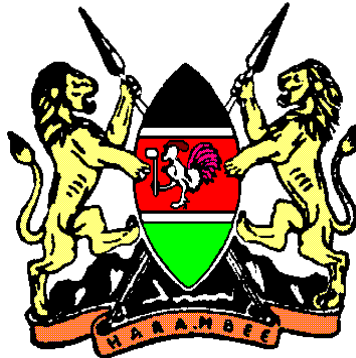


REPUBLIC OF KENYA



**COUNTY GOVERNMENT OF KERICHO
FINANCE AND ECONOMIC PLANNING**

MEDIUM TERM

COUNTY FISCAL STRATEGY PAPER 2024

FEBRUARY 2024

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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Office of the Governor
County Government of Kericho
P.O. Box 112- 20200
Kericho
Email: info@kericho.go.ke

The document is also available on the internet at: www.kericho.go.ke

TABLE OF CONTENTS

FOREWORD	vi
ACKNOWLEDGEMENT.....	vii
CHAPTER ONE.....	1
1.0 COUNTY FISCAL STRATEGY PAPER PROCESS OVERVIEW	1
1.1 Introduction	1
1.2 County Fiscal Strategy Paper Process	1
1.3 Legal basis for the publication of County Fiscal Strategy Paper	1
1.4 Rationale for the Fiscal Strategy Paper.....	2
1.5 Outline of the 2024 County Fiscal Strategy Paper	3
CHAPTER TWO	4
2.0 RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK	4
2.1 Introduction	4
1.2 Global Economic and Fiscal Overview.....	4
1.3 National Economic and Fiscal Overview.....	7
1.4 County Economic and Fiscal Overview, FY 2022/2023	8
CHAPTER THREE	20
3.1 Overview	20
3.2 County Strategic Objectives	20
3.2.1 Agriculture and Livestock	20
3.2.2 Health and Sanitation.....	21
3.2.3 Education, Social Protection, Culture and Recreation	22
3.2.4 Transport, Public Works, Infrastructure, Energy and ICT.....	22
3.2.5 Trade, Innovation, Industrialization and Tourism.....	24
3.2.6 Lands, Housing and Physical Planning	25
3.2.7 Environment, Water and Natural Resources	25
3.2.8 Finance, Administration, and Intergovernmental Relations	26
CHAPTER FOUR.....	28
4.1 Overview	28
4.2 Strategic Priorities and Interventions	28

4.3 Fiscal Responsibility Principles for the County Government	28
4.4 Fiscal Policy Framework	29
4.5 Debt Management Strategy.....	29
4.6 FY 2024/25 Budget Framework.....	30
4.7 Revenues projections	30
4.8 Resource Envelope and Allocation Criteria.....	32
4.9 Expenditure Forecast	32
5.0 CONCLUSION	36

APPROVED

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
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

Foreword

The 2024 County Fiscal Strategy Paper (CFSP) has been prepared in line with Section 117 (1) and (6) of the Public Finance Management Act, 2012 and PFM Regulations, 2015. The County Fiscal Strategy Paper (CFSP) underpins the county fiscal and budget framework by laying out strategic priorities and fiscal policy – that is what the county plans to do regarding revenue, expenditure and debt management over the medium-term. Importantly, this document sets the sector and program resource ceilings that guide the FY 2024/2025 budget estimates. The CFSP outlines the Medium-Term Fiscal Framework, which offers mechanisms for entrenching sustainable growth and development for efficient service delivery.

The County has continued to record positive economic development. To keep this development pace, the focus of FY 2024/2025 will be geared towards completing developing projects initiated in the previous periods and putting the County Government on stable fiscal ground. Over the years, we have learnt the importance of laying firm fiscal base for the County Government through minimization of debt and maximization of revenues. This is what we intend to achieve with the CFSP and the budget estimates to be drawn from the strategy paper.

The fiscal framework presented in the paper ensures a sustainable financing while allowing continued spending on priority programmes. Achievement of the set objectives calls for greater transparency, effectiveness and efficiency in public financial management in order to ensure fiscal discipline.

Hon. Leonard K. Ngetich

CECM Finance and Economic Planning and Head of County Treasury.

Acknowledgement

The County Fiscal Strategy Paper (CFSP) is envisaged to play critical role in influencing the pace at which the County's economy will grow. It provides a framework under which the County will deal with the key strategic priority issues and challenges in the next three years and beyond. It also outlines a summary of government spending plans as a basis for the 2024/25 budget.

I am grateful to the County Secretary and all Chief Officers for the valuable information they provided in their respective fields and for the cooperation shown during the period of the assignment. I also take this opportunity to express my profound gratitude to members of the County Executive Committee and especially His Excellency the Governor for the visionary leadership that has enabled us to chart a clear development path. It is through his exemplary guidance, support, and mentorship that the County Treasury has continued to produce and implement prudent policies, excellent plans and budget documents that have helped steer the County to great success on financial and budgetary matters.

Finally, special thanks go to CPA. Ian Rotich, Deputy Director Budget, and his team; CPA. Kenneth Ouma, CPA. Lawrence Koech, Mrs. Nancy Rop, and all County Treasury Staff for their commitment and hard work in ensuring this policy paper is prepared.

Alphonse Rotich
Chief Officer-Economic Planning

CHAPTER ONE

1.0 COUNTY FISCAL STRATEGY PAPER PROCESS OVERVIEW

1.1 Introduction

1. This Kericho County Fiscal Strategy Paper 2024 is prepared in line with the Constitution, the Public Financial Management (PFM) Act, 2012. It will guide the County Government in preparing its budget for Financial Year (FY) 2024/2025 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 2024 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 2024 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 2024 County Fiscal Strategy Paper

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.

CHAPTER TWO

2.0 RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

2.1 Introduction

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

1.2 Global Economic and Fiscal Overview

Global growth is set to slow further this year amid tight monetary policy, restrictive financial conditions, and feeble global trade and investment. Downside risks include an escalation of the recent conflict in the Middle East, financial stress, persistent inflation, trade fragmentation, and climate-related disasters. Global cooperation is needed to provide debt relief, facilitate trade integration, tackle climate change, and alleviate food insecurity. Among emerging market and developing economies (EMDEs), commodity exporters continue to grapple with fiscal policy procyclicality and volatility. Across all EMDEs, proper macroeconomic and structural policies, and well-functioning institutions, are critical to help boost investment and long-term prospects.

Global growth is expected to slow to 2.4 percent in 2024 the third consecutive year of deceleration reflecting the lagged and ongoing effects of tight monetary policies to rein in decades-high inflation, restrictive credit conditions, and anemic global trade and investment. Near-term prospects are diverging, with subdued growth in major economies alongside improving conditions in emerging market and developing economies (EMDEs) with solid fundamentals. Meanwhile, the outlook for EMDEs with pronounced vulnerabilities remains precarious amid elevated debt and financing costs. Downside risks to the outlook predominate. The recent conflict in the Middle East, coming on top of the Russian Federation's invasion of Ukraine, has heightened geopolitical risks. Conflict escalation could lead to surging energy prices, with broader implications for global activity and inflation. Other risks include financial

stress related to elevated real interest rates, persistent inflation, and weaker-than-expected growth in China, further trade fragmentation, and climate change-related disasters.

