

Commercial banks average lending and deposit rates increased in the year to October 2023 in tandem with the tightening of the monetary policy stance. The average lending rate increased to 14.2 percent in October 2023 from 12.4 percent in October 2022 while the average deposit rate increased to 9.1 percent from 7.0 percent over the same period. Consequently, the average interest rate spread declined to 5.1 percent in October 2023 from 5.4 percent in October 2022.

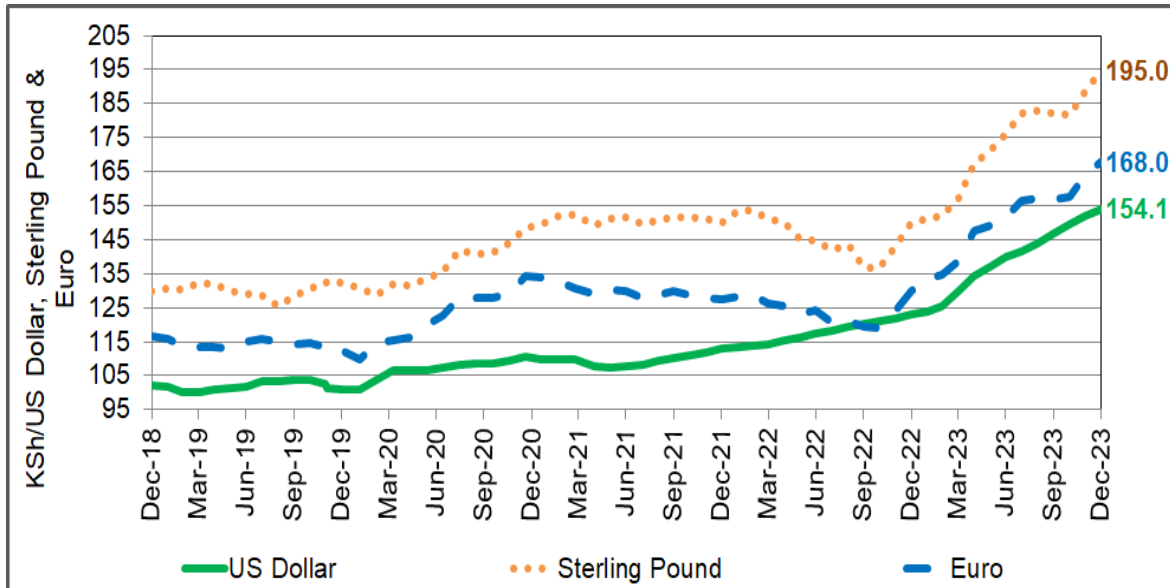
Exchange Rate

Kenya like several other countries is experiencing foreign exchange challenges due to the rise of US interest rates. In December 2023, the Kenya Shilling weakened by 25.3 percent against the US Dollar, 30.2 percent against the Sterling Pound and 29.2 percent against the Euro, compared to a similar period in 2022.

The Kenya Shilling against the US Dollar exchanged at an average of Ksh 154.1 in December 2023 compared to an average of Ksh 122.9 in December 2022. Against the Euro, the Kenya shilling weakened to exchange at Ksh 168.0 in December 2023 compared to Ksh 130.0 in December 2022 while against the Sterling Pound the Kenyan Shilling also weakened to exchange at Ksh 195.0 compared to Ksh 149.8, over the same period (**Figure 2.5**). The Kenyan Shilling was supported by increased remittances, adequate foreign exchange reserves and strong exports receipts.

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

Figure 2.5: Kenya Shillings Exchange Rate



Source of Data: Central Bank of Kenya

3.2 County Economic Development

3.2.1 Gross County Product

Nandi County, boasts of a dynamic economic landscape characterized by a diverse array of sectors contributing to its Gross County Product (GCP). In 2022, Nandi County recorded a GCP of KSh 193,180 million, reflecting its multifaceted economy primarily driven by agriculture, manufacturing, and services.

Agriculture: The Economic Backbone

The agricultural sector is the cornerstone of Nandi County's economy, contributing KSh 106,707 million in 2022. Agriculture, particularly the cultivation of tea and maize, plays a crucial role in both local livelihoods and the national economy. The county is known for its fertile soils and favorable climate, which enhance agricultural productivity. The majority of households engage in farming, making it a significant source of employment.

Moreover, the county's strategic investment in agricultural extension services and modern farming techniques has boosted productivity, enabling farmers to adopt sustainable practices. This focus not only enhances food security but also improves the income levels of farmers, thereby stimulating local economies.

Manufacturing Sector Growth

The manufacturing sector in Nandi County, while smaller compared to agriculture, remains an important contributor with KSh 14,367 million in 2022. This sector primarily focuses on the processing of agricultural products, adding value to raw materials and enhancing profitability for farmers. The presence of small and medium-sized enterprises (SMEs) in food processing, packaging, and other light industries indicates significant potential for growth.

The county's commitment to fostering a conducive environment for manufacturing includes initiatives aimed at improving infrastructure and access to markets. By investing in skills training and technological advancements, Nandi County is poised to increase its manufacturing output, thereby diversifying its economic base.

