

REPUBLIC OF KENYA



COUNTY GOVERNMENT OF KERICHOK FINANCE AND ECONOMIC PLANNING

MEDIUM TERM

COUNTY FISCAL STRATEGY PAPER 2025

FEBRUARY 2025

Vision

“A prosperous county where residents enjoy a high quality of life in a sustainable environment”

Mission

“To foster equitable and sustained socio-economic development through effective and efficient mobilization and utilization of available resources.

CORE VALUES

Accountability and Professionalism

Accountability to its citizens by paying attention to details and running the affairs of the county in a fair manner.

Yield and Sustainability

Yielding lasting fruits to be enjoyed by the citizens, putting in place measures to ensure sustainability of programs and services rendered.

Commitment and Hard work

Commitment to work by ensuring that there is always competitive and efficient service delivery, responsive to the needs of the people.

Innovation and Creativity

Innovation services driven by creative strategies.

TAGLINE

All You Can Imagine

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ABBREVIATIONS AND ACRONYMS

ADP	-	Annual Development Plan
CFSP	-	County Fiscal Strategy Paper
CIDP	-	County Integrated Development Plan
CRA	-	Commission on Revenue Allocation
CSP	-	County Strategic Plan
ECDE	-	Early Childhood Development Education
ERP	-	Enterprise Resource Planning
FIF	-	Facility Improvement Fund
FY	-	Financial Year
HDU	-	High Dependency Unit
ICU	-	Intensive Care Unit
ICT	-	Information Communication Technology
IFMIS	-	Integrated Financial Management Information System
MTEF	-	Medium Term Expenditure Framework
MTP	-	Medium Term Plan
MSMEs	-	Medium, Small and Micro Enterprises
NHIF	-	National Hospital Insurance Fund
NSSF	-	National Social Security Fund
O&M	-	Operation and Maintenance
PFM A	-	Public Finance Management Act, 2012
PBB	-	Program Based Budgets
SHA	-	Social Health Authority
WEO	-	World Economic Outlook

Foreword

The 2025 County Fiscal Strategy Paper (CFSP) has been developed in accordance with Section 117 (1) and (6) of the Public Finance Management Act of 2012, as well as the PFM Regulations of 2015. This document serves as the foundation for the county's fiscal and budgetary framework, detailing strategic priorities and fiscal policies that outline the county's approach to revenue generation, expenditure, and debt management over the medium term. Notably, it establishes the resource ceilings for various sectors and programs, which will inform the budget estimates for the fiscal year 2025/2026. The CFSP also delineates the Medium-Term Fiscal Framework, which provides strategies for fostering sustainable growth and development to enhance service delivery.

The County has consistently experienced positive economic growth. To maintain this momentum, the focus for the fiscal year 2024/2025 will be on completing ongoing development projects and ensuring the County Government achieves a stable fiscal position. Over the years, we have recognized the significance of establishing a solid fiscal foundation for the County Government by reducing debt and increasing revenue. This is the goal we aim to accomplish through the CFSP and the subsequent budget estimates derived from it.

The fiscal framework outlined in this paper guarantees sustainable financing while enabling continued investment in priority programs. To achieve the outlined objectives, it is essential to enhance transparency, effectiveness, and efficiency in public financial management, thereby ensuring fiscal discipline.

Hon. Jackson Rop

CECM Finance and Economic Planning and Head of County Treasury.

Acknowledgement

The County Fiscal Strategy Paper (CFSP) is designed to significantly impact the growth trajectory of the County's economy. It establishes a framework for addressing key strategic priorities and challenges over the next three years and beyond. Additionally, it summarizes government spending plans that will inform the budget for the fiscal year 2025/26.

I would like to extend my sincere appreciation to the County Secretary and all Chief Officers for their invaluable contributions and collaboration throughout this assignment. I also wish to acknowledge the members of the County Executive Committee, particularly His Excellency the Governor, for his visionary leadership that has guided us in establishing a clear development strategy. His exemplary support, guidance, and mentorship have been instrumental in enabling the County Treasury to develop and implement sound policies, effective plans, and budget documents that have significantly advanced the County's financial and budgetary achievements.

Lastly, I would like to express my special gratitude to CPA Ian Rotich, Deputy Director of Budget, along with his team and all County Treasury staff, for their dedication and hard work in preparing this policy paper

Alphonse Rotich
Chief Officer-Economic Planning

CHAPTER ONE

1.0 COUNTY FISCAL STRATEGY PAPER PROCESS OVERVIEW

1.1 Introduction

1. This Fiscal Strategy Paper for Kericho County for the year 2025 has been developed in accordance with the Constitution and the Public Finance Management (PFM) Act of 2012. It will serve as a framework for the County Government in formulating its budget for the Financial Year 2025/2026 and the Medium Term.

1.2 County Fiscal Strategy Paper Process

2. As per the requirement of the Public Finance Management Act, 2012 section 117(5) the County Government has taken into consideration views of various stakeholders during the preparation of the 2025 County Fiscal Strategy Paper.

1.3 Legal basis for the publication of County Fiscal Strategy Paper

The County Fiscal Strategy Paper is published in accordance with section 117 of the Public Finance and Management Act, 2012. The law states that

(1) The County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the county assembly, by the 28th February of each year.

(2) The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.

(3) In preparing the County Fiscal Strategy Paper, the County Treasury shall specify the broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year and over the medium term.

(4) The County Treasury shall include in its County Fiscal Strategy Paper the financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term.

(5) In preparing the County Fiscal Strategy Paper, the County Treasury shall seek and take into account the views of—

(a) the Commission on Revenue Allocation;

(b) the public;

(c) any interested persons or groups; and

(d) any other forum that is established by legislation.

(6) Not later than fourteen days after submitting the County Fiscal Strategy Paper to the county assembly, the county assembly shall consider and may adopt it with or without amendments.

(7) The County Treasury shall consider any recommendations made by the county assembly when finalising the budget proposal for the financial year concerned.

(8) The County Treasury shall publish and publicise the County Fiscal Strategy Paper within seven days after it has been submitted to the county assembly.

1.4 Rationale for the Fiscal Strategy Paper

3. The objective of the 2025 County Fiscal Strategy Paper is to lay down the framework for the preparation of the County Budget. It is a requirement under Section 117 of the Public Finance Management Act, 2012 that each County Treasury shall prepare and submit to the County Executive Committee the Fiscal Strategy Paper for approval, and the County Treasury shall submit the approved Fiscal Strategy Paper to the County Assembly by the 28th February each year.

Pursuant to the provisions of the PFM Act 2012, this County Fiscal Strategy Paper addresses the following:

- i. The Medium-Term macroeconomic framework and its outlook as contained in the Budget Policy Statement and how it impacts on the County economic environment;
- ii. A statement of fiscal responsibility principles, as specified in the PFM Act, 2012 and regulations indicating how the Fiscal Strategy Paper adheres to these principles;
- iii. The economic assumptions underlying the County budgetary and fiscal policy over the Medium Term;
- iv. Indicative allocation of available resources among County Government entities; and

- v. A medium-term fiscal framework defining a top-down aggregate resource envelope and broad expenditure levels.

1.5 Outline of the 2025 County Fiscal Strategy Paper

- 4. The report is structured into four sections as follows;
 - a) Chapter One provides an overview of the report
 - b) Chapter Two outlines the recent economic development and fiscal outlook at the Global, National and County Levels.
 - c) Chapter Three outlines the County strategic objectives and the various programmes that the County is implementing to achieve her objectives.
 - d) Chapter Four covers the fiscal and budget framework with projected resource envelope and departmental ceilings.

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CHAPTER TWO

2.0 RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

2.1 Introduction

5. This section gives an overview of the recent economic developments at the global, national, and county levels.

1.2 Global Economic and Fiscal Overview

6. The global economy is holding steady, although the degree of grip varies widely across countries. Global GDP growth in the third quarter of 2024 was 0.1 percentage point below that predicted in the October 2024 WEO, after disappointing data releases in some Asian and European economies. Growth in China, at 4.7 percent in year-over-year terms, was below expectations. Faster-than-expected net export growth only partly offset a faster-than-expected slowdown in consumption amid delayed stabilization in the property market and persistently low consumer confidence. Growth in India also slowed more than expected, led by a sharper-than-expected deceleration in industrial activity. Growth continued to be subdued in the euro area (with Germany's performance lagging that of other euro area countries), largely reflecting continued weakness in manufacturing and goods exports even as consumption picked up in line with the recovery in real incomes. In Japan, output contracted mildly owing to temporary supply disruptions. By contrast, momentum in the United States remained robust, with the economy expanding at a rate of 2.7 percent in year-over-year terms in the third quarter, powered by strong consumption.