While much attention has been paid to the transport crisis in the Red Sea and the resulting increase in shipping costs, another crisis is taking place on the other side of the world. A severe drought has plagued the Panama Canal. This has resulted in restrictions on the number and size of ships that can pass through the canal. The Panama Canal Authority has raised tolls to manage the shortage of capacity. The result has been a sharp rise in the cost of shipping goods from Asia to the East Coast and Southern Coast of the United States. The cost of shipping a container from Japan to Houston, for example, is up about 150% since mid-2022.

Blame for the drought has been placed on climate change as well as on the El Nino season. However, a new study suggests that it also has much to do with the deforestation of the Amazon basin. That is, the canal is highly dependent on rainfall, which maintains water levels in lakes that supply water to the canal. In recent years, due to deforestation in the Amazon, rainfall levels have been historically low. The result is that the water levels in the lakes adjacent to the canal have fallen to record lows.

Global growth is projected at 3.1 percent in 2024 and 3.2 percent in 2025, with the 2024 forecast 0.2 percentage point higher than that in the October 2023 World Economic Outlook (WEO) on account of greater-than-expected resilience in the United States and several large emerging market and developing economies, as well as fiscal support in China. The forecast for 2024–25 is, however, below the historical (2000–19) average of 3.8 percent, with elevated central bank policy rates to fight inflation, a withdrawal of fiscal support amid high debt weighing on economic activity, and low underlying productivity growth. Inflation is falling faster than expected in most regions, in the midst of

unwinding supply-side issues and restrictive monetary policy. Global headline inflation is expected to fall to 5.8 percent in 2024 and to 4.4 percent in 2025, with the 2025 forecast revised down.

With disinflation and steady growth, the likelihood of a hard landing has receded, and risks to global growth are broadly balanced. On the upside, faster disinflation could lead to further easing of financial conditions. Looser fiscal policy than necessary and then assumed in the projections could imply temporarily higher growth, but at the risk of a more costly adjustment later on. Stronger structural reform momentum could bolster productivity with positive cross-border spillovers. On the downside, new commodity price spikes from geopolitical shocks—including continued attacks in the Red Sea—and supply disruptions or more persistent underlying inflation could prolong tight monetary conditions. Deepening property sector woes in China or, elsewhere, a disruptive turn to tax hikes and spending cuts could also cause growth disappointments.

Policymakers' near-term challenge is to successfully manage the final descent of inflation to target, calibrating monetary policy in response to underlying inflation dynamics and—where wage and price pressures are clearly dissipating—adjusting to a less restrictive stance. At the same time, in many cases, with inflation declining and economies better able to absorb effects of fiscal tightening, a renewed focus on fiscal consolidation to rebuild budgetary capacity to deal with future shocks, raise revenue for new spending priorities, and curb the rise of public debt is needed. Targeted and carefully sequenced structural reforms would reinforce productivity growth and debt sustainability and accelerate convergence toward higher income levels. More efficient multilateral coordination is needed for, among other things, debt resolution, to avoid debt distress and create space for necessary investments, as well as to mitigate the effects of climate change.

1.3 National Economic and Fiscal Overview.

The country has made significant political and economic reforms that have contributed to sustained economic growth, social development, and political stability gains over the past decade. However, its key development challenges still include poverty, inequality, youth unemployment, transparency and accountability, climate change, continued weak private sector investment, and the vulnerability of the economy to internal and external shocks.

Kenya's economy remained strong and resilient in the first three quarters of 2023 and grew by an average of 5.6 percent (5.5 percent in Q1 and Q2 and 5.9 percent Q3). The growth was primarily underpinned by a rebound in agriculture activities and a continued resilience of the service sector. In addition, all economic sectors recorded positive growth rates in the first three quarters of 2023, though the magnitudes varied across activities.

Year-on-year overall inflation has remained within the Government target range of 5 ± 2.5 percent in the first half of FY 2023/24. Inflation declined to 6.6 percent in December, 2023 from 9.1 percent in December, 2022 largely driven by the easing of food prices and the impact of monetary policy tightening. Short-term interest rates increased in December, 2023 in line with the tight monetary policy stance. The interbank rate increased to 11.7 percent in December 2023 compared to 5.4 percent in December, 2022 while the 91-day Treasury Bills rate increased to 15.8 percent compared to 9.3 percent over the same period. Consequently, the liquidity conditions in the money market also increased thereby reflecting the cost of investable funds. The average lending rate increased to 14.6 percent in December, 2023 from 12.7 percent in December, 2022 while the average deposit rate increased to 10.1 percent from 7.2 percent over the same period.

The Government has implemented bold policy responses to mitigate the negative global and persistent shocks that have pushed the economy to its

lowest vibrant level, and embarked on structural reforms to stabilize Government finances and the economy. These shocks include, global supply chain disruptions due to ongoing conflicts in Eastern Europe and the Israeli-Palestinian war; high interest rates limiting access to credit and exacerbating debt servicing costs; significant losses and damages due to frequent extreme weather events; and elevated commodity prices such on petroleum products on account of increased geopolitical fragmentation and global oil supply cuts.

Against this background, the Government continues to implement interventions and policies to reduce the cost of living and improving livelihoods, while at the same time fostering a sustainable inclusive economic transformation through the Bottom-Up Economic Transformation Agenda. This is meant to reverse the economic recession and ignite economic recovery. This Development Agenda recognizes the importance of managing the cost of living through well-functioning markets to enhance productivity, availability and affordability of goods and services for all citizens. Indeed, market failures in sectors that supported the economy are glaring. The interventions target five core priority areas namely: i) Agricultural Transformation and Inclusive Growth; ii) Micro, Small and Medium Enterprise (MSME) Economy; iii) Housing and Settlement; iv) Healthcare; and v) Digital Superhighway and Creative Industry.

1.4 County Economic and Fiscal Overview, FY 2022/2023

The County's approved final Supplementary Budget for FY 2022/23 was Kshs.8.453 billion, comprising of Kshs.5.825 billion (69 per cent) and Kshs.2.628 billion (31 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.6.43 billion (76 per cent) as equitable share of revenue raised nationally, Kshs.8.9 million (0.11 per cent) as total conditional grants, Kshs 479.4 million (5.67 per cent) as donor funds, generate Kshs.1.019 million (12.06 per cent) from own sources of

revenue and had Kshs. 515.1 million (6.09 per cent) as cash balance from FY 2021/22.

Table 1: Summary of Final 2 Supplementary Budget FY 2022/23

	Line Ministries/Departments	RECURRENT SUPPL 2	DEVELOPMENT SUPPL 2	TOTAL SUPPL 2	%
1	County Assembly Services	933,813,928	45,673,899	979,487,827	12%
2	Public Service & Administration	424,870,257	5,950,340	430,820,597	5%
3	Office of the Governor & Deputy governor	166,179,145	-	166,179,145	2%
4	County Public Service Board	57,471,889	-	57,471,889	1%
5	Finance & Economic Planning	451,244,683	565,848,203	1,017,092,886	12%
6	Health Services	2,628,069,196	421,551,852	3,049,621,048	36%
7	Agriculture, Livestock Development & Fisheries	177,040,742	365,575,812	542,616,554	6%
8	Education, Youth Affairs, Culture & Social Services	532,762,085	140,670,280	673,432,365	8%
9	Public Works, Roads & Transport	82,915,604	564,869,856	647,785,460	8%
10	Trade, Industrialization, Tourism, Wildlife & Cooperative Development	61,029,360	3,120,186	64,149,546	1%
11	Water, Energy, Natural Resources & Environment	154,934,193	363,492,253	518,426,446	6%
12	Land, Housing & Physical Planning	99,122,639	96,434,313	195,556,952	2%
13	Information, Communication & E-Government	55,833,107	36,361,897	92,195,004	1%
14	STRATEGIC INTERVENTION		18,737,382	18,737,382	0%
	TOTAL EXPENDITURE	5,825,286,828	2,628,286,272	8,453,573,101	100%

