COUNTY GOVERNMENT OF SIAYA

DEPARTMENT OF FINANCE AND ECONOMIC PLANNING

COUNTY BUDGET REVIEW AND OUTLOOK PAPER,
FY 2023/24

SEPTEMBER 2024

"Economic Transformation for Shared Growth"

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Acronyms and Abbreviations

BROP	Budget Review and Outlook Paper
OSR	Own Source Revenue
MTEF	Medium Term Expenditure Framework
FSP	Fiscal Strategy Paper
KDSP	Kenya Devolution Support Project
CRF	County Revenue Fund
PLDW/PWD	People Living with Disabilities/People with Disabilities
GDP	Gross Domestic Product
CBR	Central Bank Rate
SGR	Standard Gauge Railway
RMLF	Road Maintenance Levy Fund
ASDSP	Agriculture Sector Development Support Project
FY	Financial Year
ICT	Information Communication Technology
DANIDA	Danish Development Agency
PFMA	Public Finance Management Act
CECM	County Executive Committee Member
AIA	Appropriation In Aid

Foreword

Preparation of the County Budget Review and Outlook Paper (C-BROP) is anchored in the provisions of section 118 (1), (2), (3) and (4) of the Public Finance Management Act, 2012 and chapter 5 of County Budget Operation Manual 2014.

The 2023/2024 Budget Review and Outlook Paper (BROP) provides an opportunity to review and reflect on the budget performance, analyse successes and challenges experienced during the year as well as draw lessons from the challenges to inform future budgeting and project and programmes implementation. This Budget Review and Outlook Paper has given a detailed analysis of actual fiscal performance of the County Government of Siaya for FY 2023/24 against the approved budgetary allocations for the said FY. From the analysis, overall absorption rate for FY 2023/24 was 86.1 percent with development registering 69.8 percent absorption while personnel emolument and operation and maintenance were 94.7 percent and 99.3 percent respectively. Local revenue collection was **Kshs.601,680,095** against a target of **Kshs.760,000,000**, consisting of **Ksh.382,072,395** as appropriation in Aid (AIA) and **Ksh.219,607,699** as ordinary revenues.

The paper has been prepared against the backdrop of a stabilizing global economic prospects, following several years of negative shocks. Global growth is projected to hold steady at 2.6 percent this year, despite flaring geopolitical tensions and high interest rates, before edging up to 2.7 percent in 2025-26 alongside modest expansions of trade and investment. In the local scene the economy will remain vibrant growing at 5.5 percent supported by a robust service sector, strong performance in agriculture and a decline in global commodity prices

Going forward the County Government will focus on strengthening revenue enhancement measures aimed at increasing collection of ordinary revenues to fast-track implementation of development projects and minimize project roll-overs; operationalization of completed facilities in all sectors; completion of on-going projects will also take centre stage. Resource allocation will be biased towards financing projects and programmes in key growth sectors of Agriculture, Enterprise and health; infrastructure development and other social enterprise sectors.

This report will be useful to the County Executive, County Assembly and other stakeholders to reflect

on the utilisation of public funds in the county as it proposes a way forward in terms of adjustments in resource allocation and focus areas in the medium term.

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CPA. Benedict Abonyo Omollo

CECM-Finance and Economic Planning

Acknowledgement

The Budget Review and Outlook Paper not only presents an opportunity to review performance of a fiscal year but also sets in motion the process of preparing the budget for the following fiscal year by providing an outlook for the coming year by setting MTEF tentative ceilings to guide budget making.

The successful preparation of this document was made possible through the leadership of the Governor and the entire executive. Special appreciation goes to the County executive member for finance and economic planning on whose stewardship enabled the finalization of this document as required by law. The chief officers and County budget and economic forum members also played a great role in the preparation and subsequent submission of this document, last but not least, special recognition goes to a team of dedicated officers who traded off their invaluable time to ensure a quality product. I wish to salute all of them for a job well done.

It is my hope that lessons drawn from implementation of the 2023/2024 budget will inform future programme based budgeting and project implementation as we re-focus on "***Economic Transformation for Shared Growth"***

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Jacktone Ouma Odinga

Ag. Chief Officer- Finance and Economic Planning

Section One

1.0 Introduction

County Budget Review and Outlook Paper (C-BROP) is a key document that links policy, planning and budgeting for the County Government. It is a backward and forward looking document that provides a strong platform for sound planning and budgeting and conceptually divided into review and outlook sections.

1.1 Legal Basis for C-BROP

Preparation and subsequent approvals by both the County Executive Committee and County Assembly of C-BROP is anchored in the provisions of section 118 (1), (2), (3) and (4) of the Public Finance Management Act, 2012 and chapter 5 of County Budget Operation Manual 2014.

1.2 Review and approval of C-BROP

i. County Treasury is expected to prepare a County Budget Review and Outlook Paper in respect of the County for each financial year and submits the paper for approval to the County Executive Committee (CEC) by the **30th September** of that year.

ii. The County Executive Committee must review and then approve it with or without amendments within 14 days after its submission, that is by **14th October** of that year.

iii. After approval by CEC, the County Treasury must arrange for the paper to be submitted to the County Assembly within 7 days, that is by **21st October** of that year.

iv. After submission to the County Assembly and as soon as practicable the County Treasury must publish and publicise the C-BROP.

1.3 Objectives of C-BROP

i. It provides review of the actual fiscal performance in the previous year (FY 2023/24) compared to the budget appropriated for that year (Actual-Vs.-Budget).

ii. It provides an updated economic and financial forecast with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper (CFSP).

iii. It provides information on any changes in the forecasts compared with the County Fiscal

Strategy Paper and 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.

iv. It provides reasons for any deviation from the financial objectives in the CFSP and proposes remedial actions to address such deviations in the current fiscal year and within the medium term. Such remedies may include revising the current annual budget estimates to reflect the prevailing fiscal environment.

v. It provides provisional sector ceilings which will be firmed up in the Fiscal Strategy Paper setting in motion the preparation of the budget estimates for financial year 2025/26 and within the medium term.

1.4 Fiscal Responsibility Principles as per the PFMA, 2012

Section 107 (2) of PFMA, 2012 requires the County Treasury to enforce the following fiscal responsibility principles:

i. County Government's recurrent expenditure shall not exceed the County government's total revenue;

ii. Within the medium term a minimum of 30 percent of the County government's budget shall be allocated to the development expenditure;

iii. 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 Committee member for Finance in regulations and approved by the County Assembly. Section 26 (1) (a) of the Public Finance Management (County Governments) regulations 2015 caps the allocation to 35 percent of total County revenue;

iv. Over the medium term, the Government's borrowing shall be used only for purpose of financing development expenditure and not for recurrent expenditure;

v. The County debt shall be maintained at a sustainable level as approved by County Assembly;

vi. The fiscal risks shall be managed prudently; and

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

1.5 Organization of the Document

The document is organized around four (4) sections as follows:

Section I gives an introduction of the paper, legal basis for the preparation of BROP, objectives of the paper and Fiscal responsibility principles as per PFMA 2012.

Section II gives a review of fiscal performance for the FY 2023/24 in terms of projected revenues (OSR, equitable share and additional allocations/Grants), actual expenditures against the appropriations and review of fiscal performance against County Fiscal Strategy Paper for 2023 in terms of the variance between approved departmental ceilings in the CFSP and the appropriations.

Section III outlines recent economic development and medium-term economic outlook at the global, regional, National and County level. In addition, it also outlines the probable risks the County envisages with regards to the budget estimates for FY2025/26 and the medium-term. These risks include external and fiscal risks.

Section IV outlines how the County government intends to live within its means by establishing its resource envelop (total revenue) and the departmental/sectoral ceilings. This section also includes necessary adjustments to FY2024/25 budget estimates, Medium-Term Expenditure Framework (MTEF) for the next budget estimates of FY 2025/26 and any projected fiscal balance.

Section Two

2.0: Review of Fiscal Performance for the FY 2023/2024

The FY 2023/2024 Budget was the first to implement the County Integrated Development Plan (CIDP 2023-2027) whose theme was '*Economic Transformation for shared Growth'*. The estimated cost of implementing programs and projects in the main budget for FY 2023/2024 was **Kshs.10,542,130,283.** This was revised downwards to **Kshs.9,761,123,387** through supplementary budget prepared in May 2024 as shown in table 1 below:

Table 1: Comparison between main and supplementary budget estimates

DEPARTMENT	IFMIS CODE	REVENUE STREAM	BASELINE 2022/23	ESTIMATES FY 2023/2024	REVISED ESTIMATES FY 2023/2024
Trade, Cooperatives, Enterprise and Industrialization	**1520201**	SINGLE BUSINESS PERMITS	94,580,869	100,080,869	100,080,869
	1550100	MARKET FEES	40,000,000	45,800,000	45,800,000
	1550221	BODA BODA	12,025,000	14,026,766	14,026,766
		WEIGHTS & MEASURES	1,000,000	3,000,000	3,000,000
		TRADE INCOME (AUDIT FEE)	749,250	749,250	749,250
	1560104	ADVERTISEMENT CHARGES	10,000,000	10,000,000	10,000,000
		LIQUOR LICENSING	15,000,000	20,000,000	20,000,000
		Sub Total	**173,355,119**	**193,656,885**	**193,656,885**
Public Works, Energy, Roads and Transport	**1550201**	BUS PARK	25,998,234	27,998,234	27,998,234
		PLAN APPROVAL (Engineers)	15,000,000	15,000,000	15,000,000
		GRADER	9,200,000	9,200,000	9,200,000
		FIRE INSPECTION	1,000,000	2,000,000	2,000,000
		PARKING	6,000,000	10,000,000	10,000,000
	1560201	COUNTY HALL HIRE	140,000	140,000	140,000
		Sub Total	**57,338,234**	**64,338,234**	**64,338,234**
Agriculture, Food Security, Livestock and Blue Economy	**1520300**	FISH CESS	10,000,000	10,000,000	10,000,000
	1580401	SLAUGHTER FEES	1,473,200	1,473,200	1,473,200
	1510201	CILOR		20,000,000	20,000,000
		SUGAR CESS	11,000,000	11,000,000	11,000,000
		AGRICULTURE INCOME	5,380,290	5,380,290	5,380,290
		VETERINARY SERVICES	2,395,235	4,395,235	4,395,235
	1520321	CATTLE AUCTION	5,000,000	5,000,000	5,000,000
		TRACTOR HIRE SERVICES (T.H.S)	17,500,000	17,500,000	17,500,000
		SALES OF SEED	8,334,400	8,334,400	8,334,400
		SALES OF FERTILIZER	16,665,600	16,665,600	16,665,600
		Sub Total	**77,748,725**	**99,748,725**	**99,748,725**
Lands, Physical Planning, Housing and Urban Development	**1590111**	PLAN APPROVAL (Physical Planning)	15,000,000	15,000,000	15,000,000
	1530103	TRANSFER FEE	2,600,000	2,600,000	2,600,000
	1520101	PLOT RATES	13,000,000	13,000,000	13,000,000
	1560101	PLOT RENT	14,155,575	14,155,575	14,155,575
	1520501	GROUND RENT	1,000,000	1,000,000	1,000,000
		HOUSE RENT	4,600,000	4,600,000	4,600,000
		KIOSK/STALL	13,025,075	13,025,075	13,025,075