Construction and Real Estate Development

Nandi County has also witnessed considerable activity in the construction and real estate sectors, contributing KSh 2,195 million and KSh 7,498 million, respectively, in 2022. The ongoing infrastructural projects, including road upgrades and housing developments, play a critical role in enhancing the county's connectivity and accessibility.

The construction sector not only creates jobs but also stimulates demand for materials and services, contributing to economic growth. The real estate sector benefits from the rising population and urbanization trends, with increased demand for residential and commercial properties. As investments in infrastructure continue, these sectors are expected to thrive further.

Services Sector Dynamics

The services sector, particularly wholesale and retail trade, is a vital component of Nandi County's economy, generating KSh 4,382 million in 2022. The vibrant market environment serves not only local communities but also those from neighboring regions. The expansion of retail outlets and the establishment of markets enhance consumer access to goods and services.

Transport and storage activities are equally crucial, contributing KSh 16,561 million. Efficient logistics networks facilitate the movement of agricultural produce to markets, ensuring timely

delivery and reducing post-harvest losses. Investments in transport infrastructure are essential for sustaining trade and boosting the agricultural sector.

Education and Healthcare Contributions

Nandi County recognizes the importance of human capital development in achieving sustained economic growth. The education sector contributed KSh 9,840 million in 2022, reflecting ongoing investments in schools and vocational training institutions. These efforts aim to equip the workforce with the necessary skills to meet the demands of a changing job market.

Healthcare is another critical area, with a contribution of KSh 5,645 million. Access to quality healthcare services is essential for improving the overall well-being of residents, which in turn supports economic productivity. The county has been working to enhance healthcare infrastructure and services to ensure that the population remains healthy and capable of contributing effectively to the economy.

Future Prospects and Recommendations

Looking ahead, Nandi County's economic prospects appear promising. The county's focus on agricultural diversification, coupled with investments in manufacturing and infrastructure, positions it well for future growth. However, challenges such as climate change, market fluctuations, and the need for improved technology in agriculture must be addressed to sustain this momentum.

To maximize its economic potential, Nandi County should continue fostering partnerships between the public and private sectors, encouraging investment in technology, and promoting entrepreneurship. Additionally, enhancing educational and vocational training programs will ensure that the workforce is equipped to meet the demands of various sectors.

In conclusion, Nandi County's economic landscape is marked by a strong agricultural base, a growing manufacturing sector, and a vibrant services industry. With strategic investments and a focus on sustainable practices, the county can unlock its full economic potential, leading to improved living standards for its residents and contributing positively to the national economy.

3.3 COUNTY SECTOR/PROGRAMME PERFORMANCE IN FINANCIAL YEAR 2023/2024

ADMINISTRATION, PUBLIC SERVICE AND ICT SECTOR

The department managed to improve public service delivery through installation of an LED screen in Kapsabet town. This is a forward-looking initiative that enhances community engagements while serving as a valuable revenue source. By displaying advertisements from local businesses and promoting government initiatives, community events, and public service announcements, the screen ensures that residents stay informed and engaged. The revenue generated will form part of the own source revenue to the county which will be used to improve infrastructure and delivery of public services, fostering economic growth and community well-being. Additionally, the screen acts as a central hub for sharing important information, thereby strengthening civic engagement and encouraging participation in local activities. This multifaceted approach not only beautifies the town center but also contributes to a vibrant, informed and connected community.

Installation of the Human Resource Information System (HRIS) at the County Headquarters has offered numerous benefits that has enhanced overall organizational efficiency and effectiveness. First and foremost, the system centralizes employee data, enabling easy access to vital information and streamlining HR processes such as recruitment, onboarding, payroll, and performance evaluations. This not only reduces administrative workload but also minimizes errors associated with manual data handling. Additionally, an HRIS promotes compliance with labor laws and regulations by providing automated reporting features, ensuring that government agencies meet necessary legal requirements. Enhanced data analytics capabilities allow HR departments to make informed decisions regarding workforce planning and talent management. Furthermore, by improving communication and accessibility of information, an HRIS fosters greater employee engagement and satisfaction, ultimately leading to a more motivated and productive workforce. In summary, the implementation of an HRIS in government not only optimizes HR functions but also contributes to the overall effectiveness of public service delivery.

Upgrade of the portal and county website has significantly enhanced citizen engagement and access to information, creating a more interactive and informed community. With a modernized platform, residents can easily navigate and find essential services, such as applying for permits, paying taxes, or accessing public records, all in one convenient location. This streamlined access

not only saves time but also encourages more citizens to participate in local governance by providing them with the tools and information they need to voice their opinions and stay informed about community issues. Additionally, features like online forums, feedback forms, and real-time updates foster a two-way communication channel between the government and its citizens, promoting transparency and building trust. Ultimately, these upgrades empower residents to take an active role in their community, leading to a more engaged and cohesive society.

