NAROK COUNTY GOVERNMENT

FINANCE AND ECONOMIC PLANNING

MEDIUM TERM

COUNTY FISCAL STRATEGY PAPER

FEBRUARY 2024

To obtain copies of the CFSP, please contact:

The Finance and Economic Planning Department

Narok County Headquarters

P. O. Box 898-20500

NAROK, KENYA

EMAIL: economicplanning@narok.go.ke

The document is also available on the website at: www.narok.go.ke

FOREWORD

The 2024 County Fiscal Strategy Paper (CFSP) is the second to be prepared under the new Administration, it reaffirms the Governor's priority programs, policies and reforms as set out in the third generation CIDP 2023 – 2027. The 2024 CFSP comes at a time when the County is implementing its second year of the County Integrated Development Plan (CIDP 2023-2027), that will prioritize implementation of economic recovery strategies of the new Administration to re-position the County on a steady and sustainable growth trajectory.

Since coming into office in September 2022, 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; 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 CIDP 2023-2027, which is aligned to the Bottom-Up Economic Transformation Agenda. This is meant to reverse the economic recession and ignite economic recovery.

The economy remained strong in the first three quarters of 2023, growing by an average of 5.6 percent, a demonstration of resilience. This growth was well above estimated global and Sub-Saharan African region average of 2.9 percent and 3.3 percent, respectively. The economy is projected to expand by 5.5 percent in 2023 and 2024 from 4.8 percent in 2022.

The policy paper is to guide the preparation of budget estimates for implementing policy goals, priority programs and fiscal framework for FY 2024/25 and the medium term period. As a result, the policy goals, priority programs and fiscal framework in this CFSP are revised to reflect emerging realities and priorities for promotion of growth and development in the county.

The 2024 CFSP also analyses the global, regional, national and county finance and economic trends. The trends are applied to inform policy direction, actions and strategies which will be used to inform the budget preparation for F/Y 2024/25. The policy paper reaffirms the county's' administration commitment on achieving the county's vision of becoming "the premier county of choice in diversity and opportunities for prosperity." This will be actualized by focussing on six thematic areas namely: (i) Economic Empowerment; (ii) Tourism Development and Promotion; (iii) Social Development; (iv) Water Resources Management; (v) Industrial Development and Physical Planning and (vi) Economic Enablers.

To achieve the policy intents in this 2024 CFSP, the county will continue adhering to the fiscal responsibilities of ensuring recurrent expenditure doesn't exceed the county government's total revenue and that a minimum of thirty percent of the county governments' budget is allocated to the development. This will ensure that sustainable inclusive growth is attained in FY 2024/25 and in the medium term period. To finance expenditures set out in this paper, the county will continue to maximize revenue collection by strengthening and reforming the revenue collection system already in place and through structural reforms.

This paper is prepared in accordance with the provisions set out in section 117 of PFM Act 2012 and is aligned with the national objectives contained in the Budget Policy Statement (2024 BPS). The sectoral ceilings are set on the basis of reviewed expenditures in FY 2022/23, the first and Second quarter of FY 2023/24, priorities in sector reports, ADP for FY 2024/25 and priorities in the third generation CIDP 2023-2027.The proposals contained in this paper have benefited from wide consultations in accordance with the principle of openness and inclusivity.

HON. DAVID MUNTET
<u>CEC MEMBER FOR FINANCE AND ECONOMIC PLANNING</u>

ACKNOWLEDGEMENT

The preparation of this policy paper was a collaborative effort among various departments of the County Government of Narok. We are grateful for their inputs. We thank all the sector working groups for participation in various forums and for providing timely information necessary in the finalization of this policy document in addition to comments from several other stakeholders. The 2024 Budget Policy Statement (BPS) from the national treasury was a useful reference document on key issues and policy direction.

As we finalize County budget for FY 2024/2025 and the medium term, I wish to emphasize that resources are limited while at the same time, the County is confronted with significant expenditure demands including financing the second year of the County Integrated Development Plan CIDP 2023-2027 which captures the aspirations of the Governors Manifesto. This calls for proper prioritization to ensure that we focus on critical expenditures with the highest positive impact on the well-being of Narok Citizens. For this reason, the County will continue to prudently manage the use of public resources over the 2024/25-2026/27 Medium Term Expenditure Framework (MTEF).

We also acknowledge that the successful completion of this 2024 CFSP was made possible due to the leadership provided by the county executive member for Finance and Economic Planning Hon. David Muntet. His advice, direction and facilitation in carrying out the exercise is much appreciated.

A core team in Finance and Economic Planning spent substantial amount of time putting this document together. The technical team members worked tirelessly to ensure that this document was produced in time. Our many thanks also goes to the entire staff of the County Finance and Economic Planning department for their dedication, sacrifice, commitment and assistance during this process. We sincerely appreciate them.

PETER N. NAIGISA
CHIEF OFFICER FOR FINANCE AND ECONOMIC PLANNING
NAROK COUNTY GOVERNMENT

TABLE OF CONTENTS

CONTENTS

ABBREVIATIONS AND ACRONYMS

ADP	Annual Development Plan
ASDSP	Agricultural Sector Development Support Programme
BPS	Budget Policy Statement
BROP	Budget Review and Outlook Paper
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
CRA	Commission on Revenue Allocation
GCP	Gross County Product
GDP	Gross Domestic Product
ECDE	Early Childhood Development Education
FY	Financial Year
HIV	Human Immune-Deficiency Virus
ICT	Information and Communication Technology
IFMIS	Integrated Financial Management Information Systems
IGFR	Intergovernmental Fiscal Relations
KDSP	Kenya Devolution Support Program
KIPPRA	Kenya Institute for Public Policy Research Analysis
KNBS	Kenya National Bureau of Statistics
KRB	Kenya Roads Board
RMNCAH	Reproductive, Maternal, New-borne Child and Adolescent Health
MTEF	Medium Term Expenditure Framework
MTP	Medium-Term Plan
NARIGP	National Agriculture and Rural Inclusive Growth Project
OSR	Own-Source Revenue
PFM	Public Financial Management
PPP	Public Private Partnership
RMLF	Road Maintenance Fuel Levy Fund
SMEs	Small and Micro Enterprises
SWG	Sector Working Groups
UHC	Universal Health Coverage

Legal Basis for the Publication of Narok County Fiscal Strategy Paper

Narok County Fiscal Strategy Paper (CFSP 2024) is prepared in accordance with Section 117 (1) of the Public Financial Management Act, 2012. The law states that:

(1) The County Treasury shall prepare and submit to the County Executive Committee the CFSP 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 CFSP with the national objectives in the Budget Policy Statement (BPS).

(3) In preparing the CFSP, 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 CFSP 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 CFSP, the County Treasury shall seek and take into account the views of the Commission on Revenue Allocation (CRA); the public; any interested persons or groups; and 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 finalizing the budget proposal for the financial year concerned.

(8) The County Treasury shall publish and publicize the CFSP within seven days after it has been submitted to the County Assembly.

Fiscal Responsibility Principles

Section 107 of PFM Act of 2012 requires the County Treasury to manage its public finances in accordance with the principles of fiscal responsibility. In managing the County government's public finances, the County Treasury has adhered to the fiscal responsibility principles set out in the statutes as follows: -

(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.

Further, the 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.

I. INTRODUCTION

1.0 Overview

1. The 2024 County Fiscal Strategy Paper (CFSP) is the eleventh to be prepared since the commencement of County Government of Narok in 2013. The period of preparation of 2024 CFSP coincides with the implementation of the second year of third generation County Integrated Development Plan (CIDP 2023-2027) for Narok and the Fourth Medium Term Plan (MTP) of the Kenya Vision 2030. The policy paper seeks to continue implementing far reaching socio- economic policies and structural reforms for economic prosperity. Specifically, the strategic priorities for 2024 CFSP are underpinned in six thematic areas that includes;

a) Economic Empowerment aimed at empowering the citizen of Narok County to participate in, contribute to, and benefit from growth processes;

b) Social Development to achieve healthy lives and an empowered human capital;

c) Tourism Development and promotion with a view of positioning Narok County as the global premier tourist destination of choice;

d) Water Resource Management to protect, conserve, manage and increase access to clean and safe water for socio-economic development;

e) Urban Development and physical planning for sustainable development in the urban areas;

f) Strengthening of enablers that support economic and social development

2. In line with the devolved functions of the County Governments, the CFSP has identified priority programs to be implemented in F/Y 2024/25 and in the medium term period. The policy paper has been firmed up with an updated National economic outlook to reflect changes in Global, National economic and financial conditions.

3. The CFSP is aligned to 2024 Budget Policy Statement (BPS) for national government. The 2024 BPS submitted to National Assembly on 15th February 2024 is the second to be prepared under the Kenya Kwanza Administration, reaffirms the priority policies and strategies outlined in the Bottom-Up Economic Transformation Agenda (BETA) and as prioritized in the Fourth Medium Term Plan of the Vision 2030. Since coming into office in September 2022, 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; and elevated commodity prices such on petroleum products on account of increased geopolitical fragmentation and global oil supply cuts.

4. 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.

5. Despite the challenging environment, we have noted significant success following the various interventions rolled out during the past one year by the Government. Specifically, economic vibrancy has started. The economy in the first three quarters of 2023 remains strong at an average growth of 5.6 percent, a demonstration of resilience. This growth well above estimated global and Sub-Saharan African region average of 2.9 percent and 3.3 percent respectively. The economy is projected to expand by 5.5 percent in 2023 and 2024 from 4.8 percent in 2022. This growth outlook will be supported by a broad-based private sector growth, continued robust performance of the services sectors, the rebound in agriculture, and the ongoing implementation of policy measures to boost economic activity in the priority sectors of the BETA.

6. Further, guiding the FY 2024/25 policy focus is challenges and lessons learnt during the Second generation (CIDP 2018-2022), which forms an integral base upon which the FY 2024/25 and medium term policies and programmes are designed and implemented. The

2024 CFSP is framed against a background of expected slowdown of Global growth to 3.0 percent in 2023 and 2.9 percent in 2024 from 3.5 percent in 2022 which is below the historical (2000–2019) average of 3.8 percent.

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

8. Inflation had remained above the Government target range of 5±2.5 percent from June 2022 to June 2023. In order to anchor inflation expectations, the Monetary Policy Committee (MPC) gradually raised the policy rate (Central Bank Rate (CBR)) from 7.50 percent in May 2022 to 10.50 percent in June 2023 and further to 12.50 percent in December 2023.

1.2 CFSP Process Overview

9. The County Government Act mandates that county funds be spent according to approved planning framework as stipulated in various sections of the acts as below;

i) Section 104, (1)**,** (4); public funds cannot be *"…appropriated outside a planning framework developed by the county…."*

ii) Section 107 (2), *"The county plans shall be the basis for all budgeting and spending in a county"*

iii) Section 115 (1) *"Public participation in county planning process shall be mandatory and…."*

10. In addition, the PFM Act section 117 stipulates the process to be followed in the preparation of the CFSP. With regard to section 115 (1) of the County Government Act Narok County has ensured public involvement in planning, budget preparation and budget execution.

11. The rationale of public participation is to enhance value in decision-making, policy formulation and resource allocation in order to ensure that the budget addresses needs identified and prioritized by the affected public. Specifically, public participation enables citizens to:

- Follow up on accountability issues.
- Identify and communicate priority needs and preferences in the community
- Help in building ownership and draw support in the implementation of projects, programmes.
- Enhance transparency in the use of public resources

Notable concerns from members of the public which calls for immediate prioritization in the budgets were;

i. Construction and maintenance of roads
ii. Enhance immunization coverage and promote reproductive health
iii. Support Vocational Training Programme
iv. Fast-track the school feeding program
v. Empowerment of PWDs, Women and Youth,
vi. Constant supply of drugs in hospital
vii. Improve access to healthcare
viii. Addressing livestock disease and outbreak
ix. Supply of certified seeds, farm chemicals and fertilizer
x. Improve support in extension services
xi. Improve farming practices and the management of harvest to ensure consistent supply of food in the county
xii. Environmental protection and conservation
xiii. Increase the supply of safe and affordable water for domestic use
xiv. Improve on the access to education for early school going children, the youths and adults
xv. Lands and development of urban areas, street lighting
xvi. Promote tourism development and trade

1.3 Outline of the 2024 County Fiscal Strategy Paper

12. The rest of the paper is organised as follow; Section II outlines the economic context in which the 2024/2025 county budget is prepared. It provides an overview of the recent global and national economic developments and the macroeconomic outlook relevant to county budget process.