7. Global disinflation continues, but there are signs that progress is stalling in some countries and that elevated inflation is persistent in a few cases. The global median of sequential core inflation has been just slightly above 2 percent for the past few months. Nominal wage growth is showing signs of moderation, alongside indications of continuing normalization in labor markets. Although core goods price inflation has fallen back to or below trend, services price inflation is still running above pre-COVID-19 averages in many economies, most

notably the United States and the euro area. Pockets of elevated inflation,

reflecting a range of idiosyncratic factors, also persist in some emerging market and developing economies in Europe and Latin America.

8. Global financial conditions remain largely accommodative, again with some differentiation across jurisdictions. Equities in advanced economies have rallied on expectations of more business-friendly policies in the United States. In emerging market and developing economies, equity valuations have been more subdued, and a broad-based strengthening of the US dollar, driven primarily by expectations of new tariffs and higher interest rates in the United States, has kept financial conditions tighter. Economic policy uncertainty has increased sharply, especially on the trade and fiscal fronts, with some differentiation across countries. Expectations of policy shifts under newly elected governments in 2024 have shaped financial market pricing in recent months. Bouts of political instability in some Asian and European countries have rattled markets and injected additional uncertainty regarding stalled progress on fiscal and structural policies. Geopolitical tensions, including those in the Middle East, and global trade frictions remain elevated.

9. Energy commodity prices are expected to decline by 2.6 percent in 2025, more than assumed in October. This reflects a decline in oil prices driven by weak Chinese demand and strong supply from countries outside of OPEC+ (Organization of the Petroleum Exporting Countries plus selected nonmember countries, including Russia), partly offset by increases in gas prices as a result of colder-than-expected weather and supply disruptions, including the ongoing conflict in the Middle East and outages in gas fields. Nonfuel commodity prices are expected to increase by 2.5 percent in 2025, on account of upward revisions to food and beverage prices relative to the October 2024 WEO, driven by bad weather affecting large producers. Monetary policy rates of major central banks are expected to continue to decline, though at different paces, reflecting variations in growth and inflation outlooks. The fiscal policy stance is expected to tighten during 2025–26 in advanced economies including the United States and, to a lesser extent, in emerging market and developing economies.

10. Global growth is expected to remain stable, albeit lackluster. At 3.3 percent in both 2025 and 2026, the forecasts for growth are below the historical (2000–19) average of 3.7 percent and broadly unchanged from October. Among advanced economies, growth forecast revisions go in different directions. In the United States, underlying demand remains robust, reflecting strong wealth effects, a less restrictive monetary policy stance, and supportive financial conditions. Growth is projected to be at 2.7 percent in 2025. This is 0.5 percentage point higher than the October forecast, in part reflecting carryover from 2024 as well as robust labor markets and accelerating investment, among other signs of strength. Growth is expected to taper to potential in 2026.

11. In emerging market and developing economies, growth performance in 2025 and 2026 is expected to broadly match that in 2024. With respect to the projection in October, growth in 2025 for China is marginally revised upward by 0.1 percentage point to 4.6 percent. This revision reflects carryover from 2024 and the fiscal package announced in November largely offsetting the negative effect on investment from heightened trade policy uncertainty and property market drag. In 2026, growth is projected mostly to remain stable at 4.5 percent, as the effects of trade policy uncertainty dissipate and the retirement age increase slows down the decline in the labor supply. In India, growth is projected to be solid at 6.5 percent in 2025 and 2026, as projected in October and in line with potential.

12. World trade volume estimates are revised downward slightly for 2025 and 2026. The revision owes to the sharp increase in trade policy uncertainty, which is likely to hurt investment disproportionately among trade-intensive firms. That said, in the baseline, the impact of heightened uncertainty is expected to be transitory. Furthermore, the front-loading of some trade flows in view of elevated trade policy uncertainty, and in anticipation of tighter trade restrictions, provides some offset in the near term.

13. In the medium term, the balance of risks to the outlook is tilted to the downside, with global growth poised to be lower than its 2025–26 average and five-year-ahead forecasts at about 3 percent. Near-term risks, in contrast, could

reinforce divergences across countries: they are tilted to the upside in the United States, whereas downside risks prevail in most other economies amid elevated policy uncertainty and headwinds from ongoing adjustments (in particular, energy in Europe and real estate in China).

14. An intensification of protectionist policies, for instance, in the form of a new wave of tariffs, could exacerbate trade tensions, lower investment, reduce market efficiency, distort trade flows, and again disrupt supply chains. Growth could suffer in both the near and medium term, but at varying degrees across economies.

1.3 National Economic and Fiscal Overview.

15. Kenya's economic forecast appears optimistic, with an anticipated GDP growth rate of approximately 5.2% for the period of 2024-2026. This growth is largely attributed to a robust private sector and steady advancements in the services sector. However, there are lingering concerns about possible slowdowns stemming from global economic uncertainties and persistent drought conditions. In 2023, the country experienced a real GDP growth of 5.4%, an increase from 4.8% in 2022.

16. Kenya's business executives express confidence in the nation's economic outlook for 2025, attributing this positivity to favorable weather patterns and consistent global macroeconomic conditions. This optimism is bolstered by a stable Kenyan shilling, which is trading at an average of 129 against the U.S. dollar, alongside a low inflation rate of 3.3 percent recorded in January.

17. Agriculture plays an important role in Kenya's economy as a source of livelihoods, employment and economic growth. The sector is a key source of raw materials with forward and backward linkages with the other sectors of the economy such as manufacturing, and wholesale and retail trade. According to the Gross Domestic Product (GDP) figures released by the Kenya National Bureau of Statistics (KNBS) for the third quarter of 2024, the Agriculture, Forestry, and Fishing sector is projected to have experienced a growth of 4.2 percent, a decrease from the 5.1 percent growth recorded in the same quarter of

2023. This growth was primarily driven by favorable weather conditions during the first three quarters of 2024, along with government initiatives, particularly the distribution of subsidized fertilizer. The beneficial weather conditions facilitated the cultivation of essential crops, including sugarcane, and boosted milk production.

18. Kenya's inflation rate was recorded at 3.3 percent in January 2025, an increase from 3.0 percent in December 2024, yet it remained within the lower half of the target range of 5 ± 2.5 percent. Core inflation experienced a decrease to 2.0 percent in January, down from 2.2 percent in December, indicating subdued demand pressures within the economy. This reduction in core inflation was primarily driven by a decline in the prices of processed food items, notably sugar, maize, and wheat products. Conversely, non-core inflation rose to 7.1 percent in January, up from 5.2 percent in December, largely due to increased prices of food crops and related items, especially vegetables, influenced by seasonal factors. However, the moderation of non-core inflation was supported by lower energy and utility costs, attributed to reduced electricity and fuel prices. Overall, inflation is anticipated to stay below the mid-point of the target range in the near future, bolstered by stable core inflation, a projected easing of energy prices, and a stable exchange rate.

1.4 County Economic and Fiscal Overview, FY 2023/2024

19. The County's approved final supplementary budget for the fiscal year 2023/24 amounting to Kshs. 8.48 billion. This budget includes allocations of Kshs. 2.73 billion (32 percent) for development programs and Kshs. 5.75 billion (68 percent) for recurrent programs. The approved supplementary budget reflects a 0.3 percent increase from the previous fiscal year, which totaled Kshs. 8.45 billion, with Kshs. 2.63 billion designated for development expenditures and Kshs. 5.83 billion for recurrent expenditures.

20. To support the budget, the County anticipated receiving Kshs. 6.7 billion (79.3 percent) as its equitable share of nationally raised revenue, along with Kshs. 699.83 million (7.9 percent) in additional allocations or conditional grants.