The establishment of an ICT (Information and Communication Technology) center at Kobujoi represents a strategic investment in the County's digital infrastructure and human capital, aimed at enhancing technological access and fostering innovation. The ICT centre once equipped will provides citizens with essential resources, such as high-speed internet, modern computing facilities, and training programs, which are crucial for developing digital skills and competencies. By creating a centralized hub for technology education and support, the government will not only empower the citizens to thrive in a digital economy but also stimulate local entrepreneurship and job creation through access to tools and mentorship. Furthermore, the ICT center will serve as a platform for promoting e-governance, enabling citizens to engage more effectively with government services and participate in decision-making processes. Ultimately, this initiative will help bridge the digital divide, ensuring that all members of the community can benefit from the opportunities presented by the digital age, while also positioning the county for sustainable economic growth and competitiveness on a global scale.

Facilitated extensive public participation across sub-counties for various programs and projects, engaging diverse stakeholders.

Implemented comprehensive medical coverage for staff across all cadres, ensuring their well-being and security.

AGRICULTURE AND COOPERATIVE DEVELOPMENT

In a bid to increase livestock production and productivity in the County, the County Department of Agriculture and Cooperative Development implemented several strategies in FY 2023/24. One of the key initiatives was the targeted completion of milk cooling structures in Kapsabet, Songhor/Soba, and Chemelil wards, aimed at improving the collection and bulking of milk in the County. The Kapsabet cooling structure has been completed and is awaiting equipping, while work

on the others is still ongoing. Additionally, to enhance dairy productivity and value addition, the County Government focused on completing the equipping and operationalization of the Nandi Cooperative Creameries milk processing plant in Kabiyet, which is in an advanced stage of completion.

To decrease the prevalence of livestock diseases in the County and improve livestock health and productivity, the Government took several actions. The rehabilitation and renovation of 45 cattle dips were completed. In efforts to improve dairy breeds, the department successfully inseminated 2,255 cows; however, this achievement was notably low compared to previous years due to the inability to operationalize the Veterinary and Agricultural Revolving Fund Act, which requires amendment for effective implementation. The Government also procured 130,000 doses of assorted vaccines, vaccinating over 34,000 livestock against foot and mouth disease, 35,000 against blackquarter anthrax, more than 9,000 against rabies, and over 33,000 against lumpy skin disease within the County.

To enhance cooperative management, the department collaborated with NAVCP and NCBA CLUSA to promote cooperative development. This initiative was successful, resulting in improved cooperative governance, capacity building, and cooperative sensitization.

The sector also realized increased crop production, attributed to the provision of inputs, including the purchase and supply of 260 kg of coffee seeds and one pulping machine. The completion of the Chebonet coffee milling plant, NCC Dairy plant, and avocado pack house further contributed to this growth. Additionally, farmer sensitization programs and extension services were conducted by our extension staff through field days and exhibitions, with two major events held in Kapsabet Showgrounds and Kaimosi ATC.

The department aimed at modernizing Kaimosi ATC by establishing a state-of-the-art seedlings nursery, purchasing coffee seeds and tubes, restocking animals, establishing a water project, renovating the administration block, and providing services to facilitate training at the center.

EDUCATION AND VOCATIONAL TRAINING SECTOR

- In order to increase the net enrolment rate in Early Childhood Education, the department completed 10 ECDE Centres for the financial year under review with an additional 59 centres

funded in FY 2018/2019, 2019/2020,2020/2021 and 2021/2022. In addition implementation of other projects is ongoing across the county at various levels of completion.

- Complete renovation of Cheptarit, St.Augustine Kipsebwo, Tangaratwet, Sirwa Yala, Kipsebwo and Chepsire Vocational Training Centres.
- Construction of ablution blocks at St.Augustine Kipsebwo and Potopoto VTCs.
- Purchased land for the new Kipsergech VTC
- Completion of stalled historical projects namely; St. Augustine Kipsebwo, Meteitei, Sang'alo, Kurgung, Sigilai and Chemelil potopoto vocational Training Centres twin workshops.
- To increase access to Education at all levels of education & training, the department managed to disburse bursaries to 12,344 needy students.

SPORT, CULTURE AND HERITAGE, YOUTH AFFAIRS, GENDER AND SOCIAL WELFARE SECTOR

Sports Development

- The department supplied and distributed sports equipment to 90 registered teams. This will facilitate talent development through opportunities to explore various sports that may lead to personal growth, physical fitness and even potential career paths.
- The department organized 15 tournaments and championship including Talanta Hela (Football), Deaf national championships trials, Regional secondary games, county primary games, Betica 15k.m road race
- Trained 300 coaches and referees from various sports disciplines for effective guidance on skill development.

Youth Development

- The department in collaboration with Kenya Commercial Bank trained 400 youths in various VTCs across the county while 350 youths were engaged in providing labour-based skills to different departments at ward level
- In partnership with stakeholders and Anti-Doping Agency of Kenya, the department sensitized youth on drugs and substance abuse (Doping)

Culture and Heritage

- Ongoing completion and equipping of Jean Marie Seroney farm house and tomb
- Trained 40 cultural practitioners which has positively impacted on skills development and worker performance
- Developed Culture and Heritage policy and bills.