13. Section III outlines the fiscal policy and budget framework for the F/Y 2023/2024 that is supportive of strategic growth over the medium- and long-term sustainable development.

14. Section IV deals with intergovernmental fiscal relations that outlines the relationship between the national and county governments, transfer of functions and challenges encountered by the county governments in public finance management.

15. Section V outlines Medium Term Expenditure Framework (MTEF) for FY 2024/25 with county resources envelope, spending priorities and proposed MTEF ceilings over the same period.

II. RECENT ECONOMIC DEVELOPMENTS

16. This section provides an update of the economic performance and emerging issues likely to affect the outcome of national and county development goals. The section begins by focusing on the economic outlook at the global and regional level. The paper basically captures the outlook as signified in the BPS 2024 and other national policy documents like the budget policy review and outlook paper 2023, the Kenya Economic Survey 2023 by Kenya National Bureau of Statistics (KNBS), and Kenya Economic Report 2023 by Kenya Institute for Public Policy Research Analysis (KIPPRA). Thereafter an analysis of the national outlook and impact on county economy and linkages is provided.

17. The County's performance is largely dependent on the formulation and implementation of prudent policies to guide service delivery. The performance will also depend highly on the country's economic performance as the County's largest share of revenue is obtained through transfers from the National Government.

2.1National Economic Outlook Overview

18. The Kenyan economy slowed down to a growth of 5.2 percent in FY 2022/23 from a growth of 6.2 percent in FY 2021/22 mainly due to three major constraints affecting the economy during the period. These included: Russia and Ukraine conflict that disrupted global trade leading to increased fuel, fertilizer and food prices; the lingering effects of the COVID-19 pandemic; and a severe drought witnessed in the region and most parts of the country.

2.1.1 Growth Update

19. The economy is projected to recover to 5.5 percent in FY 2023/24 with a 95 percent confidence level ranging between 7.1 percent and 3.9 percent at 0.8 percent standard deviation. The economy is projected to grow by 5.5 percent in FY 2024/25 at a growth range of around 7.1 percent and 3.9 percent using the same standard deviation at 95 percent confidence interval

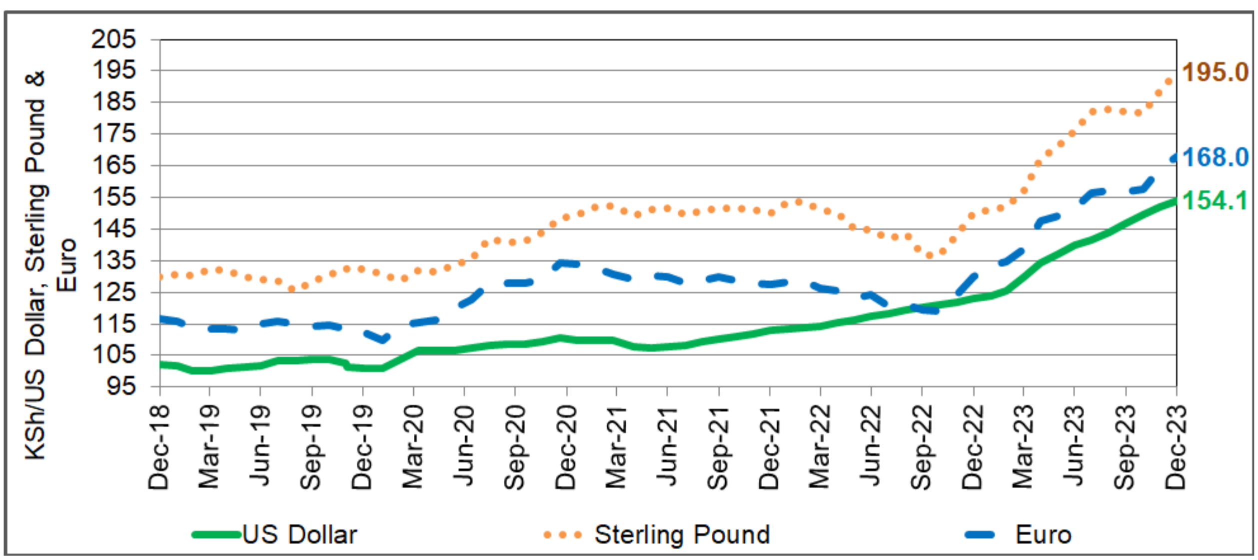
20. In external sector developments, the current account deficit improved to USD 4,196.5 million (4.2 percent of GDP) in November 2023 compared to USD 6,012.3 million (5.4 percent of GDP) in November 2022. In the year to November 2023, exports contracted by 2.9 percent mainly due to a decline in horticultural exports particularly cut flowers despite an improvement in receipts from tea, chemicals and manufactured exports. The increase in receipts from tea exports reflects higher prices attributed to lower global supply due to drought amid resilient demand from traditional markets while the increase in manufactured exports receipts reflects strong regional demand. On the other hand, imports declined by 11.4 percent in the 12 months to November 2023, mainly reflecting lower imports of infrastructure related equipment, manufactured goods, oil, and chemicals. Oil prices remain elevated on account increased geopolitical fragmentation and global oil supply cuts by major oil exporters particularly Saudi Arabia and Russia. As a result, the trade account balance improved by USD 2,015.0 million to a deficit of USD 10,002.2 million in November 2023.

21. The medium-term fiscal policy approach seeks to support the Government's Bottom-Up Economic Transformation Agenda through continued implementation of a growth responsive fiscal consolidation plan that slows the yearly increase in the public debt and puts in place an efficient liability management strategy without affecting the provision of services to the public. In addition, the Government will put in place measures to broaden the revenue base and rationalize expenditures in order to reduce the fiscal deficits. Consequently, revenue collections are expected to rise to 20.2 percent of GDP in FY 2027/28 from 19.0 percent of GDP in the FY 2023/24 while total expenditures are projected to reduce to 23.7 percent of GDP from 24.2 percent of GDP over the same period. Implementation of the reforms on revenue and expenditure is expected to result in reduction in the fiscal deficit including grants from Ksh 785.0 billion (4.9 percent of GDP) in the FY 2023/24 to Ksh 771.0 billion (3.1 percent of GDP) in the FY 2027/28.

2.1.2 Kenya Shilling Exchange Rate

22. Kenya like several other countries is experiencing foreign exchange challenges due to the rise of US interest rates. In December 2023, the Kenya Shilling weakened by 25.3 percent against the US Dollar, 30.2 percent against the Sterling Pound and 29.2 percent against the Euro, compared to a similar period in 2022. The Kenya Shilling against the US Dollar exchanged at an average of Ksh 154.1 in December 2023 compared to an average of Ksh 122.9 in December 2022. Against the Euro, the Kenya shilling weakened to exchange at Ksh 168.0 in December 2023 compared to Ksh 130.0 in December 2022 while against the Sterling Pound the Kenyan Shilling also weakened to exchange at Ksh 195.0 compared to Ksh 149.8, over the same period (Figure 2). The Kenyan Shilling was supported by increased remittances, adequate foreign exchange reserves and strong exports receipts.

Figure 1: Kenya Shillings Exchange Rate

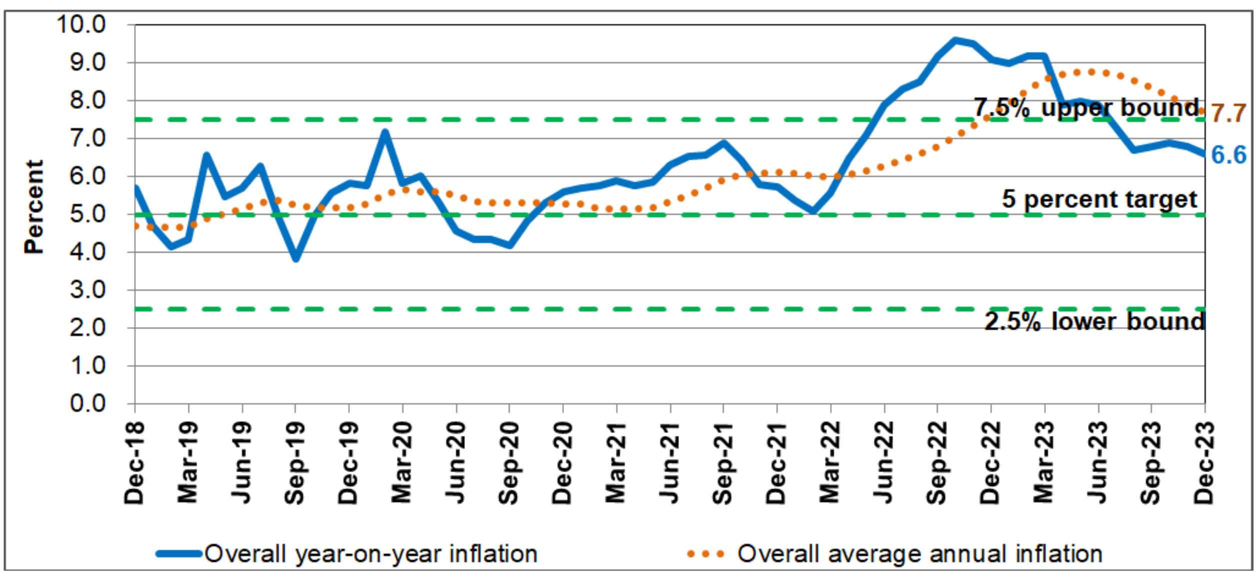


Source Data: National Central Banks

2.1.3 Inflation Rate

23. Inflation had remained above the Government target range of 5±2.5 percent from June 2022 to June 2023. In order to anchor inflation expectations, the Monetary Policy Committee (MPC) gradually raised the policy rate (Central Bank Rate (CBR)) from 7.50 percent in May 2022 to 10.50 percent in June 2023 and further to 12.50 percent in December 2023. The tightening of the monetary policy was to address the pressures on the exchange rate and mitigate second round effects including from global prices. This ensured that inflationary expectations remain anchored, while setting inflation on a firm downward path towards the 5.0 percent mid-point of the target range. This policy action was complemented by Government interventions and favourable weather conditions that increased food supply. Consequently, inflation eased gradually to 6.6 percent in December 2023 from a peak of 9.6 percent in October 2022 and has been within the target range for the first half of FY 2023/24 (Figure 3). However, inflation has remained sticky in the upper bound of the Government's target range since July 2023 due to relatively higher energy prices.

Figure 2: Inflation rate in Kenya

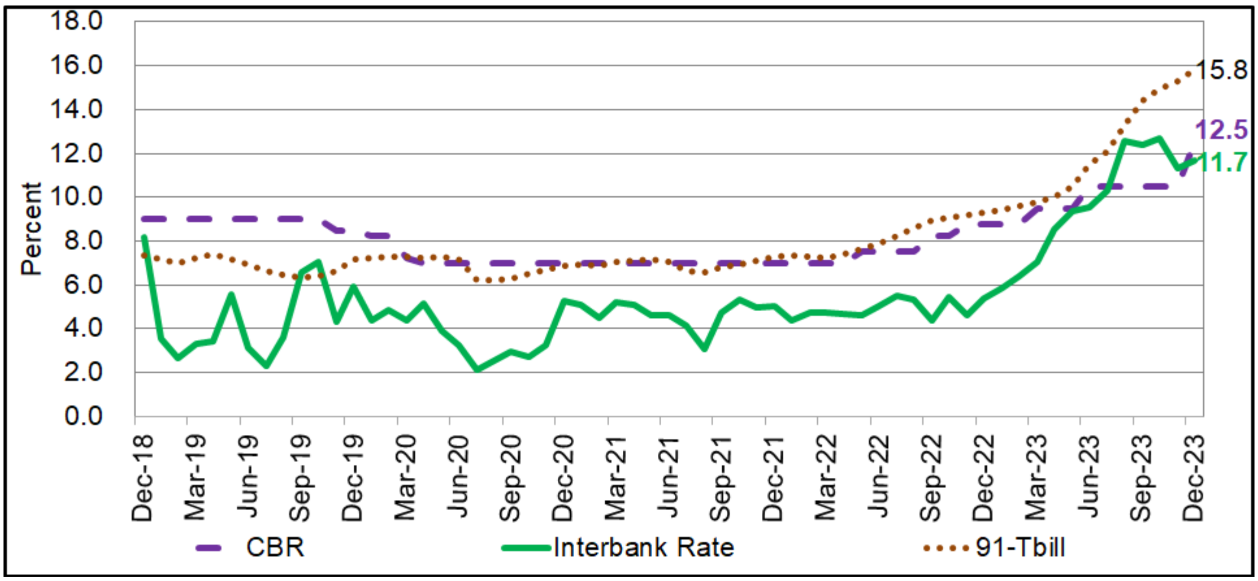


Source of Data: Kenya National Bureau of Statistics

2.1.4 Interest rates

24. Short-term interest rates increased in December 2023, partly reflecting the tight monetary policy stance and liquidity conditions in the money market. The interbank rate increased to 11.7 percent in December 2023 compared to 5.4 percent in December 2022 while the 91-day Treasury Bills rate increased to 15.8 percent compared to 9.3 percent over the same period (Figure 4). The introduction of the interest rate corridor around the CBR (set at CBR± 250 basis points by the MPC in August 2023) has aligned the interbank weighted average rate to the Central Bank Rate and thereby improving the transmission of the monetary policy.

