COUNTY GOVERNMENT OF NAROK

FINANCE AND ECONOMIC PLANNING

BUDGET REVIEW AND

OUTLOOK PAPER

2024

ACCELERATING ECONOMIC RECOVERY FOR IMPROVED LIVELIHOOD

Foreword

The County Budget Review and Outlook Paper (C-BROP) is a statutory policy document in the review and analysis of County budget performance. The document has been prepared in accordance with section 118 of Public Finance Management Act (PFM, 2012). In the Act, County Treasuries are required to prepare and submit C-BROPs to respective County Executive Committees by 30th September every year. As a policy document, C-BROP provides an outlook of budget performance for the previous financial year showing estimates, actuals, and deviations. It is also a review of budget appropriations and their linkages to financial forecasts and compliance with the fiscal responsibility principles and financial objectives outlined in the PFM Law of 2012.

The 2024 C-BROP is structured to show the financial and economic trends not only at the county level but also at the national, regional and global scenes. The trends are applied to inform policy direction, actions and strategies which will be adopted in the 2025 County Fiscal Strategy Paper (CFSP). It's expected that the ceilings in the C-BROP will be firmed up in the 2025 County Fiscal Strategy Paper. The C-BROP will form a basis for the development of the budget for FY 2025/26 and over the medium-term period. Further, the outcome of the fiscal performance for FY 2023/24 budget will be useful in advising the revision of estimates for FY 2024/25.

The policy considerations in this C-BROP has been developed against a backdrop of stable global and domestic economic outlook. Global growth is projected at 3.2 percent in 2024 and 3.3 percent in 2025 from 3.3 percent in 2023. The outlook reflects economic recovery in China, Euro area and UK, despite a slowdown in activity in the USA and Japan.

On the domestic front, the Kenyan economy is currently unwinding from layers of negative and persistent shocks that had a structural effect on economic activities. The shocks included: COVID-19 pandemic and its ensuing effects, conflict in Eastern Europe and Middle East that led to global supply chain disruptions and the adverse effects of climate change from the prolonged drought in 2021 to the floods in the first half of 2024. These shocks escalated the cost of essential household commodities including fuel prices, and led to a rapid depreciation of the Kenya Shilling exchange rate, pilling pressure on public debt.

The Government has implemented policy measures to mitigate these negative shocks and embarked on structural reforms under BETA as articulated in the Fourth Medium Term Plan and third Generation CIDP. BETA targets to bring down the cost of living; eradicate hunger; create jobs; expand the tax base; and improve foreign exchange balances and inclusive growth, through a value chain approach. The focused interventions and structural reforms of the Government have supported economic recovery. The economy grew by 5.6 percent in 2023 up from 4.9 percent in 2022, a demonstration of resilience. This growth momentum has continued in 2024 with the economy expanding by 5.0 percent in the first quarter compared to a growth of 5.5 percent in the corresponding quarter in 2023. Kenya's economic performance is projected to remain stable over the medium term. Growth is expected to moderate 5.2 in 2024 and 5.4 percent in 2025 from 5.6 percent in 2023..

The fiscal performance in the FY 2023/24 was satisfactory, largely attributed to improved operating business environment following the recovery of the economy from the adverse impact of climate change and lingering effects of COVID-19. The National Revenue performance recorded a growth of 14.5 percent. However, the performance was below the target by Ksh 204.9 billion on account of shortfalls registered in all taxes.

As we prepare for the FY 2025/26 budget, emphasis should be on aggressive revenue mobilization including policy measures to whip in additional revenue and reign on expenditures to restrict its growth and also on development priorities, programmes and projects linked to the global, national, and County development policies and strategies including the Sustainable Development Goals (SDGs), the Fourth Medium Term Plan (MTP IV) of the Kenya Vision 2030,the Bottom up Economic Transformation Agenda (BETA) and County Integrated Development Plan (2023-2027).

In this regard the County Government will endeavor to put in place viable revenue raising strategies for enhancing revenue collection in critical revenue streams with a view of ensuring that the revenue targets are met. Further, 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. Kenya's transition to a lower-middle income status has increased the domestic funding obligation for the country's immunization programme, which is now required to achieve full self-funding by 2028.

Given the tight resource envelope, all Sector Working Groups are required to carefully scrutinize all proposed County Government Departments and Agencies (CGDA's) budgets for FY 2025/26 and the medium term to ensure that they remain within the ceilings provided to ensure that the County Government is able to budget within its means and guarantee socio-economic development. In this regard, I therefore, call upon all to adhere to the hard sector ceilings, and the strict deadlines provided in this document to facilitate the finalization and appropriation of the FY 2025/26 and the medium-term budget.

HON. DAVID MUNTET
CECM – FINANCE AND ECONOMIC PLANNING
COUNTY GOVERNMENT OF NAROK

Acknowledgement

The development of Narok County Budget Review and Outlook Paper (C-BROP 2024) has been made possible through the participation of many stakeholders. We are very grateful to the County Executive Committee for overall leadership throughout the entire process. To all county departments, units and agencies, we appreciate your invaluable inputs in the preparation of this policy document.

Special thanks goes to the County Executive Committee Member for Finance and Economic Planning; Hon. David Muntet, for his guidance and coordination in developing this statutory document. We also are grateful for the collaboration and the comments received from the Chief Officers, County technical staffs and other stakeholders.