DEPARTMENT	IFMIS CODE	REVENUE STREAM	BASELINE 2022/23	ESTIMATES FY 2023/2024	REVISED ESTIMATES FY 2023/2024
		RENT			
	1580241	BURIAL FEE & SYNAGE	100,000	100,000	100,000
		CLEARANCE CERTIFICATE	1,500,000	1,500,000	1,500,000
		SITE FEE	1,303,000	1,303,000	1,303,000
		SURVEY FEE	1,500,000	1,500,000	1,500,000
		PRIVATE ESTATE FEE	130,000	130,000	130,000
		Sub Total	**67,913,650**	**67,913,650**	**67,913,650**
Health and Sanitation	**1580211**	HOSPITAL REVENUE	206,607,445	206,607,445	206,607,445
	1580100	PUBLIC HEALTH	5,160,909	8,160,909	8,160,909
		LINDA MAMA	60,578,536	60,578,536	60,578,536
		NHIF/CAPITATION	50,158,116	50,158,116	50,158,116
		Sub Total	**322,505,006**	**325,505,006**	**325,505,006**
Water, Irrigation, Environment, Climate Change and Natural Resources	**1580301**	NEMA	200,000	1,000,000	1,000,000
	1530301	SAND CESS/QUARRY	500,000	5,500,000	5,500,000
		Sub Total	**700,000**	**6,500,000**	**6,500,000**
Education, Youth Affairs, Gender and Social Services	**1570101**	SCHOOL FEE	337,500	337,500	337,500
Governance Administration and ICT		IMPOUNDING FEE	1,100,000	2,000,000	2,000,000
		Sub Total	**1,437,500.00**	**2,337,500**	**2,337,500**
Sub-Total=Own Source Revenue(OSR)			**700,998,234**	**760,000,000**	**760,000,000**
Education, Youth Affairs, Gender and Social Services		Transfer of Library Services			7,474,485
Health and Sanitation		Lease of Medical Equipment	110,638,298	124,723,404	
Trade, Cooperatives, Enterprise and Industrialization		Conditional Grant for Aggregated Industrial Park		100,000,000	250,000,000
Agriculture, Food Security, Livestock and Blue Economy		Conditional Grants for provision of Fertilizer Subsidy Program		166,455,063	166,455,063
Water, Irrigation, Environment, Climate Change and Natural Resources		Allocation for Mineral Royalties		259,152	259,152
Agriculture, Food Security, Livestock and Blue Economy		Livestock Value Chain Support Project		14,323,680	14,323,680
Agriculture, Food Security, Livestock and Blue Economy		IDA-Agricultural Value Chain Development Project		250,000,000	200,000,000
Agriculture, Food Security, Livestock and Blue Economy		Kenya Climate Smart Agricultural Project	75,368,050	90,000,000	
Health and Sanitation		DANIDA-Primary Health Care	18,631,688	10,568,250	10,568,250
Water, Irrigation, Environment, Climate Change and Natural Resources		Financing Locally Led Climate Action (FLLoCA)	22,000,000	11,000,000	11,000,000
Agriculture, Food Security, Livestock and Blue Economy		Agricultural Development Support Project (ASDSP)	9,337,829	1,037,537	1,037,537
Agriculture, Food Security, Livestock and Blue Economy		Kenya Livestock Commercialization Project (KELCLOP)		30,500,000	30,500,000
Agriculture, Food Security, Livestock and Blue Economy		Aquaculture Business Development Project (ABDP)		13,838,473	13,838,473
Water, Irrigation, Environment, Climate Change and Natural Resources		FLLOCA-Development Grant		137,500,000	168,555,660
Lands, Physical Planning, Housing and Urban Development		Kenya Urban Support Program (KUSP)-UIG	2,339,915		
Sub-Total=Grants-B			**238,315,780**	**950,205,559**	**874,012,300**

DEPARTMENT	IFMIS CODE	REVENUE STREAM	BASELINE 2022/23	ESTIMATES FY 2023/2024	REVISED ESTIMATES FY 2023/2024
EQUITABLE SHARE – C			6,966,507,531	**7,263,019,462**	**7,263,019,462**
Balances brought forward from FY 2022/23=D			697,043,128	**1,568,905,262**	**864,091,625**
Total Revenue=(A+B+C+D)			**8,602,864,673**	**10,542,130,283**	**9,761,123,387**

Source: Supplementary budget 2023/2024

Implementation of FY 2023/24 budget faced various challenges that include: prolonged supplementary budgeting; delay in procurement of goods and late disbursement of funds from National Government.

2.1 Fiscal Performance in financial year 2023/2024

The total projected revenue was Kshs.10,542,130,283 and Kshs.9,761,123,387 for main and supplementary budget estimates respectively resulting into a negative deviation of Kshs.781,006,896 as shown in the table 2 below:

Table 2: Comparative analysis of original and supplementary budget

Vote Title	Original	Supplementary	Variance
County Assembly	1,351,827,682	1,138,827,082	-213,000,600
Governance Administration and ICT	568,470,800	546,451,207	-22,019,593
Finance and Economic Planning	1,021,435,346	1,121,055,833	99,620,487
Agriculture, Food Security, Livestock and Blue Economy	1,131,873,802	942,028,810	-189,844,992
Water, Irrigation, Environment, Climate Change and Natural Resources	506,145,577	509,099,479	2,953,902
Education, Youth Affairs, Gender and Social Services	881,942,025	704,666,218	-177,275,807
Health and Sanitation	2,794,758,078	2,577,955,629	-216,802,449
Lands, Physical Planning, Housing and Urban Development	235,454,605	164,347,925	-71,106,680
Public Works, Energy, Roads and Transport	885,203,168	997,631,836	112,428,668
Trade, Cooperative, Enterprise and Industrialization	832,477,042	718,133,426	-114,343,616
Tourism, Culture, Sports and Arts	332,542,158	340,925,942	8,383,784
Total	**10,542,130,283**	**9,761,123,387**	**-781,006,896**

Source: supplementary budget 2023/2024

The projected revenue in the main and supplementary budgets was appropriated by economic classification as PE and O&M

Personnel Emolument Estimates in FY 2023/24

PE allocations in supplementary estimates remained unchanged from the original estimates of **Kshs.3,382,818,518** as shown in table 3 below:

Table 3: Analysis of PE budget

Vote Title	2023/2024
County Assembly	373,107,654
Governance Administration and ICT	384,769,303
Finance and Economic Planning	483,866,762
Agriculture, Food Security, Livestock and Blue Economy	216,011,802
Water, Irrigation, , Environment, Climate Change and Natural Resources	28,061,497
Education, Youth Affairs, Gender and Social Services	145,270,443

Vote Title	2023/2024
Health and Sanitation	1,539,698,362
Lands, Physical Planning, Housing and Urban Development	45,359,533
Public Works, Energy, Roads and Transport	35,992,090
Trade, Cooperatives, Enterprise and Industrialization	89,887,552
Tourism, Culture, Sports and Arts	40,793,520
Total	**3,382,818,518**

Operations and Maintenance Estimates in FY 2023/24

Budgetary allocation for O&M in the original budget was **Kshs.2,446,041,011**. This allocation increased to **Kshs.2,526,428,646** with a positive variance of **Kshs.80,387,635**. The increase in O&M was triggered by the need to enhance provisions for critical operational items

Table 4: Analysis of O&M budgetary allocation

Vote Title	2023/2024		
	Original Budget	Supplementary Budget	Variance
County Assembly	435,064,097	435,063,497	-600
Governance Administration and ICT	155,553,474	155,553,474	0
Finance and Economic Planning	496,800,354	601,420,842	104,620,488
Agriculture, Food Security, Livestock and Sanitation	107,393,110	97,263,223	-10,129,887
Water, Irrigation, Environment, Climate Change and Natural Resources	81,365,632	66,015,632	-15,350,000
Education, Youth Affairs, Gender and Social Services	224,063,049	221,611,855	-2,451,194
Health and Sanitation	654,381,374	670,151,566	15,770,192
Lands, Physical Planning, Housing and Urban Development	83,883,565	83,883,565	0
Public Works, Energy, Roads and Transport	59,631,183	59,331,183	-300,000
Trade, Cooperatives, Enterprise and Industrialization	105,550,532	77,910,532	-27,640,000
Tourism, Culture, Sports and Arts	42,354,641	58,223,277	15,868,636
Total	**2,446,041,011**	**2,526,428,646**	**80,387,635**

Development Estimates in FY 2023/2024

Original budgetary allocation towards development was **Kshs.4,713,270,754**. This allocation was reduced to **Kshs.3,851,876,224** in the supplementary budget resulting into a negative deviation of Kshs.861,394,530 as shown in table 5 below

Table 5: Analysis of development allocation

Vote Title	Original Estimates=A	Supplementary Estimates=B	Variance(B-A)
County Assembly	543,655,931	330,655,931	-213,000,000
Governance Administration and ICT	28,148,023	6,128,430	-22,019,593
Finance and Economic Planning	40,768,230	35,768,230	-5,000,000
Agriculture, Food Security, Livestock and Blue Economy	808,468,890	628,753,785	-179,715,105
Water, Irrigation, Environment, Climate Change and Natural Resources	396,718,448	415,022,350	18,303,902
Education, Youth Affairs, Gender and Social Services	512,608,533	337,783,920	-174,824,613
Health and Sanitation	600,678,342	368,105,701	-232,572,641
Lands, Physical Planning, Housing and Urban Development	106,211,507	35,104,827	-71,106,680
Public Works, Energy, Roads and Transport	789,579,895	902,308,563	112,728,668
Trade, Cooperatives, Enterprise and Industrialization	637,038,958	550,335,342	-86,703,616
Tourism, Culture, Sports and Arts	249,393,997	241,909,145	-7,484,852
Total	**4,713,270,754**	**3,851,876,224**	**-861,394,530**

2.1.2: Receipts

Total receipts for the period under review were **Kshs.8,614,293,558** against projected revenue of **Kshs.9,761,123,387** creating a fiscal deficit of **Kshs.1,146,829,829**. The deficit resulted from under collection of OSR by **Kshs.158,319,905** and non-receipts of equitable share and conditional grant of **Kshs.581,041,559** and **Kshs.407,468,365** respectively as shown in table 6 below;

Table 6: Analysis of receipts

DEPARTMENT	IFMIS CODE	REVENUE STREAM	Estimates FY 2023/2024	Receipts	Variance
Trade, Enterprise and Industrialization	1520201	SINGLE BUSINESS PERMITS	100,080,869	77,141,239	-22,939,630
	1550100	MARKET FEES	45,800,000	28,464,900	-17,335,100
	1550221	BODA BODA	14,026,766	0	-14,026,766
		WEIGHTS & MEASURES	3,000,000	843,470	-2,156,530
		TRADE INCOME (AUDIT FEE)	749,250	75,460	-673,790
	1560104	ADVERTISEMENT CHARGES	10,000,000	11,404,065	1,404,065
		LIQUOR LICENSING	20,000,000		-20,000,000
		Sub Total	**193,656,885**	**117,929,134**	**-75,727,751**
Public Works, Energy, Roads and Transport	1550201	BUS PARK	27,998,234	11,993,335	-16,004,900
		PLAN APPROVAL (Engineers)	15,000,000	4,241,028	-10,758,972
		GRADER	9,200,000		-9,200,000
		FIRE INSPECTION	2,000,000	164,790	-1,835,210
		PARKING	10,000,000	4,491,114	-5,508,886
	1560201	COUNTY HALL HIRE	140,000	4,000	-136,000
		Sub Total	**64,338,234**	**20,894,267**	**-43,443,968**
Agriculture, Irrigation, Food Security, Livestock and Fisheries	1520300	FISH CESS	10,000,000	3,049,880	-6,950,120
	1580401	SLAUGHTER FEES	1,473,200	622,890	-850,310
	1510201	CILOR	20,000,000		-20,000,000
		SUGAR CESS	11,000,000	731,281	-10,268,719
		AGRICULTURE INCOME	5,380,290	0	-5,380,290
		VETERINARY SERVICES	4,395,235	3,416,220	-979,015
	1520321	CATTLE AUCTION	5,000,000	3,053,840	-1,946,160
		TRACTOR HIRE SERVICES (T.H.S)	42,500,000	1,764,150	-40,735,850
		SALES OF SEED	0	3,922,544	3,922,544
		SALES OF FERTILIZER	0	3,201,500	3,201,500
		Sub Total	**99,748,725**	**19,762,305**	**-79,986,420**
Lands, Physical Planning, Housing and Urban Development	1590111	PLAN APPROVAL (Physical Planning)	15,000,000	7,712,770	-7,287,230
	1530103	TRANSFER FEE	2,600,000	455,000	-2,145,000
	1520101	PLOT RATES	13,000,000	23,416,667	10,416,667
	1560101	PLOT RENT	14,155,575	5,680,461	-8,475,114