Table 2: Shows the expected sources of budget financing in the FY 2022/23

FINANCIAL YEAR 2022/23	Supplementary II
Revenue Description	
1.CRA Equitable share	6,430,664,924
2.Local Collections	385,071,600
3.Facility Improvement Fund & NHIF Rebates	634,316,453
4.CONDITIONAL GRANTS	-
4A. Routine Maintenance Fuel Levy	8,916,435
5. DONOR FUNDS	-
5A. DANIDA FUND	9,180,000
5B. Agricultural Sector development support Fund (ASDSP II)	43,114,132
5C. Transformative health system (world bank)	75,443,658
5D. Kenya Devolution Support Project (world bank)	102,491,953
5E. Climate Smart Agriculture Project (world bank)	149,190,522
5F. Kenya Urban Support Program UDG (SIDA)	1,194,559
5F. Kenya Urban Support Program UIG (SIDA)	1,145,356
5G. Climate Change Institutional Support (World bank)	22,000,000
5H. IDA National Agricultural Value Chain Devt Project (NAVCDP)	70,000,000
Insurance compensation	5,678,000
UNSPENT FUND	515,165,509
Gross Total	8,453,573,101

During FY 2022/23, the County received Kshs. 6.430 billion as equitable share of revenue raised nationally, Kshs. 8.9 million as total conditional grants, Kshs 410.8 million as donor funds, insurance compensation of Kshs 5.678 million and had a cash balance of Kshs.515 million from FY 2021/22. The County also raised Kshs.501.3 million from its own source revenue.

Table 3: Analysis of Exchequer Releases per Quarter

	Kshs
Total Exchequer Releases for quarter 1	1,061,059,713
Total Exchequer Releases for quarter 2	1,061,059,712
Total Exchequer Releases for quarter 3	1,061,059,712
Total Exchequer Releases for quarter 4	3,247,485,787
Total	6,430,664,924

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Table 4: Analysis Own Source Revenue by Streams

Revenue Stream	ANNUAL PROJECTION FY 2022-23	2022/2023 Q1 ACTUAL	2022/2023 Q2 ACTUAL	2022/2023 Q3 ACTUAL	2022/2023 Q4 ACTUAL	YTD ACTUAL	VARIANCE
Hospital Payments	528,196,453	46,530,875	35,610,973	58,201,020	80,804,702	221,147,570	(307,048,883)
Bus Park Fees	25,000,000	3,158,922	3,695,990	4,422,070	4,103,430	15,380,412	(9,619,588)
Market Fees	30,000,000	3,348,240	4,218,930	4,193,170	4,324,085	16,084,425	(13,915,575)
Car Park Fees	15,000,000	2,894,650	2,898,850	2,561,700	3,049,500	11,404,700	(3,595,300)
Single Business Permit	65,000,000	1,981,500	2,329,000	37,553,000	19,239,100	61,102,600	(3,897,400)
Advertisement, Branding and Billboard Fees	10,000,000	3,967,100	1,143,899	6,150,440	3,141,024	14,402,463	4,402,463
Land and Property Rates Fees	90,000,000	2,642,859	2,524,169	985,045	45,900	6,197,973	(83,802,027)
Public Health Payments	5,000,000	1,207,600	877,900	1,193,100	750,700	4,029,300	(970,700)
House Rent Fees	10,000,000	1,622,350	5,837,900	2,424,400	2,199,079	7,234,929	(2,765,071)
Building Plan Approvals Fees	10,000,000	731,220	1,173,090	3,246,775	2,179,035	7,330,120	(2,669,880)
Weights and Measures Fees	5,000,000	203,740	1,093,810	685,030	229,230	2,211,810	(2,788,190)
Quarry Stone Cess	3,000,000	481,400	449,700	655,300	778,300	2,364,700	(635,300)
Agriculture Livestock , Veterinary Payments and Machinery Services.	2,500,000	528,330	621,645	584,585	368,115	2,102,675	(397,325)
Signages Fees	6,000,000	77,900	181,500	3,459,600	1,070,700	4,789,700	(1,210,300)
Slaughterhouse Operation Fees	1,500,000	291,500	304,940	315,900	257,260	1,169,600	(330,400)
Stockyard Sales Fees	2,000,000	414,420	494,380	438,220	380,760	1,727,780	(272,220)
Boda Boda Payments	5,000,000	2,100	1,500	28,200	13,000	44,800	(4,955,200)
Reserved Parking Fees	2,000,000		832,000	2,198,400	403,500	3,433,900	1,433,900
Refuse Fees	8,000,000	146,400	168,800	4,340,200	1,812,600	6,468,000	(1,532,000)
Plot Rent	2,000,000	139,913	946,793	1,089,776	241,566	2,418,048	418,048
Produce Cess	2,500,000	1,232,834	4,057,887	-3,811,460	1,562,467	3,041,728	541,728
Mema Fees, Drilling Services	250,000	400,000	140,000	353,500	85,000	978,500	728,500
Tire License Fees	6,000,000	202,300	165,400	2,708,700	1,057,100	4,133,500	(1,866,500)
Survey Fees	700,000	101,000	133,000	152,800	85,000	471,800	(228,200)
Murram, Ballast , Sand & Scrap Metal Cess Fees	1,000,000	57,700	199,700	213,600	451,900	922,900	(77,100)
Inspection Fees	2,500,000	95,000	72,100	1,321,700	800,700	2,289,500	(210,500)
Application/Registration Fees	2,500,000	80,200	43,000	828,200	770,500	1,721,900	(778,100)
Forest Cess/Seedling Sale Yard	500,000	58,800	41,200	59,300	343,400	502,700	2,700
Clamping, Fines and Impounding	300,000	21,800	123,100	81,450	105,650	332,000	32,000

Revenue Stream	ANNUAL PROJECTION FY 2022-23	2022/2023 Q1 ACTUAL	2022/2023 Q2 ACTUAL	2022/2023 Q3 ACTUAL	2022/2023 Q4 ACTUAL	YTD ACTUAL	VARIANCE
Fees							
Business Permits Late Payment Penalties, Current Year	500,000	29,750	4,631	7,100	459,621	501,102	1,102
Tea Transport Cess fees	100,000	-	-	73,500	0	73,500	(26,500)
Audit Fees	50,000	3,000	3,000	12,000	27,000	45,000	(5,000)
Cemetery Fees	15,000	2,000	2,000	5,000	2,500	11,500	(3,500)
Hire Of Social Hall/Park & Stadium Fees	450,000	221,000	31,500	21,500	20,000	294,000	(156,000)
Alcoholic Drink License Fees	5,000,000	-	-	3,000,000	2,000,000	5,000,000	-
Coffee Fees	750,000	1,000	-	0	0	1,000	(749,000)
Land Cultivation Fees	500,000	-	-	15,883,692	66,926,718	82,810,410	82,310,410
Labianga Tea Farm Payments	5,000,000	300,000	-	600,000	600,000	1,500,000	(3,500,000)
Insurance Compensation	0	5,678,000	-	0	-	5,678,000	5,678,000
TOTAL REVENUE STREAMS	853,811,453	78,855,403	70,422,287	151,387,713	200,689,142	501,354,545	(352,456,908)

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Table 5: Analysis of Receipt from Conditional Grants

CONDITIONAL GRANTS	
Routine Maintenance Fuel Levy	8,916,435
Total Conditional Grants	8,916,435

Table 6: Analysis of Donor Funds Receipts.