We would also like to appreciate the members of the secretariat who spent significant time collecting, collating and analyzing data from various entities within the county. The secretariat that comprised of technical staffs from economic planning unit and finance, worked tirelessly and spent extra time to review this document to ensure it satisfies the PFM Act, 2012 and sets out the sector ceilings that will guide the rest of the sectors in the preparation of their FY 2025/26 and the Medium Term Budget.

Finally, allow me to thank each and every person who was involved in this process for your dedication, sacrifice, commitment and assistance. I wish to reiterate the importance of public participation in FY 2025/26 Medium Term Budget preparation process by calling on all Sector Working Groups to devise an engagement framework that will deepen open public and stakeholders' participation and incorporation of the proposals received.

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COUNTY GOVERNMENT OF NAROK

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Abbreviations and Acronyms

ADP	Annual Development Plan
CFSP	County Fiscal Strategy Paper
C-BROP	County Budget Review and Outlook Paper
CBR	Central Bank Rate
CRA	Commission for Revenue Allocation
FY	Financial Year
GDP	Gross Domestic Product
IMF	International Monetary Fund
KES	Kenya Shillings
KEU	Kenya Economic Update
MDAs	Ministries, Departments and Agencies
MTEF	Medium Term Expenditure Framework
MTP	Medium-Term Plan
PFM	Public Financial Management
PSA	Public Service Administration
PPP	Public Private Partnership
SWG	Sector Working Group
USD	United State Dollar

Legal Basis for the Publication of the Budget Review and Outlook Paper

The 2024 County Budget Review and Outlook Paper is prepared in accordance with Section 118 of the Public Finance Management Act, 2012. The law states that:

1. The County Treasury shall

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

   b) submit the paper to the County Executive Committee by the 30th September of that year include:

2. In preparing its county Budget Review and Outlook Paper, the County Treasury shall specify—

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

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

   c) Information on any changes in the forecasts compared with the County Fiscal Strategy Paper and how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the County Fiscal Strategy Paper for that financial year;

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

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

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

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

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

Fiscal Responsibility Principles in the Public Financial Management Law

In line with the Constitution, the new Public Finance Management (PFM) Act, 2012, sets out the fiscal responsibility principles to ensure prudency and transparency in the management of public resources. The PFM law (Section 107(2) states that: In managing the county government's public finances, the County Treasury shall enforce the following fiscal responsibility principles-

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

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

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

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

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

f) The fiscal risks shall be managed prudently; and

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

I INTRODUCTION

Background

1. The County Budget Review and Outlook Paper (C-BROP 2024) has been prepared in line with the provisions of the Public Finance Management, PFM Act, 2012 that are relevant to the devolved systems of Government. Specifically, the Act requires that every County prepares a C-BROP by 30th September of that financial year. The C-BROP reviews the actual fiscal performance of the financial year 2023/24 and makes comparisons to the budget appropriations for the same year. It also provides the recent economic developments and the updated economic and financial forecast with sufficient information to show variations from the initial forecast in FY 2023/24.

Objective of the C-BROP

2. The objective of this paper is to provide;

i. Details of the actual County Fiscal performance in financial year 2023/24 compared to the budget appropriation of the same year.

ii. An updated economic and financial forecast with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper.

iii. Information on any changes in the forecasts compared with the County Fiscal Strategy Paper or how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the County Fiscal Strategy Paper for that financial year.

iv. Reasons for any deviation from the financial objectives in the CFSP together with the proposals to address the deviation and the estimated timeframe for doing so.

3. The C-BROP is a key document in linking policy, planning and budgeting. The 2024 C- BROP points the need to emphasis on aggressive revenue mobilization including policy measures to whip in additional revenue and reign on expenditures to restrict its growth and also on development priorities, programmes and projects linked to the global, national, and County development policies and strategies including the Sustainable Development Goals (SDGs), the Fourth Medium Term Plan (MTP IV) of the Kenya Vision 2030,the Bottom up Economic Transformation Agenda

(BETA) and County Integrated Development Plan (2023-2027).The policy formulation, planning and programming will be done taking account Ongoing and new development considered in the third generation CIDP for 2023-2027.

4. The goal of C-BROP 2024 is three prong; it reviews the budgetary performance in FY 2023/24 and at the same time make fiscal recommendation to guide budgetary execution in the remaining period of FY 2024/25 and guide the preparation of FY 2025/2026 budget.

5. The rest of the paper is organized as follows. The next section provides a review of the fiscal performance in budget for FY 2023/24. This is followed by brief highlights of the recent Fiscal developments and an updated economic outlook in section III. Section IV provides the resources allocation framework, while section V is a summary of the overall expenditure and revenue performance in FY 2023/24 and policy recommendation for the successive period(s).

II REVIEW OF FISCAL PERFORMANCE IN 2023/24

A. Overview

6. This section provides an overview of the performance and implementation of the budget for the financial year 2023/24 and how this may have affected compliance with the fiscal responsibilities. This will be useful in providing a basis for setting out broad fiscal parameters for subsequent budgets.

7. The revenue and expenditure targets for FY 2023/2024 were estimated in such a manner as to form a balanced budget at KSh. 14,995,063,534 mark. The estimates were in the course of time revised to KSh. 14,985,206,088. The actual revenue and expenditures realized by June 30th, 2024 amounted to KSh. 13,671,428,381.74 and KSh. 13,530,846,308 respectively.