Social Protection

- The department acquire and distributed 1900-wheel chairs across the county thus promoting mobility and enhance quality of life for people who have difficulties in walking

HEALTH AND SANITATION SECTOR

The department recorded the following achievements;

- Enhanced accessibility, affordability and quality of healthcare services within the County through expansion of healthcare infrastructure including construction and operationalization of new dispensaries such as Mombwo.
- Progress in the implementation of major health facilities in the County including: completed Mother and Child Hospital complex at KCRH (93% completion) with basement, ground floor, construction of the main structure and roofing, electrical works, mechanical works complete and general finishes such as painting and decoration are ongoing; the Kobujoi Hospital Complex (75% completion), and the Chepterwai hospital complex (70% completion). Additionally, the Meteitei Sub County Hospital is fully constructed, with plans underway for its full equipment and this will improve access to maternity and reproductive health services.
- Improved diagnostic services in all Sub County hospitals.
- Specialized healthcare services have improved at Mosoriot Sub County Hospital, with extensive services such as an operating theatre, recovery room, X-ray and ultra-sonography facilities, dental services, lab improvements, power upgrades, advanced waste

management systems, laundry facilities and comprehensive renovation of wards and outpatient departments.

LANDS, ENVIRONMENT, NATURAL RESOURCES AND CLIMATE CHANGE SECTOR

Water Sector

- Completed and operationalized water projects in Kapkitara, Reberwo, Almaroroi, Kamungei , Kapkerongon, Kapkatet, Singilet, Sitet Borehole, Togomin, Sireet, Lelwak Secondary Borehole, Mateget, Kaboch Borehole and Meswo.

Environment, Natural Resources and Climate Change Sector

- The sector received a grant of ksh. 216,577,206 for investment projects. These projects include 30 water projects and five Agricultural stores across the county. In addition, Ksh. 40 million has been allocated tree planting initiatives. The implementation of tree planting is currently underway throughout the county.
- The climate change office was created to coordinate policy-making processes related to domestic climate-policy decisions at the cost of ksh. 14 million.
- Development of County Waste Management Plan is in progress and is expected to enhance environmental sustainability, facilitation of baseline of collection of waste and development of proposal to partners.

Survey, Physical Planning and Housing Sector

- Conducted surveying and beaconing of 676 acres of Kapkongony and Mutwot wetlands
- Ground identification and valuation of county assets of 2071 plots across the county
- Preparation of county spatial plan which is at 95% level of completion will ensure sustainable growth, enhance socio-economic well-being and protect the county's natural environment
- Sites have been identified for construction of Emgwen, Chesumei and Aldai sub county

housing units

TRADE, TOURISM, INDUSTRIALIZATION AND ENTERPRISE DEVELOPMENT SECTOR

- **Trade Promotion**

Promotion of trade has been realized through construction of modern and rural market stalls, Boda-boda shades, jua-kali work sites and market sanitation facilities. The department is undertaking completion and operationalization of various work spaces for MSMEs across the county. The facilities will provide a clean and decent business environment.

The department is also working with the National government – State department for Housing and Urban Development in the Economic Stimulus Project on construction of Kapsabet Multi-storied Market Complex which is at design stage, Mosoriot ESP market with ongoing works, Chepsonoi ESP market –Works on-going, Kaiboi ESP market – Works on-going Kobujoi and ESP market –Works on-going.

- **Nandi Textiles unit**

Textile and apparel unit in Mosoriot is taking shape. The unit is meant to create job opportunities and generate revenue. The project is in its final phase of completion majorly on provision of auxiliary works and amenities. Once complete and operational, the project will be able to directly create 100 job opportunities and hundreds of indirect jobs.

- **County Aggregation and Industrial Park**

Nandi county government in partnership with the National government is establishing the Nandi County Aggregation Centre and Industrial park (CAIP) at Chemase. Its main objective is to grow industrial investments and enhance the unleashing of the potential in both manufacturing and agricultures sectors and increased employment creation, increased farmers income and export of agro-processed products. The construction of the project has already commenced with all the excavation and earth works completed, upwards of 20% works done.

- **Annual Trade Exhibition and business gala**

The department building up on the inaugural Trade Expo, organized the annual Trade Exhibition and Business Gala in April bringing stakeholders specifically in the innovation and creative sectors to network, learn, and exhibit products and services as well as influence policy environment across the region. This exercise improved synergy with stakeholders in the MSME sector including the Chamber of Commerce and Micro and Small Enterprises Authority (MOU signed).

- **Digital market place**

Establishment of Nandi county digital market place, it's a business-to-business digital market place that enables cooperatives and SMEs to sell their products directly to consumers. The Nandi county digital market place has bridged the gap between traditional markets and the digital economy, allowing local businesses thrive in online market place.

- **Tourism Promotion**

To brand and market Nandi County as Tourism destination, the department has worked closely with Kenya Tourism Board (KTB) to promote Nandi's diverse tourist destinations for both domestic and international to enhance the visibility of unique attractions and experiences.