Additionally, a cash balance of Kshs. 15.38 million (0.2 percent) was carried over from the fiscal year 2022/23, and the County aimed to generate Kshs. 1.07 billion (12.6 percent) in gross own-source revenue. This own-source revenue is comprised of Kshs. 536.36 million (50.3 percent) from the Facility Improvement Fund (revenue generated by health facilities) and Kshs. 530.07 million (49.7 percent) from ordinary own-source revenue. A detailed breakdown of the additional allocations and conditional grants can be found in the accompanying tables.

Table 1: Summary of Final 2 Supplementary Budget FY 2023/24

	Line Ministries/Departments	RECURRENT SUPPL 2	DEVELOPMENT SUPPL 2	TOTAL SUPPL 2	%
1	County Assembly Services	844,575,901	35,547,843	880,123,744	10%
2	Public Service & Administration	433,870,257	13,241,257	447,111,514	5%
3	Office of the Governor & Deputy governor	134,096,145	0	134,096,145	2%
4	County Public Service Board	69,612,544	0	69,612,544	1%
5	Finance & Economic Planning	292,450,154	112,129,705	404,579,859	5%
6	Health Services	2,600,210,375	295,766,624	2,895,976,999	34%
7	Agriculture, Livestock Development & Fisheries	155,249,979	511,787,023	667,037,002	8%
8	Education, Youth Affairs, Culture & Social Services	730,479,234	180,096,749	910,575,983	11%
9	Public Works, Roads & Transport	104,819,101	753,053,849	857,872,950	10%
10	Trade, Industrialization, Tourism, Wildlife & Cooperative Development	59,223,266	57,195,418	116,418,684	1%
11	Water, Energy, Natural Resources & Environment	174,261,279	572,570,050	746,831,329	9%
12	Land, Housing & Physical Planning	95,943,280	59,761,623	155,704,903	2%
13	Information, Communication & E-Government	58,786,604	45,514,841	104,301,445	1%
14	STRATEGIC INTERVENTION	0	94,524,931	94,524,931	1%
	TOTAL EXPENDITURE	5,753,578,119	2,731,189,913	8,484,768,032	100%

Table 2: Shows the expected sources of budget financing in the FY 2023/24

FINANCIAL YEAR 2023/24	Supplementary II
Revenue Description	
1.CRA Equitable share	6,703,129,925
2.Local Collections	530,071,600
3.Facility Improvement Fund & NHIF Rebates	536,355,000
4.CONDITIONAL GRANTS	-
Transfer of Library services	9,297,833
Livestock Value Chain Support Project	71,618,400
5. DONOR FUNDS	-
5A. DANIDA FUND	21,165,000

5B. Agricultural Sector development support Fund (ASDSP II)	1,527,779
5D. Kenya Devolution Support Project (world bank)	75,235,659
5E. Climate Smart Agriculture Project (world bank)	90,000,000
5H. IDA National Agricultural Value Chain Devt Project (NAVCDP)	200,000,000
5K. FLOCCA Grants to support climate change CCIR	203,392,898
5L. FLOCCA Grants to support climate change CCIs	11,000,000
5M. FLOCCA Grants to support climate change CCIs	15,096,989
PEPFAR Grants to County Government of Kericho	1,500,000
UNSPENT FUND	15,376,949
Gross Total	8,484,768,032

21. In the fiscal year 2023/24, the County received Kshs. 6.17 billion as its equitable share of nationally raised revenue, along with Kshs. 500.32 million in additional allocations and conditional grants. Additionally, there was a cash balance of Kshs. 15.38 million carried over from FY 2022/23, and the County generated Kshs. 841.93 million in own-source revenue (OSR). This OSR comprised Kshs. 482.26 million from the FIF and Kshs. 359.66 million from ordinary OSR. Consequently, the total funds available for budget implementation during this period reached Kshs. 7.52 billion.

Table 3: Analysis of Exchequer Releases per Quarter

	Kshs
Total Exchequer Releases for quarter 1	1,675,782,482
Total Exchequer Releases for quarter 2	1,106,016,438
Total Exchequer Releases for quarter 3	1,106,016,437
Total Exchequer Releases for quarter 4	2,279,064,175
Total	6,166,879,532

Table 4: Analysis Own Source Revenue by Streams

	REVENUE STREAM	ANNUAL PROJECTION FY 2023-24	Q1 ACTUAL	Q2 ACTUAL	Q3 ACTUAL	Q4 ACTUAL	YTD ACTUAL	VARIANCE
1	Hospital Payments -FIF	238,089,406	34,167,418	54,983,108	60,466,988	35,349,932	184,967,446	(53,121,960)
2	Market Fees	30,000,000	4,656,920	4,656,920	6,759,629	7,196,950	23,270,419	(6,729,581)
3	Land and Property Rates Fees	206,071,600	4,596,036	4,596,036	84,015,775	42,104,527	135,312,374	(70,759,226)
4	Bus Park Fees	25,000,000	4,113,310	4,113,310	3,678,010	5,033,560	16,938,190	(8,061,810)
5	Car Park Fees	15,000,000	3,911,700	3,911,700	2,293,300	2,719,950	12,836,650	(2,163,350)
6	Single Business Permit	100,000,000	3,905,200	12,052,910	43,897,655	16,910,900	76,766,665	(23,233,335)
7	House Rent Fees	15,000,000	2,122,423	2,122,423	952,500	5,826,500	11,023,846	(3,976,154)
8	Building Plan Approvals Fees	15,000,000	1,415,050	1,415,050	828,300	3,333,191	6,991,591	(8,008,409)
9	Forest Cess/Seedling Sale Yard	5,000,000	1,291,600	1,291,600	1,328,325	916,200	4,827,725	(172,275)
10	Quarry Stone Cess	5,000,000	864,300	864,300	2,695,500	1,267,000	5,691,100	691,100
11	Weights and Measures Fees	5,000,000	637,600	637,600	897,600	62,100	2,234,900	(2,765,100)
12	Advertisement, Branding and Billboard Fees	20,000,000	571,635	571,635	2,348,000	12,138,351	15,629,621	(4,370,379)
13	Stockyard Sales Fees	2,000,000	422,260	422,260	436,100	70,300	1,350,920	(649,080)
14	Kabianga Tea Farm Payments	5,000,000	400,000	400,000		500,000	1,300,000	(3,700,000)
15	Agriculture Livestock , Veterinary Payments and Machinery Services.	5,000,000	345,970	345,970	2,867,077	800,580	4,359,597	(640,403)
16	Produce Cess	5,000,000	339,380	339,380	1,870,820	656,400	3,205,980	(1,794,020)
17	Murram, Ballast , Sand & Scrap Metal Cess Fees	3,000,000	310,500	310,500	2,915,215	1,472,844	5,009,059	2,009,059
18	Slaughter House Operation Fees	2,000,000	307,600	307,600	104,350	71,580	791,130	(1,208,870)
19	Plot Rent	3,000,000	307,496	307,496	1,475,248	446,294	2,536,534	(463,466)
20	Refuse Fees	10,000,000	235,000	235,000	1,492,750	2,393,200	4,355,950	(5,644,050)
21	Inspection Fees	5,000,000	165,600	165,600	1,568,400	161,900	2,061,500	(2,938,500)
22	Signages Fees	10,000,000	160,000	160,000	1,462,800	2,658,050	4,440,850	(5,559,150)
23	Application/Registration Fees	5,000,000	150,800	150,800	1,870,260	142,000	2,313,860	(2,686,140)
24	Public Health Payments	5,000,000	126,500	126,500	980,740	209,200	1,442,940	(3,557,060)
25	Fire License Fees	8,000,000	122,000	122,000	1,770,340	3,713,200	5,727,540	(2,272,460)
26	Clamping, Fines and Impounding Fees	500,000	120,450	120,450	60,300	217,700	518,900	18,900
27	Nema Fees, Drilling Services	500,000	113,000	113,000	225,500	158,000	609,500	109,500
28	Survey Fees	1,000,000	103,000	103,000	463,780	61,600	731,380	(268,620)
29	Education Payment Fees	500,000	87,570	87,570	97,260	24,150	296,550	(203,450)

30	Business Permits Late Payment Penalties, Current Year	1,000,000	76,832	76,832	-	191,575	345,239	(654,761)
31	Hire Of Social Hall/Park & Stadium Fees	500,000	25,000	25,000	12,000	12,000	74,000	(426,000)
32	Reserved Parking Fees	3,000,000	6,500	6,500	1,050,000	26,000	1,089,000	(1,911,000)
33	Cemetery Fees	50,000	4,750	4,750	-	4,500	14,000	(36,000)
34	Boda Boda Payments	5,000,000	3,200	3,200	90,600	196,100	293,100	(4,706,900)
35	Alcoholic Drink License Fees	7,500,000	-	-	-	4,000,000	4,000,000	(3,500,000)
36	Audit Fees	100,000	-	-	-	-	0	(100,000)
37	Land Cultivation Fees	1,000,000	-	-	44,500	1,096,728	1,141,228	141,228
38	Tea Transport Cess fees	350,000	-	-	-	132,780	132,780	(217,220)
39	NHIF Rebates (A.I.A)	298,265,594	-	-	-	297,295,914	297,295,914	(969,680)
	TOTAL REVENUE STREAMS	1,066,426,600	66,186,600	95,150,000	231,019,622	449,571,756	841,927,978	(224,498,622)

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Table 5 Analysis of Donor Funds Receipts.