DEPARTMENT	IFMIS CODE	REVENUE STREAM	Estimates FY 2023/2024	Receipts	Variance
	1520501	GROUND RENT	1,000,000	272,200	-727,800
		HOUSE RENT	4,600,000	667,018	-3,932,982
		KIOSK/STALL RENT	13,025,075	6,134,936	-6,890,139
	1580241	BURIAL FEE & SYNAGE	100,000	9,000	-91,000
		CLEARANCE CERTIFICATE	1,500,000	316,000	-1,184,000
		SITE FEE	1,303,000	107,100	-1,195,900
		SURVEY FEE	1,500,000	1,310,900	-189,100
		PRIVATE ESTATE FEE	130,000	0	-130,000
		Sub Total	**67,913,650**	**46,082,052**	**-21,831,598**
Health	1580211	HOSPITAL REVENUE	206,607,445	199,286,041	-7,321,404
	1580100	PUBLIC HEALTH	8,160,909	6,554,381	-1,606,528
		LINDA MAMA	60,578,536	43,309,996	-17,268,540
		NHIF/CAPITATION	50,158,116	139,476,358	89,318,242
		Sub Total	**325,505,006**	**388,626,776**	**63,121,770**
Water, Sanitation, Environment, Climate Change and Natural Resources	1580301	NEMA	1,000,000	177,800	-822,200
	1530301	SAND CESS/QUARRY	5,500,000	1,100,490	-4,399,510
		Sub Total	**6,500,000**	**1,278,290**	**-5,221,710**
Education, Youth Affairs, Gender and Social Services	1570101	SCHOOL FEE	337,500		-337,500
Governance Administration and ICT		IMPOUNDING FEE	2,000,000	36,400	-1,963,600
		Sub Total	**2,337,500**	**36,400**	**-2,301,100**
Finance and Economic Planning		Other miscellaneous revenues		7,070,872	7,070,872
		Sub Total		**7,070,872**	7,070,872
Sub-Total=Own Source Revenue(OSR)			**760,000,000**	**601,680,095**	**-158,319,905**
Education, Youth Affairs, Gender and Social Services		Transfer of Library Services	7,474,485		-7,474,485
Health		Lease of Medical Equipment	0	0	0
Trade, Enterprise and Industrialization		Conditional Grant for Aggregated Industrial Park	250,000,000	62,500,000	-187,500,000
Agriculture, Irrigation, Food Security, Livestock and Fisheries		Conditional Grants for provision of Fertilizer Subsidy Program	166,455,063		-166,455,063
Water, Sanitation, Environment, Climate Change and Natural Resources		Allocation for Mineral Royalties	259,152		-259,152
Agriculture, Irrigation, Food Security, Livestock and Fisheries		Livestock Value Chain Support Project	14,323,680		-14,323,680
Agriculture, Irrigation, Food Security, Livestock and Fisheries		IDA-Agricultural Value Chain Development Project	200,000,000	207,286,651	7,286,651
Agriculture, Irrigation, Food Security, Livestock and Fisheries		Kenya Climate Smart Agricultural Project	0		0
Health		DANIDA-Primary Health Care	10,568,250	10,568,250	0
Water, Sanitation, Environment, Climate Change and Natural Resources		Financing Locally Led Climate Action (FLLoCA)	11,000,000		-11,000,000
Agriculture, Irrigation,		Agricultural Development Support Project (ASDSP)	1,037,537	1,537,537	500,000
Agriculture, Irrigation, Food Security, Livestock and Fisheries		Kenya Livestock Commercialization Project (KELCLOP)	30,500,000	16,095,837	-14,404,163
Agriculture, Irrigation, Food Security,		Aquaculture Business	13,838,473		-13,838,473

DEPARTMENT	IFMIS CODE	REVENUE STREAM	Estimates FY 2023/2024	Receipts	Variance
Livestock and Fisheries		Development Program			
Water, Sanitation, Environment, Climate Change and Natural Resources		FLLOCA-Development Grant	168,555,660	168,555,660	0
Sub-Total=Grants-B			**874,012,300**	**466,543,935**	**-407,468,365**
EQUITABLE SHARE - C			**7,263,019,462**	**6,681,977,903**	**-581,041,559**
Balances brought forward from FY 2022/23=D			**864,091,625**	**864,091,625**	**0**
Total Revenue=(A+B+C+D)			**9,761,123,387**	**8,614,293,558**	**-1,146,829,829**

2.1.3: Conditional Grants

Budgetary allocation for conditional grants was **Kshs.874,012,300**. Receipts for the period stood at **Kshs.466,543,935** shown in table 7 below:

Table 7: Performance of conditional grants

Department	Revenue Stream	Estimates FY 2023/2024	Receipts	Variance	% Receipt
Education, Youth Affairs, Gender and Social Services	Transfer of Library Services	7,474,485		7,474,485	-
Trade, Enterprise and Industrialization	Conditional Grant for Aggregated Industrial Park	250,000,000	62,500,000	187,500,000	25.0
Agriculture, Irrigation, Food Security, Livestock and Fisheries	Conditional Grants for provision of Fertilizer Subsidy Program	166,455,063		166,455,063	-
Water, Sanitation, Environment, Climate Change and Natural Resources	Allocation for Mineral Royalties	259,152		259,152	-
Agriculture, Irrigation, Food Security, Livestock and Fisheries	Livestock Value Chain Support Project	14,323,680		14,323,680	-
Agriculture, Irrigation, Food Security, Livestock and Fisheries	IDA-Agricultural Value Chain Development Project	200,000,000	200,000,000	(0)	100.0
Health	DANIDA-Primary Health Care	10,568,250	10,568,250	-	100.0
Water, Sanitation, Environment, Climate Change and Natural Resources	Financing Locally Led Climate Action (FLLoCA)	11,000,000		11,000,000	-
Agriculture, Irrigation,	Agricultural Development Support Project (ASDSP)	1,037,537	1,537,537	(500,000)	148.2
Agriculture, Irrigation, Food Security, Livestock and Fisheries	Kenya Livestock Commercialization Project (KELCLOP)	30,500,000	23,382,488	7,117,512	76.7
Agriculture, Irrigation, Food Security, Livestock and Fisheries	Aquaculture Business Development Program(ABDP)	13,838,473		13,838,473	-
Water, Sanitation, Environment, Climate Change and Natural Resources	FLLOCA-Development Grant	168,555,660	168,555,660	-	100.0
Total=Grants		**874,012,300**	**466,543,935**	**407,468,365**	**53.4**

Source: County Treasury (Accounting services)

2.1.4: Performance of Own Source Revenue (OSR)

OSR target for the period under review was **Kshs.760,000,000** while actual collection was **Kshs.601,680,094** creating a deficit of **Kshs.158,319,906**. Performance of individual streams is shown in table 8 below;

Table 8: Performance of OSR

Department	Revenue Stream	Baseline 2022-2023	Estimates FY 2023/2024	Receipts	Variance
Trade, Cooperatives, Enterprises and Industrialization	Single Business Permit	69,593,029	100,080,869	77,141,239	-22,939,630
	Market Fees	33,760,650	45,800,000	28,464,900	-17,335,100
	Boda-Boda		14,026,766	0	-14,026,766
	Weights And Measures	780,010	3,000,000	843,470	-2,156,530
	Trade Income (Audit Fee)	148,560	749,250	75,460	-673,790
	Advertisement Charges	4,763,700	10,000,000	11,404,065	1,404,065
	Liquor Charges	8,988,700	20,000,000		-20,000,000
	SUB TOTAL	**118,034,649**	**193,656,885**	**117,929,134**	-75,727,751
Public works, Energy, Roads, and Transport	Bus Park/Parking Fees	9,136,589	27,998,234	11,993,334	-16,004,900
	Grader		9,200,000		-9,200,000
	Fire Inspections Fees	73,300	2,000,000	164,790	-1,835,210
	Plan Approval(Engineers)	3,011,061	15,000,000	4,241,028	-10,758,972
	Parking Fees	5,565,383	10,000,000	4,491,114	-5,508,886
	County Hall Hire	4,000	140,000	4,000	-136,000
	SUB TOTAL	**17,790,333**	**64,338,234**	**20,894,266**	-43,443,968
Agriculture, Food Security, Livestock and Blue Economy	Fish Cess	2,927,245	10,000,000	3,049,880	-6,950,120
	Slaughter Fees	729,060	1,473,200	622,890	-850,310
	Agricultural Income		5,380,290		-5,380,290
	Sugar Cess	3,117,743	11,000,000	731,281	-10,268,719
	Veterinary Services	3,492,221	4,395,235	3,416,220	-979,015
	Tractor Hire Service (THS)	4,101,850	42,500,000	8,888,194	-33,611,806
	Sale of fertilizer	10,882,008			0
	Cattle Auction	3,621,830	5,000,000	3,053,840	-1,946,160
	CILOR		20,000,000		-20,000,000
	SUB TOTAL	**28,871,957**	**99,748,725**	**19,762,305**	-79,986,420
Lands, Physical planning, Housing and Urban Development	Plan Approvals (Physical Planning)	4,176,167	15,000,000	7,712,770	-7,287,230
	Transfer Fees	452,630	2,600,000	455,000	-2,145,000
	Plot Rates	2,445,248	13,000,000	23,416,667	10,416,667
	Plot Rents	7,444,085	14,155,575	5,680,461	-8,475,114
	Ground Rents	134,700	1,000,000	272,200	-727,800
	House Rent	919,179	4,600,000	667,018	-3,932,982
	Kiosks/Stalls Rent	6,572,865	13,025,075	6,134,936.00	-6,890,139
	Burial Fees/Signage	1,000	100,000	9,000.00	-91,000
	Clearance Certificate	271,000	1,500,000	316,000	-1,184,000
	Site Fees		1,303,000	107,100	-1,195,900
	Survey Fee	650,395	1,500,000	1,310,900	-189,100
	Private Estate Fees	4,000	130,000	0	-130,000
	SUB TOTAL	**23,071,269**	**67,913,650**	**46,082,052**	**-21,831,598**
Health and Sanitation	FIF	167,799,996	206,607,445	199,286,041	-7,321,404
	Public Health	5,568,700	8,160,909	6,554,381	-1,606,528
	PUBLIC HEALTH-Plan Approvals				0
	Linda Mama	34,322,285	60,578,536	43,309,996	-17,268,540
	NHIF/Capitation	71,489,770	50,158,116	139,476,358	89,318,242
	SUB TOTAL	**279,180,751**	**325,505,006**	**388,626,776**	**63,121,770**
Water, Irrigation, Environment and Natural Resources	NEMA	199,100	1,000,000	177,800	-822,200
	Sand Cess/Quarry	981,909	5,500,000	1,100,490	-4,399,510
	SUB TOTAL	**1,181,009**	**6,500,000**	**1,278,290**	-5,221,710
Governance, Administration and	Impounding Fees	14,000	2,000,000	36,400	-1,963,600

Department	Revenue Stream	Baseline 2022-2023	Estimates FY 2023/2024	Receipts	Variance
ICT					
Finance and Economic Planning	Miscellaneous	412,743		7,070,872	7,070,872
Education, Youth Affairs, Gender and Social Services	School fees	0	337,500		-337,500
	Total	**468,556,711**	**760,000,000**	**601,680,094**	**-158,319,906**

Source: County Treasury (Revenue section)

The underperformance in revenue collection was occasioned by the following challenges: manual revenue collection system that is prone to pilferages; delay in approval of the Finance Act; Inadequate revenue related infrastructure; Weak enforcement and compliance mechanisms; Incomplete database of all revenue streams and weak revenue administration and supervision.

The above challenges will be addressed through a revenue enhancement policy which has set out strategies such as:

1. Complete automation of revenue collection system
2. Fast track timely approval of subsequent Finance Acts and Revenue Enhancement Measures
3. Prioritization of projects that address both infrastructural development and revenue generation in the budget e.g improved market shades and facilities, storm water management, solid waste management.
4. Development of and/or domestication of all relevant revenue collection legislations.
5. Strengthening of enforcement and compliance of revenue by preparing Revenue By-Laws, recruitment and training of additional enforcement officers.
6. Mapping and establishing a comprehensive database of all revenue streams.
7. Providing adequate resources to address revenue administrative and supervisory challenges.

2.2.1: Actual Expenditure by economic classification

Total actual expenditure for the period under review amounted to **Kshs.8,402,772,359** against a planned budget of **Kshs.9,761,123,387**. This expenditure comprised **Kshs.3,203,508,706** (94.7percent) for personnel emoluments, **Kshs.2,509,376,260** (99.3percent) for operations and **Kshs.2,689,807,392** (69.8percent) for development expenditure. Whereas the overall absorption was 86.1 percent, the Budget Implementation Review Report (BIRR 2023-2024) from the Office of Controller of Budget reported an absorption of 78.1 percent creating a variance of 8 percent on fiscal performance. The

BIRR 2023-2024 relied on quarterly reports submitted by the County Treasury which are not comprehensively reconciled. Comprehensive reconciliation is done when preparing the Annual Financial Statement which is the main source of fiscal data reported in the CBROP 2023-20204 hence the variance. Table 9 shows actual expenditure by economic classification.