Figure 4: Short-Term Interest Rates, Percent



Source of Data: Central Bank of Kenya

2.2 Global Growth Outlook

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

26. Additionally, most currencies in emerging market and frontier economies weakened against the U.S. Dollar, mainly due to the tightening of U.S. monetary policy. Inflation in advanced economies has continued to ease, reflecting effects of monetary policy tightening and lower energy prices. Nevertheless, core inflationary pressures remained elevated. Advanced economies are projected to record a slower growth of 1.5 percent in 2023 and 1.4 percent in 2024 from 2.6 percent in 2022 mainly driven by lower growth in the Euro Area. The slowdown in growth in the advanced economies is as a result of aggressive monetary policy tightening that has contributed to a significant deterioration of global financial conditions.

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

2.3Domestic Growth Outlook

28. The Kenyan economy is demonstrating resilience with growth performance well above the global and SSA average. In the first three quarters of 2023, the economic growth averaged 5.6 percent (5.5 percent Q1, 5.5 percent Q2 and 5.9 percent Q3). This growth was primarily underpinned by a rebound in the agricultural activities which grew by an average of 7.0 percent in the first three quarters of 2023 compared to a contraction of 1.8 percent during the same period in 2022.

29. In the first three quarters of 2023, the agriculture sector rebounded strongly following improved weather conditions and the impact of fertilizer and seed subsidies provided to farmers by the Government. The sector grew by 6.1 percent in the first quarter, 8.2 percent in the second quarter and 6.7 percent in the third quarter. The strong performance was reflected in enhanced production, especially of food crops that led to significant increase in exports of tea, coffee, vegetables and fruits. However, production of cut flowers and sugarcane declined during the period.

30. The services sector continued to sustain strong growth momentum in the first three quarters of 2023 growing by an average of 6.2 percent (5.9 percent in the first quarter, 5.9 percent in the second quarter and 6.9 percent in the third quarter). The robust performance was reflected in the notable growth of information and communication (driven by increases in wireless internet and fiber-to-home subscriptions), wholesale and retail trade, accommodation and food services (driven by recovery in tourism), financial and insurance (due to strong private sector credit growth, increased yield on investment and increased return on deposits by commercial banks) and real estate (supported by sustained expansion of the construction industry).

31. In the first three quarters of 2023, the industrial sector remained positive and recorded growths of 2.4 percent in the first quarter, 1.7 percent in the second quarter and 2.9 percent in the third quarter compared to growths of 4.4 percent, 4.2 percent and 3.0 percent, respectively in similar quarters in 2022. Growth in the sector was supported by increased activities in the construction sector mainly reflected in the increased consumption of cement and imports of bitumen, iron, and steel. Activities in the manufacturing sector, which accounts for nearly half of the industrial sector output, was hampered by a decline in the manufacture of both food (particularly sugar production) and non-food products while electricity sub-sector slowed down due to a notable decrease in electricity generation from all sources, except geothermal.

2.4 Linkages between National and County Economic Outlook

32. The performance of the economy at the national level directly and indirectly affects the economic behaviour at the county level. Variations in economic indicators in the national economy have a direct effect on the performance of the economy at the county. Therefore, this paper is prepared in consideration that the policies at the national level inform the outcome at the county level.

33. For instance, a rise or decline in inflation raises or lowers the cost of living at both levels of government. At the county government, the rise in cost of goods directly impacts on the cost at which the county units obtain services from suppliers. Subsequently, this reduces the overall outlay available for expenditure.

34. On the other hand, depreciation in local currency stimulates exports and discourages importation. This depreciation encourages more visits by foreign tourists into the country. As the home of the famous Maasai Mara Game Reserves the increase in tourist arrivals as a result of the depreciation would lead to gain in terms of increased revenues. The contrary happens when the currency appreciates.

35. Regulatory monetary policy to reduce money supply in the economy at the national level has a counterproductive effect – raises interest's rates- which discourages borrowings. This is likely to reduce business activities leading to unemployment. This impacts on revenue collection thereby affecting the shareable revenues and timely transfers to the county governments, thus affecting service delivery.

36. Similarly, increase in internal government borrowing crowds out private investment. This increases unemployment, decreased productivity in all sectors and ultimately the realized revenues. The removal of interest rates capping is expected to generate results that are favourable to the county economy if the access to credit from financial institutions is made available to small and medium size enterprises.

37. These macro-economic variables are measured by institutions at the national government with a trickle-down effects in the counties. In view of the above, this paper proposes policies that are strategic in mitigating adverse effects likely to depress economic performance in the county.

2.5 Fiscal Performance of County Governments

38. The total County Governments' approved development expenditures over the medium-term account for 37% in FY 2020/21, 36% in FY 2021/22 and 31% in FY 2022/23 translating to an average of 35 % of the total budget. The approved budget of eight counties, namely Bomet, Meru, Nandi, Wajir, Kiambu, Laikipia, Nairobi and Tharaka Nithi did not conform with the requirement of Section 107 (2) (b) of the PFM Act, 2012 in FY 2022/23 (2024 BPS).

39. The total actual development expenditure for the FY 2020/21, FY 2021/22, and FY 2022/23 accounted for 29%, 25% and 23% of the total actual budget for the same. This translates to an average allocation of 26% of actual total expenditures to development expenditures. For the FY 2022/23, only seven counties met this requirement as far as the actual expenditure as a percentage of total budget is concerned. These counties spent the lowest budgets on actual development in the reporting period.

40. Whereas most counties allocate the required 30% of their budgets towards development, the actual development expenditure is less over the medium term. This implies that County Governments' development agenda is compromised with higher allocations going towards recurrent expenditure. There is need for the relevant institutions, including the Controller of Budget to put measures in place to enhance compliance with the PFM law provision on development expenditure and ensure the actual expenditures are aligned with spirit of the PFM Act, 2012.

41. Over the medium – term, expenditure on wages and benefit for the FY 2020/21, FY2021/22, and FY 2022/23 accounted for 40%, 44% and 42% of the total revenue, respectively. The report by the Controller of Budget on review of County Government's budget implementation for FY 2022/23 shows the total expenditure on wages reported by County Governments amounted to Ksh 195.1 billion. During the same period, the total revenue available to the County Governments was Ksh 466 billion. This means that on average County Governments spent 41.8 percent of their total revenue on wages and benefits which is higher than the threshold of 35 percent provided by the PFM Act, 2012. Only 11 Counties, (Tana River, Turkana, Kwale, Mandera, Samburu, Isiolo, Kilifi, Nakuru, Migori, Lamu and West Pokot) were able to maintain their expenditures to wages and salaries below the 35 percent threshold in FY 2022/23.

42. Analysis of OSR performance in the FY 2022/23 shows that County Governments were able to raise a total of Ksh 47.1 billion from Own Source Revenue (OSR) against an annual target of Ksh 66.1 billion representing an outturn of 71.3 percent. In FY 2022/23 six counties were able to meet their revenue targets namely Kisii (150%), Garissa (142%), Nyeri (135%), Lamu (120), Kitui (111%) and Kirinyaga (107). On the other hand, forty-one (41) County Governments did not meet their OSR revenue targets in FY 2022/23. Five counties collected less than 50% of their OSR targets which are Kericho (49%), Wajir (47), Murang'a (44%), Mandera (42%), and Nyamira (36%).

43. In order to support the County Governments to enhance their Own Source Revenue, the National Treasury is in the process of implementing the National Policy to Support Enhancement of County Governments Own Source Revenue. Some of the activities underway include enactment of the National Rating Bill, the County Revenue Raising Process Bill and the development of a model Tariffs and Pricing Policy by use by the County Governments.

44. The National Treasury notes that a number of County Governments are having challenges in setting realistic revenue targets. To address this, the National Treasury in collaboration with other stakeholders are planning to roll out a training, on Tax Analysis and Revenue Forecasting in the FY 2024/25. The team is currently working on the training module on revenue forecasting. In addition, the National Treasury is planning to build the capacity of County Governments to generate statistics that conform to the Government Finance Statistics 2014 Manual beginning in FY 2023/24. This will strengthen the County Government's fiscal policy making including realistic revenue forecasting. (BPS, 2024).

2.6 Fiscal Performance of the Narok County Budget

2.6.1 Overview

45. The review of fiscal performance in the current and previous years is a critical basis for determining future allocations and forecasts. A broad analysis of fiscal performance is particularly important given that the life of this strategy paper is coinciding with the implementation of the second year of the third generation CIDP for the period 2023-2027.

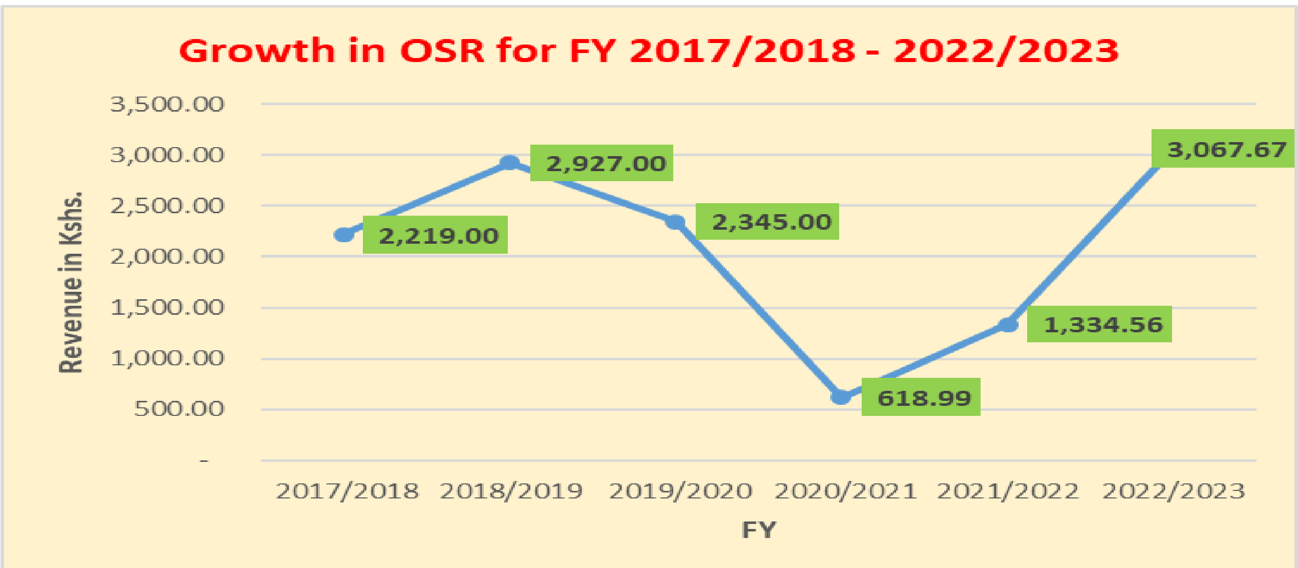
46. Thus to put the implication of the fiscal performance into proper perspective this section begins with the review of the fiscal performance focusing on FY 2023/24 which is currently under implementation. Then the focus shifts to a backward reflection to highlight the findings of the fiscal performance of CIDP II implementation.