DONOR FUNDS	
DANIDA FUND	9,817,500
Agricultural Sector development support Fund (ASDSP)	1,527,779
Kenya Devolution Support Project (world bank)	75,235,660
Climate Change Institutional Support (World bank)	214,392,899
National Agricultural Value Chain Devt Project (NAVCDP)	199,344,800
	500,318,638

22. In the fiscal year 2023/24, the County achieved total revenue of Kshs. 841.93 million from its various sources, including the FIF. This figure marks a significant increase of 67.9 percent from the Kshs. 501 million collected in the fiscal year 2022/23. Additionally, it accounted for 78.9 percent of the annual revenue target and represented 13.7 percent of the equitable revenue share distributed during the same period.

23. In overall, actual income received by the County Treasury reflected a deficit of Kshs 960 million attributable to delayed releases by both the exchequer and the Donors Funds. Own source revenue target was not achieved by Kshs 224 million including the FIF and NHIF rebates.

County Expenditure Review

24. The County allocated Kshs.6.96 billion for both development and recurrent programs during the reporting period. This expenditure accounted for 97.2 percent of the total funds provided by the CoB, which included Kshs.1.69 billion for development initiatives and Kshs.5.27 billion for recurrent programs. The absorption rate for development programs was 61.7 percent, whereas recurrent expenditure reached 91.6 percent of the annual budget for recurrent expenses.

Expenditure by Economic Classification

25. An analysis of expenditures categorized by economic classification reveals that the County Executive expensed Kshs.3.19 billion for employee compensation, Kshs.1.28 billion for operations and maintenance, and Kshs.1.67 billion for development initiatives. In a similar vein, the County Assembly expended Kshs.362.27 million on employee compensation, Kshs.446.55 million

on operations and maintenance, and Kshs.11.33 million on development projects.

Revenue performance-July-December 2024

26. During the six-month period, the primary revenue source amounted to Kshs 3,332,713,748.00 from Equitable. Additionally, Own Source Revenue contributed Kshs 118,945,761.00, and there was an unspent balance carried over from the previous financial year totaling Kshs 19,860,584.30.

MONTH	EQUITABLE SHARE	OWN SOURCE REVENUE	UNSPENT BALANCE	DONOR FUNDS	TOTAL
JULY	536,250,393.00	19,788,600.00	19,857,609.50	0.00	575,896,602.50
AUGUST		21,747,161.00	2,974.80		21,750,135.80
SEPTEMBER	569,766,044.00	48,585,000.00	-		618,351,044.00
OCTOBER	536,250,394.00	16,849,000.00	-		553,099,394.00
NOVEMBER	1,106,016,438.00	8,328,000.00	-		1,114,344,438.00
DECEMBER	584,430,479.00	3,648,000.00	-		588,078,479.00
TOTAL	3,332,713,748.00	118,945,761.00	19,860,584.30	0.00	3,471,520,093.30

Own Source Revenue Collection July-December 2024

27. The analysis of revenues collected from County's local sources is as indicated in the table below from July to December 2024.

OWN SOURCE REVENUE FOR THE PERIOD JUL - DEC 2024						
S/NO.	REVENUE STREAM	ANNUAL PROJECTION FY 2024-25	Q1 ACTUAL	Q2 ACTUAL	YTD ACTUAL	%
1	Hospital Payments	646,355,000	55,149,736	260,693,059	315,842,795	49%
2	Single Business Permit	151,742,933	6,768,450	2,089,689	8,858,139	6%
3	Bus Park Fees	25,000,000	4,975,000	2,250,600	7,225,600	29%
4	Produce Cess	15,000,000	3,871,518	2,149,673	6,021,191	40%
5	Car Park Fees	21,000,000	3,349,890	1,005,600	4,355,490	21%
6	Market Fees	35,000,000	3,238,195	2,390,120	5,628,315	16%
7	House Rent Fees	9,000,000	3,146,460	2,919,600	6,066,060	67%
8	Land and Property Rates Fees	234,000,000	3,077,961	4,709,200	7,787,161	3%
9	Advertisement, Branding and Billboard Fees	7,000,000	1,760,335	931,130	2,691,465	38%
10	Quarry Stone Cess	10,000,000	1,107,430	900,027	2,007,457	20%
11	Forest Cess/Seedling Sale Yard	2,000,000	843,500	460,270	1,303,770	65%
12	Public Health Payments	3,000,000	634,449	560,300	1,194,749	40%
13	Agriculture Livestock , Veterinary Payments and Machinery Services.	2,000,000	499,750	289,570	789,320	39%
14	Refuse Fees	4,000,000	476,900	190,400	667,300	17%
15	Stockyard Sales Fees	1,800,000	429,594	236,150	665,744	37%
16	Slaughter House Operation Fees	2,000,000	406,255	260,040	666,295	33%
17	Building Plan Approvals Fees	12,000,000	319,600	496,100	815,700	7%
18	Application/Registration Fees	3,000,000	308,700	250,000	558,700	19%
19	Fire License Fees	5,000,000	275,500	160,270	435,770	9%
20	Alcoholic Drink License Fees	5,000,000	205,449	192,340	397,789	8%
21	Signages Fees	1,000,000	181,300	147,200	328,500	33%
22	Plot Rent	600,000	154,971	113,500	268,471	45%
23	Inspection Fees	3,000,000	146,600	90,800	237,400	8%
24	Business Permits Late Payment Penalties, Current Year	2,000,000	122,958	44,850	167,808	8%
25	Clamping, Fines and Impounding Fees	1,000,000	121,900	78,900	200,800	20%
26	Land Cultivation Fees	600,000	103,200	109,200	212,400	35%
27	Murram, Ballast , Sand & Scrap Metal Cess Fees	7,500,000	102,300	609,880	712,180	9%
28	Reserved Parking Fees	3,000,000	98,000	52,200	150,200	5%
29	Tea Transport Cess fees	250,000	85,300	54,000	139,300	56%
30	Noise Control Fee	250,000	41,000	86,500	127,500	51%
31	Hire Of Social Hall/Park & Stadium Fees	300,000	38,200	80,500	118,700	40%
32	Survey Fees	300,000	24,720	126,500	151,220	50%

33	Boda Boda Payments	2,400,000	5,800	3,400	9,200	0%
34	Weights and Measures Fees	4,000,000	551,800	164,110	715,910	18%
	TOTAL REVENUE STREAMS	1,220,097,933	92,622,721	284,895,678	377,518,399	31%

APPROVED

28. Based on this analysis, during the first half of the year, the County achieved 31% of its Own Source Revenue target of Kshs. 1.22 billion, which includes Local Collections, NHIF rebates, and FIF. Although hospital payments constituted the largest portion of revenue, it was not the most effective revenue stream during this timeframe. This stream accounted for 49% (Kshs.

315,842,795) of the County's Own Source Revenue over the six-month period. Following this were revenues from Single Business Permits, Market Fees, Land and Property Rates Fees, and Bus Park Fees.

County 2023/24 First Half-year expenditure performance

29. The total expenditure for the first half of the FY 2023/24 is Kshs 2,050 million which comprised of recurrent and development expenditure excluding the County Assembly.