The department has invested resources to undertake comprehensive research aimed at profiling and documenting tourist attractions sites in the county. The exercise will lead to development of Nandi Tourism circuit and profile.

TRANSPORT, PUBLIC WORKS AND INFRASTRUCTURE SECTOR

- In the FY 2023/2024, the roads and transport Programme improved accessibility within the county by gravelling 426Km, grading 1050.4Km, installing 1200M of culverts, completed Kapkurio Box culvert and Siksik steel footbridge. Furthermore, one box culverts are 50% complete.
- All categories of projects pending bills and ongoing projects were factored in the approved budget 2024/2025.

KAPSABET MUNICIPALITY

- Completion of the fresh produce market in Kapsabet represents a pivotal advancement poised to greatly improve market access for local residents and vendors alike. This new facility is strategically located to serve as a centralized hub for fresh agricultural products, facilitating easier and more efficient distribution channels. With modern amenities and infrastructure, the market is expected to attract a broader customer base, thereby stimulating economic activity and supporting local farmers by providing a direct avenue to showcase and sell their produce. Additionally, enhanced market access fosters community engagement and promotes a vibrant local economy, positioning Kapsabet for sustained growth and development in the agricultural sector.
- The substantial improvement in liquid waste management in Kapsabet municipality is marked by the extension of sewer line from Namgoi to Eden Springs brings a multitude of benefits to the residents, significantly enhancing public health, environmental sustainability, and overall quality of life. By expanding the sewer system, areas that previously relied on outdated or inadequate sanitation methods can gain access to modern sewage disposal, reducing the risk of waterborne diseases and improving hygiene standards. This infrastructure upgrade also helps protect local water sources from contamination, promoting a healthier ecosystem and ensuring cleaner drinking water for residents. Additionally, the extension of sewer lines will stimulate economic growth by making previously underserved areas more attractive for development, thereby increasing property values and encouraging new businesses to establish themselves in the community.
- The acquisition of a garbage compactor truck is a significant step toward improving solid waste management in the Municipality, as it enhances the efficiency and effectiveness of waste collection and disposal processes. By utilizing the compactor truck, waste can be compressed, allowing for a greater volume of garbage to be collected in a single trip, which reduces the frequency of collections and lowers operational costs. This not only streamlines the waste management process but also minimizes the environmental impact associated with transportation, as fewer trips mean reduced fuel consumption and lower greenhouse gas emissions. Additionally, the use of a compactor truck helps maintain cleaner streets and neighborhoods by ensuring that waste is collected promptly and efficiently, thereby reducing the likelihood of litter and pest infestations. Overall, this investment in modern

waste management equipment contributes to a cleaner, healthier environment and promotes a more sustainable approach to handling solid waste in the community.

IMPLEMENTATION OF FY 2023/2024 BUDGET

The implementation of FY 2023/2024 budget was affected by the delay in exchequer disbursements which eventually affected the implementation of the budget and the rise in government's wage and personnel compensations.

Efforts to increase revenue collection remain a priority. The County Directorate of Revenue is currently working on strategies to ensure the actual revenue collection is optimized to match the County revenue potential. Some of the strategies being adopted include mapping of the business premises to generate an inventory of businesses, conducting of the valuation rolls for land and proper rating purposes and upgrading of the revenue system. The strategies have borne fruits as the county recorded highest OSR ever of Kshs 621,666,879.27 against a target of Ksh. 515,557,531.

CHAPTER FOUR

RESOURCE ALLOCATION FRAMEWORK

4.1 Adjustments to FY 2024/25 Budget

The adjustments to the FY 2024/2025 budget will be based on actual expenditure performance and the county's ability to absorb costs for the rest of the financial year. Due to current resource limitations, the county government will focus on priority projects and programs, which may include adjusting personnel emoluments, as well as implementing austerity measures like cutting operational costs to catalyze development budget utilization.

There are going concerns on delay in implementation of development programmes and projects for FY 2024/2025 by all county departments and agencies due to delay in exchequer releases and approval of county allocation of revenue legislations. The County Treasury will closely monitor these risks and make necessary adjustments during budget reviews.

Although revenue collection fell short of targets in previous years, the FY 2023/2024 target was successfully achieved. This was largely attributed to strategic initiatives aimed at automating local revenue collection. For FY 2024/2025, the county will continue to enhance its own-source revenue collection through updating of valuation rolls for land and property rates, extension of automation of revenue streams, formulation of relevant cash flow and ensure fiscal sustainability.

4.2 MEDIUM TERM FISCAL FRAMEWORK

Revenue projections

The budget estimate for FY 2025/2026 is Ksh. **9,193,802,684.20**, excluding any balances that may be carried forward from the 2024/2025 fiscal year. This figure assumes that 100 percent of the revenue received will be utilized within the current financial year. As noted, this performance will be influenced by ongoing reforms in the County's revenue administration. Revenue projections from the National Government are expected to remain steady at Ksh. **7,305,294,585**. Table VI outlines the County Resource Envelope for FY 2025/2026.