B. 2023/24 Fiscal Performance

8. Table 1 presents the fiscal performance for the FY 2023/24 and the deviations from the original and revised budget estimates.

Table 1: Deviations from the Initial and Revised Budget Estimates (KES.)

Source	Targets	Revised (1)	Revised (2)	Actual (KSh)	Deviations
	A	B	C	D	F = (D-C)
1. Total Revenue	**14,995,063,534**	**15,055,096,588.00**	**14,985,206,088.00**	**13,671,428,381.74**	-1,313,777,706.26
Equitable share	9,200,560,000	9,201,233,653	9,201,233,653	8,460,574,742.00	-740,658,911.00
Equitable share B/F	-	-	-		
Grants	1,205,920,000	699,898,771	760,898,771	429,405,699.50	-331,493,071.50
DANIDA Grant (Covid 19)	-	-	-		
Grants B/F	-				0.00
OSR	4,588,583,533.81	5,153,964,165.00	5,023,073,664.00	4,781,447,940.24	-241,625,723.76
OSR B/F	-	-	-	-	
2. Total Expenditures	**14,995,063,534**	**15,055,096,587.00**	**14,985,206,087.00**	**13,530,846,308.00**	-1,454,359,779.00
Recurrent	10,421,736,568.72	9,726,150,289.00	9,887,482,382	8,928,465,615.00	-959,016,767.00
Development	4,573,326,965.09	5,328,946,298.00	5,097,723,705	4,602,380,693.00	-495,343,012.00
Deviation (1-2)	0	1	1	140,582,074	140,582,073

Source: Narok County Treasury

The allocation towards Medical Equipment Services is treated as payment made on behalf of the County Government. And although not received in any year, it accounts for services rendered to the public in respect of the contracted healthcare delivery services.

Revenues

9. The cumulative revenue –transfers from the national government and own source revenue - amounted to KES. 13,671,428,381.74 against the revised estimates of KES. 14,985,206,088.00. This represents 91.23% performance on target. Total transfer from national government was KES. 8,889,980,441.50 while collection from own sources amounted to KES 4,781,447,940.24. The total revenue realized in FY 2023/24 fell short of the target (printed estimates) by KES. 1,323,635,152.07, the short fall is attributed by the reduction of the equitable share and shrinking of donor funds. Table 1 shows the comparison between the targets and the actuals.

10. The grants fell short of the revised target by KES. 331,493,071.50 (Table 1). Table 2 further shows the breakdown of the Transfers from the national government.

Table 2: A Breakdown of Transfers from National Government in FY 2022/23 (KSh.)

RECEIPTS FOR FY 2023/24				
TRANSFERS FROM NG				
Item	**Budget**	**Actual Receipts**	**Variance**	**% Realized**
Equitable Share	9,196,276,899	8,460,574,742.00	-735,702,157.00	92.00%
County Library Services	4,956,754	0	-4,956,754.00	
Allocation for Mineral Royalties	27,206,336	0	-27,206,336.00	
De-Risking and Value Enhancement - DRIVE	63,341,980	0	-63,341,980.00	
Livestock Value Chain Support Projects	35,809,200	0	-35,809,200.00	
County Aggregated Industrial Park (CAIP)			0.00	0.00%
Fertilizer Subsidy Programme	135,733,204.00		-135,733,204.00	0.00%
World bank Loan- National Agri & Rural Growth	5,000,000.00	4,261,826	-738,174.15	85.24%
World bank Loan- NAVCDP	200,000,000.00	199,802,247.65	-197,752.35	99.90%
DANIDA Grant -PHC	14,668,500.00	14,668,500.00	0.00	100.00%
Agricultural Sector Development Support Program (ASDSP)	1,119,636.00	1,619,636.00	500,000.00	144.66%
Financing Localy Led Climate Action (FLLoCA - INV)	198,000,000.00	198,053,490.00	53,490.00	100.03%
Financing Localy Led Climate Action (FLLoCA - CB)	11,000,000.00	11,000,000.00	0.00	100.00%
B/F Grants-KDSP	68,451,638.00		-68,451,638.00	
B/F - Others	568,277.00		-568,277.00	
TOTALS	**9,962,132,424**	**8,889,980,442**	**-1,072,151,983**	**80.20%**

Source: Narok County Treasury

11. The Own Source Revenue fell short of the revised target by KES 241,625,723.76. Table 3 shows the revenue by sources cast against the targets for FY 2023/24. Maasai Mara Game Reserve recorded the highest revenue, KES 4,322,703,195 amongst the local sources. The collection from all other OSR streams amounted to KES 458,744,745 (Table 3). 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. Nevertheless, revenue surplus from the printed targets is KSh 192,864,406.43.