2.6.2 Fiscal Performance of the Narok County Budget

47. In FY 2021/2022, Collection of Own sources of revenue was KES 1,334,563,665.95. The revised target for the year FY 2022/2023 was KES 4,516,596,906.87, the actual was KSh. 3,067,671,084.20. The Own Source Revenue fell short of the revised target by KES

1,448,925,822.67. Maasai Mara Game Reserve recorded the highest revenue, KES 2,779,024,930.00 amongst the local sources. The collection from all other OSR streams amounted to KES 288,646,154.20. It's apparent from the foregoing that the performance in revenue collection from Maasai Mara Game Reserve has improved, this was attributed by increase of the number of tourist who visited the National reserve, due to the Great Wildebeest Migration and fully opening up of the economy after the lingering effects of the pandemic.

Figure 4: Trend in Own Source Revenue



48. Recurrent expenditure amounted to KES. 6,416,554,503.00 against a revised target of KES. 10,153,457,175. Thus, the total expenditure on recurrent at the close of FY 2022/23 represents 63.2% rate of absorption when compared against the revised estimates on expenditures for recurrent. Development expenditure amounted to KSh. 3,969,520,819.00 compared to a revised target of KSh. 4,827,658,645. This represents 82.22% rate of absorption when compared against the revised estimates on expenditures for development.

49. The implementation of the budget for FY 2023/24 is progressing well. By the end of January 2024, total cumulative revenue (Transfers from the national government and local own revenue sources) amounted to KSh. 6.67 billion.

3 FISCAL POLICY AND BUDGET FRAMEWORK FOR THE F/Y 2024/2025

45 This section presents the fiscal policy upon which the F/Y 2024/2025 budget and the medium-term programmes are to be based. The County Government's fiscal policy seeks to improve service delivery for accelerated socio-economic and environmental advancement. It aims to promote and support a higher level of investment and expansion in Tourism and Trade, Health, Education, and agriculture while enabling Government to finance public services, redistribution and development in an affordable and sustainable budget framework.

46 The county government shall continue with prudent public finance management and ensuring it adheres to the fiscal responsibilities in accordance to the PFM law. This is expected to enhance prudent and transparent management of public resources. This will help in maintaining county development expenditure above the 30% threshold provided in the PFM law. Prudent financial management and creating of a conducive business environment is also expected to boost both investors and creditors confidence culminating to much needed investment in the county.

47 Towards ensuring that more resources are devoted for development, the County government of Narok remains committed in ensuring that discretionary expenses are reduced. Reforms in the expenditure management and revenue administration will continue to be implemented so as to increase efficiency, reduce wastages and increase revenues collected. This is expected to create fiscal space for spending on development programmes within the budget.

3.1 The 2024/25 Budget Framework

48 In FY 2024/25 prioritization of resource allocation will be based on the considerations in the third generation County Integrated Development Plan (CIDP 2023-2027), recommendations that will be gathered during the public consultative forums to be done later on March 2024, Sectoral reports, departmental strategies, Post-COVID 19 Socio-economic Reengineering and Recovery Strategy, programmes and broad development policies of the national government including the Bottom-Up Economic Transformation Agenda (BETA).

3.1.1 Fiscal Responsibility Principles

49 The County Government of Narok recognizes that policy decisions made today on usage of public resources will affect future generations. This fiscal standpoint is taken to safeguard the lives of future generations with regard to sustainable use of available resources.

50 Therefore, in line with the Constitution, the Public Finance Management (PFM) Act, 2012, and in keeping with the prudence and transparent management of public resources, the County government will adhere to fiscal responsibility principles.

51 In FY 2024/25, approximately 33 percent has been allocated for development. In FY 2022/23 the county utilized approximately 21.43 percent on development compared to an allocation of approximately 32.22 percent.

52 Although the County Government envisages maintaining a balanced budget where total revenue equal total expenditure, it will seek to adhere to borrowing guidelines if need arises. The amounts realised from the borrowing will be applied in financing development projects only.

53 On fiscal risks the County Government will continue to put measures in place to enhance revenue collection, majorly through automation and widening of revenue base.

3.1.2 Fiscal and Public Financial Management Reform

54 The County Government will continue pursuing its policy objectives within the financial context established by fiscal responsibility principles. The progress made in the context of strategic priorities will continue to be regularly reviewed to establish the parameters for the Budget, with a continued focus on the level of expenditure on County development.

55 The fiscal policy will be geared towards enhancing revenue administration and efficiency in collection, by formulating revenue administration regulations and reviewing legislations for charges and fees in order to simplify and modernize them. This is expected to increase revenue collection in the medium term.

56 The County Government will continue its prudent approach to budgeting through expenditure rationalization and optimal resource allocation as a measure of realizing quicker socio-economic growth.

57 It is therefore imperative to reform and modernize the revenue systems to ensure stability of revenue, while at the same time continuing to restructure expenditure systems to ensure efficiency and create fiscal space required to meet the county budgetary needs.

3.1.3 Revenue Projections

58 According to the 2024 Budget Policy Statement (BPS), Narok County is to receive an allocation of KSh. 9.326 billion as equitable share. The County government of Narok will receive an approximately KSh. 928.31 million as conditional allocations. These will include allocations of funds for Road Maintenance Levy Fund (RMLF), Transferred Museum Function, Community Health Promoters, Loans and grants for various programmes. In addition to the equitable share and conditional funds, Narok County is to receive an estimated KSh. 250,000,000 to operationalize the national Government's programme on aggregated industrial parks.

59 Further, the County generates its own revenues from property rates, entertainment taxes and other taxes that the county is authorized to impose by an Act of Parliament as well as user fees and charges to be authorized in the Finance bill for FY 2024/25. The County projects to collect revenue amounting to KSh. 4.03 billion from local own revenue sources.

60 The total revenue for FY 2024/25 is therefore projected at KSh.14.28 billion as shown in table 1.

Table 1: Revenue Projections, (In million KSh.)

	Baseline	Estimates	Projections	
Financial Year	**2023/24**	**2024/25**	**2025/26**	**2026/27**
Equitable share	9,200.56	9,325.99	9,789.08	10,123.51
Additional Conditional Allocations	1,046.03	928.31	935.34	945.77
Leasing medical equipment	159.89			
Local Collections	4,588.58			

		4,025.36	4,107.98	4,272.89
TOTAL	14,995.06	14,279.66	14,832.40	15,342.16

Source: Narok County Treasury

61 The county will endeavour to implement structural reforms supportive of revenue raising measures to be contained in the Finance Bill 2024. This shall be in accordance with the provision in PFM Act 2012 section (132) (1&2) which require the County Executive member for finance to make pronouncement of the revenue raising measures for the county government with the approval of the County Executive Committee.

3.1.4 Expenditure Projections

62 Considering the limited resources against competing needs for programme funds, priorities for funding in FY 2024/25 has been given to projects/programmes that focus on county strategic interventions. These programmes are geared towards promotion of service delivery that supports social development, economic growth and transformation of the County. They are also in line with the third generation County Integrated Development Plan (CIDP 2023-2027), fourth Medium Term Plan of the vision 2030, and the Bottom-Up Economic Transformation Agenda (BETA). Recurrent expenditure has been structured to decrease over time as capital expenditure increases in relative terms.

63 Further, the county government shall ensure that recurrent expenditure does not exceed 70 percent of county government's total revenue. The county government shall also observe a reasonable degree of revenue predictability.

3.1.5 Recurrent Expenditure Projections

64 In expenditure projections for FY 2024/25 and in the medium term, it is expected that allocation of resources will be on programmes and projects that are prioritized in the Narok County third generation CIDP 2023 - 2027 and matched with the BETA priorities. Thus, departments will be required to follow this criterion in identification and allocation of resources during the preparation of budget estimates.

65 Total recurrent expenditures in FY 2024/25 is estimated at KSh. 9.567 billion representing 67 percent of the total budget.

3.1.6 Development Expenditure Projections

66 The overall development expenditure for FY 2024/25 is projected at KSh.4.712 billion as shown in Table 2.

Table 2: Allocation for development and recurrent (In Million KSh.)

	Baseline	Estimates	Projections	
Financial Year	2023/24	2024/25	2025/26	2026/27
Expenditure				
Recurrent	10,421.74	9,567.37	9,908.04	10,233.22
Development	4,573.33	4,712.29	4,924.36	5,108.94
TOTAL	14,995.06	14,279.66	14,832.40	15,342.16
% Allocation				
Recurrent	69.50%	67.00%	66.80%	66.70%
Development	30.50%	33.00%	33.20%	33.30%
TOTAL	100%	100%	100%	100%

Source: Narok County Treasury

67 The projections in Table 2 indicate that in FY 2024/25, percentage allocation to development is 33 percent. The PFM Act section 107(2b) requires that over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure.

68 In order to contain non-essential spending in recurrent and non-priority expenditure in development, Narok County Government will focus on the following areas of intervention.

a) Full operationalization of the Governors Service Delivery Unit (GDU) to breed efficiency

b) Instituting austerity measures on non-priority expenditures

c) Promote innovative cost cutting service delivery practices

d) Consultancy services will only be of last resort with a full credible proof that the county doesn't have capacity to undertake activity which consultancy is sought for.

3.1.7 Overall deficit and financing

69 To ensure fiscal discipline, Narok County Government will run a balanced budget whereby the revenue is equal to expenditures. In effect, the FY 2024/25 county budget shall be financed through transfer from the National Government and own revenue collected from own sources such as fees and charges, rates, among others allowed by the governing Acts.

4 INTERGOVERNMENTAL FISCAL RELATIONSHIP

4.0 Overview

70 The fiscal strategy paper will be applied in guiding the budget policies for FY 2024/25 and the medium-term period. It's worthy to note that 2015/16 was the final transition year as defined in the Sixth Schedule of the Constitution and in the Transition to Devolved Government Act, 2012. From an intergovernmental fiscal relations standpoint, substantial progress has been made in terms of laying the legal, institutional and administrative foundations for successful fiscal decentralization.

71 In order to support the County Governments to enhance their Own Source Revenue, the National Treasury is in the process of implementing the *National Policy to Support Enhancement of County Governments Own Source Revenue*. Some of the activities underway include enactment of the National Rating Bill, the County Revenue Raising Process Bill and the development of a model Tariffs and Pricing Policy by use by the County Governments.

72 The National Rating Bill was passed by the National Assembly and forwarded to the Senate on 31st October 2023 for consideration. The Bill provides for among others, standards in the way rating and valuation is conducted in the country; how to deal with properties cross-cutting in more than one County Government; procedure for claiming and payment of Contribution in Lieu of Rates (CILOR); and timely updating of valuation rolls by the County Governments. More importantly, the Bill will repeal the outdated Valuation for Rating Act, Cap 266 and Rating Act, Cap 267 and align the property rating legal regime with the devolved system of governance.

73 The County Governments (Revenue Raising Process), Bill 2023 provides for a process by which the County Governments introduce revenue raising measures in conformity with Article

209 (5) of the Constitution. The Bill, which is currently before Senate has gone through the First Reading.

4.1 Division of Revenue between the National and the County Governments

74 Article 218(2) of the Constitution requires division of revenue between the two levels of Government and across County Governments to take into account the criteria set out in Article 203(1) of the Constitution. The criteria include factors such as: national interest, public debt and other national obligations and needs of the disadvantaged groups and areas, among others.

75 Based on ordinary revenue projection of Ksh 2,948.1 billion in FY 2024/25, it is proposed that Ksh 2,549.1 billion be allocated to National Government, Ksh 391.1 billion to County Governments as equitable revenue share and Ksh 7.87 billion to the Equalization Fund. The National Treasury proposes to further allocate Ksh 3.53 billion to the Equalization Fund in FY 2024/25 as partial payment to arrears for Equalization Fund.

76 Article 203 (2) the Constitution requires that the equitable share allocation to counties should not be less than fifteen (15) per cent of the last audited revenue raised nationally, as approved by the National Assembly. The above proposed equitable share for FY 2024/25 of Ksh 391.1 billion is equivalent to 24.86 per cent of the actual revenues raised nationally of Ksh 1,573 billion for FY 2019/20, as per the records of the National Treasury. However, the last audited revenue raised nationally, as approved by the National Assembly is Ksh 1,673 billion implying an overstatement of Ksh 100 billion. This discrepancy has since then been raised with the Office of Auditor-General and the Office of the Auditor-General has since responded to the National Treasury modifying the audited revenues for the FY 2019/20, to Ksh 1,578,035,418,993.