30. The table below shows the expenditures per department and by programme and sub programme.

APPROVED

BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES REPORT AS AT 31ST DECEMBER, 2024 (HALY-YEAR FY 2024/25)								
DEPARTMENT: EXECUTIVE OFFICE OF THE GOVERNOR								
Programme	Sub-Programme	Approved Original Budget Estimates FY 2024/25 (Kshs.)			Actual Expenditure Jul 24 - Dec 24 (Kshs.)		Absorption Rate	
		Recurrent Expenditure	Development Expenditure	Gross	Recurrent Expenditure	Development Expenditure	Rec	Dev
County Coordination Services	County Coordination Services	149,275,697	-	149,275,697	49,075,393	-	33%	
		149,275,697	-	149,275,697	49,075,393	-	33%	
DEPARTMENT: FINANCE AND ECONOMIC PLANNING								
Administration, Planning and Support Services.	Administration Services.	267,873,400	-	267,873,400	69,042,475	-	26%	0%
Administration, Planning and Support Services.	Monitoring Budget Implementation and Reporting	33,200,000	33,984,012	67,184,012	10,820,506	-	33%	0%
Public Finance Management	Budget Formulation co-odination and management	16,750,000	200,000,000	216,750,000	4,434,040	49,982,334	26%	25%
Audit Services	County Audit	6,350,000	-	6,350,000	3,167,010	-	50%	
		324,173,400	233,984,012	558,157,412	87,464,031	49,982,334	27%	21%
DEPARTMENT: AGRICULTURE, LIVESTOCK AND FISHERIES								
Policy, Strategy and Management of Agriculture	Development of Agricultural Policy, Legal & Regulatory framework.	50,298,002	-	50,298,002	24,629,113	-	49%	
Crop Development and Management	Agriculture Extension Services	60,708,413	333,847,764	394,556,177	17,216,355	24,426,164	28%	7%
Livestock Resource Management and Development	Livestock Disease Management and Control.	-	76,765,387	76,765,387	-	12,895,585		17%
Livestock Resource Management and Development	Livestock Production and Extension Services	37,919,501	-	37,919,501	12,291,987	-	32%	
Fisheries development	Management and Development of Capture Fisheries	7,400,131	5,650,000	13,050,131	502,100	-	7%	0%
Cooperative development and management	Cooperative Advisory & Extension Services.	11,713,870	31,279,276	42,993,146	445,150	3,074,775	4%	
		168,039,917	447,542,427	615,582,344	55,084,705	40,396,524	33%	9%
DEPARTMENT: WATER, ENERGY, NATURAL RESOURCES AND ENVIRONMENT								

Environment policy development and coordination	Planning Coordination Policy and Administrative Services	147,738,287	25,000,000	172,738,287	61,233,763	-	41%	0%
Water supply services	Rural Water Supply	13,256,328	477,332,222	490,588,550	-	212,062,998	0%	44%
		160,994,615	502,332,222	663,326,837	61,233,763	212,062,998	38%	42%
DEPARTMENT: EDUCATION, YOUTH AFFAIRS, CULTURE AND SOCIAL SERVICES								
General Administration & planning services.	Policy Development and Administration	557,680,800	21,421,054	579,101,854	194,688,909	4,941,500	35%	23%
Basic Education	Early Childhood Development Education	197,391,728	101,236,444	298,628,172	954,500	18,128,643	0%	18%
Gender and Social Development	Social Welfare Services/Social Infrastructure Development	3,100,000	13,000,000	16,100,000	1,071,100	-	35%	0%
Youth development and empowerment services	Youth development (YP) Training	-	66,000,000	66,000,000	-	5,045,535		8%
		758,172,528	201,657,498	959,830,026	196,714,509	28,115,679	26%	14%
DEPARTMENT: HEALTH SERVICES								
Curative Health	Administration and Planning	1,556,587,353	137,741,103	1,694,328,456	507,457,801	50,985,357	33%	37%
Curative Health	Hospital (curative) Services	-	-	-	-	-		
Preventive and Promotive Health	Preventive Medicine and Promotive Health	1,322,512,715	109,898,672	1,432,411,387	178,812,948	49,698,615	14%	45%
		2,879,100,068	247,639,775	3,126,739,843	686,270,749	100,683,972	24%	41%
DEPARTMENT: LANDS, HOUSING AND PHYSICAL PLANNING								
Administration and support services	General Administration and Planning	86,480,578	110,550,249	197,030,827	21,445,474	11,498,900	25%	10%
Housing Development and Human Resource	Housing Development	9,879,309	23,106,250	32,985,559	4,539,550	7,384,850	46%	32%
Land policy and planning	Development Planning and Land Reforms	27,145,730	17,001,700	44,147,430	10,498,411	4,974,800	39%	29%
Land policy and planning	Land Use Planning	5,652,443	39,855,800	45,508,243	2,826,211	2,987,603	50%	7%
		129,158,060	190,513,999	319,672,059	39,309,646	26,846,153	30%	14%
DEPARTMENT: PUBLIC WORKS, ROADS AND TRANSPORT								
Transport Management and safety	General Administration Planning and Support Services	85,212,784	-	85,212,784	29,653,228	-	35%	
Infrastructure, Roads and Transport	Rehabilitation of Road	3,400,000	717,155,412	720,555,412	1,598,100	188,106,024	47%	26%

Infrastructure, Roads and Transport	Maintenance of Roads and Bridges/Periodic Maintenance	6,195,958	38,000,000	44,195,958	1,539,176	-	25%	0%
		94,808,742	755,155,412	849,964,154	32,790,504	188,106,024	35%	25%
DEPARTMENT: TRADE, INDUSTRIALISATION, TOURISM, WILDLIFE AND COOPERATIVE MANAGEMENT								
Trade development and investment	Fair trade Practices and Consumer Protection (weight & measures)	19,160,892	353,856,453	373,017,345	6,949,442	13,695,932	36%	4%
Trade development and investment	Administrative and Support Services.	37,725,234	2,000,000	39,725,234	12,251,757	-	32%	0%
Tourism development and marketing	Local Tourism Development.	6,772,961	9,000,000	15,772,961	1,573,144	-	23%	
		63,659,087	364,856,453	428,515,540	20,774,342	13,695,932	33%	4%
DEPARTMENT: ICT AND E-GOVERNMENT								
Information & Communication Service	News and Information Services	71,126,262	-	71,126,262	21,274,586	-	30%	0%
Information & Communication Service	ICT and BPO development services	-	40,000,000	40,000,000	-	8,860,543	0%	22%
Youth development and empowerment services	Youth development (YP) Training	-	-	-	-	-	0%	
		71,126,262	40,000,000	111,126,262	21,274,586	8,860,543	30%	22%
DEPARTMENT: COUNTY PUBLIC SERVICE BOARD								
Administration of Human Resources and Public Service	Establishment, Appointment, Discipline and Board Management.	82,743,700	-	82,743,700	23,517,429	-	28%	
		82,743,700	-	82,743,700	23,517,429	-	28%	
DEPARTMENT: PUBLIC SERVICE MANAGEMENT								
Administration of Human Resources and Public Service	General Administration, Planning and Support Services	300,473,380	20,950,340	321,423,720	87,119,339	1,886,643	29%	9%
Administration of Human Resources and Public Service	Human Resource Development	97,013,853	-	97,013,853	19,420,771	-	20%	
		397,487,233	20,950,340	418,437,573	106,540,110	1,886,643	27%	9%
County Executive Grand Total		5,278,739,309	3,004,632,138	8,283,371,447	1,380,049,767	670,636,801	26%	22%

CHAPTER THREE

3.0 BUDGET THEME: FINANCIAL PLANNING FOR ECONOMIC GROWTH.

3.1 Overview

31. This chapter provides the details for overall spending priorities of the county government. It also describes the sectoral spending priority programmes and projects for the remaining MTEF period.

32. The Annual Development Plan for 2025/2026 outlines the key activities, projects, and programs that different departments will focus on during the planning period. This is essential for guiding the distribution of resources across various sectors, projects, and programs.

33. The medium-term budget framework for the period 2025/26 to 2027/28 has been designed to emphasize fiscal consolidation while directing resources towards fostering economic recovery.