DONOR FUNDS	
DANIDA FUND	5,960,625
Agricultural Sector development support Fund (ASDSP)	9,250,013
Transformative health system (world bank)	75,443,658
Kenya Devolution Support Project (world bank)	102,491,953
Climate Smart Agriculture Project (world bank)	126,184,585
Kenya Urban Support Program UDG (WORLD BANK)	1,194,559
Kenya Urban Support Program UIG (WORLD BANK)	1,145,356
Climate Change Institutional Support (World bank)	22,000,000
National Agricultural Value Chain Devt Project (NAVCDP)	67,192,729
	410,863,478

In overall, actual income received by the County Treasury reflected a deficit of Kshs 1.17 billion attributable to delayed releases by both the exchequer and the Donors Funds. Own source revenue target was not achieved by Kshs 275.8 million including the FIF and NHIF rebates.

Revenue performance-July-December 2023

Over the 6-months period, the major source of revenue was Kshs 2,781,798,920 from the Equitable. Own Source Revenue contributed Kshs 179,567,500 while the unspent balance from the previous financial year was Kshs 15,376,949.10. Donor funding relating to ASDSP II amounted to Kshs. 500,000.

MONTH	EQUITABLE SHARE	OWN SOURCE REVENUE	UNSPENT BALANCE	DONOR FUNDS	TOTAL
JULY	569,766,044.00	28,400,000.00	15,376,949.10	500,000.00	614,042,993.1
AUGUST	-	30,057,200.00	-		30,057,200
SEPTEMBER	1,106,016,438.00	25,960,300.00	-		1,131,976,738
OCTOBER	-	37,934,500.00	-		37,934,500
NOVEMBER	536,250,394.00	34,868,500.00	-		571,118,894
DECEMBER	569,766,044.00	22,347,000.00	-		592,113,044
TOTAL	2,781,798,920.00	179,567,500.00	15,376,949.10	500,000.00	2,977,243,369.1

Own Source Revenue Collection July-December 2023

The analysis of revenues collected from County's local sources is as indicated in the table below from July to December 2023

OWN SOURCE REVENUE FOR THE PERIOD JUL - DEC 2023

	REVENUE STREAM	ANNUAL PROJECTION FY 2023-24	2023/2024 Q1 ACTUAL	2023/2024 Q2 ACTUAL	YTD ACTUAL	VARIANCE
1	Hospital Payments	743,350,000	34,167,418	54,983,108	89,150,526	(654,199,474)
2	Market Fees	30,000,000	4,656,920	4,656,920	9,313,840	(20,686,160)
3	Land and Property Rates Fees	210,071,600	4,596,036	4,596,036	9,192,072	(200,879,529)
4	Bus Park Fees	25,000,000	4,113,310	4,113,310	8,226,620	(16,773,380)
5	Car Park Fees	15,000,000	3,911,700	3,911,700	7,823,400	(7,176,600)
6	Single Business Permit	100,000,000	3,905,200	12,052,910	15,958,110	(84,041,890)
7	House Rent Fees	15,000,000	2,122,423	2,122,423	4,244,846	(10,755,154)
8	Building Plan Approvals Fees	15,000,000	1,415,050	1,415,050	2,830,100	(12,169,900)
9	Forest Cess/Seedling Sale Yard	1,000,000	1,291,600	1,291,600	2,583,200	1,583,200
10	Quarry Stone Cess	5,000,000	864,300	864,300	1,728,600	(3,271,400)
11	Weights and Measures Fees	5,000,000	637,600	637,600	1,275,200	(3,724,800)
12	Advertisement, Branding and Billboard Fees	20,000,000	571,635	571,635	1,143,270	(18,856,730)
13	Stockyard Sales Fees	2,000,000	422,260	422,260	844,520	(1,155,480)
14	Kabianga Tea Farm Payments	5,000,000	400,000	400,000	800,000	(4,200,000)
15	Agriculture Livestock , Veterinary Payments and Machinery Services.	5,000,000	345,970	345,970	691,940	(4,308,060)
16	Produce Cess	5,000,000	339,380	339,380	678,760	(4,321,240)
17	Murram, Ballast , Sand & Scrap Metal Cess Fees	3,000,000	310,500	310,500	621,000	(2,379,000)
18	Slaughter House Operation Fees	2,000,000	307,600	307,600	615,200	(1,384,800)
19	Plot Rent	3,000,000	307,496	307,496	614,992	(2,385,008)
20	Refuse Fees	10,000,000	235,000	235,000	470,000	(9,530,000)
21	Inspection Fees	5,000,000	165,600	165,600	331,200	(4,668,800)
22	Signages Fees	10,000,000	160,000	160,000	320,000	(9,680,000)
23	Application/Registration Fees	5,000,000	150,800	150,800	301,600	(4,698,400)
24	Public Health Payments	5,000,000	126,500	126,500	253,000	(4,747,000)
25	Fire License Fees	8,000,000	122,000	122,000	244,000	(7,756,000)
26	Clamping, Fines and Impounding Fees	500,000	120,450	120,450	240,900	(259,100)
27	Nema Fees, Drilling Services	500,000	113,000	113,000	226,000	(274,000)
28	Survey Fees	1,000,000	103,000	103,000	206,000	(794,000)
29	Education Payment Fees	500,000	87,570	87,570	175,140	(324,860)
30	Business Permits Late Payment Penalties, Current Year	1,000,000	76,832	76,832	153,664	(846,336)
31	Hire Of Social Hall/ Park & Stadium Fees	500,000	25,000	25,000	50,000	(450,000)

32	Reserved Parking Fees	3,000,000	6,500	6,500	13,000	(2,987,000)
33	Cemetery Fees	50,000	4,750	4,750	9,500	(40,500)
34	Boda Boda Payments	5,000,000	3,200	3,200	6,400	(4,993,600)
35	Alcoholic Drink License Fees	7,500,000	-	-	-	(7,500,000)
36	Audit Fees	100,000	-	-	-	(100,000)
37	Land Cultivation Fees	1,000,000	22,728.00	-	22,728.00	(977,272)
38	Tea Transport Cess fees	350,000	-	-	-	(350,000)
	TOTAL REVENUE STREAMS	1,273,421,600	66,209,328	95,150,000	161,359,328	(1,112,062,273)

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From this analysis, in the first half-year, the County has generated 13% of its Own Source Revenue (Local Collections, NHIF rebates and FIF) target of Kshs. 1,273,421,600. Hospital payments was the best performing revenue stream in the period. The stream generated 55% (Kshs. 89,150,526) of the County's Own Source Revenue within the 6-month period. This was followed by Single Business Permit, Market fees, Land and Property Rates Fees and Bus Park Fees.

County 2023/24 First Half-year expenditure performance

The total expenditure for the first half of the FY 2023/24 is Kshs 1,909 million which comprised of recurrent and development expenditure.