Table 9:Budget performance

Economic Classification	Budget	Expenditure	Variance	Absorption
PE	3,382,818,518	3,203,588,706	-179,229,812	94.7%
O&M	2,526,428,646	2,509,376,260	-17,052,386	99.3%
Total Rec	5,909,247,164	5,712,964,967	-196,282,197	96.7%
DEV	3,851,876,224	2,689,807,392	-1,162,068,832	69.8%
Total	**9,761,123,388**	**8,402,772,359**	**-1,358,351,029**	**86.1%**

Source: County Treasury (Accounting services)

2.2.1.1: Expenditure per department

During the financial year under review, the County actual expenditure was **Kshs.8,402,772,359** against a budget of **Kshs.9,761,123,387** resulting into 86.1 percent absorption of funds. Unspent funds of **Kshs.1,358,351,028** have been carried forward and constituted opening balances in FY 2024/25. However, the actual reconciled opening balances is Kshs.790,261,659 resulting into a variance of **Kshs.568,089,369** attributed to unrealized revenues (OSR and grants) and outstanding commitments.

The low absorption of 57 percent in the department of Trade, Cooperatives, Enterprise and Industrialization was attributed to non-disbursement of **Ksh.187,500,000** Conditional Grant for Aggregated Industrial Park. Table 10 shows a comparative analysis between departmental budgeted and actual expenditure for the period under review:

Table 10: Departmental budget performance

Vote Title	FY 23/24=A	Actual=B	Variance=(B-A)	% Absorption
County Assembly	1,138,827,082	955,030,164	(183,796,918)	83.9
Governance Administration and ICT	546,451,207	525,709,228	(20,741,979)	96.2
Finance and Economic Planning	1,121,055,833	1,068,041,753	(53,014,080)	95.3
Agriculture, Food Security, Livestock and Blue Economy	942,028,810	763,594,893	(178,433,917)	81.1
Water, Irrigation, Environment, Climate ,Change and Natural Resources	509,099,479	354,533,004	(154,566,475)	69.6
Education, Youth Affairs, Gender and Social Services	704,666,218	608,953,270	(95,712,948)	86.4
Health and Sanitation	2,577,955,629	2,433,394,857	(144,560,772)	94.4
Lands, Physical Planning, Housing and Urban Development	164,347,925	160,617,406	(3,730,519)	97.7
Public Works, Energy, Roads and Transport	997,631,836	788,097,963	(209,533,873)	79.0
Trade, Cooperatives, Enterprise and Industrialization	718,133,426	409,311,146	(308,822,280)	57.0
Tourism, Culture, Sports and Arts	340,925,942	335,488,672	(5,437,270)	98.4
Total	**9,761,123,387**	**8,402,772,359**	**(1,358,351,028)**	**86.1**

Source: County Treasury (Accounting services)

2.2.1.2: Development Expenditure

Actual expenditure on development budget was **Kshs.2,689,807,392** against budget of **Kshs.3,851,876,224** resulting into 69.8 absorption of development funds. Notably, the low absorption of funds for the department of Governance, Administration and ICT was attributed to changes in designs for construction of Sub-county offices which required additional funding and therefore projects were not procured however adequately funded in FY 2024/25 for construction to completion. Generally low absorption in other departments can be attributed to late procurement of projects, erratic disbursement of funds by National Treasury and delayed approval of supplementary budget estimates for FY 2023/24 as captured in table 11 below

Table 11: Departmental Development budget performance

Vote Title	Budget Estimates=A	Actuals=B	Variance=(B-A)	% absorption
County Assembly	330,655,931	188,893,780	-141,762,151	57.1
Governance Administration and ICT	6,128,430	3,350,404	-2,778,026	54.7
Finance and Economic Planning	35,768,230	5,801,317	-29,966,913	16.2
Agriculture, Food Security, Livestock and Blue Economy	628,753,785	461,485,733	-167,268,052	73.4
Water, Irrigation, Environment, Climate ,Change and Natural Resources	415,022,350	262,534,955	-152,487,395	63.3
Education, Youth Affairs, Gender and Social Services	337,783,920	249,923,717	-87,860,203	74.0
Health and Sanitation	368,105,701	302,911,551	-65,194,150	82.3
Lands, Physical Planning, Housing and Urban Development	35,104,827	34,830,802	-274,025	99.2
Public Works, Energy, Roads and Transport	902,308,563	695,116,235	-207,192,328	77.0
Trade, Cooperatives, Enterprise and Industrialization	550,335,342	245,705,870	-304,629,472	44.6
Tourism, Culture, Sports and Arts	241,909,145	239,253,028	-2,656,117	98.9
Total	**3,851,876,224**	**2,689,807,392**	**(1,162,068,832)**	**69.8**

2.1.1.2: Recurrent Expenditure

a) Personnel Emolument

The actual expenditure on PE during the period under review was **Kshs.3,203,588,706** constituting against the budgetary allocation of **Kshs.3,382,818,518**. The expenditure constituted 94.7 percent of budgetary allocation to PE for the said period. Table 12 shows a comparative analysis of the departmental budgeted and actual expenditures on recurrent.

Table 12: PE budget performance

Vote Title	Budget Estimates=A	Actual =B	Variance=(B-A)	% Absorption
County Assembly	373,107,654	331,072,887	-42,034,767	88.7
Governance Administration and ICT	384,769,303	367,229,930	-17,539,373	95.4
Finance and Economic Planning	483,866,762	461,810,118	-22,056,644	95.4
Agriculture, Food Security, Livestock and Blue Economy	216,011,802	206,165,092	-9,846,710	95.4
Water, Irrigation, Environment, Climate ,Change and Natural Resources	28,061,497	26,782,338	-1,279,159	95.4
Education, Youth Affairs, Gender and Social Services	145,270,443	138,648,417	-6,622,026	95.4
Health and Sanitation	1,539,698,362	1,469,512,555	-70,185,807	95.4
Lands, Physical Planning, Housing and Urban Development	45,359,533	43,291,858	-2,067,675	95.4
Public Works, Energy, Roads and Transport	35,992,090	34,351,422	-1,640,668	95.4
Trade, Cooperatives, Enterprise and Industrialization	89,887,552	85,790,106	-4,097,446	95.4
Tourism, Culture, Sports and Arts	40,793,520	38,933,983	-1,859,537	95.4
Total	**3,382,818,518**	**3,203,588,706**	**-179,229,812**	**94.7**

Source: County Treasury (Accounting services)

b) Operations and Maintenance

Actual expenditure on O&M in FY 2023/24 was **Kshs.2,509,376,260** against budgetary provision of **Kshs.2,526,428,646**. The expenditure constituted 99.3 percent absorption on allocation to O&M for the said period. Table 13 show a comparative analysis of the departmental budgeted and actual expenditures on O&M.

Table 13: O&M budget performance

Vote Title	Budget Estimates=A	Actual=B	Variance=(B-A)	% Absorption
County Assembly	435,063,497	435,063,497	0	100
Governance Administration and ICT	155,553,474	155,128,894	-424,580	99.7
Finance and Economic Planning	601,420,842	600,430,319	-990,523	99.8
Agriculture,, Food Security, Livestock and Blue Economy	97,263,223	95,944,067	-1,319,156	98.6
Water, Irrigation, Environment, Climate ,Change and Natural Resources	66,015,632	65,215,710	-799,922	98.8
Education, Youth Affairs, Gender and Social Services	221,611,855	220,381,136	-1,230,719	99.4
Health and Sanitation	670,151,566	660,970,751	-9,180,815	98.6
Lands, Physical Planning, Housing and Urban Development	83,883,565	82,494,746	-1,388,819	98.3
Public Works, Energy, Roads and Transport	59,331,183	58,630,306	-700,877	98.8
Trade, Cooperatives, Enterprise and Industrialization	77,910,532	77,815,169	-95,363	99.9
Tourism, Culture, Sports and Arts	58,223,277	57,301,661	-921,616	98.4
Total	**2,526,428,646**	**2,509,376,260**	-17,052,386	**99.3**

2.2 Review of Fiscal Performance against Fiscal Strategy Paper FY2023/24

The County Fiscal Strategy Paper (CFSP)-2023 informed the preparation of the FY2023/24 budget as required by the provisions of Public Finance Management Act (PFMA), 2012. Strategic priorities in the budget are therefore drawn from the CFSP with minimal variations across all sectors to address emerging issues. These priorities are anchored on three broad pillars namely: Enablers Pillar, Social Pillar and Economic Pillar.

2.2.1 Enablers Pillar

This pillar consisted of Governance and Administration; Public Works, Energy, Roads and Transport; Lands, Physical Planning, Housing and Urban Development and the County Assembly sectors. To implement the priorities in this pillar in the CFSP-2023, it was allocated **Kshs.2,391,883,007** while in the budget the allocation was **Kshs.2,847,258,050** resulting into a positive variance of **Kshs.455,375,043**. This variance has been attributed to emerging priority areas in County Assembly and Roads, Public Works, Energy and Transport sectors and ceiling set by County Allocation on Revenue Act (CARA)-2022 on recurrent expenditures for Governance and Administration sector. The sectoral priorities and changes in allocations in CFSP and budgetary estimates are as captured below:

County Assembly

The sector executes its mandate around the following programmes: Legislation and Representation, Legislative Oversight and General administration, planning and support services.

In the CFSP 2023, the sector's key priority areas were: construction of Assembly complex, Speaker's residence and ward offices; acquisition and installation of Hansard technology system and equipment (including laptops and desktops); purchase of additional vehicles for committees and leadership; construction of an armoury and acquisition of more firearms for security purposes; continuous maintenance of the County Assembly buildings and infrastructure; and purchase of mace.

To implement the above priorities, the sector was allocated **Kshs.859,525,698** comprising **Kshs.669,675,477** and **Kshs.189,850,221** for recurrent and development expenditures respectively. During budgeting, the sector was allocated **Kshs.1,351,827,682** comprising **Kshs.808,171,151** and **Kshs.330,655,931** for recurrent and development expenditures respectively, leading to a positive variance of **Kshs.492,301,984** attributed to additional development priorities which emerged during budgeting.

Governance, Administration and ICT

The sector executes its mandate around the following programmes: County Executive Administration, County Public Service Board, and Coordination of devolved units, Human Capital Management, Monitoring and Evaluation, Office of the County Attorney, Communication & Public Relations and ICT. The key priority areas for the sector in the CFSP 2023 were: Strengthening of Information and communication services to improve county visibility, Development of an integrated human resource

planning and management system, Strengthening of service delivery in devolved units by constructing ward offices and equipping ward offices, establishing village councils and disaster response centres, Leveraging on ICT as a key pillar in service delivery, Capacity and skills development/improvement, Publication of county bills and legislations, Review and signing of MOUs and agreements, Out of court settlements, ,Ensured that there is a Functional and a Productive Public Service, Enhanced Human Resource management within the County

To implement the above priorities in the CFSP, the sector was allocated **Kshs.598,044,189** comprising Kshs.**572,427,739** and **Kshs.25,616,450** for recurrent and development respectively. . During budgeting the allocation was **Kshs.546,451,207** comprising **Kshs.540,322,777** and **Kshs.6,128,430** for recurrent and development expenditure respectively, leading to a negative variance of **Kshs.51,592,982** which is attributed to the reorganization and costing of the sectoral priorities.

Lands, Physical Planning, Housing and Urban Development

The sector coordinates implementation of the following programmes: General Administration, Planning and Support Services; Physical planning; Land surveying and mapping; Housing and Urban Development

The sector's key priority areas in the CFSP 2023 were, sustainable land and urban management and provision of quality, adequate and affordable housing for all.

To implement the above priorities in the CFSP 2023, the sector was allocated **Kshs.325,097,961** comprising **Kshs.147,242,698** and **Kshs.177,855,263** for recurrent and development respectively. During budgeting, the sector was allocated **Kshs.164,347,925** comprising **Kshs.129,243,098** and **Kshs.35,10,827** for recurrent and development expenditures respectively, leading to a negative variance of **Kshs.160,750,036** which has been attributed to priority shift to other sectors.

Public Works, Energy, Roads and Transport

The sector is mandated to: Construct and Maintain County roads and bridges; offer technical supervision of all County Public Works; regulate County Public Transport including ferries, jetties, airstrips, harbours; offer quality assurance in the built environment; put in place strategies to provide environment friendly sources of energy; Standards Control and Maintenance of County Buildings.