3.2 County Strategic Objectives

3.2.1 Agriculture and Livestock

34. Agriculture continues to be a fundamental component in achieving the Bottom Economic Transformation Agenda's goal of providing employment and livelihoods for a significant portion of the Kenyan population.

35. The Government will focus on aligning all agricultural policies in the medium term to enhance food production, improve smallholder productivity, and lower food costs. The initiatives under the Agricultural Transformation and Inclusive Growth Pillar will specifically aim to: tackle the cost, quality, and availability of agricultural inputs; decrease food prices and the overall cost of living; reduce the number of food-insecure individuals in Kenya; enhance productivity within key food value chains; improve access to affordable credit and agricultural extension services; generate both direct and indirect employment opportunities; increase the average daily income of farmers and boost foreign exchange earnings; and revitalize struggling and defunct export crops while promoting emerging agricultural sectors.

36. The County plans to leverage available land to improve food security and foster wealth creation for the residents of Kericho in the fiscal year 2025/2026. The sector will persist in delivering efficient and effective services in agriculture, livestock, and fisheries, with a focus on enhancing food security. Additionally, it will promote the use of affordable agricultural land and improve operational efficiency on farms through effective crop management. Veterinary services will continue to play a crucial role in preventing and controlling disease transmission both within the county and from neighboring areas. Furthermore, the initiative will provide animal health, extension, and welfare services, aiming to enhance household livelihoods through income-generating activities, cooperative marketing, and value addition.

3.2.2 Health and Sanitation

37. The Constitution of Kenya ensures that all citizens have the right to the highest standards of health. Consequently, the Kenya Kwanza Administration has prioritized healthcare delivery as a fundamental component of the Bottom-Up Economic Transformation Agenda. To achieve Universal Health Coverage, the Government has initiated several measures, including: i) establishing a fully publicly funded primary healthcare system, an emergency care fund, and a health insurance fund to cover all Kenyans, ii) implementing a digital health management information system, iii) creating a Fund dedicated to enhancing health facilities, iv) launching an Emergency Medical Treatment Fund, v) instituting a National Insurance Fund that encompasses all Kenyans, and vi) ensuring the availability of medical personnel to facilitate Universal Health Coverage.

38. Access to quality and affordable healthcare is essential for socio-economic progress. Both National and County Governments have distinct yet complementary roles in achieving quality, efficient, and affordable Universal Health Coverage for all Kenyans. The county government is dedicated to bolstering the health sector by ensuring sufficient human resources, financing

healthcare, providing necessary commodities, and developing the required infrastructure.

39. In the upcoming fiscal year 2025/26, the Department will continue to improve healthcare access within the County. Community Health Promoters have been engaged and will persist in advocating for healthy living practices in our rural communities.

3.2.3 Education, Social Protection, Culture and Recreation

40. This sector is tasked with the coordination of preprimary and vocational training, social security services, as well as the development of sports talent and the arts. It fulfills its responsibilities through various programs, including County Pre-Primary Education, Vocational Education, Youth Training and Development, and County Social Security and Services, along with General Administration, Planning, and Support Services. The sector aims to cultivate an educated, socially secure, and empowered population.

41. Education and training serve as crucial components of the Government's Bottom-Up Economic Transformation Agenda aimed at fostering inclusive growth. Consequently, the Government has made significant investments in education to ensure that learners, from pre-primary through tertiary levels, acquire the essential skills and competencies needed to contribute effectively to national development and benefit from shared prosperity.

42. The County government is dedicated to providing equipment for individuals with disabilities (PWDs). Additionally, the Government has placed a strong emphasis on human capital development by investing in high-quality and relevant education, which includes revitalizing the Vocational Education and Training (TVET) sector.

3.2.4 Transport, Public Works, Infrastructure, Energy and ICT

43. Infrastructure plays a crucial role in facilitating the implementation of BETA by providing affordable public utilities and essential services aimed at

fostering socio-economic transformation throughout the nation. Consequently, the Government will increase its investments in the following areas: the construction of water pans, small, large, and mega dams along with related irrigation systems; the expansion of the road and transport network; the enhancement of clean energy generation and distribution capabilities; and the exploration and commercialization of oil and gas. These initiatives are intended to create a supportive environment for inclusive green growth, improve Kenya's competitiveness, and promote cross-border trade and regional integration. Additionally, these infrastructure projects are designed to stimulate business development, attract private investment, and contribute to sustainable economic growth and poverty alleviation.

44. Enhanced road infrastructure is essential for fostering socio-economic growth. Investments in the road sector, particularly where the majority of County roads are accessible, have significantly improved connectivity and accessibility. Additionally, the installation of high mast floodlights has extended business hours, leading to increased household incomes.

45. The Government is committed to reinforcing the institutional framework for road development to expedite the completion of both new and delayed road construction projects, addressing the needs of the expanding population. To optimize resource utilization, the Government will ensure that all projects are finalized within a two-year timeframe, prohibiting the initiation of new projects until existing ones are completed. In the medium term, the focus will be on upgrading and maintaining rural access roads to facilitate quicker and more cost-effective transportation of agricultural products to markets.

46. During the planning period, the sector's main objectives include the opening of access roads, routine maintenance of existing roads, oversight of construction activities, and provision of mechanical services. The department's key priorities for the fiscal year 2025/26 will encompass: regular maintenance of current earth and gravel roads; enhancement and completion of selected county roads to bitumen standards; construction of footbridges; building of box culverts; and procurement of machinery for road construction and maintenance.

47. The Government acknowledges that the digital economy represents a significant opportunity for growth, productivity, and competitiveness. To solidify Kenya's position in the digital economy, the Government, through the BETA initiative, has committed to several actions, including: i) fostering investment in the digital superhighway and creative sectors; ii) facilitating the expansion of the National Optic Fiber Backbone infrastructure to guarantee universal broadband access; and iii) digitizing and automating all essential Government processes nationwide to enhance convenience for citizens.

3.2.5 Trade, Innovation, Industrialization and Tourism

48. The Micro, Small, and Medium Enterprise (MSME) sector plays a crucial role in the Bottom-Up Economic Transformation Agenda, acting as a catalyst for inclusive green growth and development. It creates job opportunities and income for marginalized groups, including youth, women, individuals with disabilities, and those with limited skills. However, the sector encounters several obstacles, such as difficulties in obtaining financing, insufficient infrastructure, regulatory and compliance issues, restricted market access, competition, skill deficits, and inadequate institutional support and networking. To tackle these challenges and enhance the MSME landscape, the Government has implemented various reforms. These include the establishment and enhancement of the Financial Inclusion Fund, commonly referred to as the Hustler Fund, aimed at providing affordable credit; initiatives for capacity building; market linkages; and efforts to empower MSMEs to engage in economic activities within the building and construction value chains, as well as reserving specific aspects of low-cost housing projects for MSMEs..

49. In the fiscal year 2025/26, the department will persist with its market modernization initiative. To enhance the capabilities of the residents of Kericho County, the department will maintain its financial support for innovative projects within the county.

3.2.6 Lands, Housing and Physical Planning

50. The Government is dedicated to realizing the constitutional right to accessible and adequate housing, which serves as a fundamental element of the Bottom-Up Economic Transformation Agenda. To this end, the Affordable Housing Programme aims to provide support for the construction of affordable homes for Kenyans annually, thereby enhancing the availability of affordable housing. The Government is making significant progress in facilitating the delivery of these homes and promoting low-cost housing mortgages.

51. Rural housing is significantly influenced by swift urbanization, migration from rural to urban areas, and a shortage of affordable housing options. In many rural regions, housing quality falls short of established standards and lacks essential sanitation facilities. To enhance rural housing and settlement, the Government is committed to ensuring that urbanization is systematically planned and regulated through an integrated land use planning and development program being implemented nationwide, across all counties. Key initiatives will focus on facilitating the construction of affordable housing projects utilizing local materials, supporting the development of planned rural settlements with necessary infrastructure, and promoting climate-resilient housing designs to encourage inclusive green growth and reduce the gap between urban and rural areas.

52. Land serves as a vital factor of production, playing an essential role in economic, social, political, and cultural advancement. Ensuring secure access to land and its sustainable utilization is crucial for generating employment, ensuring food security, and fostering the socio-economic growth of the county.