Table 3: Local Revenue Sources - County Government of Narok Revenue (KES)

Revenue Source		Printed Targets FY 2023/2024	Revised Targets	Actual Revenue FY 2023/2024	Variance	
		A	B	C	D = (C-A)	E = (C-B)
1	CESS REVENUE	560,502,600.00	294,269,909.00	209,520,728.65	-350,981,871.35	-84,749,180.35
2	PLOT RENT	159,016,047.00	122,376,084.00	18,707,185.00	-140,308,862.00	-103,668,899.00
3	SINGLE BUSINESS PERMITS	94,341,469.00	84,341,469.00	70,367,304.00	-23,974,165.00	-13,974,165.00
4	HOUSE RENTS	7,200,000.00	17,200,000.00	4,490,900.00	-2,709,100.00	-12,709,100.00
5	VEHICLE PARKING	36,000,000.00	36,000,000.00	16,896,035.00	-19,103,965.00	-19,103,965.00
6	MARKRTS & SLAUGHTER FEES	115,765,213.00	50,098,805.00	13,568,097.00	-102,197,116.00	-36,530,708.00
7	ADVERTISING	5,658,531.00	5,658,531.00	10,493,146.00	4,834,615.00	4,834,615.00
8	HOSPITAL FEES	150,400,000.00	120,951,908.00	59,479,795.50	-90,920,204.50	-61,472,112.50
9	PUBLIC HEALTH SERVICE FEES	20,000,000.00	5,000,000.00	2,161,830.00	-17,838,170.00	-2,838,170.00
10	PHYSICAL PLANNING & DEVELOPMENT	51,226,795.00	54,226,795	10,454,906	-40,771,889.00	-43,771,889.00
11	HIRE OF COUNTY ASSETS	552,903.00	412,903		-552,903.00	-412,903.00
12	CONSERVANCY & SOLID WASTE DISPOSAL	2,889,873.00	8,531,250	321,600	-2,568,273.00	-8,209,650.00
13	ADMINISTRATION CONTROL FEES & CHARGES	1,300,000.00	45,461,915	756,916	-543,084.00	-44,704,999.00
14	PROCEEDS FROM SALE OF ASSETS		31,660,000		0.00	-31,660,000.00
15	PARK FEES	3,371,715,721.00	4,140,825,221	4,322,703,195	950,987,473.90	181,877,973.90
16	OTHER FINES, PENALTIES ,AND FORFEITURE FEES	282,316.00	282,316		-282,316.00	-282,316.00
17	MISCELLANEOUS RECEIPTS	11,732,066.00	5,776,559	14,505,764	2,773,697.99	8,729,204.99
18	LIQUOUR FEES			27,020,538	27,020,538.20	27,020,538.20
	Total Local Sources	**4,588,583,534.00**	**5,023,073,665.00**	**4,781,447,940.24**	**192,864,406.24**	**-241,625,724.76**

Source: Narok County Treasury

12. The local revenue collection was highest in the first quarter of FY 2023/2024 at KES. 1,676,689,270. It's also notable that local revenue collection in FY 2023/2024 was lowest in the fourth quarter at KES 823,218,699. The increase in revenue collection has been attributed to the rise of tourist arrivals to the National reserve, due to reduced effects of COVID 19, and hence the opening up of the economy. This largely explains the variance in revenue collection.

Table 4 shows the quarterly flow of revenue in FY 2023/24.

Table 4: Quarterly Revenue Flows in FY 2023/24 (KSh)

Revenue Category	9/30/2023	12/31/2023	1/31/2024	6/30/2024	Cumulative
CENTRAL GOVERNMENT TRANSFERS	TOTAL Q1	TOTAL Q2	TOTAL Q3	TOTAL Q4	TOTALS
TOTAL FROM NATIONAL	1,517,385,688	2,299,569,224.00	1,718,320,247	**3,354,705,283.00**	**8,889,980,441.50**
i. Equitable Share	1,517,385,688	2,299,069,224	1,517,385,687	3,126,734,143	8,460,574,742.00
Conditional Grants		500,000.00	200,934,559.50	227,971,140.00	429,405,699.50
TOTAL LOCAL SOURCES	**1,676,689,270**	**1,178,117,401**	**1,103,422,570**	**823,218,699**	**4,781,447,940.24**
i. Mara Game Reserve	1,554,661,077	1,081,308,640	960,463,778	726,269,700	**4,322,703,194.90**
ii. Other sources	122,028,193	96,808,761	142,958,792	96,948,999	**458,744,745.34**
iii. BF					-
GRAND TOTAL	**3,194,074,957.65**	**3,477,686,624.85**	**2,821,742,816.80**	**4,177,923,982.44**	**13,671,428,381.74**

Source: *Narok County Treasury*

13. Revenue flow from national government has not been consistent. The irregular flow of revenue had a negative fiscal and financial implication to the county. It impacted on the capacity of the county government to implements projects and programmes and to meet its non-discretionary expenses on time.