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

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DEPARTMENT: EXECUTIVE OFFICE OF THE GOVERNOR

Programme	Sub-Programme	Approved Original Estimates FY 2023/24 (Kshs.)			Actual Expenditure Jul - Dec 23 (Kshs.)		Absorption Rate	
		Recurrent Expenditure	Development Expenditure	Gross	Recurrent Expenditure	Development Expenditure	Recur	Dev
County Coordination Services	County Coordination Services	137,051,145	-	137,051,145	60,213,075	-	44%	
		137,051,145	-	137,051,145	60,213,075	-	44%	

DEPARTMENT: FINANCE AND ECONOMIC PLANNING

Administration, Planning and Support Services.	Administration Services.	231,136,530	83,735,659	314,872,189	87,724,527	57,339,884	38%	68%
Administration, Planning and Support Services.	Monitoring Budget Implementation and Reporting	28,687,985	6,379,644	35,067,629	7,486,680	-	26%	0%
Public Finance Management	Budget Formulation co-ordination and management	8,400,000	553,360,903	561,760,903	1,973,600	-	23%	0%
Audit Services	County Audit	4,975,639	3,000,000	7,975,639	1,158,200	-	23%	
		273,200,154	646,476,206	919,676,360	98,343,007	57,339,884	36%	9%

DEPARTMENT: AGRICULTURE, LIVESTOCK AND FISHERIES AND COOPERATIVE MANAGEMENT

Policy, Strategy and Management of Agriculture	Development of Agricultural Policy, Legal & Regulatory framework.	53,301,163	-	53,301,163	8,858,545	10,000,000	17%	
Crop Development and Management	Agriculture Extension Services	58,894,485	496,837,574	555,732,059	57,460,908	-	98%	0%
Livestock Resource Management and Development	Livestock Disease Management and Control.	2,024,041	21,184,205	23,208,246	554,100	-	27%	0%
Livestock Resource Management and Development	Livestock Production and Extension Services	51,654,981	-	51,654,981	381,050	-	1%	
Fisheries development	Management and Development of Capture Fisheries	6,905,001	500,000	7,405,001	324,500	-	5%	0%
		172,779,671	518,521,779	691,301,450	67,579,102	10,000,000	39%	2%

DEPARTMENT: WATER, ENERGY, NATURAL RESOURCES AND ENVIRONMENT

Environment policy development and coordination	Planning Coordination Policy and Administrative Services	144,072,462	63,145,000	207,217,462	60,487,245	-	42%	0%
Water supply services	Rural Water Supply	14,365,228	218,860,274	233,225,502	1,337,500	13,899,863	9%	6%
		158,437,690	282,005,274	440,442,964	61,824,745	13,899,863	39%	5%

DEPARTMENT: EDUCATION, YOUTH AFFAIRS, CULTURE AND SOCIAL SERVICES

General Administration & planning services.	Policy Development and Administration	549,596,382	10,000,000	559,596,382	160,944,293		29%	
Basic Education	Early Childhood Development Education	216,382,852	89,573,270	305,956,122	750,000	28,357,815	0%	32%
Gender and Social Development	Social Welfare Services/Social Infrastructure Development	3,000,000	17,035,537	20,035,537	1,000,000	-	33%	0%
Youth development and empowerment services	Youth development (YP) Training	-	57,000,000	57,000,000	-	-		0%
		768,979,234	173,608,807	942,588,041	162,694,293	28,357,815	21%	16%

DEPARTMENT: HEALTH SERVICES

Curative Health	Administration and Planning	1,581,600,049	142,141,193	1,723,741,242	719,001,777	-	45%	0%
Curative Health	Hospital (curative) Services	-	-	-	-	-		
Preventive and Promotive Health	Preventive Medicine and Promotive Health	1,170,865,728	141,648,789	1,312,514,517	184,130,648	-	16%	0%
		2,752,465,777	283,789,982	3,036,255,759	903,132,425	-	33%	0%

DEPARTMENT: LANDS, HOUSING AND PHYSICAL PLANNING

Administration and support services	General Administration and Planning	40,701,923	45,000,000	85,701,923	32,887,837	22,500,000	81%	50%
Housing Development and Human Resource	Housing Development	9,243,184	-	9,243,184	715,800	-	8%	0%
Land policy and planning	Development Planning and Land Reforms	34,395,730	22,022,942	56,418,672	8,382,574	-	24%	0%
Land policy and planning	Land Use Planning	6,152,443	-	6,152,443	149,250	-	2%	
		90,493,280	67,022,942	157,516,222	42,135,462	22,500,000	47%	34%

DEPARTMENT: PUBLIC WORKS, ROADS AND TRANSPORT

Transport Management and safety	General Administration Planning and Support Services	73,712,784	-	73,712,784	44,140,266	-	60%	
Infrastructure, Roads and Transport	Rehabilitation of Road	3,400,000	587,441,016	590,841,016	80,000	90,696,453	2%	15%
Infrastructure, Roads and Transport	Maintenance of Roads and Bridges/Periodic Maintenance	21,206,317	3,000,000	24,206,317	-	-	0%	0%
		98,319,101	590,441,016	688,760,117	44,220,266	90,696,453	45%	15%

DEPARTMENT: TRADE, INNOVATION, INDUSTRIALISATION, TOURISM, WILDLIFE

Trade development and investment	Fair trade Practices and Consumer Protection (weight & measures)	20,620,890	23,202,942	43,823,832	1,129,447	-	5%	0%
Trade development and investment	Administrative and Support Services.	37,619,414	200,000,000	237,619,414	19,773,808	-	53%	0%
Cooperative development and management	Cooperative Advisory & Extension Services.	-	-	-	-	-	0%	0%
Tourism development and marketing	Local Tourism Development.	5,882,961	5,000,000	10,882,961	215,400	-	-	0%
		64,123,265	228,202,942	292,326,207	21,118,655	-	33%	0%

DEPARTMENT: ICT AND E-GOVERNMENT

Information & Communication Service	News and Information Services	53,836,604	-	53,836,604	20,370,790	-	38%	0%
Information & Communication Service	ICT and BPO development services	-	40,262,387	40,262,387	-	-	0%	0%
Youth development and empowerment services	Youth development (YP) Training	-	3,400,000	3,400,000	-	-	0%	0%
		53,836,604	43,662,387	97,498,991	20,370,790	-	38%	0%

DEPARTMENT: COUNTY PUBLIC SERVICE BOARD

Administration of Human Resources and Public Service	Establishment, Appointment, Discipline and Board Management.	71,312,544	-	71,312,544	27,222,382	-	38%	-
		71,312,544	-	71,312,544	27,222,382	-	38%	-

DEPARTMENT: PUBLIC SERVICE MANAGEMENT

Administration of Human Resources and Public Service	General Administration, Planning and Support Services	294,637,612	28,241,257	322,878,869	161,996,494	-	55%	0%
Administration of Human Resources and Public Service	Human Resource Development	147,232,645	-	147,232,645	16,138,330	-	11%	-
		441,870,257	28,241,257	470,111,514	178,134,824	-	40%	0%
County Executive Grand Total		5,082,868,722	2,861,972,592	7,944,841,314	1,686,989,026	222,794,015	33%	8%

CHAPTER THREE

3.0 BUDGET THEME: BUDGETING FOR ECONOMIC DEVELOPMENT

3.1 Overview

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.

The 2024/2025 Annual Development Plan spells out priority activities, projects and programmes to be undertaken by the various departments during the plan period. This is key in terms of informing allocation of resources to various sectors, projects and programmes.