77 In the CGAAB, 2024, for FY 2024/25, the National Treasury proposes to allocate Ksh 54.7 billion as additional allocations (conditional and unconditional) to County Governments. Out of this, Ksh 19.06 billion will be financed from the National Government's share of revenue, and Ksh 35.66 billion from proceeds of loans and grants from Development Partners. These additional allocations to counties are as follows:

a. Proceeds from Court fines amounting to Ksh 7.4 million
b. 20% share of mineral royalties amounting to Ksh 1.055 billion
c. Construction County Headquarters amounting to Ksh 445 million

d. County Aggregation and Industrial Parks (CAIP) amounting to Ksh 4.5 billion
e. Road Maintenance Fuel Levy (RMFL) amount to Ksh 10.5 billion
f. Conditional Allocation for the Community Health Promoters (CHPs) Programme of Ksh 2.5 billion
g. Transferred Function of Museums amounting to Ksh 30. 2 million. Narok Museum is among the stations identified to be transferred back to the County Government by the Intergovernmental Relations Technical Committee vide Gazette Notice No. 13982 dated 11th November 2022.
h. Conditional allocations financed from proceeds of Loans and grants by Development Partners amounting to Ksh 35.7 billion.

Table 3a: Additional Allocations to County Governments for FY 2024/25

S/No	Additional Allocation	Amount (Ksh)
a) Additional (Conditional & Unconditional) Allocations from the National Government's Share of revenue for Financial Year 2024/2025		
1	Unconditional allocation financed from court fees and fines emanating from contravention of County Legislation	7,431,745
2	Unconditional allocation financed from the 20% Share of Mineral Royalties (due for the FY 2021/22)	1,055,205,814
3	Conditional allocation for the Construction of County Headquarters	445,000,000
4	Conditional allocation for County Aggregated Industrial Parks (CAIP) Programme	4,500,000,000
5	Conditional allocation for Road Maintenance Levy Fund (RMLF)	10,522,211,853
6	Conditional allocation for Community Health Promoters (CHPs)	2,500,000,000
7	Conditional allocation for the Transferred Museum Function	30,184,835
	Total Allocation from GoK	**19,060,034,247**
b) Additional Conditional Allocations Financed from proceeds of loans and grants from Development Partners for Financial Year 2024/2025		
1	IDA (World Bank) Credit - National Agricultural Value Chain Development Project (NAVCDP)	5,000,000,000
2	IDA (World Bank) Credit - Food Systems Resilience Project (FSRP)	2,250,000,000
3	IDA (World Bank) Credit - Water & Sanitation Development Project	5,700,000,000
4	DANIDA Grant - Primary Health Care in Devolved Context Programme	487,500,000
5	IDA (World Bank) Credit - Second Kenya Devolution Support Program (KDSP II)	1,762,500,000
6	IDA (World Bank) Credit - Financing Locally - Led Climate Action (FLLoCA) Program – County Climate Resilience Investment (CCRI) Grants	3712000000
7	KfW (German Financial Cooperation) Credit - Co-Financing Locally- Led Climate Action (FLLoCA) Program – County Climate Resilience Investment (CCRI) Grant	1,200,000,000
8	KfW (German Financial Cooperation) Credit - Drought Resilience Programme in Northern Kenya (DRPNK) Project	781,969,410
9	IDA (World Bank) Credit - Emergency Locust Response Project (ELRP)	1,900,000,000
10	IFAD - Kenya Livestock Commercialization Project (KeLCoP)	378,730,000
11	IFAD - Aquaculture Business Development Project (ABDP)	245,879,120
12	IDA (World Bank) Credit – Kenya Urban Support Project (KUSP) – Urban Institutional Grant (UIG)	1,575,000,000
13	IDA (World Bank) Credit - Kenya Informal Settlement Improvement Project (KISIP II)	10,600,000,000
14	UNFPA Grant - 10th Country Kenya Programme	65,190,000
Total Allocation from DPs		**35,658,768,530**
Grand Total (both from GoK & DPs)		**54,718,802,777**

Source: The National Treasury, BPS 2024

78 Taking in to consideration the proposed additional allocations to County Governments in FY 2024/25, the expected total transfers to County Governments is Ksh 445.8 billion.

79 Horizontal allocation of equitable share of revenue among the County Governments for FY 2023/24 is based on the Third Basis Formula, which was considered and approved by Parliament in September 2020. The third basis takes into account the following parameters: Population (18%); Health Index (17%) Agriculture Index (10%); Urban Index (5%); Poverty Index (14%); Land Area Index (8%); Roads Index (8 percent); and Basic Share Index (20%).

80 The National Treasury proposes to allocate Ksh 7,867 million to the Equalisation Fund being 0.5% of the actual revenues raised nationally of Ksh 1,573.4 billion for FY 2019/20, as per the records of the National Treasury and Ksh 3,533 million towards payments arising from Equalisation Fund arrears.

81 **Integrated County Revenue Management System (ICRMS):** In order to support County Governments, enhance their own source revenue through automation, it is recommended that all the County Governments adopt an Integrated County Revenue Management System. In view of the above, there is an ongoing process to recommend a uniform integrated county revenue management system that will enhance OSR administration and management at the County level for improved service delivery. This will ensure uniformity in the collection, recording, and reporting of own source revenues across the 47 County Governments. Further, it will enable County Governments to generate reliable data for revenue forecasting and revenue enhancement.

82 The National Treasury notes that a number of County Governments are having challenges in setting realistic revenue targets. To address this, the National Treasury in collaboration with other stakeholders are planning to roll out a training on Tax Analysis and Revenue Forecasting in the FY 2024/25. The team is currently working on the training module on revenue forecasting.

83 Taking in to consideration the above proposed additional allocations to County Governments in FY 2024/25, the expected total transfers to County Governments is Ksh 445.8 billion. Table 4.8 shows disaggregation of total proposed transfers to the Counties in FY 2024/25 and expected transfers in previous financial year.

Table 3b: Total allocations to County Governments

	Type/Level of Allocation	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
A	**County Equitable Share**	**316,500**	**316,500**	**370,000**	**370,000**	**385,425**	**391,117**
B	**Additional conditional allocations, of which**	**45,595**					
	a) Gok Funded	**6,505**					**19,060**
	b) Allocations from proceeds of loans and grants	39,090	30,204	32,334	31,382	33,192	**35,658**
C	**Total County Allocations (A+B)**	**362,095**	**353,209**	**409,871**	**407,036**	**424,933**	**445,835**

Source: BPS 2024

5.0 MEDIUM TERM EXPENDITURE FRAMEWORK

5.1 Resource Envelope

84 The law provides for several sources wherefrom counties can generate revenues namely, transfers from national government (Article 202 & 204), local collection and borrowing (Article 212). The sources of revenue for Narok County Government in the past four years have been from all of the above sources except borrowing. The transfers from national government comprise the equitable share (Article 202 (1) and additional conditional resources including grants (Article 202 (2) and Equalization fund (Article 204).

5.1.1 Equitable Share

85 This is the county allocation from the national government which is equitably shared between national government and the county governments (vertically) and horizontally among the forty-seven counties. The sharing criterion is in accordance to Commission on Revenue Allocation (CRA) formula with an approval of the senate. Narok County Government expects to receive Kshs. 9,325,987,910 as equitable share in the FY 2024/25 which is 65% of the total county budget.

5.1.2 Additional Transfers from National Government

86 To supplement the equitable share, the County Government will also receive a total of KSh. 928.3 million as additional conditional and unconditional allocations as shown in table 4. Additional allocations include conditional allocation for County Aggregated Industrial Parks (CAIP) Programme, Road Maintenance Levy Fund, Community Health Promoters, and Conditional allocation for Transfer of Museum function among others.

87 These additional conditional resources are normally predetermined in amount and purpose within the 2024 BPS and cannot be reallocated by the county treasury.

5.1.3 Local collection

88 Other than the equitable share and additional conditional funds, the County Government will generate a total of KSh 4.025 billion in domestic revenues through specific county revenue raising measures. Table 4 shows a breakdown of various sources of revenue projections in the Narok County.

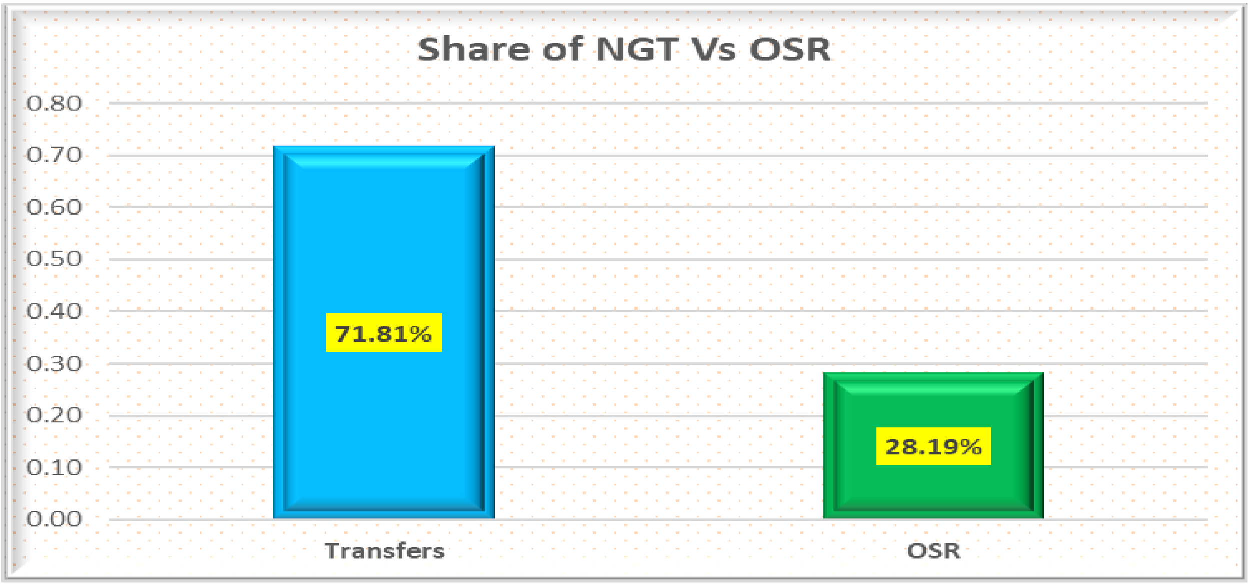
Table 4: Narok County Resource Envelop (In Million KSh.)

COUNTY GOVERNMENT OF NAROK REVENUE ESTIMATES						
Sources	**2022/23**		**2023/24**	**2024/25**	**2025/26**	**2026/27**
	(Revised) Targets	**Actual**	**Approved Budget**	**Estimates**	**Projections**	
CENTRAL GOVERNMENT TRANSFERS						
Equitable Share		8,844.79	9,200.56	9,325.99	9,789.08	10,123.51
Additional allocation		833.62	896.03	928.3	935.34	945.77
B/F		-	-	-		
Sub-Totals		**9,831.71**	**10,256.48**	**10,254.29**	**10,724.42**	**11,069.28**
REVENUE FROM LOCAL SOURCE						
Single Business Permit		136.66	63.91	63.91	65.22	67.84
CESS Revenue		180.31	290.44624	290.45	296.41	308.31
Markets & Slaughterhouses		92.13	148.40448	148.40	151.45	157.53
Housing/ Stall Rent		20.47	32.973405	32.97	33.65	35.00
Conservancy & Solid Waste Disposal		2.25	3.6243361	3.62	3.70	3.85
Parking Fees - Street Parking & Bus Parks		102.37	164.89924	164.90	168.28	175.04
Property Rates & Rents		194.08	312.62718	212.63	216.99	225.70
Miscellaneous/Others		158.23	254.88	254.88	260.11	270.55
Maasai Mara Game Reserve Fees		1,544.31	2,952.30	2,853.60	2,912.17	3,029.07
Sub-Totals		**2,430.83**	**3,915.62**	**4,025.36**	**4,107.98**	**4,272.89**
TOTAL REVENUE		**12,262.54**	**14,172.10**	**14,279.65**	**14,832.40**	**15,342.17**

Source: Narok County Treasury

89 Figure 4 compares the revenue targets for FY 2024/25 from the central government transfer and the collection from local sources. The targets for local revenue will be realised based on Finance Bill 2024.