The sector's key priorities in the CFSP 20223 were: Construct and Maintain County Roads and Bridges; offer technical supervision of all County Public Works & Energy projects; regulate County Public Transport including ferries, jetties, airstrips, harbours; offer quality assurance in the built environment; Standards Control and Maintenance of County Buildings and Energy projects.

To implement the above priorities in the CFSP 2023, the sector was allocated **Kshs.609,215,159** comprising **Kshs.91,623,273** and **Kshs.517,591,886** for recurrent and development expenditures respectively. During budgeting, the sector was allocated **Kshs.997,631,836** comprising **Kshs95,323,273**. and **Kshs.902,308,563** for recurrent and development expenditures respectively, leading to a positive variance of **Kshs.388,416,677** attributed to development priorities which emerged within the sector during budgeting.

2.2.2 Economic Pillar:

This pillar consisted of Enterprise and Industrial Development; Financial Services; Tourism, Culture and Sports; and Agriculture, Irrigation, Food, Livestock and Fisheries sectors. To implement the priorities in this pillar in CFSP-2023, it was allocated **Kshs.2,243,710,047** while in the budget the allocation was **Kshs.3,222,144,011** leading to a positive variance of **Kshs.978,433,964**. This variance has been attributed to transfer of sports function to Tourism, Culture and Arts sector in economic pillar from social pillar during budgeting and costings of priorities. The sectoral priorities and changes in allocations in CFSP and budgetary estimates are as captured below:

Finance and Economic Planning

The sector implements the following programmes: Financial Services; Economic Planning Services and General Administration, Planning and Support Services.

The sectoral key priority areas in the CFSP 2023 were: Budget and Economic Planning; Resource Mobilization; Internal Audit; Accounting Services; Supply Chain Management; Public Participation and Strategy, Monitoring and Evaluation. The sector envisioned an efficient financial management system; quality planning and research; public policy formulation, coordination and supervision.

To implement the above priorities in CFSP-2023, the sector was allocated **Kshs.782,147,673** which comprises **Kshs.773,352,628** and **Kshs.8,795,045** for recurrent and development expenditures respectively in the fiscal strategy paper. The allocation in the budget was **Kshs.1,121,055,833** comprising **Kshs.1,085,287,604** and **Kshs.35,768,230** for recurrent and development expenditures

respectively leading to a positive variance of **Kshs.438,808,160**. This variance has been attributed to reorganization of the priorities and costing within the sector.

Agriculture, Food Security, Livestock and Blue Economy

The sector is organised around the following programmes namely: crop and land management; livestock management and development; fisheries development and animal health.

The sector's key priority in the CFSP 2023 were: Enhance Routine operations and Human Resource capacity; Kenya Climate Smart Agriculture Project; Agriculture Sector Support Development Project; Dairy projects at the wards; Scale up county irrigation system; Cotton development.

To implement the above priorities in the CFSP, the sector was allocated **Kshs.812,566,096** comprising **Kshs.327,854,912** and **Kshs.484,711,184** for recurrent and development expenditures respectively. During budgeting, the sector was allocated **Kshs.942,028,810** comprising **Kshs.313,275,025** and **Kshs.628,753,785** for recurrent and development expenditures respectively, leading to a positive variance of **Kshs.129,462,714** attributed to reorganization of priorities and transfer of funds from other sectors.

Trade, Cooperatives, Enterprise and Industrialization

The sector implements the following programmes: Trade Development and Promotion; Fair Trade Practices and Consumer Protection; Cooperative Governance and Accountability; Alcoholic Drinks Control; Waste management; General Administration, Planning and Support Services.

The sector's key priorities in the CFSP 2023 were: Develop market infrastructure across the county; Cooperative Development and Management; Promotion of Fair-Trade Practices and Consumer Protection; General Administration, Planning and Support Services; Waste Management.

To implement the above priorities in the CFSP, the sector was allocated **Kshs.355,147,673** comprising **Kshs.157,638,084** and **Kshs.198,201,927** for recurrent and development expenditures respectively. During budgeting, the sector was allocated **Kshs.718,133,426** comprising **Kshs.167,798,084** and **Kshs.550,335,342** for recurrent and development expenditures respectively, leading to a positive variance of **Kshs.362,293,415** attributed to reorganization and costing of priorities within the sector including CAIP

Tourism, Culture, Sports and Arts

The sector executes its mandate around the following programmes: Tourism infrastructure development; Cultural performances and exhibitions; Talent Promotion and Training of tourism industry stakeholders, Sports Development.

The sectoral priorities in the CFSP were; developing a sports strategy for the county, promotion of all recreational and competitive sports including athletics, swimming, cycling, hockey, Paralympics, basketball and water sports, development of infrastructure to support these sports. Developing various forms of tourism including agro tourism, sport tourism, eco-tourism, cultural tourism and culinary tourism and Enhanced homestay concept development

To implement the above priorities, the sector was allocated **Kshs.293,036,267** in the CFSP comprising **Kshs.87,056,267** and **Kshs.206,000,000** for recurrent and development expenditures respectively. During budgeting, the sector was allocated **Kshs.340,926,942** comprising **Kshs.99,016,797** and **Kshs.241,909,145** for recurrent and development expenditures respectively leading to a positive variance of **Kshs.47,869,675** attributed to shifting of resources to other priorities areas including Piny Luo, Migwena stadium and completion of Siaya Stadium.

2.2.3 Social Pillar

This pillar constituted Health and Sanitation; Education, Youth Affairs, Gender and Social Service; and Water, Environment and Natural Resources. To implement the priorities in this pillar in the CFSP-2023, it was allocated **Kshs.3,319,362,954** while in the budget the allocation was **Kshs.3, 791,721,326** leading to a positive variance of **Kshs.472,358,372**. This variance is attributed to priority shift to Water, Environment and Natural Resources and Health sectors from other sectors. The sectoral priorities and changes in allocations in CFSP and budgetary estimates are as captured below:

Water, Irrigation, Environment, Climate Change and Natural Resources

The sector is organized around three programmes of Water resources development and management, Natural resources conservation and management and general administration, planning and support services. The strategic priorities for the sector in the CFSP-2023 were, increasing access to safe water and sewerage services, attaining a clean, secure and sustainable environment while taking into consideration climate change issues and improving Efficiency and Effectiveness in service delivery.

To implement the above priorities in the CFSP-202, the sector was allocated **Kshs.465,537,836** comprising **Kshs.71,067,977** and **Kshs.394,469,859** for recurrent and development expenditures respectively. During budgeting the sector was allocated **Kshs.509,099,479** comprising **Kshs.94,077,129** and **Kshs.415,022,350** for recurrent and development expenditures respectively leading to a positive variance of **Kshs.43,561,643** attributed to shift of development priorities from other sectors.

Education, Youth Affairs, Gender and Social Services

The sector's mandate is anchored on the following programmes: County Pre-Primary Education, Vocational Education, Youth Training and Development, County Social Security and Services; General Administration, Planning and Support Services.

The key priority areas for the sector in the CFSP were operationalize completed ECDE centers; roll-out school feeding program in selected ECDE centers; improve vocational training centers; supporting trainees in polytechnics through subsidized tuition fees to enhance retention and transition; empower youths, women and PWDs through establishment of social funds and sheltered workshops; provision of social safety nets through disbursement of bursaries and compensation of existing staffs.

To implement the above priorities in CFSP, the sector was allocated **Kshs.446,848,720** comprising **Kshs.239,433,492** and **Kshs.207,415,228** for recurrent and development expenditures respectively. During budgeting, the sector was allocated **Kshs.704,666,218** comprising **Kshs.366,882,298** and **Kshs.337,783,920** for recurrent and development expenditures respectively leading to a positive variance of **Kshs.257,817,498** attributed to reorganization of recurrent expenditures and development priorities which emerged during budgeting.

Health and Sanitation

The sector executes its mandate around three programmes namely: Curative and Rehabilitative services; Preventive and Promotive health care services, General Administration, Planning, Monitoring and Evaluation.

The priority areas for the sector in the CFSP were: improvement of infrastructure in the in existing health facilities by purchase of medical equipment, operationalization of completed facilities, expanding immunization services and Strengthening Community Health Services. This enabled the department to effectively offer comprehensive and basic health care services thereby reducing the

burden of communicable diseases, improving availability of health products and referral system, improving Reproductive, Maternal, new born child and adolescent healthcare, halting and reversing the rising burden of non-communicable diseases, providing universal health coverage and collaboration with other agencies and partners.

To implement the above priorities in the CFSP, the sector was allocated **Kshs.2,406,976,398** comprising **Kshs.2,206,590,334** and **Kshs.200,386,064** for recurrent and development expenditures respectively. During budgeting, the sector was allocated **Kshs.2,577,955,629** comprising **Kshs.2,209,849,928** and **Kshs.368,105,701** for recurrent and development expenditures respectively leading to a positive variance of **Kshs.170,979,231** attributed to reorganization of both recurrent and development priorities within the sector with a slight shift of resources from other sectors .

Table 14: Analysis of deviation from Appropriations

Department	Ceiling CFSP=B	Budget Estimates=C	Variances=(C-B)
County Assembly	859525698	1,138,827,082	279,301,384
Governance, Administration and ICT	598044189	546,451,207	-51,592,982
Finance and Economic Planning	782,247,673	1,221,055,833	438,808,160
Agriculture, Food Security, Food, Livestock & Blue Economy	812,566,096	942,028,810	129,462,714
Water, Irrigation, Environment, Climate Change & Natural Resources	465,537,836	509,099,479	43,561,643
Education, Youth Affairs, Gender & Social Services	446,848,720	704,666,218	257,817,498
Health and Sanitation	2,406,976,398	2,577,955,629	170,979,231
Lands, Physical Planning, Housing and Urban Development	325097961	164,347,927	-160,750,034
Public Works, Energy, Roads and Transport	609215159	997,631,836	388,416,677
Trade, Cooperatives, Enterprise and Industrialization	355,840,011	718,133,426	362,293,415
Tourism, Culture, Sports, ICT and Arts	293,056,267	340,925,942	47,869,675
Total	**7,954,956,008**	**9,861,123,389**	**1,906,167,381**

Section Three

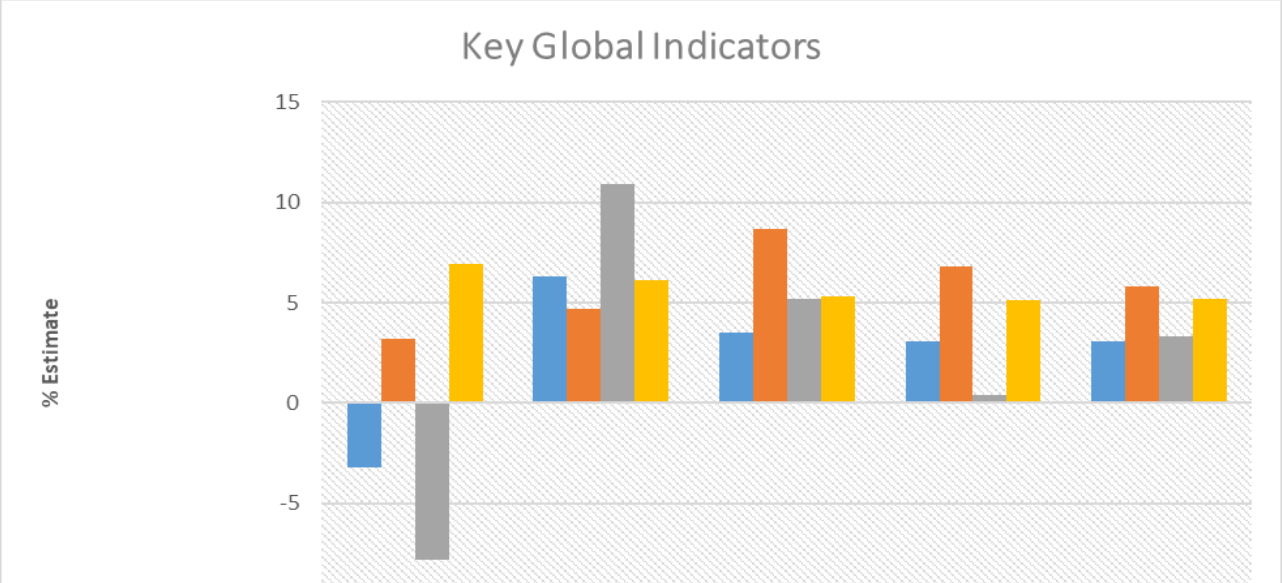
3.0: Recent Economic Developments and Outlook

The chapter outlines recent economic development focusing on the International, Domestic and County scenes. Additionally, the chapter gives a summary of macroeconomic outlook expected to positively or negatively affect national and county socio-economic performance in the foreseeable future.