The medium-term budget framework for 2024/25 – 2026/27 has taken into account the need to ensure fiscal consolidation and prioritize resources towards economic recovery.

3.2 County Strategic Objectives

3.2.1 Agriculture and Livestock

Agriculture remains a core pillar for the realization of the Bottom Economic Transformation Agenda's aspiration of proving employment and a means of livelihood to most of the Kenyan people.

Over the medium term, the Government will align all policies under the agriculture sector towards increasing food production, boosting smallholder productivity, and reducing the cost of food. Overall, the strategies under the Agricultural Transformation and Inclusive Growth Pillar will be geared towards: addressing the cost, quality and availability of inputs; reducing the cost of food and cost of living in general; reducing the number of food insecure Kenyans; raising productivity of key food value chains; increasing access to affordable credit and agricultural extension services; creating direct and indirect jobs, increasing average daily income of farmers as well as exchange earnings; and

revamping underperforming and collapsed export crops while expanding emerging ones.

The County proposes to utilize available land to enhance food security and wealth creation of Kericho citizenry during FY 2024/2025. The sector will continue undertaking the following; provision of efficient and effective agricultural, livestock and fisheries services, improving food security and; promoting affordable agricultural land use and efficiency in farm operations through crop management; the veterinary services will continue preventing and controlling spread of disease from within and other counties; providing animal health and extension and welfare services; Improved livelihood for the households in income generation activities through cooperative marketing and value addition.

3.2.2 Health and Sanitation

The Constitution guarantees Kenyans the right to the highest standards of health. For this reason, the Kenya Kwanza Administration identified healthcare delivery as one of the core pillars of the Bottom-Up Economic Transformation Agenda. In order to deliver Universal Health Coverage, the Government embarked on various interventions to: i) provide of a fully public financed primary health care system, an emergency care fund and a health insurance fund that will cover all Kenyans, ii) install of a digital health management information system, iii) set up a Fund for improving health facilities; iv) set up an Emergency Medical Treatment Fund, iv) establish a National Insurance Fund that covers all Kenyans, and v) avail medical staff who would deliver Universal Health Coverage

Access to quality and affordable healthcare is critical for socio-economic development. The National and County Governments have their specific functions that are complementary towards achievement of quality, efficient and affordable Universal Health Coverage (UHC) for all Kenyans. The county government is committed to supporting the health sector in terms of adequate

human resources, health care financing, provision of commodities and developing the required infrastructure.

In the forthcoming FY 2024/25, the Department will continue to enhance healthcare access in the County. Community Health Promoters have been recruited and will continue to promote healthy living in our rural communities.

3.2.3 Education, Social Protection, Culture and Recreation

This sector is responsible for coordinating preprimary and vocational training, social security services and sports talent and arts. It executes its mandate through the following programs: County Pre-Primary Education, Vocational Education, Youth Training and Development, County Social Security and Services; General Administration, Planning and Support Services. The sector envisions having an educated, socially secure, and empowered citizenry.

Education and training is a key enabler of the Government's Bottom-Up Economic Transformation Agenda for inclusive growth. For this reason, the Government has continued to heavily invest in education to facilitate impartation of the necessary skills and competencies to learners from pre-primary to the tertiary level to enable them effectively play their part by contributing to the nation building effort, and partake of the dividends of shared prosperity.

The County government is also committed provide equipment for people living with disabilities (PWDs). The Government has also prioritized human capital development by investing in quality and relevant education including revamping the Vocational Education and Training (TVET) sub sector.

3.2.4 Transport, Public Works, Infrastructure, Energy and ICT

Development of critical infrastructure is key to economic growth as well as key enabler to the implementation of Bottom-Up Economic Transformation Agenda

(BETA). The Government will continue to intensify national and regional connectivity through water, road, rail, port, energy and fibre-optic infrastructure in order to achieve socioeconomic transformation in the country, enhance Kenya's competitiveness, and facilitate cross-border trade and regional integration.

Access to improved road infrastructure is a key enabler for socio-economic development. Investment in the road sector, where most of the County roads are motorable has increased connectivity and improved accessibility. Moreover, installation of high mast flood lights has increased hours of doing business thus increased incomes among households.

The Government will continue to strengthen the institutional framework for road development in order to accelerate the speed of completion of new and stalled road construction projects to cater for the growing population. In order to minimize waste of resource, the Government will ensure all projects are completed within two years and no new project to be launched before the ongoing ones are complete. Over the medium term, the Government will prioritize upgrading and maintaining rural access roads to open up the rural areas to enable farmers to get their produce to market faster and cheaply.

The sector's priority during the plan period is opening of access roads, routine roads maintenance, and supervision of construction works and provision of mechanical services. The key priorities of the department in the FY 2024/25 will be: Periodic/routine maintenance of existing earth/gravel roads; Completion and Improvement of selected county roads to Bitumen standards; Construction of foot bridges; Construction of Box Culverts; Acquisition of roads construction/maintenance machinery. The Government recognizes that digital economy is the emerging frontier of opportunity, productivity, and competitiveness. In order to entrench Kenya's lead in digital economy, the Government under the BETA committed to, among other things: i) promote

investment in the digital superhighway and the creative economy; ii) support extension of National Optic Fiber Backbone infrastructure to ensure universal broadband availability; and iii) digitize and automate all critical Draft 2024 Budget Policy Statement Government processes throughout the country, with a view of bringing greater convenience to citizens.

The Government is committed in leveraging digital prowess to enhance the creative economy's position as a significant sector and increase its contribution to fashion and value addition to leather and crafts export. The Government will continue protecting intellectual property rights as the foundation of effective monetisation and mainstream the development of arts and culture infrastructure. Further, the Government will extend incorporating the creative economy into the Brand Kenya and commercial diplomacy initiatives, establish a vibrant film ecosystem and facilitate the monetisation of music to promote entrepreneurship.

3.2.5 Trade, Innovation, Industrialization and Tourism

The Micro, Small and Medium Enterprise (MSME) Economy contribute very significantly to the economy, employing about 85 percent of non-farm jobs. Access to credit is a stimulant that enhance growth in the MSME economy. However, high interest rates crowd out the private sector and the MSMEs. The Government is committed to ensure Kenyans access affordable credit. Towards this end the County Government through the department of Trade plans to reintroduce the enterprise fund to fund the youthful innovative ideas across the county.

In FY 2024/25, the department will continue with the programme of modernization of markets. To empower the residents of Kericho County, the department will continue to allocate funds to support innovations within the county.

3.2.6 Lands, Housing and Physical Planning

As a core pillar in Bottom-Up Economic Transformation Agenda, the Government is committed to ensuring that the constitutional right to accessible and adequate housing is achieved. For this reason, through the Affordable Housing Programme, the Government targets to support provision of at least 250,000 affordable houses to Kenyans every year thereby increase the percentage of affordable housing supply from 2 percent to 50 percent. The Government is on track to facilitate delivery of affordable houses and enable low-cost housing mortgages.

As a factor of production, land is critical to economic, social, political, and cultural development. Secure access to land and its sustainable use remains significantly important for employment creation, food security and the socio-economic development of the county.

3.2.7 Environment, Water and Natural Resources

The Water, Environment and Natural resources management, and Climate Change sector is one of the devolved sectors with transferred functions to county governments according to Article 185 of the Constitution of Kenya (2010). The constitution also entrenches water and healthy environments as constitutional rights of every citizen.