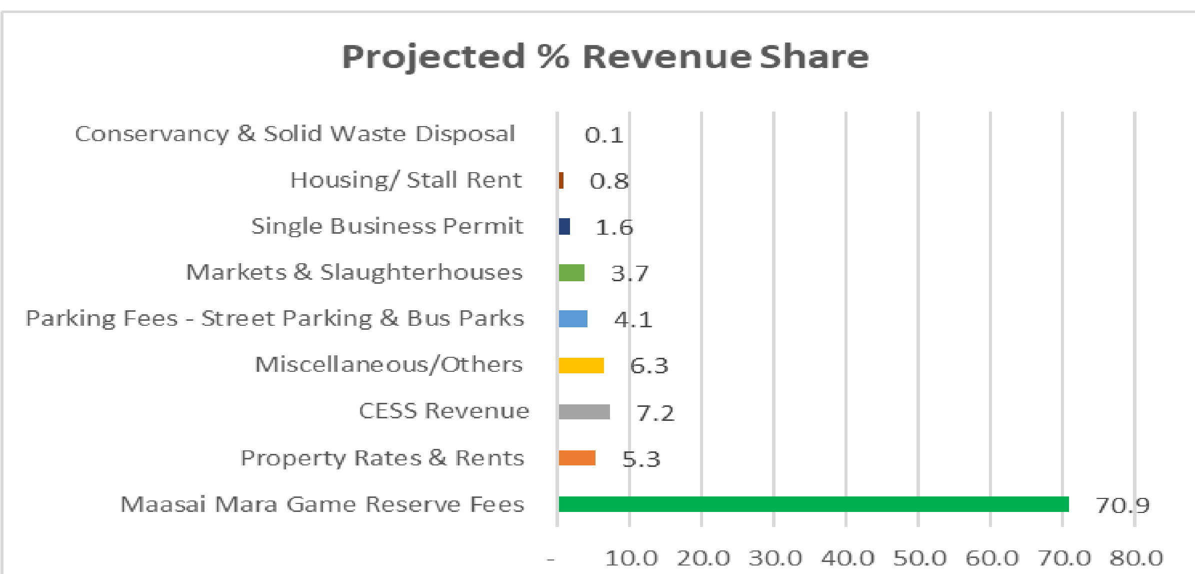
Figure 3: Comparison of Share of National Government Transfers to Own Source Revenue for FY 2024/25



Source: County Treasury

90 At the local level, collection from Maasai Mara Game reserve accounts for 70.9% of total revenue collected from various streams at the county level, (Figure 5)

Figure 4: Own Source Revenue



Source: County Treasury

91 The county can also engage Public Private Partnership in accordance to PPP Act 2021 as provided in the PFM Act section 146 and or resort to borrowing provided the national government guarantees with an approval from the county assembly to finance development projects.

92 Grants and donations from development partners that is contemplated in section 138 and 139 of the PFM Act, 2012 is another likely source of revenue.

5.1.4 Resource Allocation Framework

93 With the overall resource envelope derived largely from national government transfer, the key features of resource allocation by spending units for the FY 2024/2025 involve:

- Identifying sectoral priorities from the reviewed County Integrated Development Plan 2023-2027.
- Ranking priorities in terms of their contribution to achieving objectives set out in the CIDP and budget preparation guidelines.
- Establish an enabling environment targeting women, youth and vulnerable groups to improve their livelihood through income generating activities.
- Creating an enabling environment for investors from local and abroad to invest in diverse areas of interest in line with Kenya Vision 2030, Bottom-Up Economic Transformation Model, and the CIDP 2023-2027.

94 In view of the constitutional requirement and in accordance to provisions in part XI of the County Government Act the county government has ensured that the main priorities in MTEF budget framework have been considered in the third-generation County Integrated Development Plan (CIDP 2023-2027). The priorities are to be firmed-up during the 2024 public hearings forums on the budget for FY 2024/2025

5.3 Apportionment of the Baseline Ceilings

95 The baseline estimates reflect the current departmental spending levels and proposed programmes in the sectors. In the recurrent expenditure category, non-discretionary expenditures take first charge. These include payment of statutory obligations such as salaries for permanent county staffs, rents and utilities.

96 Development expenditures have been shared out on the basis of the CIDP priorities and strategic interventions. The following criteria were used in apportioning capital budget:

- *Compliance with Regulation:* Priority for financing projects has be given to those projects that are in full compliance with the Government regulations and priorities as outlined in the CIDP and which are fully justified for financing.
- *On-going projects:* emphasis has been given to completion of on-going capital projects and in particular infrastructure projects with high impact on poverty reduction, equity and employment creation.
- *Economic impact:* priority was also given to programmes and projects with higher socio-economic impact in terms of job creation and improvement of citizen's welfare.
- *Strategic policy interventions:* priority was also given to policy interventions covering the entire county integration, social equity and environmental conservation.
- Interventions identified in the county integrated development plan (CIDP 2023-2027)
- *Counterpart funds:* priority was also given to adequate allocations for projects with counterpart funding. Donor counterpart funds are the portion that the Government must finance in support of the projects financed by development partners.

5.2 Medium-Term Expenditure Estimates Ceilings

Table 5: Proposed ceilings for FY 2024/25 (Amount in millions KSh.)

	SECTOR BUDGET CEILINGS						**%SHARE OF TOTAL EXPENDITURE**			
Sector	**Sub-Sector**		**Baseline**	**Estimates**	**Projections**		**Baseline**	**Estimates**	**Projections**	
			F/Y 2023/24	**F/Y 2024/25**	**F/Y 2025/26**	**F/Y 2026/27**	**F/Y 2023/24**	**F/Y 2024/25**	**F/Y 2025/26**	**F/Y 2026/27**
Public Administration And International Relations (PAIR)		**Total**	**3,154.85**	**3,712.27**	**3,855.97**	**3,988.49**	**26.26%**	**26.00%**	**26.00%**	**26.00%**
	County Assembly	**Sub-Total**	**856.89**	**1,042.48**	**1,082.83**	**1,120.05**	**7.67%**	**7.30%**	**7.30%**	**7.30%**
		Rec	776.89	**892.48**	**927.03**	**958.89**	6.01%	6.25%	6.25%	6.25%
		Dev	80	**150.00**	**155.81**	**161.16**	1.66%	1.05%	1.05%	1.05%
	County Executive	**Sub-Total**	**140.87**	**157.08**	**163.16**	**168.77**	**1.14%**	**1.10%**	**1.10%**	**1.10%**

		Rec	140.87	**157.08**	**163.16**	**168.77**	1.14%	1.10%	1.10%	1.10%
		Dev	-		-	-	-	-	-	-
	Public Service Management & Labour	**Sub-Total**	**1025.32**	**963.90**	**1,001.21**	**1,035.62**	**7.86%**	**6.75%**	**6.75%**	**6.75%**
		Rec	790.1	**779.67**	**809.85**	**837.68**	6.43%	5.46%	5.46%	5.46%
		Dev	235.23	**184.23**	**191.36**	**197.94**	1.43%	1.29%	1.29%	1.29%
	Public Service Board	**Sub-Total**	**95.58**	**92.82**	**96.41**	**99.73**	**0.74%**	**0.65%**	**0.65%**	**0.65%**
		Rec	95.58	**92.82**	**96.41**	**99.73**	0.74%	**0.65%**	**0.65%**	**0.65%**
		Dev	-		-	-	-	-	-	-
	ICT and E-Govt	**Sub-Total**	238.23	**229.34**	**238.22**	**246.40**		**1.61%**	**1.61%**	**1.61%**
		Rec	158.22	**124.23**	**129.04**	**133.47**		**0.87%**	**0.87%**	**0.87%**
		Dev	80	**105.11**	**109.18**	**112.93**		**0.74%**	**0.74%**	**0.74%**
	Finance and Economic Planning	**Sub-Total**	**1,036.19**	**1,226.65**	**1,274.13**	**1,317.92**	**8.85%**	**8.59%**	**8.59%**	**8.59%**
		Rec	831.41	**1,078.11**	**1,119.84**	**1,158.33**	5.94%	7.55%	7.55%	7.55%
		Dev	204.78	**148.54**	**154.29**	**159.59**	2.91%	1.04%	1.04%	1.04%
Environmental Protection and Water		**Total**	**652.45**	**809.91**	**841.26**	**870.17**	**4.24%**	**5.67%**	**5.67%**	**5.67%**
	Env. Protection Water & Natural Resources	**Sub-Total**	**652.45**	**809.91**	**841.26**	**870.17**	**4.24%**	**5.67%**	**5.67%**	**5.67%**
		Rec	268.06	**259.89**	**269.95**	**279.23**	1.90%	1.82%	1.82%	1.82%
		Dev	384.39	**550.02**	**571.31**	**590.95**	2.34%	3.85%	3.85%	3.85%
Education, Social Protection, Culture & Recreation		**Total**	**1,463.59**	**1,984.60**	**2,061.42**	**2,132.27**	**13.12%**	**13.90%**	**13.90%**	**13.90%**
	Education Youth Affairs Development	**Sub-Total**	**1,463.59**	**1,984.60**	**2,061.42**	**2,132.27**	**13.12%**	**13.90%**	**13.90%**	**13.90%**
		Rec	1,113.18	**1,378.07**	**1,431.41**	**1,480.61**	9.20%	9.65%	9.65%	9.65%
		Dev	350.41	**606.53**	**630.01**	**651.66**	3.92%	4.25%	4.25%	4.25%
Roads, Transport & Infrastructure		**Total**	**1,028.54**	**1,458.97**	**1,515.44**	**1,567.53**	**8.91%**	**10.22%**	**10.22%**	**10.22%**
	Roads, Public Works and Transport	**Sub-Total**	**1,028.54**	**1,458.97**	**1,515.44**	**1,567.53**	**8.91%**	**10.22%**	**10.22%**	**10.22%**
		Rec	349.67	**548.14**	**569.36**	**588.93**	2.67%	3.84%	3.84%	3.84%
		Dev	678.87	**910.83**	**946.09**	**978.60**	6.25%	6.38%	6.38%	6.38%
Health		**Total**	**3,763.21**	**3,955.29**	**4,108.39**	**4,249.59**	**31.08%**	**27.70%**	**27.70%**	**27.70%**
	Health And Sanitation	**Sub-Total**	**3,763.21**	**3,955.29**	**4,108.39**	**4,249.59**	**31.08%**	**27.70%**	**27.70%**	**27.70%**
		Rec	2,781.81	**3,054.29**	**3,172.52**	**3,281.55**	19.52%	21.39%	21.39%	21.39%
		Dev	981.40	**901.00**	**935.88**	**968.04**	11.56%	6.31%	6.31%	6.31%
Agriculture Rural & Urban Development		**Total**	**1,233.97**	**1,394.70**	**1,448.69**	**1,498.48**	**10.48%**	**9.77%**	**9.77%**	**9.77%**
	Agriculture, Livestock and Fisheries	**Sub-Total**	**782.3**	**918.87**	**954.44**	**987.24**	**6.58%**	**6.43%**	**6.43%**	**6.43%**
		Rec	301.63	**468.62**	**486.76**	**503.49**	2.49%	3.28%	3.28%	3.28%
		Dev	480.67	**450.25**	**467.68**	**483.75**	4.09%	3.15%	3.15%	3.15%
	Land, Housing, Physical Planning and Urban Development	**Sub-Total**	**451.67**	**475.83**	**494.25**	**511.24**	**3.90%**	**3.33%**	**3.33%**	**3.33%**
		Rec	232.64	**232.75**	**241.76**	**250.07**	1.74%	1.63%	1.63%	1.63%
		Dev	219.03	**243.08**	**252.49**	**261.17**	2.16%	1.70%	1.70%	1.70%

General Economic and Commercial Affairs (GECA)		**Total**	**812.62**	**963.92**	**1,001.23**	**1,035.64**	**5.91%**	**6.75%**	**6.75%**	**6.75%**
	Trade, Industrialization, Tourism and Wildlife	**Sub-Total**	**812.62**	**963.92**	**1,001.23**	**1,035.64**	**4.50%**	**6.75%**	**6.75%**	**6.75%**
		Rec	527.04	**501.22**	**520.62**	**538.51**	3.25%	3.51%	3.51%	3.51%
		Dev	285.58	**462.70**	**480.61**	**497.13**	1.25%	3.24%	3.24%	3.24%
GRAND TOTAL		**TOTAL**	**12,109.24**	**14,279.65**	**14,832.40**	**15,342.17**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
		Rec	**8,208.88**	**9,567.37**	**9,908.04**	**10,233.23**	**61.92%**	**67.00%**	**66.80%**	**66.70%**
		Dev	**3,900.36**	**4,712.29**	**4,924.36**	**5,108.94**	**38.08%**	**33.00%**	**33.20%**	**33.30%**

Source: Narok County Treasury

Table 5 is explained in detail in the succeeding sections.