3.1: Recent Economic Development

3.1.1: International Scene

The global growth is holding steady having slowed for three consecutive years with inflation falling to a three-year low and financial conditions improving significantly. The world economy, in short, appears to be in final approach for a "soft landing." The graph below gives an overview of key global indicators performance between 2020 and 2024.



	2020	2021	2022	2023	2024
World Real GDP Growth	-3.2	6.3	3.5	3.1	3.1
World Inflation	3.2	4.7	8.7	6.8	5.8
World Trade Growth	-7.8	10.9	5.2	0.4	3.3
World Unemployment Rate	6.9	6.1	5.3	5.1	5.2

Growth in advanced economies slowed to 1.5 percent in 2023, with notable divergences. Growth in the United States strengthened to 2.5 percent last year, owing primarily to robust consumption, government spending, and significantly reduced imports of goods and services. Consumption was supported by continued spending out of savings accumulated during the pandemic and a healthy expansion of household balance sheets as equity prices gained rapidly last year. A substantial widening of the U.S. budget deficit in 2023 (fiscal year), to over 6 percent of GDP at the federal level, also played a role in boosting growth. In contrast, euro area growth slowed sharply last year, driven by weak consumption growth, reflecting the impact of high energy prices on household budgets.

Specifically, in the euro area, growth slowed sharply in 2023, reflecting tight credit conditions, feeble exports, and elevated energy prices. Trade volumes declined in 2023 for the first time outside of an annual euro area contraction, in large part reflecting a loss of export competitiveness amid elevated energy prices. Growth appears to have bottomed out, however, though with key differences across sectors and member countries. Services activity suggests incipient improvement in early 2024, but this has been offset by weaker than-expected industrial activity, especially in the manufacturing sector in Germany.

Growth in China edged up in early 2024, supported by a positive contribution from net exports that offset softening domestic demand. Following weakness last year, exports and imports have both strengthened. Meanwhile, overall investment growth has remained tepid, with solid infrastructure and manufacturing investment set against declining real estate investment as the property sector downturn—now in its third year—continues. Property prices and sales have fallen further, and property developers have experienced renewed financing pressures. Amid weak consumer confidence, domestic consumption has also remained subdued, with retail sales growth below pre pandemic averages. Headline consumer prices have increased modestly this year, after declining late last year on the back of falling food prices, and core inflation has remained well below the target of about 3 percent. Producer prices have continued to decline, reflecting weak demand. To bolster demand, additional spending measures have been announced—including for infrastructure projects—building on a raft of policies implemented late last year. In tandem, the People’s Bank of China cut interest rates and the reserve requirement ratio. As property-related bank lending declined, the government

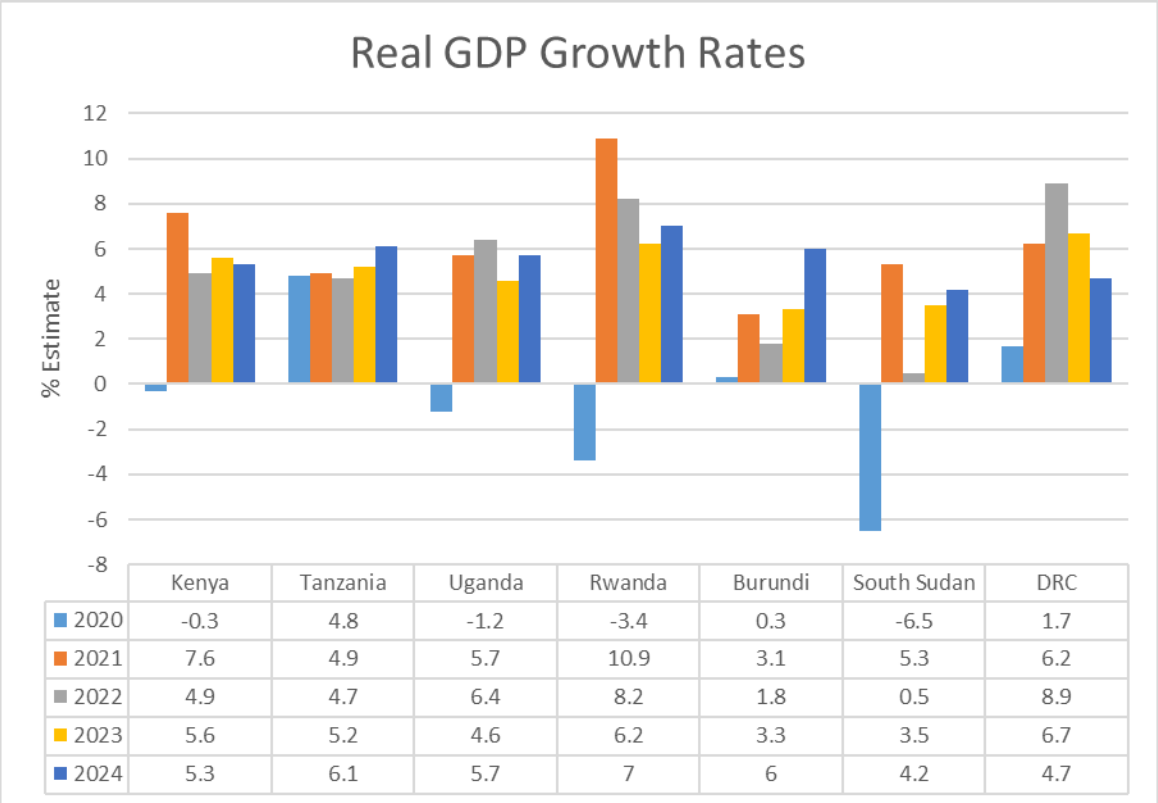
established a scheme to facilitate liquidity provision to real estate developers to support the completion of viable property projects, as well as to help promote confidence. Further measures were also introduced aimed at boosting property demand, including removing the residential mortgage rate floor and lowering down payment requirements for borrowers. With activity anticipated to soften in the second half of this year, growth is projected to slow to 4.8 percent in 2024, from 5.2 percent in 2023, as an expected uptick in goods exports and industrial activity supported by the global trade recovery is offset by weaker consumption. Compared with January projections, growth has been revised up 0.3 percentage point, reflecting stronger-than expected activity in early 2024, particularly exports. Investment is envisaged to remain subdued.

Emerging market and developing economies EMDE growth is projected to edge down from 4.2 percent in 2023 to 4 percent in 2024 and then remain broadly stable over the forecast horizon. Decelerating activity in China is projected to be offset by firming growth in other EMDEs due to improvements in domestic demand and a recovery in trade. However, aggregate EMDE output is projected to remain on a path notably below its pre-pandemic trajectory, indicating sizable long term scarring from the crises of the past four years. After a sharp slowdown last year, growth in LICs is projected to pick up over the forecast horizon, although to an appreciably lesser degree than previously expected.

With the outbreak of conflict in the Middle East (Israel-Hamas War); Russia's invasion of Ukraine; further intensification of armed conflicts and escalation of geopolitical tensions present a major downside risk to all EMDE regions.

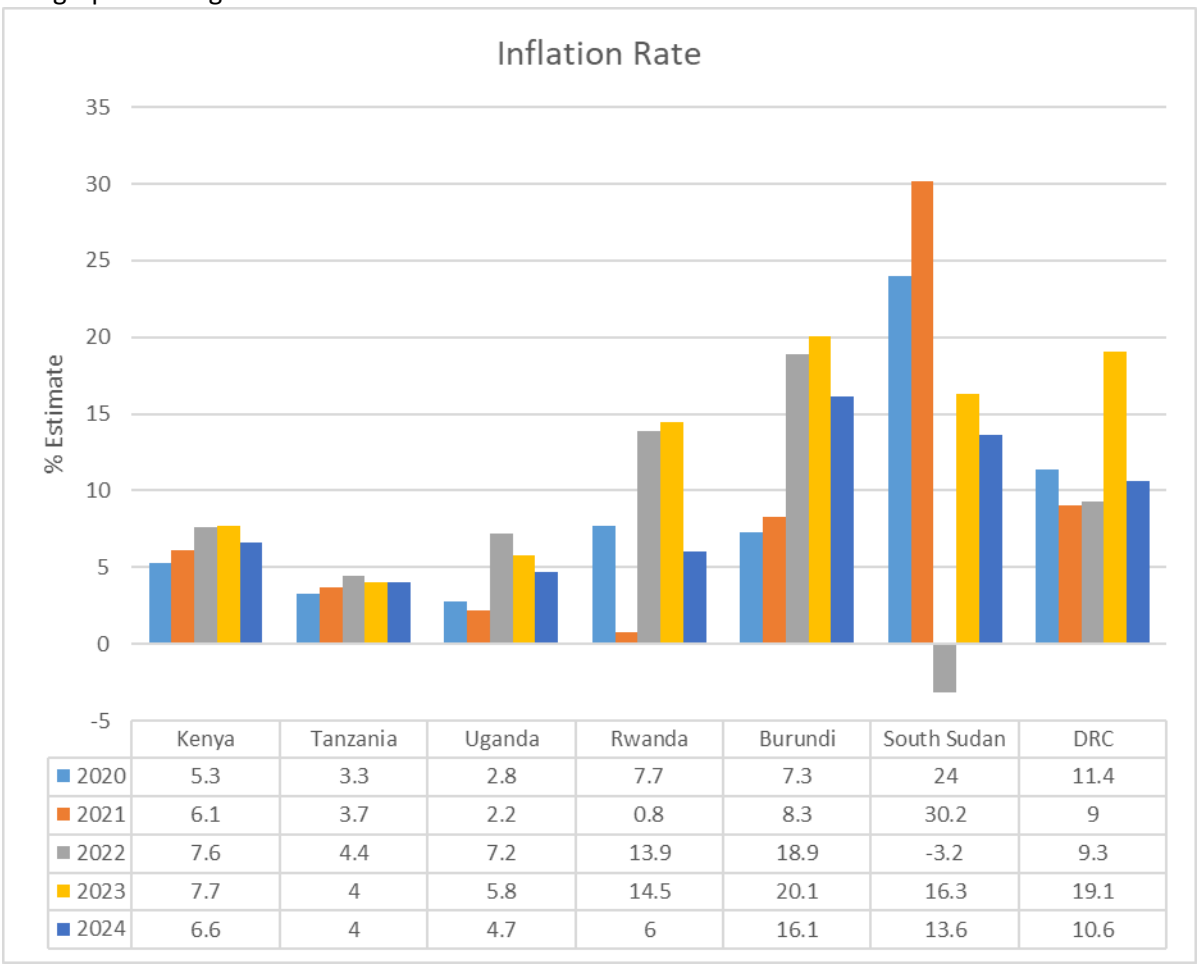
The real GDP of the East African Community bloc grew by 5.0 per cent in 2023, compared to a growth of 5.2 per cent in 2022. This deceleration was partly attributed to a combination of external factors, such as fluctuations in commodity prices and budget challenges. Inflation rate eased from 7.1 per cent in 2022 to 6.8 per cent in 2023. The region's current account deficit, as a percentage of GDP, narrowed to 6.0 per cent in 2023 from 6.2 per cent in 2022. The EAC bloc had mixed economic performances across its member states, reflecting the diverse impacts of regional and global economic dynamics on the regional economies. Kenya's real GDP growth rate was 5.6 per cent in 2023, compared to a growth of 4.9 per cent in 2022. Tanzania's economy grew by 5.2 per cent in 2023, driven by its robust

agricultural sector, mineral exports, and a resurgence in the tourism industry. Inflation rate was relatively controlled at 4.0 per cent, mainly due to the tight monetary policies. Uganda's economy grew by 4.6 per cent in 2023, compared to a growth of 6.4 per cent in 2022. Inflation rate in Uganda eased from 7.2 per cent in 2022 to 5.8 per cent in the period under review. Rwanda's economy grew by 6.2 per cent in 2023, compared to 8.2 per cent in 2022. The economy benefited from government investment in infrastructure and a strong services sector. Inflation rate stood at 14.5 per cent in 2023 compared to 13.9 per cent in 2022. Additionally, the current account deficit as a percentage of GDP widened from 9.8 per cent in 2022 to 12.7 per cent in 2023, mostly due to growth in imports of capital inputs and consumer goods. Burundi's economy expanded by 3.3 per cent in 2023 compared to 1.8 per cent in 2022, mainly owing to continued growth in public investment in the transportation and energy sector. The country faced significant inflationary pressures, with the inflation rate standing at 20.1 per cent, the highest in the bloc, mainly due to high food and energy prices. The economies of Democratic Republic of the Congo (DRC) and South Sudan, the recent entrants to the EAC block, grew by 6.7 per cent and 3.5 per cent, respectively, in 2023. The graph below gives a Real GDP trends between 2020 and 2024 across the countries.