In Kenya, more than 90 percent agricultural products are grown in rain-fed farming systems and only 20 percent of land is deemed suitable for rain-fed agriculture. The remaining land requires irrigation to ensure optimal production due to inadequate rainfall. To enhance access to safe water for domestic, irrigation and industrial use, the Government has made significant progress by developing the Water (Amendment) Bill, 2023 which seeks to

promote private investment in the water sector through the Public-Private Partnerships (PPPs) model.

Access to adequate supply of clean water is fundamental for the achievement the pillars of the County Government of Kericho manifesto. Indeed, adequate safe drinking water and sanitation do compliment efforts towards improved primary health care and productivity of labor.

3.2.8 Finance, Administration, and Intergovernmental Relations

The public administration sector is a fundamental pillar of the county service delivery framework. It provides overall county leadership, oversight and policy direction; prudent public finance management for transparency and accountability; coordinates county and sectoral development planning; management of population policy; ensures effective and efficient county public service; as well as the development of a sound legislative and regulatory framework.

The County Treasury will shift to a digital revenue collection platform (automation) to curb revenue leakages. The key pillars of automation is to introduce pay-bills for the health facilities and other departmental revenue streams and integrate the County Revenue Management System with the revenue collection banks. Budget coordination and management- Consolidation and preparation of annual budget estimates; submitting CABEs to the county assembly for approval; preparation of the Appropriation Bills and Acts; Prepare and publish County Budget Review and Outlook Paper; Capacity building of county employees on County Budget Processes through training and sensitization; Enhanced Consultations; Resource mobilization through organizing and participating in County, National and International Conferences.

The department will focus on acquisition of asset register for the entire county; Development of a Risk policy document; development and implementation

Asset Management Policy and Payment of Pending Bills, adherence to international and national accounting standards. Debt management is a central part of this CFSP, as the County Government aims at reducing pending bills to nil balances.

To strengthen expenditure control and improve the efficiency of public spending through strengthening of systems and PFM reforms with a view to enhancing transparency and accountability to provide fiscal space for financing priority programmes focus will be to fast track consideration of reports on budget implementation, audited accounts of the county and its agencies/corporations, digitization of all payments, review of revenue sources, adoption of e-procurement and expanding automation of public service delivery systems. These activities will go a long way in entrenching good governance and ensuring accountability of public resources. A major focus to all this will be capacity building of our staff with the major area being on budgeting and financial reporting.

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CHAPTER FOUR

4.0 FISCAL POLICY AND BUDGET FRAMEWORK FOR 2024/25 - 2026/27

4.1 Overview

The priorities outlined in the Medium-Term Plan of Kenya Vision 2030 and the Third County Integrated Development Plan will guide the development of sector priorities, policies, plans and monitoring and evaluation processes for FY 2024/25 - 2026/27 County MTEF budget.

4.2 Strategic Priorities and Interventions

The ultimate goal of the county government is to improve the quality of life for the residents of Kericho County. The CFSP's strategic priorities and policy goals have therefore been aligned as follows;

Strategic Priority 1: Enhanced provision of Quality Health Care and implementation of universal health care to residents.

Strategic Priority 2: Promotion of Food Security.

Strategic Priority 3: Countywide promotion of Infrastructural developments.

Strategic Priority 4: Supply and access to quality basic services

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

4.3 Fiscal Responsibility Principles for the County Government

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

Budget estimates for the FY 2024/2025 and the MTEF shall be based on the priorities that are outlined in the Third County Integrated Development Plan, Budget Policy Statement (BPS 2024), Medium Term Plan (MTP V), and Kenya vision 2030 and the Governor's manifesto.

4.5 Debt Management Strategy

In regard to deficit financing and borrowing, the County Government is aware of the provisions of PFM Act, 2012 and adherence to the requirements of these laws is ensured. Section 107(3) (4) of the PFM Act provides as follows:

- 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.
- The County Government will continue to prioritize the payment of all pending bills emanating from the different departments before roll out of new projects and programs in the respective departments.

4.6 FY 2024/25 Budget Framework

The 2024/25 budget framework is set against the background of the medium-term fiscal framework, the county government's strategic objectives and priorities as outlined in the CIDP III and broad development policies in the Governor's manifesto.

4.7 Revenues projections

In FY 2024/25, the County Government targets to raise a total revenue of Kshs. 8.760 billion; Total equitable share of Kshs 6.803 billion, Donor funds Kshs 380.8 million, Conditional grants at Kshs 455.5 million and county own source revenue of Kshs 1.12 billion.

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	2023/24	2024/25	2025/26	2026/27	2024/25
Revenue Description					
1.CRA Equitable share	6,703,129,925	6,803,678,765	6,837,192,524	6,973,936,374	80.43%
2.Local Collections	530,071,600	573,742,933	602,430,080	632,551,584	6.88%
3.Facility Improvement Fund	743,350,000	546,355,000	573,672,750	602,356,388	6.56%
4.CONDITIONAL GRANTS					
4A. Routine Maintenance Fuel Levy	-	169,758,085			
4B. User fee Reimbursement	-	-	-	-	0.00%
4C. Development of Youth polytechnics fund	-	-	-	-	0.00%
4D. Aggregated Industrial Parks	100,000,000	250,000,000	100,000,000	100,000,000	1.20%
4F. County health promoters		35,793,857			
5. DONOR FUNDS					
5A. DANIDA FUND	9,817,500	8,287,500	9,817,500	9,817,500	0.12%
5B. Agricultural Sector development support Fund(ASDSP II)	1,027,779	-	-	-	0.00%
5C. Transformative health system (world bank)	-	-	-	-	0.00%
5D. Kenya Devolution Support Project (world bank)	75,235,659	37,500,000	-	-	0.00%
5E. Climate Smart Agriculture Project (world bank)	90,000,000	-	-	-	0.00%
5F. Kenya Urban Support Program UDG (SIDA)		35,000,000	-	-	
5G. Kenya Urban Support Program UIG (SIDA)		-			
5H. Climate Change Institutional Support (World bank)					0.00%
IDA National Agricultural Value Chain Devt Project(NAVCDP)	250,000,000	151,515,152	250,000,000	250,000,000	3.00%
5K. FLOCCA Grants to support climate change CCIR		137,500,000	137,500,000	137,500,000	1.65%
5L. FLOCCA Grants to support climate change CCIs	11,000,000	11,000,000	11,000,000	11,000,000	0.13%
5M. FLOCCA Grants to support climate change CCIs					0.00%
5 M. K-WASH projects					0.00%
PEPFAR Grants to County Government of Kericho		0	0	0	0.00%
UNSPENT FUND	392,000,044	-			
Total	8,905,632,507	8,760,131,292	8,614,140,632	8,809,689,624	100.00%

4.8 Resource Envelope and Allocation Criteria

The resource envelope available for allocation among the departments is informed by the guiding principles of ensuring fiscal responsibility and resources will be utilized to meet both recurrent and development expenditure in a ratio of 70% and 30% respectively.

The Resource Criteria for Resource Sharing

- i. Non – discretionary expenditure: In the recurrent expenditure category, nondiscretionary expenditures take the first charge and include statutory obligations such as salaries, gratuity and pension.
- ii. Development expenditures are shared out on the basis of CIDP priorities as well as strategic interventions to boost revenue base and stimulate the economic growth as outlined in the National Government Policies and Governor’s Manifesto. The development expenditures are estimated at 31 percent.
- iii. On-going projects: emphasis is given to completion of on-going projects with high impact on poverty reduction, social injustices, employment and wealth creation.
- iv. Infrastructure projects: with the County government’s commitment to improve infrastructure, construction of roads, development of water and sanitation network and construction of community hospitals/health centers among others will be given priority.