5.4 Details of Sector Priorities

97 Budgetary allocation of financial resources for the FY 2024/25 and over the medium term period is based on sector's priorities identified in the Sector Working Groups (SWGs) meetings which contains priorities in the County Integrated Development Plan (CIDP 2023-27). The proposals will also take into cognizance the input to be gathered during the public consultative meetings to be held in the month of March 2024 within the county.

98 The priority areas have been aligned with flagship projects in the Fouth Medium Term Plan (MTP IV) of Kenya Vision 2030 and the strategic policy initiatives of the national government. The succeeding section therefore describes the details of seven MTEF sectors goals, priorities and resource allocation and a schedule of sector proposals is provided as an Annex IV.

Public Administration and External Relations (PAER)

99 The Sector comprises five sub-sectors in executive arm of the government, County administration, public service management, public service board, Finance and economic planning, ICT and e-Government. On legislative arm there is County Assembly. The sector is instrumental in providing overall policy, leadership and oversight in economic development, management of devolution process at the county level, oversees county legislation, resource mobilization and implementation of County policies and programmes and oversight on use of public resources and service delivery

100 County Assembly plays a crucial role in representation, legislation and oversight with respect to public expenditures. The Economic planning department has been instrumental in guiding socio-economic development in the county through the tracking of the implementation of the County Integrated Development Plan for the period 2018-2022. This tracking formed a critical foundation for the finalization of the third generation CIDP for the period 2023-2027. The department has also been apt in the preparation and timely submission of the annual development plans, county budget review and outlook paper, the county fiscal strategy paper and the annual budget.

101 In the 2024-25 – 2026/27 MTEF period, and based on the recommendations by the sector, members of the public and key stakeholders, the sector will be implementing programmes which are aimed at transforming public service delivery and enhancing County's image. Special emphasis will be placed on improving infrastructure, enhancing effective coordination of county programmes, enhancing policy advisory functions of the executive, effective monitoring and evaluation of the projects and supporting other county departments in executing their mandates.

102 The county assembly will be introducing a number of bills, motions and statements. The assembly will also prioritize the construction and renovation of ward offices, speaker's residence and mortgage. It is also expected to continue providing oversight on public resources and preparing reports on public hearings on varied county policies and bills.

103 Public administration will continue to streamline operations and meet objects of devolution and decentralization, ensure smooth administrative operations of the county government, capacity enhancement of all staff for optimal performance, ensure that county administrative concerns are attended to, ensure compliance with ethics, and train communities beginning with disaster prone areas on disaster preparedness. The department intends to use the technology to keep track of the workforce and asses their productivity and in the process eliminate ghost workers. The department intends to retrain some of our personnel already on payroll, so that they can be redeployed to departments in need. This will assist in curbing the ballooning wage bill. The executive further has plans to train personnel on customer service and communication skills to improve and enhance service delivery.

104 Finance and economic planning will endeavour to improve work environment, implement the Public Finance Management Act (2012), ensure efficient and effective budget formulation and control, ensure financial standards, principles and guidelines are adherence appropriately. reporting decentralize financial and planning services, strategize on debt management, enhance statistical development capacity, engage an integrated revenue management system in revenue collection, and improve project monitoring and evaluation in Narok county

105 In the ICT sector, the County Government, will endeavour to build relationships with ICT firms aimed at establishing outreach programmes. Further, the county will partner with the private sector to ensure adequate ICT digital infrastructure exists which include the strengthening of mobile telephone networks in areas that are not yet/well covered and development of ICT hubs. The County will also continue to adopt ICT to keep up with modern, efficient ways of public service delivery.

106 To implement these programmes, PAER has been allocated a total of Ksh 3.712 billion in 2024/25 financial year. The County Assembly has been allocated Ksh. 1.042 billion, County Executive Ksh 157.08 million, Public Service Board Ksh. 92.82 million, Finance and Economic Planning Ksh. 1.226 billion while the Public Service Management has been allocated Ksh. 963.90 million. The ICT sector has been allocated Kshs. 229.34 million in the same period .

107 The allocation to the county assembly is informed by the guidelines from the National Treasury and the Commission for Revenue allocation giving ceiling for recurrent expenditure for both county executive and assembly. The total allocation is expected to gradually increase in FY 2025/26 and FY 2026/27 to KSh. 1.082 billion and 1.120 billion respectively.

Environment, Water, Natural Resources and Climate Change Sector

108 The Environment Protection, Energy, Water and Natural Resources sector comprises four sub-sectors namely: Environment, Natural Resources; Water and Irrigation. The county government recognizes the crucial role played by this sector in ensuring sustained economic growth and development through conservation of environment and promoting use of green and renewable energy. In this regard, the county has laid focus on key priorities programmes for the sector aimed at ensuring sustainability of economic growth.

109 Performance in the sector has been affected by weak monitoring and evaluation, inadequate resource allocation, competing interest among stakeholder and development partners, low levels of awareness on environmental conservation, lack of coordination among implementing partners, and climate change.

110 In the 2024-25 – 2026/27 MTEF period the sector will endeavour to complete key sector projects and programmes initiated in the FY 2023/24 as well as new development priorities for FY 2024/25 as recommended by the sector, members of the public and key stakeholders. The prioritized programmes intended to promote sustainable utilization and management of the environment and natural resources for socio-economic development. Review and harmonization of sector's Acts, statutes, policies, rules and regulations in the sector, increase tree cover, recovery of illegally acquired forest land, increased access to clean water, reduce poaching incidences and human-wildlife conflict, flood control in Narok town, waste management and pollution control. In energy sector the intention is to increase clean energy access by at least 30% and establishing waste collection and treatment systems. In water sub-sector, priority will be to increase access and availability of safe water by investing in water supply infrastructure development and rehabilitation. It will also seek to continue collaborate with the national government, commissions and authorities on implementation of a wide range of high impact programmes in the sector.

111 To implement these programmes, the sector has been allocated a total of Kshs 809.91 million in FY 2024/25 out of which recurrent is Kshs 259.89 million and development is Ksh 550.02million. The sector allocation will increase in medium term period to reach Ksh. 841.26 and 870.17 million in the FY 2025/26 and 2026/27 respectively.

Education, Youth Affairs, Sports, Culture and Social Protection Sector

112 The sector comprises the following sub sectors; education, youth affairs, sports and talent development and also cultural and social services. The sector is mandated to address the issues on promotion and exploitation of Kenya’s diverse culture for a peaceful co-existence; promotion of pre-primary education and development of youth polytechnics; enhancing reading culture in the county; development and promotion of sports; promotion of cultural and sports tourism; regulation, development and promotion of the film industry; research and preservation of music in the county. The sector is also tasked with ensuring there is adequate social development.

113 Some of the challenges in the sector included poor attitudes towards vocational training; inadequate sporting facilities and the existing facilities do not match with the modern requirements as per modern technologies in the world; poor and negative attitudes towards the development and preservation of cultural values and practices which are perceived as outdated and of no value.

114 In the FY 2024/25 and over the medium term period the county will endeavour to complete key sector projects and programmes initiated in the FY 2023/24 as well as new development priorities for FY 2024/25 as recommended by the sector, members of the public and key stakeholders. The county will continue prioritizing expansion of learning institutions at pre-primary school level, creating an enabling environment for development and promotion of rich Maasai cultural heritage. The county will also continue allocating funds to sports related programmes and empowerment of the vulnerable groups. The government will also seek to expand allocation of bursary schemes to caution pupils and students from dropping out school.

115 The sector intends to construct ECDE classrooms equipped with furniture; Increase transition rate from ECDE to primary to secondary through collaboration with the national government. Secure scholarships and provide mentorship programme for the best performed KSCE students; improve vocational training centres and village polytechnics (TVETs). This programme will involve general renovations and face – lifting of VTCs including, construction of classrooms, workshops, male and female hostels, and procurement of tools and equipment. The sector intends to enhance the provision for routine maintenance of Narok Stadium, develop a culture and youth empowerment centres, provide financial support for the USHANGA initiative, for the economic empowerment of women, as well as exploring cultural ornaments for economic gain.

116 Additionally, the County in conjunction with National Government's Youth and Gender Departments and development partners including the International Labor Organization (ILO), are working on a programme to empower skilled youths in their areas of specialization (from certificate, diploma, degree and masters) and liking to investors within the county to secure opportunities for them by providing them with internship programmes.

117 In order to implement these programmes, the Sector has been allocated Ksh 1,984.60 million in the financial year 2024/25, 2,061.42 million and Ksh 2,132.27 million for the financial years 2025/2026 and 2026/2027 respectively. Breaking down the allocations for recurrent and development expenditures in the financial year 2024/25 is Ksh 1,378.07 million and Kshs 606.53 million for recurrent and development expenditure respectively.

Transport, Public Works and Infrastructure Sector

118 This sector is key as it aims to provide efficient, affordable and reliable infrastructure for sustainable economic growth and development. The county continues to invest on road construction works; maintaining existing roads and open access roads in rural areas. Due to cost of time in construction, repair and maintenance of county roads, the county Government of Narok opted to purchase own road construction machines. The rationale is this decision is that the equipment will ensure value for money, makes it easy to supervise and monitor progress (through tracking system), provide employment to locals, make it easy to centrally maintain and manage the machines and enhance the ability to monitor the use of fuel to achieve efficiency.

119 The various factors that affects performance in this sector includes huge maintenance backlog of the roads networks implying that the scarce resources allocated to the county cannot meet the target for new roads. Other challenges are; high cost/delays in the relocation of utilities and services along road transport corridors and numerous reported cases of encroachments of roads reserves.

120 Over the 2024-25 – 2026/27 MTEF period, ongoing, and pending projects from FY 2022/23 that are yet to be completed or undertaken due to either inadequate funds or lack of provision will be prioritized. Also to be implemented are new development priorities for FY 2024/25 as recommended by the sector, members of the public and key stakeholders. The sector will focus on expansion of road networks in the county to minimise the cost of doing business while also enhancing mobility. The sector will require the establishment of laboratory for materials' testing to improve and achieve quality roads, acquisition of more equipment to enable sub-counties have full sets of machines, develop infrastructures, designing, developing and maintaining roads/ bridges and box culverts within the county, facilitating the completion of ongoing road projects within the county, managing and maintenance of equipment, Assessment and quality control of road works, liaising with KeNHA, KURA and KeRRA in planning and designing of roads and bridges. The sector will also be involved in Mapping out road networks in the county, opening up new road networks within the county, routine maintenance of existing roads.

121 In FY 2024/25 the transport sector has been allocated a total KSh. 1,458.97 million to achieve the above outputs. Out of this amount KSh 910.83 million is for infrastructure development. A total of KSh. 548.14 million has been allocated for recurrent expenditure including operation and maintenance of the own road construction equipment.

Health and Sanitation Sector

122 The sector vision is to have an efficient and high-quality health care system that is accessible, equitable and affordable for everyone. It comprises of county departments of medical services, public health and sanitation, research and development. In response to sector vision, the sector aims at providing essential health care that are affordable, equitable, accessible and responsive to client needs; minimizing exposure to health risk by strengthening health promoting interventions that address risk factors to health.

123 In the FY 2024/25 and over the medium term the county government will endeavour to complete key sector projects and programmes initiated in the FY 2023/24 as well as new development priorities for FY 2024/25 as recommended by the sector, members of the public and key stakeholders on the basis of Narok CIDP III and other strategic plans. The sector intends to invest in six thematic programmes; Reproductive, maternal child and adolescent health; disease prevention and control; environmental health; health promotion and nutrition; community health services; and human resource development and management. Among the key programmes includes completion of Narok County Referral Hospital to a level 5 health facility. The project is expected to transform the health care delivery service in the county in a great way. To achieve the foregoing, the project targets to increase the bed capacity by 400 from the current capacity of 200 beds to 600. The mortuary capacity will also be enhanced from 9 body to 60 capacity. The project plan integrates a 250-bed capacity medical training school. The school will be linked to the new hospital to form a modern state of the art healthcare facility as envisioned in the County Integrated Development Plan (CIDP 2023-2027).