	Kenya	Tanzania	Uganda	Rwanda	Burundi	South Sudan	DRC
2020	-0.3	4.8	-1.2	-3.4	0.3	-6.5	1.7
2021	7.6	4.9	5.7	10.9	3.1	5.3	6.2
2022	4.9	4.7	6.4	8.2	1.8	0.5	8.9
2023	5.6	5.2	4.6	6.2	3.3	3.5	6.7
2024	5.3	6.1	5.7	7	6	4.2	4.7

The graph below gives the Inflation Rate between 2020 and 2024 across the countries.



	Kenya	Tanzania	Uganda	Rwanda	Burundi	South Sudan	DRC
2020	5.3	3.3	2.8	7.7	7.3	24	11.4
2021	6.1	3.7	2.2	0.8	8.3	30.2	9
2022	7.6	4.4	7.2	13.9	18.9	-3.2	9.3
2023	7.7	4	5.8	14.5	20.1	16.3	19.1
2024	6.6	4	4.7	6	16.1	13.6	10.6

3.1.2: Domestic Economy

Economic growth was at 5.6 percent in 2023 from 4.9 percent in 2022 mainly supported by a rebound in agriculture, which had faced two consecutive years of output decline owing to prolonged drought. Other key drivers of 2023 growth included information and communication, transportation and storage, financial and insurance, real estate and accommodation and food service activities sectors. ***(Source: The 2024 Mwananchi Budget Guide)***

3.1.3: County Economy

The County operates within the global and national economic framework. The global and national economic dynamics impact both directly and indirectly on county fiscal decisions and operations.

National economic growth is a parameter that influences national government transfer to the counties. Therefore, the higher the GDP growth, the more allocation is expected to go to counties.

Siaya County's Contribution to the National GDP is estimated at 1.2% with a recorded annual growth rate of 5.6%. The key drivers of the County's economic growth are Agriculture (45%), Manufacturing (5%), Jua Kali (10%), Wholesale and retail Trade (14.7%), Transport and storage (12.4%), Real Estate (1.8%) Construction (1.7%) and Financial services (3.6%), (*Source: C-GDP Report 2019).*

3.2: Medium Term Economic Outlook

3.2.1: Global Growth Outlook

Global growth is projected to stabilize at 2.6 percent this year, holding steady for the first time in three years despite flaring geopolitical tensions and high interest rates. It is then expected to edge up to 2.7 percent in 2025-26 amid modest growth in trade and investment. Global inflation is projected to moderate—but at a slower clip than previously assumed, averaging at 3.5 percent this year. Given continued inflationary pressures, central banks in both advanced economies and emerging market and developing economies (EMDEs) will likely remain cautious in easing monetary policy. As such, average benchmark policy interest rates over the next few years are expected to remain about double the 2000-19 average.

Despite an improvement in near-term growth prospects, the outlook remains subdued by historical standards in advanced economies and EMDEs alike. Global growth over the forecast horizon is expected to be nearly half a percentage point below its 2010-19 average pace. In 2024-25, growth is set to underperform its 2010s average in nearly 60 percent of economies, representing more than 80 percent of global population and world output. EMDE growth is forecast to moderate from 4.2 percent in 2023 to 4 percent in both 2024 and 2025. Prospects remain especially lacklustre in many vulnerable economies over half of economies facing fragile- and conflict-affected situations will still be poorer by the end of this year than on the eve of the pandemic.

Global risks remain tilted to the downside despite the possibility of some upside surprises. Escalating geopolitical tensions could lead to volatile commodity prices, while further trade fragmentation risks

additional disruptions to trade networks. Already, trade policy uncertainty has reached exceptionally high levels compared to other years that have featured major elections around the world since 2000. The persistence of inflation could lead to delays in monetary easing. A higher-for-longer path for interest rates would dampen global activity. Some major economies could grow more slowly than currently anticipated due to a range of domestic challenges. Additional natural disasters related to climate change could also hinder activity. On the upside, global inflation could moderate more quickly than assumed in the baseline, enabling faster monetary policy easing. In addition, growth in the United States could be stronger than expected.

Against this backdrop, decisive global and national policy efforts are needed to meet pressing challenges. At the global level, priorities include safeguarding trade, supporting green and digital transitions, delivering debt relief, and improving food security. At the national level, persistent inflation risks underscore the need for EMDE monetary policies to remain focused on price stability. High debt and elevated debt-servicing costs will require policy makers to seek ways to sustainably boost investment while ensuring fiscal sustainability. To meet development goals and bolster long-term growth, structural policies are needed to raise productivity growth, improve the efficiency of public investment, build human capital, and close gender gaps in the labour market.

Growth is projected to soften in most EMDE regions in 2024. In East Asia and Pacific, the expected slowdown this year mainly reflects moderating growth in China. Growth in Europe and Central Asia, Latin America and the Caribbean, and South Asia is also set to decelerate amid a slowdown in their largest economies. In contrast, growth is projected to pick up this year in the Middle East and North Africa and Sub Saharan Africa, albeit less robustly than previously forecast.

3.2.2: Domestic Growth Outlook

The economy is expected to remain vibrant in 2024, growing by 5.5 percent supported by a robust services sector, strong performance in agriculture and a decline in global commodity prices that is expected to reduce the cost of production. This outlook will be reinforced by implementation of policies and reforms under the priority sectors of the Bottom-Up Economic Transformation Agenda (BETA) and improvement in aggregate demand. The macroeconomic environment remains stable with inflation rate declining to 5.1 percent in May 2024 and 5.0 percent in April

2024 from a peak of 9.6 percent in October 2022 and is within target. The decline was largely driven by the easing of food and energy prices, pass-through effects of exchange rate appreciation, the impact of monetary policy tightening and Government interventions aimed at lowering the cost of production.

The Kenya Shilling exchange rate continues to stabilize against major international currencies due to improved market perception following the de-risking of the 2024 Euro bond, tightened monetary policy stance and significant reforms in the interbank foreign exchange market. Fiscal policy seeks to support BETA through continued implementation of a growth responsive fiscal consolidation plan designed towards slowing down public debt without compromising service delivery. The policy targets to progressively reduce the fiscal deficit from 5.7 percent of GDP in FY 2023/24 to 3.1 percent of GDP in FY 2027/28. This will be achieved through broadening the revenue base and containing non-priority expenditures while enhancing social safety nets.

3.2.3: County Growth Outlook

The County is organized in eight sectors with specific mandates to deliver services to the people. To spur development every sector will work aggressively in the FY2024/2025 and the medium term to achieve the developmental objectives outlined in the CIDP 2023-2027.

The fiscal deficit for the FY 2023/24 was attributed to low internal revenues and insufficient equitable share from National government have contributed to increased budget deficits in the County. Fiscal deficit have impacted negatively on county capital investment and savings.. In the medium-term period, the government will seek to reduce its budget deficit by undertaking revenue administration reforms and seeking development partner assistance in financing key infrastructure development. Borrowing in the medium term is envisaged to address emerging cashflow and development priorities. Further, the government will seek to reduce recurrent expenditure (O&M) by scaling down non-core expenditures.

The effect of increase in the wage bill is that the fiscal space for development expenditure is crowded with recurrent expenses. The policy suggestions that can be implemented in the short and medium

term, to tame the rising wage bill, include a review of recruitment practices and streamlining payroll and control systems (cleaning of payroll) in the county.

The County had a population of nine hundred and ninety-three thousand one eighty-three 993,183 people in 2019 *(KNBS Census Report 2019).* High population growth rate has and will continue to put a great deal of pressure on County government to increase current expenditures rapidly to create jobs for the unemployed. At the same time County government is faced with demands on its capital budgets and need to spend more for development purposes. In addition, increasing urban population in Siaya, Bondo and Ugunja creates demands for social services: water, housing, education, sewerage, public lighting, roads, health, and fire protection among others. A large mass of unemployed or under-employed who live in these areas do not generate the output or tax revenues which are needed to provide these services. In the medium and long term, the County government will endeavour to create a balance in recurrent and development expenditure to address the issues of population pressure. In addressing labour demands, the government will make investment in labour intensive activities rather than those which are capital intensive.

Further, increase in population growth experienced in the County has put pressure on food security more so in urban areas. The County government will invest some of its resources in food and nutrition programmes to address issues of malnutrition and food safety.

3.3 Risks to the Domestic Economic Outlook

There are downside risks to this macroeconomic outlook emanating from domestic as well as external sources. On the domestic front, the emergence of new Omicron COVID-19 variants may occasion restrictive measures. Other risks relate to lower agricultural output due to potential adverse weather conditions. Additionally, increased public expenditure pressures, particularly wage and other recurrent expenditures, would put a strain to the fiscal space.

On the external front, the key downside risks include uncertainty about the global outlook, reflecting adverse effects of the war in Ukraine, inflationary risks (from rising prices of food and oil), and supply chain constraints as well as increased global financial markets volatility amid the tightening of monetary policy in advanced economies.

The Government has faced difficult policy trade-offs to secure economic recovery and navigate existing macroeconomic challenges amidst diminishing fiscal space. Among the fiscal measures implemented by Government to minimize the adverse impact of these emerging issues to the Kenyan economy and by extension County economy include, among others:

- Implemented Fertilizer Subsidy
- Housing project
- Hustler Fund
- Expand national tax base
- Universal Health Coverage

Section Four

4.0: Resource Allocation Framework

This section outlines how the County government intends to live within its means by establishing its resource envelop and how it intends to set departmental ceilings.

4.1: Adjustments to the FY2024/25 Budget

As implementation of the FY2024/25 Medium-Term Budget commences, there is need to review the projected revenues in order to take into account the lower-than-expected revenue performance in the previous year. As such the revenue forecasts for FY2024/25 have been reviewed to reflect outcome in FY 2023/24 and also taking into account the fiscal developments through end of September 2024. The OSR target for FY 2025/26 is Kshs.1,150,000,000 and is informed by various revenue enhancement strategy the County has put in place.

The actual collections in the first three months of FY 2024/25 is 140 million against the target of 261 million resulting into a deficit of 121 million in the said period. This development in collection of revenue will trigger a revision of the budget estimates of FY 2024/25 through a supplementary to reflect the prevailing fiscal environment. In addition, the County Government is in the process of automating the revenue collection system to enhance the actual collections.