3.2.7 Environment, Water and Natural Resources

53. The management of water, environmental resources, and climate change is a devolved sector with responsibilities assigned to county governments as outlined in Article 185 of the Constitution of Kenya (2010). This constitution also recognizes access to water and a healthy environment as fundamental rights for all citizens.

54. In Kenya, over 90 percent of agricultural production relies on rain-fed systems, with only 20 percent of land classified as suitable for such agriculture. The remaining land necessitates irrigation to achieve optimal yields due to insufficient rainfall. To improve access to safe water for domestic, agricultural, and industrial purposes, the Government has made notable advancements by introducing the Water (Amendment) Bill, 2023, which aims to encourage private sector investment in the water industry through Public-Private Partnerships (PPPs).

55. Ensuring a sufficient supply of clean water is essential for fulfilling the objectives outlined in the County Government of Kericho's manifesto. Access to safe drinking water and sanitation significantly contributes to enhancing primary healthcare and boosting labor productivity.

3.2.8 Finance, Administration, and Intergovernmental Relations

56. The public administration sector serves as a crucial foundation for the county's service delivery framework. It is responsible for providing leadership, oversight, and policy guidance at the county level; ensuring responsible management of public finances to promote transparency and accountability; coordinating development planning across the county and various sectors; managing population policies; ensuring the effective and efficient operation of county public services; and establishing a robust legislative and regulatory framework.

57. The County Treasury plans to transition to a digital platform for revenue collection to minimize revenue losses. Key components of this automation include the introduction of pay-bills for health facilities and other departmental revenue sources, as well as the integration of the County Revenue Management System with banks involved in revenue collection. The focus will also be on budget coordination and management, which entails consolidating and preparing annual budget estimates, submitting them to the county assembly for approval, drafting Appropriation Bills and Acts, preparing and publishing the

County Budget Review and Outlook Paper, and enhancing the capacity of county employees through training on budget processes. Additionally, resource mobilization will be pursued by organizing and participating in county, national, and international conferences.

58. The department will prioritize the establishment of a comprehensive asset register for the county, the development of a risk policy document, and the formulation and implementation of an Asset Management Policy. It will also focus on settling pending bills while ensuring compliance with both international and national accounting standards. Effective debt management is a key aspect of this County Fiscal Strategy Paper (CFSP), as the County Government aims to eliminate pending bills entirely.

59. To enhance expenditure control and improve the efficiency of public spending, efforts will be made to strengthen systems and implement Public Financial Management (PFM) reforms. This initiative aims to increase transparency and accountability, thereby creating fiscal space for financing priority programs. The focus will be on expediting the review of reports related to budget implementation and the audited accounts of the county and its agencies. .

CHAPTER FOUR

4.0 FISCAL POLICY AND BUDGET FRAMEWORK FOR 2025/26 - 2027/28

4.1 Overview

60. The priorities established in the Medium-Term Plan of Kenya Vision 2030, the BETA agenda, and the Third County Integrated Development Plan will inform the formulation of sector priorities, policies, plans, and the monitoring and evaluation processes for the County MTEF budget for the fiscal years 2025/26 to 2027/28.

4.2 Strategic Priorities and Interventions

61. The primary objective of the county government is to elevate the quality of life for the residents of Kericho County. Consequently, the strategic priorities and policy goals outlined in the CFSP have been organized as follows:

Strategic Priority 1: Improved access to Quality Health Care and the implementation of universal health coverage for residents.

Strategic Priority 2: Advancement of Food Security initiatives.

Strategic Priority 3: Comprehensive promotion of Infrastructural development across the county.

Strategic Priority 4: Ensuring the supply and accessibility of quality basic services.

Strategic Priority 5: Increasing efficiency and effectiveness in service delivery.

4.3 Fiscal Responsibility Principles for the County Government

62. In line with the Constitution, the Public Finance and Management Act, 2012 sets out the fiscal responsibility principle to ensure that prudent and transparent management of public resources. The PFM law (Section 107) states that:

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

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

(a) the county government's recurrent expenditure shall not exceed the county government's total revenue;

(b) over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure;

(c) the county government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the county government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly;

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

(e) the county debt shall be maintained at a sustainable level as approved by county assembly;

(f) the fiscal risks shall be managed prudently; and

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

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

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

4.4 Fiscal Policy Framework

63. Budget estimates for the fiscal year 2025/2026 and the Medium-Term Expenditure Framework (MTEF) will be formulated in alignment with the priorities established in the Third County Integrated Development Plan, the Budget Policy Statement (BPS 2025), the BETA agenda, the Medium Term Plan (MTP V), Kenya Vision 2030, and the Governor's manifesto.

4.5 Debt Management Strategy

64. The County Government recognizes the regulations outlined in the PFM Act of 2012 concerning deficit financing and borrowing, and is committed to complying with these legal requirements. According to Section 107(3)(4) of the PFM Act, it states that:

- Short-term borrowing, as referenced in subsection (2)(d), is limited to cash flow management and must not exceed five percent of the latest audited revenue of the county government.

65. The County Government will maintain its focus on settling all outstanding bills from various departments prior to initiating new projects and programs within those departments.

4.6 FY 2025/26 Budget Framework

66. The budget framework for 2025/26 is established within the context of the medium-term fiscal framework, aligning with the strategic objectives and priorities of the county government as detailed in the CIDP III, as well as the overarching development policies presented in the Governor's manifesto.

4.7 Revenues projections

67. In FY 2025/26, the County Government targets to raise a total revenue of Kshs. 9.294 billion; Total equitable share of Kshs 7.045 billion, Donor funds Kshs 842.6 million, Conditional grants at Kshs 145.6 million and county own source revenue of Kshs 1.261 billion.

68. The table below provides a summary of all expected sources of revenue and the amounts: -

COUNTY GOVERNMENT OF KERICHO					
FINANCIAL YEAR 2023/24	Current revenue	Projected revenue	Projected revenue	Projected revenue	% Ratio
SOURCES OF REVENUE	2024/25	2025/26	2026/27	2027/28	2025/26
Revenue Description					
1.CRA Equitable share	6,962,657,506	7,045,353,542	7,115,807,077	7,186,965,148	76.67%
2.Local Collections	573,742,933	736,948,994	637,428,399	643,802,683	6.87%
3.Facility Improvement Fund	646,355,000	524,245,582	529,488,038	555,962,440	5.71%
4.CONDITIONAL GRANTS					
4A. Routine Maintenance Fuel Levy Fund	169,758,085	-	-	-	
4B. User fee Reimbursement	-	-	-	-	0.00%
4C. Development of Youth polytechnics fund	-	-	-	-	0.00%
4D.County Aggregated Industrial Parks	250,000,000	100,000,000	100,000,000	100,000,000	1.09%
4E. County health promoters	45,690,000	45,690,000	45,690,000	45,690,000	0.50%
5. DONOR FUNDS					
5A. DANIDA FUND	8,287,500	8,287,500	8,287,500	8,287,500	0.09%
5B. Agricultural Sector development support Fund(ASDSP II)	-	-	-	-	0.00%
5C. Transformative health system (world bank)	-	-	-	-	0.00%
5D. Kenya Devolution Support Project 11 (world bank)UIG	37,500,000	37,500,000	37,500,000	37,500,000	0.41%
5E. Kenya Devolution Support Project 11 (world bank) UDG	-	352,500,000	352,500,000	352,500,000	3.84%
5F. Kenya Urban Support Program UDG (SIDA)	43,550,249	43,550,249	43,550,249	43,550,249	
5F. Kenya Urban Support Program UIG (SIDA)	35,000,000	35,000,000	35,000,000	35,000,000	
5K. FLOCCA Grants to support climate change CCIs	-	-	-	-	0.00%
5L. FLOCCA Grants to support climate change CCIs	11,000,000	-	-	-	0.00%
5M. FLOCCA Grants to support climate change CCIR	203,392,898	203,392,898	203,392,898	203,392,898	2.21%
5N. FLOCCA Grants to Support Climate Change CCIR (UNSPENT DONOR)	68,750,000	-	-	-	0.00%
IDA National Agricultural Value Chain Devt Project(NAVCDP)	151,515,152	151,515,152	151,515,152	151,515,152	1.65%
SWEDEN Kenya Agricultural Business Dev't Project(KABDP)	10,918,919	10,918,919	10,918,919	10,918,919	0.12%
	-	-	-	-	
Total	9,218,118,242	9,294,902,836	9,271,078,232	9,375,084,988	100.00%

4.8 Resource Envelope and Allocation Criteria

69. The allocation of resources among departments is guided by principles of fiscal responsibility, with a distribution aimed at addressing recurrent and development expenditures in a ratio of 70% to 30%, respectively.