4.9 Expenditure Forecast

The County government spending will be guided by the Annual Development Plan 2024/2025 and CIDP III which outlines the proposed projects that will be implemented. The total County expenditure is targeted at Kshs.8.760 billion. Kshs. 5.814 billion and Kshs. 2.945 billion will be set aside for recurrent and development translating into 66.38 and 33.62 percent of recurrent and development expenditures respectively.

4.10 Medium- Term Expenditure Baseline Ceilings

The County is committed to improving the implementation and absorption capacity of projects. Due to the tight fiscal framework involved in budget preparation, the departments will be tasked with rationalizing and prioritizing their expenditures and programmes to ensure that they are in line with the CFSP ceilings.

The table below show the ceilings for the 2024/25 budget and projections of the medium term for global, recurrent and development respectively.

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1. Global Consolidated Forecast.

COUNTY GOVERNMENT OF KERICHO						
CONSOLIDATED SUMMARY						
	Line Ministries/Departments	TOTAL EXPENDITURE				% OF ALLOCATION
		2023-2024	2024-2025	2025-2026	2026-2027	2023-2024
1	County Assembly Services	960,791,194	954,746,795	858,360,094	858,360,094	11%
2	Public Service & Administration	470,111,514	384,772,597	391,061,401	412,064,378	4%
3	Office of the Governor & Deputy governor	137,051,145	146,275,697	161,205,983	169,266,282	2%
4	County Public Service Board	71,312,544	82,743,700	97,380,885	102,249,930	1%
5	Finance & Economic Planning	711,676,359	432,813,650	451,043,366	530,181,302	5%
6	Health Services	3,036,255,759	2,948,648,343	3,094,184,895	3,082,686,032	34%
7	Agriculture, Livestock Development & Co-operative Development	691,301,450	619,284,426	541,989,374	624,718,697	7%
8	Education, Libraries, Culture & Social Services	942,588,041	1,018,187,488	1,029,493,958	1,068,762,867	12%
9	Public Works, Roads & Transport	688,760,118	750,643,325	365,497,220	378,525,002	9%
10	Trade, Innovation, Industrialization, Tourism & Wildlife	292,326,207	415,462,597	630,420,205	675,137,384	5%
11	Water, Energy, Natural Resources & Environment	440,442,964	473,397,625	450,135,334	448,718,801	5%
12	Land, Housing & Physical Planning	102,699,078	192,377,302	164,720,874	163,104,244	2%
13	Information, Communication & E-Government	97,498,991	132,421,989	131,228,302	135,224,931	2%
14	Kericho Municipal Board	42,408,572	33,677,879	34,111,773	34,567,361	0%
15	Litein municipal Board	12,408,572	24,677,879	25,061,773	25,464,861	0%
16	STRATEGIC INTERVENTION	208,000,000	150,000,000	50,000,000	50,000,000	2%
	TOTAL EXPENDITURE	8,905,632,508	8,760,131,292	8,475,895,436	8,759,032,168	100%

2. Recurrent Expenditure

	Line Ministries/Departments	RECURRENT EXPENDITURE				% OF ALLOCATION
		2023-2024	2024-2025	2025-2026	2026-2027	2023-2024
1	County Assembly Services	882,798,755	844,575,901	844,575,901	844,575,901	15%
2	Public Service & Administration	441,870,257	363,822,257	382,013,369	401,114,038	6%
3	Office of the Governor & Deputy governor	137,051,145	146,275,697	161,205,983	169,266,282	3%
4	County Public Service Board	71,312,544	82,743,700	97,380,885	102,249,930	1%
5	Finance & Economic Planning	273,200,154	330,173,400	346,682,070	411,601,942	6%
6	Health Services	2,752,465,777	2,629,499,486	2,649,933,857	2,678,617,494	45%
7	Agriculture, Livestock Development & Co-operative Development	172,779,671	175,039,917	234,608,320	297,155,143	3%
8	Education, Libraries, Culture & Social Services	768,979,234	747,979,234	785,378,196	824,647,105	13%

9	Public Works, Roads & Transport	98,319,101	96,808,742	101,649,179	106,731,638	2%
10	Trade, Innovation, Industrialization, Tourism & Wildlife	64,123,265	66,659,086	69,992,041	73,491,643	1%
11	Water, Energy, Natural Resources & Environment	158,437,690	163,494,615	171,669,346	180,252,813	3%
12	Land, Housing & Physical Planning	80,676,136	75,302,302	79,067,418	83,020,788	1%
13	Information, Communication & E-Government	53,836,604	76,126,262	79,932,575	83,929,204	1%
14	Kericho Municipal Board	5,408,572	8,677,879	9,111,773	9,567,361	0%
15	Litein municipal Board	4,408,572	7,677,879	8,061,773	8,464,861	0%
	TOTAL EXPENDITURE	5,965,667,478	5,814,856,357	6,021,262,686	6,274,686,145	100%

3. Development Expenditure

	Line Ministries/Departments	DEVELOPMENT EXPENDITURE				
		2023-2024	2024-2025	2025-2026	2026-2027	2023-2024
1	County Assembly Services	77,992,439	110,170,894	13,784,193	13,784,193	4%
2	Public Service & Administration	28,241,257	20,950,340	9,048,032	10,950,340	1%
3	Office of the Governor & Deputy governor	-	-	-	-	0%
4	County Public Service Board	-	-	-	-	0%
5	Finance & Economic Planning	438,476,205	102,640,250	104,361,296	118,579,360	3%
6	Health Services	283,789,982	319,148,857	444,251,038	404,068,538	11%
7	Agriculture, Livestock Development & Co-operative Development	518,521,779	444,244,509	307,381,054	327,563,554	15%
8	Education, Libraries, Culture & Social Services	173,608,807	270,208,254	244,115,762	244,115,762	9%
9	Public Works, Roads & Transport	590,441,016	653,834,583	263,848,041	271,793,364	22%
10	Trade, Innovation, Industrialization, Tourism & Wildlife	228,202,942	348,803,511	560,428,164	601,645,741	12%
11	Water, Energy, Natural Resources & Environment	282,005,274	309,903,010	278,465,988	268,465,988	11%
12	Land, Housing & Physical Planning	22,022,942	117,075,000	85,653,456	80,083,456	4%
13	Information, Communication & E-Government	43,662,387	56,295,727	51,295,727	51,295,727	2%
14	Kericho Municipal Board	37,000,000	25,000,000	25,000,000	25,000,000	1%
15	Litein municipal Board	8,000,000	17,000,000	17,000,000	17,000,000	1%
16	STRATEGIC INTERVENTION	208,000,000	150,000,000	50,000,000	50,000,000	5%
	TOTAL EXPENDITURE	2,939,965,031	2,945,274,935	2,454,632,750	2,484,346,023	100%

5.0 CONCLUSION

Public participation was carried out across the County in each of the six Sub counties and specific projects identified by the community. These projects will be streamlined into their respective line ministries for implementation. However, emphasis will be given to the ongoing projects to ensure completion and operationalization of the same.

This County Fiscal Strategy Paper was prepared in line with the National Government Budget Policy Statement 2024.

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