Table VI: County Resource Envelope for Financial Year 2025-2026

CODE	REVENUE ITEMS	2022-2023	2023-2024	2024- 2025	2025-2026	2026-2027
1	Total Anticipated Revenue	7,270,203,341	9,363,316,922	9,202,407,366	9,193,802,684.20	9,653,492,818.61
1.1	Local Revenue	279,334,300	515,557,531	607,328,396	686,336,465	720,653,288
152010 0	Land Rates	26,224,400	92,284,080	71,284,080	80,848,284	84,890,698
152050 0	Plot Rent/House Rent	1,292,018	2,292,780	6,500,000	6,825,000	7,166,250
142032 8	Single Business Permits	30,322,076	60,123,000	67,123,112	73,479,268	77,153,231
142040 5	Market Fees	10,870,808	17,840,000	20,732,000	21,768,600	22,857,030
133040 5	Agriculture	2,241,776	5,980,120	6,279,126	6,593,082	6,922,736
142032 8	Liquor Licensing A-I-A	12,548,245	15,468,200	-10,000,000	-10,500,000	-11,025,000
142034 5	Cess A-I-A	12,775,383	65,585,324	-90,300,101	-94,815,106	-99,555,861
142050 7	Kiborgok Tea Proceeds	10,497,402	15,807,362	26,597,730	42,569,265	44,697,728
158040 1	Slaughter Fees	836,776	856,226	899,037	943,989	991,188
155010 5	Kiosks & stalls	7,332,406	7,592,406	7,972,026	8,370,627	8,789,159
155000 0	Trade Fair	-	6,500,300	6,825,315	7,166,581	7,524,910
142040 4	Parking Fees	30,035,808	48,700,060	62,700,060	65,835,063	69,126,816
145010 0	Veterinary	3,849,060	4,049,460	4,251,933	4,464,530	4,687,756
158010 0	Health and Sanitation (A-I-A)	120,661,799	155,231,711	301,231,711	336,293,297	353,107,962

142040 3	Sewerage and Water	578,319	678,719	712,654	748,287	785,701
153000 0	Advertising	1,868,695	2,168,295	2,276,709	2,390,544	2,510,072
153000 0	Physical Planning	1,566,045	6,866,044	14,032,788	19,734,427	20,721,148
153000 0	Weights % Measures	1,049,068	1,549,168	1,626,626	1,707,957	1,793,355
153000 0	Tourism and Co-op Development	871,126	1,271,226	1,334,787	1,401,526	1,471,603
153000 0	Hire of Exhauster	902,650	1,102,650	1,157,782	1,215,671	1,276,455
153000 0	OTHER FEES	3,010,440	3,610,400	3,790,920	3,980,466	4,179,489
1.2	GOVERNMENT FUNDING	6,990,869,041	7,853,823,805	7,604,787,567	7,305,294,585	7,670,559,314
1.2.1	CRF Balances		548,529,220			
1.2.2	CRA EQUITABLE SHARES	6,990,869,041	7,305,294,585	7,604,787,567	7,305,294,585	7,670,559,314
1.3	Conditional allocations from NATIONAL GOVERNMENT		286,000,326	471,443,794	283,943,794	298,140,984
1.3.1	Establishment of the Industrial Park-2022/2023 Balances		100,000,000	187,500,000		
1.3.2	COMPENSATION OF USER FEE					0
	Fertilizer Subsidy Programme		128,705,606			0
	Livestock Value Chain Support Project		57,294,720			0
1.3.3	RMLF			187,283,794	187,283,794	196,647,984
1.3.4	Community Health Promoters			96,660,000	96,660,000	101,493,000
1.3.5	Polytechnics					0
	Unconditional Allocations from National Government		55,110,901	17,907,661	18,803,044	19,743,196
	Minerals Royalties		55,110,901	17,907,661	18,803,044	19,743,196
	Conditional Allocations from Development Partners					

1.4			652,824,359	500,939,949	899,424,797	944,396,037
1.4.1	DANIDA -HSPS3		24,759,750			
1.4.2	KDSP II - World Bank			37,500,000	37,500,000	39,375,000
1.4.3	W.B - Transforming of Health Systems					0
	W B. -National Agricultural and Rural Growth Projects		150,000,000			0
1.4.4	IDA (WORLD BANK). -National Agricultural Value Chain Development project (NAVCDP)		250,000,000	151,515,152	250,000,000	262,500,000
1.4.5	Other Loans and grants					0
	Nutrition International		35,500,000			0
1.4.6	Kenya Urban Support project (KUSP)- UIG			35,000,000	35,000,000	36,750,000
1.4.7	European Union Water Tower Programme					0
1.4.8	Food and Agriculture Organization					0
1.4.9	KISIP-Kenya Informal Settlements Improvement Project		50,000,000	208,354,058	208,354,058	218,771,761
1.4.10	Financing Locally Led Climate Action (FLLoCA)		126,000,000		300,000,000	315,000,000
	FLLoCA County Climate Institutional Support (CCIS) Grant		11,000,000			0
1.4.11	Transfer for Library Services		5,047,663			0
1.4.12	DANIDA- Primary Healthcare in Devolved Context			8,238,750	8,238,750	8,650,688
1.5.0	ASDSP		516,946			0
1.5.1	Kenya Urban Support project (KUSP)- UDG			33,993,380	33,993,380	35,693,049
1.5.3	SWEDEN Kenya Agriculture Business Development Project			10,918,919	10,918,919	11,464,865
1.5.4	Nandi County HIV/AIDS Programme			15,419,690	15,419,690	16,190,675
1.5.5	LEASING OF MEDICAL EQUIPMENT					0