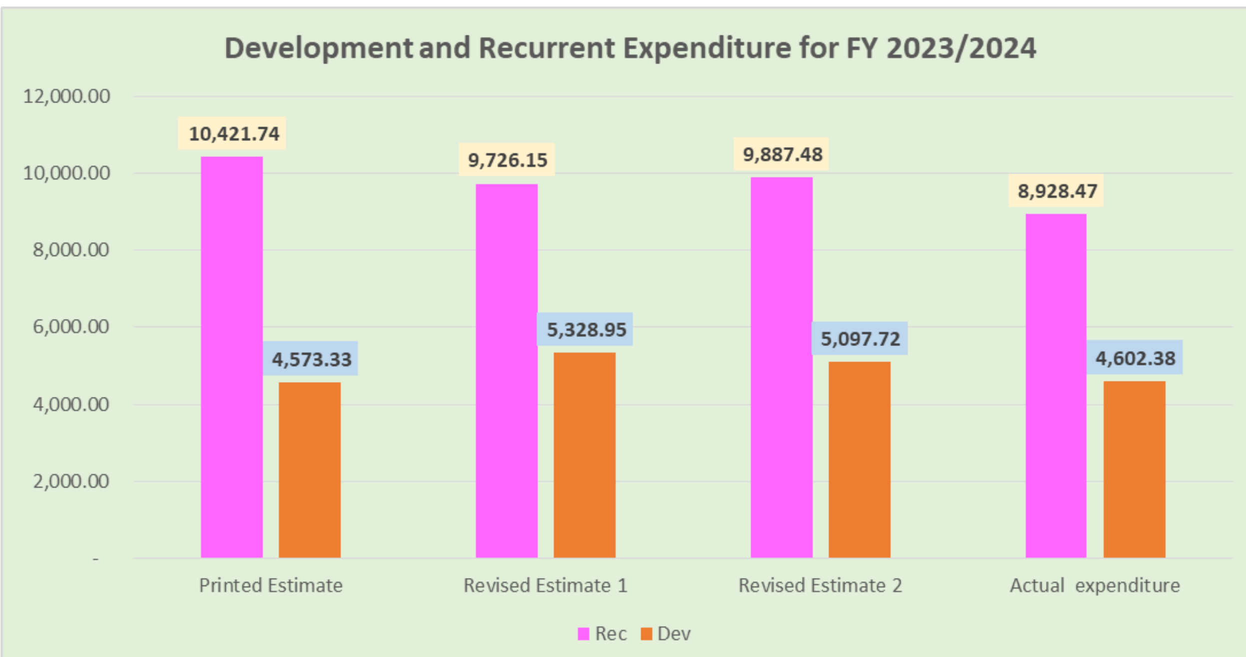
Expenditure

14. Recurrent expenditure amounted to KES. 8,928,465,615 against a revised target of KES. 9,887,482,382. Thus, the total expenditure on recurrent at the close of FY 2023/24 represents 90.3% rate of absorption when compared against the revised estimates on expenditures for recurrent.

15. Development expenditure amounted to KSh. 4,602,380,693 compared to a revised target of KSh. 5,097,723,705. This represents 90.28% rate of absorption when compared against the revised estimates on expenditures for development.

16. In overall, expenditure side of the budget had a 90.23% absorption when viewed in terms of approved expenditure estimates and 90.29% when viewed in terms of revised Estimates. In comparison the ratio of recurrent versus development expenditure is 1.9:1. As regards development, total expenditure with respect to revised estimates and actual expenditure was 30.7% and 34.01% respectively. Figure 1 shows a comparison between estimates/ targets against the actuals at the close of the financial year.

Figure 1: Narok County Government Expenditures on Recurrent and Development (Estimates Against Actuals)



Source: *Narok County Treasury*

Overall balance and financing

17. Reflecting on the above performance in revenue and expenditure, the total payment commitments amounted to KSh. 13,530,846,308.00 in FY 2023/24 against the revised estimates of KSh. 14,985,206,087.00. On the other hand, the total revenue realized amounted to KSh. 13,671,428,381.74 against the revised target of KSh. 14,985,206,088.00. In the last financial year (2022/2023), the fiscal performance was KSh. 12,945,528,223.50 in revenue and KSh. 10,386,075,322.00 in expenditure. In comparison therefore, the fiscal performance in FY 2023/24 was better than in FY 2022/23. The performance in the budget execution in FY 2022/23 was hampered by the inability of the County to realize the targeted OSR and delays in transfer disbursements by the National Government. This negatively affected execution of development plans due to delays in project planning and implementation.

18. The main challenges experienced in the financial year under review is the impact of climate change, associated build-up in unpaid bills, higher inflation and exchange rates and delays in the receipts of equitable share from the national government. These situations significantly affected timely delivery of service in Narok County. In addition, some budget implementation institutional framework and systems have not been in optimal utilization. Going forward, there is need of strengthening the functions of research, planning, budget formulation and implementation, monitoring and evaluation and reporting on sectoral performance.

C. Implication of 2023/24 fiscal performance on fiscal responsibility principles and financial objectives contained in the 2023 CFSP

19. During the period under review, the county government had planned to collect revenue amounting to KSh. 14.985 billion. At the close of the financial year, the county had received revenues amounting to KSh. 13.671 billion. The review of performance in FY 2023/24 reveals that the missed revenue targets were mainly the shortfall of the Local revenue and equitable share at KSh. 241.625 million and Ksh.740.658 million respectively. The overall performance in revenue and expenditure, points to the need to adjust the estimates for FY 2024/2025. The adjustments may be executed through supplementary budget for FY 2024/2025.

20. Additional implications borders on the capacity of the county government to implement its budget in FY 2024/25 and in the subsequent years. In view of the foregoing, appropriate measures have been applied in the context of this C-BROP, taking into account the budget outturn for 2023/24. The County Treasury will continue to engage the national government, state agencies and financial experts with the aim of improving performance in view of the impact of climate change, associated build-up in unpaid bills, higher inflation and exchange rates.

III. RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

A. Recent Economic Developments

Overview

21. The CBROP 2024 have been prepared against a backdrop of stable global and domestic economic outlook. Global growth is projected at 3.2 percent in 2024 and 3.3 percent in 2025 from 3.3 percent in 2023. The outlook reflects economic recovery in China, Euro area and UK, despite a slowdown in activity in the USA and Japan.

22. Growth in the advanced economies is projected to remain stable at 1.7 percent in 2024 and 1.8 percent in 2025. Growth in the US has been revised downwards by 0.1 percentage points from the World Economic Outlook (WEO) April projections as consumption moderated and the labor market eased. Growth prospects for the Euro area were revised upwards by 0.1 percentage points following strong momentum in the services sector and higher than expected net exports in the first half of the year. The Euro area and the UK are projected to grow by 0.9 percent and 0.7 percent, respectively in 2024. In the emerging market and developing economies, growth is projected at 4.3 percent in 2024 and 2025, reflecting stronger activity in Asia particularly China and India. In Sub-Saharan Africa (SSA), economic growth is projected to rise from an estimated 3.4 percent in 2023 to 3.7 percent in 2024 and 4.1 percent in 2025.

23. On the domestic front, the Kenyan economy is currently unwinding from layers of negative and persistent shocks that had a structural effect on economic activities. The shocks included: COVID-19 pandemic and its ensuing effects, conflict in Eastern Europe and Middle East that led to global supply chain disruptions and the adverse effects of climate change from the prolonged drought in 2021 to the floods in the first half of 2024. These shocks escalated the cost of essential household commodities including fuel prices, and led to a rapid depreciation of the Kenya Shilling exchange rate, pilling pressure on public debt. The economy grew by 5.6 percent in 2023 up from 4.9 percent in 2022, a demonstration of resilience. This growth momentum has continued in 2024 with the economy expanding by 5.0 percent in the first quarter compared to a growth of 5.5 percent in the corresponding quarter in 2023. Kenya’s economic performance is projected to remain stable over the medium term. Growth is expected to moderate 5.2 in 2024 and 5.4 percent in 2025 from 5.6 percent in 2023..

Global Scene

24. According to the National Treasury, the Global economy has stabilized with global growth projected at 3.2 percent in 2024 and 3.3 percent in 2025 from 3.3 percent in 2023. The outlook reflects economic recovery in China, Euro area and UK, despite a slowdown in activity in the USA and Japan. The main risks to the global growth outlook relate to further escalation of geopolitical tensions, interest rates remaining higher-for-even-longer in advanced economies, and policy uncertainty attributed to changes of Government in some major economies. Global inflation has moderated, with central banks in some major economies lowering interest rates. International oil prices have moderated, but the risk premium from the Middle East conflict has increased following the recent escalation. Global economic output showed resilience in the first half of 2024, with modest growth anticipated in 2024 and 2025, mainly due to improving economic activities in the United States, China, and India. Global growth was estimated at 3.3 percent for 2023 is projected to continue at the same pace in 2024 and 2025.

Inflation Rate

25. The overall year-on year inflation is within the Government target range of 5±2.5 percent largely driven by easing food and fuel prices. Overall inflation remained stable at 4.4 percent and 4.3 percent in August and July 2024, respectively, thereby remaining below the mid-point of the target for three consecutive months. This is a drop from 6.7 percent in August 2023, and a peak of 9.6 percent in October 2022.

Kenya Shillings Exchange Rate

26. The foreign exchange market remained stable in the first half of 2024 despite increased global uncertainties, effects of a stronger U.S. Dollar and geopolitical tensions in the Middle East. The Kenya Shilling exchange rate was weaker at the turn of the year but strengthened against the U.S. Dollar from mid-February 2024 through August 2024. It strengthened by 10.15 per cent, 8.55 per cent and 9.55 per cent against the US Dollar, Sterling Pound, and the Euro, respectively in August 2024 compared to a similar period in 2023. It exchanged at an average of Ksh 129.32 per US dollar in August 2024 compared with Ksh 143.93 per US dollar in August 2023. Similarly, the Kenya Shilling underperformed in all EAC regional currencies over the period under consideration. The foreign exchange market was mainly supported by inflows from agricultural exports, remittances and portfolio investors while demand was driven by pickup in economic activities specifically in

the manufacturing, wholesale, and retail sectors

Interest Rates

27. Interest rates in the year to August 2024 increased reflecting the tight monetary policy stance. The interbank rate increased to 12.97 percent in August 2024 compared to 10.48 percent in August 2023 and has remained within the prescribed corridor around the CBR (set at CBR± 150 basis points) (Figure 12). The 91-day Treasury Bills rate increased to 15.8 percent in August 2024 compared to 13.3 percent in August 2023 while the 182-day Treasury Bills rate also increased to 16.7 percent from 13.2 percent over the same period. The 364-day Treasury Bills rate increased to 16.9 percent in August 2024 from 13.6 percent in August 2023. This has increased the cost of borrowing by Government from the domestic market.

B. Medium Term Economic Outlook

Global Growth Outlook

28. The Global economic output showed resilience in the first half of 2024, with modest growth anticipated in 2024 and 2025, mainly due to improving economic activities in the United States, China, and India. Global growth was estimated at 3.3 percent for 2023 is projected to continue at the same pace in 2024 and 2025. However, the divergence in output across the countries at the beginning of the year narrowed partly attributed to waning cyclical factors and a better alignment of growth with the potential.