The actual opening balances ought to have been factored in budget estimates is Kshs is **Kshs.790,261,659** in line with the refund statement. However there were projected revenues that were to fund projects but was not realized amounting to **Kshs.565,788,269**, over stated opening balances of **Kshs.304,456,414** and **Kshs.2,301,100** as outstanding commitments both of which have been captured as part of opening balances in the budget estimates of financial year 2024/25 of **Kshs.1,660,506,342** . The variances in opening balances should be corrected in the supplementary budget estimates to reflect the prevailing fiscal environment. Table 14 below captures the reconciliation of project balances

Table 14: Reconciliation of Balances

Item	**Amount (Kshs.)**	**Amount (Kshs.)**
Opening balances as per refund statement (CRF)		**790,261,659**
Add		
Unrealized projected revenue	565,788,269	
Overstated balances	302,155,313	
Outstanding commitments	2,301,100	**870,244,683**

Opening balances captured in budget estimates		**1,660,506,342**

4.2: Projected Budget for FY 2025/26

The budget plays a central role in transformation by promoting redistribution and directing scarce resources towards catalytic investments in human and physical capital. But the budget depends on the economy to generate the resources to finance these investments. The budget framework for FY2025/26 will therefore focus on the need to complete and operationalise all ongoing projects; reduce pending bills and focus on agriculture led industrialization to create high impact to the citizenry and economy as envisaged in the 'Nyalore' manifesto. Some impactful projects that the County has planned for in FY 2025/26 include;

- Promotion of agro based industrialization through commercial and industrial value chains such as cotton, rice, soya beans and ground nuts
- Full implementation of last mile water connectivity
- Roll-out of school feeding programme in the ECDE centres
- Enhanced health care services through adequate stocking of health care commodities in the hospital
- Automation of revenue collection systems and preparation and implementation of Valuation Roll geared towards enhancement of local revenue

4.2.1: Projected Resource Envelop

The FY 2025/26 budget estimates will be financed by revenue from equitable share, OSR, conditional grants from development partners and Appropriation In Aid (AIA). Based on projected national economic growth of 5.5 percent, equitable share has been projected at Kshs.7,960,450,183 in FY 2025/26 and will increase to Kshs.8,199,263,688 and Kshs.8,445,241,599 in FY2026/27 and FY2027/28 respectively. OSR has been projected at Kshs. 550,000,000 in FY 2025/26 and further increase to Kshs.600,000,000 and Kshs.650,000,000 in the FY2026/27 and FY2027/28 respectively. Conditional allocation is projected at Kshs.698,115,420 in 2025/26 and is projected to stagnate within the medium term. In addition, AIA to finance some selected programmes and projects in Health (FIF, Linda Mama, SHIF) and in Trade, Enterprise and Industrialization (Liquor) is projected at

Kshs.600,000,000 in FY2025/26 and is expected to grow to Kshs.700,000,000 and Kshs.700,000,000 for financial years 2026/27 and 2027/28 respectively. Table 15 captures the projections in the medium term:

Table 15: Projected revenue for FY 2025/26 and medium term

S/No	Revenue Stream	Baseline Estimates 2024/25 (Kshs.)	Projected Estimates (Kshs.) 2025/26	Projections (Kshs.)	
				2026/27	2027/28
1	Equitable share	7,545,450,410	7,960,450,183	8,199,263,688	8,445,241,599
2	Conditional Grant	698,115,420	698,115,420	698,115,420	698,115,420
3	Own Source Revenue (OSR)	849,363,883	550,000,000	600,000,000	650,000,000
4	Appropriation In Aid (AIA)	194,697,423	600,000,000	700,000,000	700,000,000
Total		**9,287,627,136**	**9,808,565,603**	**10,197,379,108**	**10,493,357,019**

It is worth noting that the projected revenue of **Kshs.9,558,565,603** in FY 2025/26 in this BROP has a negative deviation of **Kshs.3,042,417,636** from **Kshs.12,850,983,239** captured in the CADP 2025/26**.** The deviation is attributed to over projection of departmental ceiling in the CADP attributed to proposed agreements/frameworks that are may not be concluded within the required timelines to allow for their implementation in FY 2025/26 and should therefore be affirmed and aligned during the preparation of County Fiscal Strategy Paper (CFSP)-2025.

4.2.2: Projected Expenditure in FY 2025/26-2027/28

The following criteria will serve as a guide for allocating resources:

i. Provision for non-discretionary expenditures like personnel emoluments and health commodities
ii. Provision for Pending bills both recurrent and development
iii. Provision for completion and operationalization of ongoing and stalled projects
Provision for departmental priorities which are linked to programmes in the CIDP 2023-2027 and Nyalore Manifesto.
iv.

4.2.2.1: Departmental provisional ceilings in FY 2025/26-2027/28

Based on the above criteria of apportioning resources, the County Government resource envelop of **Kshs.9,808,565,603** will be apportioned to recurrent expenditure at Kshs.6,203,304,718 (63.24

percent) and development at Kshs.3,605,260,885 (36.76 percent). Table 16 below captures the projected expenditure for FY 2025/26 and the medium term

Table 16: Departmental Provisional ceiling for FY 2025/26-2027/28

Department	PE	O&M	Recurrent	Development	Estimates 2025/26	% of Budget	Projection	
							2026/27	2027/28
County Assembly	404,390,924	372,301,726	776,692,650	194,762,151	971,454,801	9.90	1,024,884,815	1,031,253,480
County Attorney	22,088,000	43,160,950	65,248,950		65,248,950	0.67	68,837,642	72,623,713
County Public Service Board	49,845,206	28,684,521	78,529,727		78,529,727	0.80	82,848,862	87,405,549
Governance, Administration and ICT	372,859,761	187,901,128	560,760,889	62,778,027	623,538,916	6.36	657,833,556	664,014,402
Finance and Economic Planning	392,824,154	451,400,698	844,224,852	58,973,185	903,198,037	9.21	952,873,929	975,969,515
Agriculture, Food Security, Livestock and Blue Economy	233,616,764	109,902,383	343,519,147	591,061,422	934,580,569	9.53	945,982,500	998,011,538
Water, Irrigation, Environment, Climate Change & Natural Resources	30,348,509	58,743,576	89,092,085	523,950,000	613,042,085	6.25	626,759,400	661,231,167
Education, Youth Affairs, Gender and Social Services	208,609,984	171,066,201	379,676,185	336,046,291	715,722,476	7.30	725,087,212	764,967,009
Health and Sanitation	1,665,183,778	636,656,477	2,301,840,255	397,742,279	2,699,582,534	27.52	2,821,151,971	2,830,749,870
Lands, Physical Planning, Housing and Urban Development	22,155,334	101,577,743	123,733,077	132,113,752	255,846,829	2.61	269,918,405	284,763,917
Public Works, Energy, Roads and Transport	41,706,446	103,062,742	144,769,188	556,978,493	701,747,681	7.15	716,593,802	746,006,462
Trade, Cooperatives, Enterprise and Industrialization	67,497,686	75,458,059	142,955,745	334,235,796	477,191,541	4.87	493,437,076	520,576,115
Tourism, Culture, Sports and Arts	44,118,192	86,113,151	130,231,343	144,900,000	275,131,343	2.81	290,263,567	306,228,063
Siaya Municipality	26,003,747	72,188,422	98,192,169	100,775,617	198,967,786	2.03	209,911,014	221,456,120
Bondo Municipality	17,361,855	51,985,000	69,346,855	90,509,123	159,855,978	1.63	168,648,057	177,923,700
Ugunja Municipality	14,796,101	39,695,500	54,491,601	80,434,749	134,926,350	1.38	142,347,299	150,176,401
Total	**3,613,406,441**	**2,589,898,277**	**6,203,304,718**	**3,605,260,885**	**9,808,565,603**	**100.00**	**10,197,379,108**	**10,493,357,019**
% of Budget	**36.84**	**26.40**	**63.24**	**36.76**				

4.2.2.2: Projected Recurrent Expenditure

Recurrent expenditure is projected at Kshs.6,203,304,718 accounting for 63.24 percent of the total projected revenues for the FY2025/26. Personnel Emolument (PE) is projected at Kshs.3,613,406,441 at 36.84 percent and Operation and maintenance at Kshs.2,589,898,277 at 26.40 percent. Department of Health is projected to get the highest allocation at 37.11 percent due to its recurrent resource requirement specifically human resource which consumes a bigger chunk of their recurrent budget. Department of Finance is projected to receive 13.61 percent of recurrent allocation to facilitate the process of automation of revenue systems, preparation of statutory planning, policy and budgeting documents including facilitating the operations of Audit committee and County Budget and Economic Forum (CBEF). County Assembly is projected to get 12.52 percent of the revenue to facilitate and enhance legislation, representation and oversight functions Allocations to municipalities (Siaya, Bondo and Ugunja) have also been enhanced to facilitate operations and service delivery with focus on the transferred functions. Table 17 shows the projected departmental recurrent expenditures for FY 2025/26 and medium term:

Table 17: Projected Recurrent Expenditure for FY 2025/26-2027/28

Department	Baseline	PE	O&M	Recurrent	% of Recurrent Budget	Projections	
						2026/27	2027/28
County Assembly	801,348,339	404,390,924	372,301,726	776,692,650	12.52	819,410,746	819,478,337
County Attorney		22,088,000	43,160,950	65,248,950	1.05	68,837,642	72,623,713
County Public Service Board		49,845,206	28,684,521	78,529,727	1.27	82,848,862	87,405,549
Governance, Administration and ICT	739,424,604	372,859,761	187,901,128	560,760,889	9.04	591,602,738	604,140,888
Finance and Economic Planning	864,756,557	392,824,154	451,400,698	844,224,852	13.61	890,657,219	900,643,366
Agriculture, Food Security, Livestock and Blue Economy	336,714,775	233,616,764	109,902,383	343,519,147	5.54	362,412,700	367,345,399
Water, Irrigation, Environment, Climate Change & Natural Resources	88,208,148	30,348,509	58,743,576	89,092,085	1.44	93,992,150	94,161,718
Education, Youth Affairs, Gender and Social Services	373,600,166	208,609,984	171,066,201	379,676,185	6.12	400,558,375	402,589,086
Health and Sanitation	2,253,339,757	1,665,183,778	636,656,477	2,301,840,255	37.11	2,428,441,469	2,462,005,750
Lands, Physical Planning, Housing and Urban Development	123,087,776	22,155,334	101,577,743	123,733,077	1.99	130,538,396	132,718,008
Public Works, Energy, Roads and Transport	123,554,437	41,706,446	103,062,742	144,769,188	2.33	152,731,493	156,131,725
Trade, Cooperatives, Enterprise and Industrialization	140,989,793	67,497,686	75,458,059	142,955,745	2.30	150,818,311	154,113,318
Tourism, Culture, Sports and Arts	128,946,347	44,118,192	86,113,151	130,231,343	2.10	137,394,067	139,950,741
Siaya Municipality	47,434,778	26,003,747	72,188,422	98,192,169	1.58	103,592,738	108,412,399
Bondo Municipality	28,841,170	17,361,855	51,985,000	69,346,855	1.12	73,160,932	77,184,783
Ugunja Municipality	23,060,647	14,796,101	39,695,500	54,491,601	0.88	57,488,639	60,650,514
Total	**6,073,307,294**	**3,613,406,441**	**2,589,898,277**	**6,203,304,718**	**100.00**	**6,544,486,477**	**6,639,555,294**

5.2.2.3: Projected Development Expenditure

Development expenditure is projected at Kshs.3,605,260,885 which is 36.76 percent of the total projected revenues for the FY2025/26. The projected development allocation has been projected to increase by 5.5 percent from the base year allocation. Department of Agriculture, Irrigation, Food Security, Livestock and Fisheries is projected to receive the highest allocation due to the focus on agriculture led industrialization. Roads maintenance will also be prioritized to enhance accessibility to market centres and other social amenities within the County. In addition, municipalities (Siaya, Bondo and Ugunja) are projected to have enhanced development allocation to facilitate infrastructural developments within the municipalities Table 18 captures the projected departmental development expenditures for FY2025/26 and within the medium term.

Table 18: Projected development expenditures for FY 2025/26-2027/28

Department	Baseline Estimates 2024/25	Development 2025/26	% of Development Budget	Projection	
				2026/27	2027/28
County Assembly	544,762,151	194,762,151	5.40	195,474,069	206,225,143
County Attorney				0	0
County Public Service Board				0	0
Governance, Administration and ICT	62,778,027	62,778,027	1.74	66,230,818	69,873,514
Finance and Economic Planning	58,973,185	58,973,185	1.64	62,216,710	65,638,629
Agriculture, Food Security, Livestock and Blue Economy	411,410,417	591,061,422	16.39	593,569,800	626,216,139
Water, Irrigation, Environment, Climate Change & Natural Resources	710,782,180	523,950,000	14.53	527,767,250	556,794,449
Education, Youth Affairs, Gender and Social Services	469,160,827	336,046,291	9.32	339,528,837	358,202,923
Health and Sanitation	499,212,470	397,742,279	11.03	404,618,104	426,872,100
Lands, Physical Planning, Housing and Urban Development	119,533,752	132,113,752	3.66	134,380,008	141,770,909
Public Works, Energy, Roads and Transport	1,194,250,065	556,978,493	15.45	557,612,310	588,280,987
Trade, Cooperatives, Enterprise and Industrialization	572,287,035	334,235,796	9.27	337,618,765	356,187,797
Tourism, Culture, Sports and Arts	153,889,004	144,900,000	4.02	147,869,500	156,002,323
Siaya Municipality	48,140,671	100,775,617	2.80	105,660,673	111,472,010
Bondo Municipality	14,607,520	90,509,123	2.51	95,487,125	100,738,917
Ugunja Municipality	15,038,880	80,434,749	2.23	84,858,660	89,525,887
Total	**4,874,826,184**	**3,605,260,885**	**100.00**	**3,652,892,631**	**3,853,801,725**