Going forward and in view of the macro-economic outlook, MTEF budgeting will entail a ~~high~~ non-priority expenditures to cater for the priority sectors. The MTEF priorities will be guided by the following criteria in resources allocation:

- i. Linkage of the programme with the objectives of the County Integrated Development Plan 2023-2027.
- ii. Operationalization of county flagship projects with high impact on the County economy including the Mother and Child Hospital Complex in Kapsabet County Referral Hospital, Nandi Cooperative Creameries in Kabiyet, Kipchoge Sports Complex in Kapsabet, Nandi Textile and Apparel Unit in Mosoriot, coffee processing factory in Tinderet, Avocado Packhouse in Lolduga and Nandi County Aggregation and Industrial Park in Chemase.
- iii. Completion and operationalization of ongoing projects and programmes in the county
- iv. Offsetting eligible pending bills.
- v. Implementation of proposed ward-based programmes and projects identified under the Nandi County Equitable Development Act, 2023.
- vi. Cost effectiveness and sustainability of programmes and projects in the financial year 2025/2026.
- vii. Degree to which a programme addresses core poverty intervention.
- viii. Extend to which programmes and projects address departmental objectives.

Table VII: SUMMARY OF THE MTEF EXPENDITURE ESTIMATES FOR THE FINANCIAL YEAR 2025/2026

SUMMARY OF THE MTEF EXPENDITURE ESTIMATES FOR THE FINANCIAL YEAR 2025-2026							
	VOTE TITLE	PE ESTIMATES	Rec Estimates	Other op Estimates	Total Dev Est	Total Est	%
4411	COUNTY EXECUTIVE	136,649,694	336,600,576	18,986,790	40,000,000	532,237,060	5.79
4414	HEALTH AND SANITATION	2,074,704,280	300,067,326	15,988,500	341,400,000	2,732,160,106	29.72
4422	PUBLIC SERVICE AND LABOUR	44,554,293	20,976,708	1,047,540	0	66,578,541	0.72
4423	COUNTY ASSEMBLY	434,385,867	445,386,091	10,989,633	100,000,000	990,761,591	10.78
4424	KAPSABET MUNICIPALITY	13,568,784	50,573,548	2,095,080	39,000,000	105,237,412	1.14
4425	OFFICE OF THE COUNTY ATTORNEY	35,581,774	53,703,126	1,224,000	0	90,508,900	0.98
4426	FINANCE AND ECONOMIC PLANNING	215,405,763	205,238,204	12,101,280	62,000,000	494,745,247	5.38
4427	ADMINISTRATION, PUBLIC SERVICE AND e-Government	120,445,263	246,054,302	6,797,351	73,793,380	447,090,297	4.86
4428	AGRICULTURE AND CO-OPERATIVES DEVELOPMENT	213,851,820	26,214,000	4,590,000	437,368,919	682,024,739	7.42
4429	SPORTS, YOUTH AFFAIRS ,CULTURE AND HERITAGE	55,035,350	71,724,171	1,310,053	44,040,000	172,109,575	1.87
4430	EDUCATION AND VOCATIONAL TRAINING	295,966,890	176,868,000	10,557,000	323,330,000	806,721,890	8.77
4431	LANDS, ENVIRONMENT, NATURAL RESOURCES AND CLIMATE CHANGE	105,683,189	19,064,180	3,170,160	954,724,058	1,082,641,587	11.78
4432	TRANSPORT, PUBLIC WORKS AND INFRASTRUCTURE DEVELOPMENT	98,341,375	28,851,738	30,375,600	611,900,000	769,468,713	8.37
4433	TRADE, TOURISM, INDUSTRIALIZATION AND ENTERPRISE DEVELOPMENT	53,599,180	21,641,646	1,744,200	78,200,000	155,185,026	1.69
	KAIMOSI AGRICULTURAL TRAINING CENTRE	3,300,000	22,032,000	2,000,000	39,000,000	66,332,000	0.72
	TOTALS	3,901,073,522	2,024,995,618	122,977,188	3,144,756,357	9,193,802,684	100
	Percentage Allocation	42.43	22.03	1.34	34.21	100	

Expenditure Forecasts

In FY 2025/2026, overall expenditure is projected to be KES **9,193,802,684** which is a slight decrease from the approved estimate of KES **9,202,407,366** in the FY 2024/25 budget.

Recurrent expenditures have slightly reduced from Ksh. 6,210,885,126 to Ksh 6,049,046, 328 due to curbing of non priority expenditure and streamlining of personnel costs.