29. In the emerging market and developing economies, growth is projected at 4.3 percent in 2024 and 2025, reflecting stronger activity in Asia particularly China and India. In Sub-Saharan Africa (SSA), economic growth is projected to rise from an estimated 3.4 percent in 2023 to 3.7 percent in 2024 and 4.1 percent in 2025. Growth has been revised downwards by 0.1 percentage points in the April WEO attributed to a weaker growth outlook in Nigeria on account of weaker than expected activity in the first quarter of 2024. Nigeria and South Africa are expected to grow by 3.1 percent and 0.9 percent in 2024, respectively.

Domestic Growth Outlook

30. The Kenyan economy is currently unwinding from the effects of negative and persistent global and domestic shocks that had pushed the economy to its lowest activity level. These shocks included COVID-19 pandemic and its ensuing effects, conflict in Eastern Europe and Middle East

that led to global supply chain disruptions and the adverse effects of climate change from the prolonged drought in 2021 to the floods in the first half of 2024. These shocks escalated the cost of essential household commodities including fuel prices, and led to a rapid depreciation of the Kenya Shilling exchange rate, pilling pressure on public debt.

31. Various government interventions, structural reforms and policies have supported economic recovery. The economy grew by 5.6 percent in 2023 from 4.9 percent in 2022, a demonstration of resilience and the beginning of economic recovery. This growth momentum has continued in 2024 with the economy expanding by 5.0 percent in the first quarter compared to a growth of 5.5 percent in the corresponding quarter in 2023

Partnerships

32. As regards collaborations, Government will sustain measures to improve efficiency in public spending and reduce non-essential expenditures. This will include implementation of austerity measures aimed at reducing Government recurrent expenditure. Further, to reduce development expenditure, Government will scale up the use of Public Private Partnerships framework for commercially viable projects while considering the contingent liabilities that come under this framework, and review the portfolio of projects including those externally funded with a view to restructuring and re-aligning them with BETA. In addition, Government will roll out an end-to-end e-procurement system whose aim is to maximize value for money and increase transparency in procurement.

Growth Outlook at County level

33. The County further experienced expansion in building and construction sector attributable to increased demand for housing and business premises. Narok is one of the fast growing towns in the south rift due to its strategic position connecting the south rift to Nyanza. There was expansion in the hospitality industry, wholesale and retail trades which have ready market due to increasing population. Communication continue to be on an upward trend as a result of the proliferation of the service by the main mobile service providers. This has improved the ease of doing business.

34. County government has prioritized key strategic interventions across all departments to accelerate economic growth for social economic transformation and prosperity. The main areas

include; increasing agriculture productivity, improved access to quality healthcare particularly immunization, clean water, empowering youth, promoting education and facilitating infrastructural development.

35. The Largest spender in the county for the FY 2023/2024 was Health and Sanitation Featuring the completion of a new hospital block and medical school at the county referral hospital as well as construction of new Dispensaries and expansion of sub-county hospitals. However, much of the expenditure was on recurrent aggravated by resource allocation to respond to the effects of COVID-19. The leasing of eleven ambulances and the provision of medicine in public hospitals are ongoing programmes under the recurrent expenditure. The ambulances are a major boost in the attendance of emergency cases. Comprehensive and sustainable strategy to improve the health care system is necessary.

36. To improve road connectivity and status of roads, the county in partnership with other stakeholders have achieved tremendous results towards improvement of the roads and transport network which includes opening of new roads, gravelling, murraming and grading of roads across the county. The purchase of County Roads Plant machineries has contributed in the improvement of the County Roads infrastructure.

37. To improve the transition and retention rate in secondary schools and colleges the County Government through the county department of Education, Youth and Social services have continued to implement the bursary programme. In addition, the department put in place measures to address the rate of unemployment among the youths and empowerment of women, the county has established youth support programme in this regard.

C.Medium Term Fiscal Framework

38. The implementation of the third generation CIDP 2023-2027 together with the Fourth Medium Term Plan (MTP IV) have gain momentum, both plans will deliberately continue to ensure there is gender parity and management of environment and climate change as an integral part of development. The county government shall adopt a fiscal macroeconomic framework that seeks to address high level priority programmes under the Bottom - Up Economic Transformation Agenda (BETA).

39. The county administration will continue to improve finance management systems at all levels of county government to improve on efficiency of public finance management. This is expected to build investor/creditor confidence to participate in promoting higher growth rates. With respect to revenue, the County Government hopes to maintain a strong revenue effort by sealing existing leakages and strengthening of automation of rates/fees collection points using modern technology. The technology is expected to result to improved tax compliance and enhanced administrative measures to enhance the collection of revenue. The County Government will harmonize existing tariffs regimes, offer reliefs incentives and widen the tariff base.

40. In public finance management, the county government shall continue with prudent public finance management. This will help maintain county development expenditure above the 30 per cent threshold provided in the PFM law. On the expenditure side, compliance with PFM Act, 2012 is expected to accelerate reforms in expenditure management system.

41. Significant efforts were made in the FY 2023/24 to boost the Agriculture sector through promotion of value chains courtesy of the NAVCDP project. This sector is the highest contributor to the county economy. Going forward, strategies to ensure value addition of both agriculture and livestock products such as post-harvest loss prevention are stepped-up in FY 2024/25 budget and over the medium term.