124 The other planned activities for FY 2024/25 includes the completion of the construction of ongoing health facilities; procurement and distribution of essential commodities to reduce stock-outs; Improving women health & reduced morbidity due to cervical cancer; Enhancing RMNCAH services; increasing number of fully immunized children; procurement of specialized equipment and supplies; employment and deployment of health staff, full operationalization of the Narok Health Insurance Scheme and strengthening monitoring and evaluation and Health Information System

125 Among the challenges the sector has continued to face are; Limited resources and delay in disbursement; Shortage of Technical staff; Regular stock out for essential commodities; Industrial actions; lack of organized and coordinated healthcare waste management system; and lack of office space, specialized equipment's and incinerators.

126 In order to implement prioritized programmes and address the highlighted challenges, in this sector, a total of Kshs 3,955.29 million has been allocated in the FY 2024/25. The share of recurrent vote is Kshs 3,054.29 million representing 21.39% while the allocation for development is Kshs 901.00 million representing 6.31% of the total allocation. By taking cognizance of the imminent closure of some donor funded programmes such as Transforming Health Systems (THS), Universal Healthcare in Devolved Systems (UHDS), and Global Alliance for Vaccine and Immunization (GAVI), the county government will adopt an aggressive intervention to fill anticipated gap in donor funding by applying a targeted scaling-up of budgetary allocation towards the affected programmes including immunization.

Agriculture, Urban Development Sector

127 Article 43 on the Bills of Rights under the Constitution of Kenya, provides for accessibility of adequate food of acceptable quality and accessible and adequate housing which is consistent with the aspirations of third MTP (2023- 2027) of Vision 2030. This sector aims to attain food security, sustainable land management, affordable housing and sustainable urban infrastructure development.

128 This sector lays emphasis on: increasing market access and adoption of technologies, production and productivity through value addition, commercialization of the sector activities; creating an enabling policy and legal framework, improving efficiency and effectiveness of sector institutions; effective administration and management of land and land-based resources and enhancing urban development.

129 In the years under review the sector continued to facilitate communities in value addition through the various value chains under the NARIG Project which include cow milk, local poultry, Irish potato and Tomatoes. Under the NARIGP project, the sector has also developed proposals for macro-projects across the county. The NAVCDP Project is a new project in the sector that will run for a further 5 years from the year 2023-2027.

130 Among the key challenges affecting the sector are; Severe land degradation and decrease in productive land sizes due to poor land systems and subdivisions, climate change, prolonged dry spells, and inadequate extension staff.

131 During the 2024-25 – 2026/27 MTEF period, focus will be directed towards completing ongoing projects prioritized in 2022/23 budgets together with increasing agricultural production and productivity, improved animal genetics and vaccine administration; enhancing County food security through increasing and expanding strategic food reserves, establishing agriculture and livestock drought mitigation measures, livestock and crop farming research priorities for FY 2024/25 as recommended by the sector, members of the public and key stakeholders.

132 Additionally, there will be continued improvement to market access with extension services being made available and improvement of marketing infrastructure; entrenching institutional reforms, Land reforms, completion of establishment of County spatial data and development of social and physical urban infrastructural facilities in all urban areas in the County. There will also be improvement and development of agricultural mechanization services through acquisition of farm machinery.

133 To achieve the above, the sector has been allocated a total of Kshs 1,394.70 million in the FY 2024/25. Agriculture sub-sector is allocated Kshs 918.87 million out of which Kshs 468.62 million is recurrent and Kshs 450.25 million is for development. Lands, Housing Physical Planning and Urban development sub-sector has been allocated Kshs 475.83 million, Kshs 232.75 million recurrent and Kshs 243.08 million is for development.

General Economic and Commercial Affairs (GECA) Sector

134 The sector consists of four main sub- sectors namely; trade and industrialization, cooperative development, Tourism and wildlife. The sector vision is to have a globally competitive economy with sustainable and equitable socio-economic development. The sector is very important to the county not only in revenue collection but also in sustainability of many livelihoods. It contributes more than 80% of local revenue and more than 30% of the county annual budget.

135 Tourism related infrastructure development and improvement of the sector including tourism promotion. With regard to trade, efforts were directed at creating a conducive environment for investment, promoting industrial development, consolidating and strengthening cooperative societies and supporting development of micro, small and medium enterprises, investment promotion and value addition for locally produced goods.

136 Notable challenges included; Human-Wildlife Conflicts, and rampant land subdivision and fencing of wildlife corridors restricting the movement of wildlife freely. In trade and industrialization there has been weak policy framework for investment.

137 During the 2024-25 – 2026/27 MTEF period the sector will endeavour to complete key sector projects and programmes initiated in the FY 2023/24 as well as new development priorities for FY 2024/25 as recommended by the sector, members of the public and key stakeholders. Among them is promotion of Narok as a tourist attraction destination, strengthening cooperative societies and investment in value addition for locally produced goods. The sector will also endeavour to create a conducive investment environment for new investors as well as developing the policy framework for investment and efficient service delivery.

138 Further, improving transport and communication network; Renovation and Improvement of staff houses in MMNR; Introduction of new tourist destination and circuit, wildlife monitoring programme and Promotion of the Maasai culture and tradition, Renovation of entry points, Capacity Building, among others in tourism and wildlife sub-sector.

139 In trade, cooperatives and industrializations are completion of construction of the industrial park, promotion of County based Value Chain Co-operatives; establishment of agro-processing and rejuvenating housing co-operative Societies; modernization, upgrading and expansion of markets and enhance access to financial support through revolving funds, train SMEs and technical staffs.

140 To implement the prioritized programmes, the Sector has been allocated a total of Kshs 963.92 million in the FY 2024/25. Out of this Kshs 501.22 million is recurrent and Kshs 462.70 million is development. Over the medium term, the sector is expected to continue receiving funding so as to continue implementing its medium and long strategic priorities.

6.0 CONCLUSION

141 The overall expenditure in this 2024 CFSP as outlined MTEF has grown moderately taking into account the envisioned moderate economic growth. However, the critical social areas will continue to receive a significant share of resources as well as capital investments as contributions to the growth objectives. County entities have shared resources on basis of agree criterion where by socio- economic sectors have been allocated a relatively higher amount.

142 Projects with higher socio- economic impact as well as on-going projects have been prioritized in projects financing. Recurrent expenditure has been structured in such a way that it will continue to proportional decrease in medium term as the development expenditure increases in relative terms.

143 The policies outlined in this CFSP largely re-emphasize the economic growth for sustained development agenda outlined in the considerations contained in the reviewed Narok CIDP II. They are also consistent with the overall national strategic objectives pursued by Jubilee Government including the four pillars for development. These strategic objectives are also adequately informed by the policies in the draft MTP III of the vision 2030, SDGs, DRR, EDE and climate change.

ANNEXES

Annex I: Equitable Share Allocation to Counties

County	FY 2023/24	FY 2024/25				
	Total Equitable Share	0.5 (Allocation Ratio*)		(Equitable Share**-0.5 Allocation Ratio) *(Formula***		Total Equitable Share****
		Allocation ratio	Equitable Share	Allocation ratio	Equitable Share	
	Column A	Column B	Column C	Column D	Column E	Column F = C+E
Baringo	6,647,771,186	1.61	2,547,825,000	1.8	4,202,674,960	6,750,499,960
Bomet	6,977,924,070	1.74	2,753,550,000	1.86	4,330,220,756	7,083,770,756
Bungoma	11,111,983,608	2.81	4,446,825,000	2.93	6,832,162,461	11,278,987,461
Busia	7,475,585,295	1.9	3,006,750,000	1.97	4,580,808,705	7,587,558,705
Elgeyo Marakwet	4,801,453,188	1.22	1,930,650,000	1.26	2,942,735,244	4,873,385,244
Embu	5,341,810,744	1.36	2,152,200,000	1.4	3,269,531,176	5,421,731,176
Garissa	8,248,748,101	2.22	3,513,150,000	2.08	4,854,254,856	8,367,404,856
Homa bay	8,128,387,250	2.13	3,370,725,000	2.09	4,876,870,879	8,247,595,879
Isiolo	4,899,041,209	1.34	2,120,550,000	1.22	2,848,109,825	4,968,659,825
Kajiado	8,300,213,576	2.03	3,212,475,000	2.24	5,215,219,332	8,427,694,332
Kakamega	12,912,646,262	3.29	5,206,425,000	3.39	7,899,311,766	13,105,736,766
Kericho	6,703,129,925	1.7	2,690,250,000	1.77	4,113,428,765	6,803,678,765
Kiambu	12,227,552,449	2.98	4,715,850,000	3.31	7,699,917,252	12,415,767,252
Kilifi	12,109,200,498	3.3	5,222,250,000	3.03	7,059,512,633	12,281,762,633
Kirinyaga	5,420,217,528	1.34	2,120,550,000	1.45	3,382,345,819	5,502,895,819
Kisii	9,258,588,608	2.46	3,892,950,000	2.36	5,500,082,943	9,393,032,943
Kisumu	8,361,797,770	2.16	3,418,200,000	2.18	5,067,465,357	8,485,665,357
Kitui	10,829,486,936	2.79	4,415,175,000	2.82	6,575,030,956	10,990,205,956
Kwale	8,584,103,693	2.46	3,892,950,000	2.06	4,808,696,798	8,701,646,798
Laikipia	5,358,246,532	1.32	2,088,900,000	1.44	3,351,265,089	5,440,165,089
Lamu	3,237,350,707	0.82	1,297,650,000	0.85	1,988,302,778	3,285,952,778
Machakos	9,547,295,309	2.45	3,877,125,000	2.5	5,812,243,198	9,689,368,198
Makueni	8,455,460,962	2.34	3,703,050,000	2.09	4,871,489,327	8,574,539,327
Mandera	11,633,191,646	3.23	5,111,475,000	2.87	6,685,128,044	11,796,603,044
Marsabit	7,560,398,412	2.14	3,386,550,000	1.84	4,278,428,854	7,664,978,854
Meru	9,892,625,172	2.54	4,019,550,000	2.59	6,020,232,825	10,039,782,825
Migori	8,341,446,108	2.14	3,386,550,000	2.18	5,079,048,151	8,465,598,151
Mombasa	7,861,523,820	2.23	3,528,975,000	1.91	4,441,107,262	7,970,082,262
Murang'a	7,473,786,703	1.99	3,149,175,000	1.9	4,432,970,897	7,582,145,897
Nairobi	20,072,059,115	5.03	7,959,975,000	5.33	12,415,569,797	20,375,544,797
Nakuru	13,593,424,693	3.31	5,238,075,000	3.68	8,564,705,320	13,802,780,320
Nandi	7,305,294,033	1.69	2,674,425,000	2.04	4,746,900,940	7,421,325,940
Narok	9,196,276,899	2.54	4,019,550,000	2.28	5,306,437,910	9,325,987,910
Nyamira	5,334,198,486	1.52	2,405,400,000	1.29	3,002,183,805	5,407,583,805
Nyandarua	5,905,976,056	1.54	2,437,050,000	1.53	3,555,845,547	5,992,895,547
Nyeri	6,485,331,051	1.71	2,706,075,000	1.66	3,873,950,891	6,580,025,891
Samburu	5,594,312,489	1.46	2,310,450,000	1.45	3,366,145,277	5,676,595,277
Siaya	7,263,019,462	1.83	2,895,975,000	1.92	4,476,465,755	7,372,440,755
Taita taveta	5,040,427,430	1.34	2,120,550,000	1.29	2,993,039,127	5,113,589,127
Tana River	6,790,702,542	1.85	2,927,625,000	1.7	3,959,871,749	6,887,496,749
Tharaka Nithi	4,378,234,821	1.24	1,962,300,000	1.06	2,476,468,407	4,438,768,407
Trans Nzoia	7,499,822,440	1.82	2,880,150,000	2.03	4,735,425,264	7,615,575,264
Turkana	13,143,946,933	3.33	5,269,725,000	3.47	8,071,521,411	13,341,246,411
Uasin Gishu	8,426,072,635	2	3,165,000,000	2.32	5,392,896,690	8,557,896,690
Vihiga	5,267,026,885	1.47	2,326,275,000	1.29	3,014,437,256	5,340,712,256
Wajir	9,853,656,422	2.7	4,272,750,000	2.46	5,720,742,852	9,993,492,852
West Pokot	6,573,866,403	1.58	2,500,350,000	1.79	4,175,583,239	6,675,933,239
Total	**385,424,616,067**	**100**	**158,250,000,000**	**100**	**232,866,788,147**	**391,116,788,147**