Out of the total budget estimates of Ksh. **9,193,802,684**, development budget proportion is 34.21 per cent.

Expenditure Drivers

The development initiatives slated for implementation in the upcoming fiscal years are outlined in the County Integrated Development Plan (CIDP) 2023-2027, which reflects proposals identified through a consultative process with stakeholders. Each sector within the county has outlined priority development initiatives. The medium-term expenditure drivers will encompass:

i. Implementation of the Ward Equitable Development Act.

This legislation is crucial for project identification and management within specific wards. The Financial Year 2024/2025 marks its inaugural year, setting a foundation for equitable development across the county into the Medium Term.

ii. Infrastructure Development in Roads, Clean Water Access, Sports and Environmental Conservation.

The county will enhance its investment in infrastructure by upgrading existing roads to bitumen standards, performing regular maintenance, and constructing new roads. These efforts aim to lower the cost of doing business, promoting economic growth and poverty alleviation. In collaboration with the National Government, significant investments will be directed towards water infrastructure, including large-scale projects in Keben, Kabiyet, Nandi Hills, Kombe, and Keses. A rural water company will be established to manage these initiatives, while Kapsabet Nandi Water and Sanitation Company will be revitalized. Additionally, borehole drilling will continue, and water governance will be strengthened through the construction of a Maji House. The county will also prioritize affordable housing projects to address housing shortages, alongside efforts in environmental

conservation and effective land use planning. Investments will be made to promote local talent through the operationalization of the Eliud Kipchoge Sports Complex, the completion of Kipchoge and Nandi Hills Stadiums, and the enhancement of various sports facilities across the county.

iii. Healthcare Services.

The county aims to boost investment in healthcare by equipping and operationalizing the Mother and Child Hospital complex in Kapsabet, along with other facilities in Kapseng'ere, Kobujoi, Serem, Meteitei, Nandi Hills, and Chepterwai. In addition, attention will be given fully equipping and supplying of essential drugs and non-pharmaceuticals to all health facilities.

iv. Quality Early Childhood Education and Vocational Training

In this sector, the focus will be on the construction, renovation, and equipping of Early Childhood Development Education (ECDE) centers and classrooms throughout the county. Attention will also be given to the school feeding program for pre-primary learners and infrastructure development in vocational training centers. Furthermore, the government will increase funding for bursaries to expand the number of beneficiaries.

v. Enhancing Agricultural Productivity for Food Security and Poverty Reduction.

In the medium term, the focus will be on value addition of crops and livestock products. Key initiatives will include the operationalization of the Nandi Cooperative Creameries in Kabiyet, milk cooling plants, coffee milling factory in Chebonet and the activation of avocado aggregation centers. Efforts will also be geared towards farm input subsidies, strengthen cooperative governance along the various value chains, breeding programs, enhanced agricultural mechanization, and improved surveillance and management of animal diseases.

vi. Trade, Tourism, and Industrial Development.

Trade is a vital driver for the county's economy and employment generation. As such, attention will be directed towards operationalization of the Nandi textile and apparel unit in Mosoriot, the development of the County Aggregation and Industrial Park in Chemase, improvements to market infrastructure and the promotion of e-commerce, leather, and jua kali industries. Strategies to

enhance tourism infrastructure will be implemented to attract both local and international visitors, including the rehabilitation of existing sites and marketing of tourism attractions.

vii. Improving Service Delivery through Automation

Recognizing the importance of embracing a digital economy, the government will work to improve business and service delivery. Mapping of county products will be undertaken, and an e-commerce platform will be developed to showcase Nandi's offerings. Efforts will also focus on extending internet connectivity, constructing ICT centers in sub-counties, building administrative ward offices, and upgrading automation for revenue collection and other critical services. Valuation rolls for land and property rates will be developed to enhance revenue collection.

viii. Urban Planning

Effective urban planning is essential for the growth of urban areas. To advance urban development, priority will be given to upgrading Nandi Hills and Mosoriot towns to municipality status. Attention will also be given part development plans of urban areas across the county. This will involve improving socio-economic infrastructure, including the establishment of a modern market complex in Kapsabet, extending sewer lines, rehabilitating parks and gardens, enhancing road networks and constructing new market facilities.

CHAPTER FIVE

CONCLUSION AND WAY FORWARD

The fiscal outcome for FY 2023/24 does not affect the County objectives as laid out in the last County Fiscal Strategy Paper approved by the County Assembly in February 2024 over the Medium Term but has implication on the current budget for FY 2024/2025 due to anticipated budget cuts as a result of reduced National Revenues. Going forward, the set of policies outlined in this Paper reflect the changed circumstances and are broadly in line with the fiscal responsibility principles outlined in the PFM Act. They are also consistent with the National Government's strategic objectives and the County Government's strategic objectives pursued by the County Government as a basis of allocation of public resources.

The improved revenue performance in the FY 2023/24 offers a strong base for supporting the expenditure estimates in the FY 2025/2026 budget and the Medium Term. To strengthen the economic recovery, the budget for FY 2025/2026 and the medium term will focus on revenue mobilization in order to reduce the fiscal deficit.