70. Criteria for Resource Allocation

- i. Non-discretionary expenditures: Within the recurrent expenditure category, non-discretionary costs, which include statutory obligations such as salaries, gratuities, and pensions, are prioritized.
- ii. Development expenditures are allocated based on the priorities outlined in the County Integrated Development Plan (CIDP) and strategic initiatives designed to enhance revenue generation and stimulate economic growth, as specified in National Government Policies and the Governor's Manifesto. Development expenditures are projected to account for 31 percent.
- iii. Ongoing projects: There is a strong focus on completing ongoing projects that significantly impact poverty alleviation, address social injustices, and promote employment and wealth creation.
- iv. Infrastructure projects: The County government is dedicated to enhancing infrastructure, prioritizing the construction of roads, the development of water and sanitation systems, and the establishment of community hospitals and health centers, among other initiatives.

4.9 Expenditure Forecast

71. The County government's expenditure will be directed by the Annual Development Plan for 2025/2026 and CIDP III, which detail the proposed projects for implementation. The overall budget for the County is projected at Kshs. 9.294 billion, with Kshs. 6.303 billion allocated for recurrent expenses and Kshs. 2.991 billion for development projects. This allocation represents 68 percent for recurrent expenditures and 32 percent for development expenditures.

4.10 Medium- Term Expenditure Baseline Ceilings

72. The County is dedicated to enhancing the execution and absorption capacity of its projects. Given the stringent fiscal constraints associated with budget preparation, departments will be required to streamline and prioritize their expenditures and programs to align with the limits set by the CFSP.

73. The table below show the ceilings for the 2025/26 budget and projections of the medium term for global, recurrent and development respectively.

APPROVED

1. Global Consolidated Forecast.

	COUNTY GOVERNMENT OF KERICHO					
	CONSOLIDATED SUMMARY					
	Line Ministries/Departments	TOTAL EXPENDITURE				% OF ALLOCATION
		24-25	25-26	26-27	27-28	24-25
1	County Assembly Services	934,746,795	929,485,527	767,267,058	767,267,058	9%
2	Public Service & Administration	418,437,573	955,310,048	567,500,725	597,325,668	10%
3	Office of the Governor & Deputy governor	149,275,697	153,529,508	161,205,983	169,266,283	2%
4	County Public Service Board	82,743,700	85,743,700	97,380,885	102,249,929	1%
5	Finance & Economic Planning	358,157,412	452,224,193	571,793,366	656,968,802	5%
6	Health Services	3,126,739,843	3,283,573,150	3,050,000,183	3,034,762,085	36%
7	Agriculture, Livestock Development & Co-operative Development	615,582,344	425,037,542	756,209,374	619,206,197	5%
8	Education, Libraries, Culture & Social Services	959,830,026	824,288,960	916,297,620	949,906,713	9%
9	Public Works, Roads & Transport	849,964,154	642,713,276	488,820,734	656,796,937	5%
10	Trade, Innovation, Industrialization, Tourism & Wildlife	428,515,540	256,462,598	632,520,205	544,267,384	3%
11	Water, Energy, Natural Resources & Environment	663,326,837	585,937,543	461,620,736	460,778,473	6%
12	Land, Housing & Physical Planning	189,766,052	209,766,052	218,246,122	217,128,243	2%
13	Information, Communication & E-Government	111,126,262	184,626,262	320,228,302	333,674,931	3%
14	Kericho Municipal Board	106,228,128	110,549,598	80,649,316	83,431,782	1%
15	Litein municipal Board	23,677,879	45,654,879	31,337,623	32,054,504	1%
16	STRATEGIC INTERVENTION	200,000,000	150,000,000	150,000,000	150,000,000	2%
	TOTAL EXPENDITURE	9,218,118,242	9,294,902,836	9,271,078,232	9,375,084,989	100%

2. Recurrent Expenditure

	Line Ministries/Departments	RECURRENT EXPENDITURE				% OF ALLOCATION
		24-25	25-26	26-27	27-28	24-25
1	County Assembly Services	844,575,901	829,314,633	753,482,865	753,482,865	15%
2	Public Service & Administration	397,487,233	531,859,708	558,452,693	586,375,328	7%
3	Office of the Governor & Deputy governor	149,275,697	153,529,508	161,205,983	169,266,283	3%
4	County Public Service Board	82,743,700	85,743,700	97,380,885	102,249,929	1%
5	Finance & Economic Planning	324,173,400	407,083,943	467,432,070	538,389,442	6%
6	Health Services	2,879,100,068	2,923,035,650	2,605,749,145	2,632,223,547	46%
7	Agriculture, Livestock Development & Co-operative Development	168,039,917	170,039,917	229,358,320	291,642,643	3%
8	Education, Libraries, Culture & Social Services	758,172,528	620,173,198	672,181,858	705,790,951	10%
9	Public Works, Roads & Transport	94,808,742	96,991,918	101,841,514	106,933,589	2%
10	Trade, Innovation, Industrialization, Tourism & Wildlife	63,659,087	68,659,087	72,092,041	75,696,643	1%

11	Water, Energy, Natural Resources & Environment	160,994,615	174,433,093	183,154,748	192,312,485	3%
12	Land, Housing & Physical Planning	79,802,302	84,802,302	89,042,417	93,494,538	2%
13	Information, Communication & E-Government	71,126,262	91,126,262	169,182,575	177,641,704	1%
14	Kericho Municipal Board	42,677,879	52,999,349	55,649,316	58,431,782	0%
15	Litein municipal Board	6,677,879	13,654,879	14,337,623	15,054,504	0%
	TOTAL EXPENDITURE	6,123,315,210	6,303,447,147	6,230,544,054	6,498,986,233	100%

3. Development Expenditure

	Line Ministries/Departments	DEVELOPMENT EXPENDITURE				
		24-25	25-26	26-27	27-28	24-25
1	County Assembly Services	90,170,894	100,170,894	13,784,193	13,784,193	1%
2	Public Service & Administration	20,950,340	423,450,340	9,048,032	10,950,340	15%
3	Office of the Governor & Deputy governor	-	-	-	-	0%
4	County Public Service Board	-	-	-	-	0%
5	Finance & Economic Planning	33,984,012	45,140,250	104,361,296	118,579,360	2%
6	Health Services	247,639,775	360,537,500	444,251,038	402,538,538	15%
7	Agriculture, Livestock Development & Co-operative Development	447,542,427	254,997,625	526,851,054	327,563,554	9%
8	Education, Libraries, Culture & Social Services	201,657,498	204,115,762	244,115,762	244,115,762	5%
9	Public Works, Roads & Transport	755,155,412	545,721,358	386,979,220	549,863,348	12%
10	Trade, Innovation, Industrialization, Tourism & Wildlife	364,856,453	187,803,511	560,428,164	468,570,741	7%
11	Water, Energy, Natural Resources & Environment	502,332,222	411,504,450	278,465,988	268,465,988	15%
12	Land, Housing & Physical Planning	109,963,750	124,963,750	129,203,705	123,633,705	5%
13	Information, Communication & E-Government	40,000,000	93,500,000	151,045,727	156,033,227	4%
14	Kericho Municipal Board	63,550,249	57,550,249	25,000,000	25,000,000	2%
15	Litein municipal Board	17,000,000	32,000,000	17,000,000	17,000,000	1%
16	STRATEGIC INTERVENTION	200,000,000	150,000,000	150,000,000	150,000,000	7%
	TOTAL EXPENDITURE	3,094,803,032	2,991,455,689	3,040,534,178	2,876,098,756	100%

8.0 CONCLUSION

74. Public engagement took place throughout the County, encompassing all six Sub counties, where the community identified specific projects. These initiatives will be integrated into the relevant line ministries for execution. Nonetheless, priority will be placed on the ongoing projects to guarantee their completion and effective operation.

75. This County Fiscal Strategy Paper was prepared in line with the National Government Budget Policy Statement 2025.

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