42. During the FY 2023/24 there were several non-core expenditures which were necessary in order to have the county render service effectively and also provide a stable administrative framework. They included construction and refurbishment of offices, purchase of furniture, computers, other office equipment and purchase of vehicles. Moving forward, the departments should consider reallocating resources away from these items without crippling the respective programmes. This policy paper further recommends the reallocation of resources to core, high impact areas of expenditure.

43. As regards Public Service Management, the recommendations in various staff audit reports will be applied in coming up with the best institutional management structures aimed at improving efficiency in service delivery.

Growth Prospects

44. The County Government of Narok endeavored to achieve a broad-based expansion touching in all sectors of the economy. Emphasis was given to key sectors; Agriculture, Health and Education development, infrastructural investment, youth empowerment and the supportive service in the administration.

45. Over the medium-term period, the County Government will continue to invest in agricultural infrastructure and equipment to increase productivity in the sector through promoting value addition. The government will continue investing in social-economic sectors of education, health and social protection. Expansion of road networks, and an increase in the access to clean and safe water will also be prioritized.

D. Risks to the Outlook

46. The county continues to be susceptible to risks that adversely affects the national fiscal framework and outlook which is influenced by the global macroeconomic context. There are downside risks to this macroeconomic outlook emanating from domestic as well as external sources. External risks include further escalation of geopolitical tensions – particularly the wars in the Middle East and Ukraine; potential worsening of supply disruptions due to the shipping crisis in the Red Sea and Suez Canal, which could result in higher import and production costs; and uncertainty about the evolution of international oil prices. Internally, extreme weather (drought or floods) could weaken agricultural output, lead to destruction of capital, increase food insecurity and lead to a surge in cases of water-borne diseases.

47. Lower than anticipated global economic growth and particularly in major exports destination could reduce Kenya's exports, tourism receipts, and remittances growth, while increase in global fuel prices could increase Kenya's imports bill. Tight global financial conditions arising from lower-than-expected return of global inflation to target levels could aggravate Kenya's vulnerabilities towards meeting external financing requirements. However, the government's commitment to fiscal consolidation and prioritizing concessional borrowing is expected to mitigate this risk.

48. On risks emanating from domestic sources, the County Government has laid foundations to enhance faster and lasting growth through the third generation County Integrated Development plan for 2023-2027 which promote better growth, and positively impact on the lives of people through jobs creation and poverty reduction. Additionally, the County Government is promoting value addition in agriculture through interventions such as the inclusive growth projects and Industrial development. Further, the County Government is accelerating infrastructure development to support trade, agriculture and improve access to service centers. The county will also promote expenditure rationalization with a view of reducing wage related pressures thereby creating fiscal space necessary for economic sustainability. Finally, the county government will endeavor to institutionalize a resource mobilization strategy within the framework of PFM Act 2012.

49. Public expenditure pressures particularly the rising wage bill eat into other expenditure thereby compromising the allocation for development expenditure. With the commitment to improve infrastructure within the county, the share of resources going to priority physical infrastructure sector such as Roads, Health, Agriculture, Education and water will increase gradually. The county government will undertake appropriate measures to cushion these pressures to safeguard fiscal stability.

50. The share of donor funds is expected to shrink in coming years posing a huge risk to programmes that benefit from donor support. For instance, Kenya's transition to a lower-middle income status has increased the domestic funding obligation for the country's immunization programme which is largely funded by multilateral donors such as Global Alliance for Vaccine and Immunization (GAVI) through UNICEF. Kenya is now required to achieve full self-funding by 2028.

51. The County Government will continue to monitor the domestic and external environment and will take appropriate policy measures to safeguard the economy against the adverse effects of the risks if they were to materialize.

IV. RESOURCE ALLOCATION FRAMEWORK

A. Adjustment to 2024/25 Budget

52. Adjustments to the 2024/25 budget will take into account the actual performance of expenditure so far and absorption capacity in the remainder of the financial year. The focus will be on accelerating the absorption of available resources in the implementation of programmes and projects. Measures will also be put in place to improve the collection of own source revenue.

53. Table 6 provides a reflection in the C-BROP 2024 of the proposals for fiscal adjustments for FY 2024/25 and projections for FY 2025/26.

Table 6: Fiscal Projections for 2024/2025 - 2025/2026 (KSh)

Revenue by Source/Stream	Estimates FY2023/2024	Actual FY2023/2024	Adjustments of FY2024/2025		FY2025/2026 Projections
			CFSP'24	C-BROP'24	CFSP'25
REVENUE	**14,985,206,089.00**	**13,671,428,381.74**	**14,279,660,000.00**	**14,677,373,664**	**15,705,928,604.54**
i. Equitable Share	9,196,276,899.00	8,460,574,742.00	9,325,990,000.00	8,225,990,000	8,952,258,604.54
ii. Equitable Share (B/F)			-	-	-
iii. Grants	696,835,610.00	429,405,699.50	928,310,000.00	828,310,000.00	728,310,000.00
iv. Grants B/F	69,019,915.00		-	-	-
v. OSR	5,023,073,665.00	4,781,447,940.24	4,025,360,000.00	5,623,073,664	6,025,360,000.00
vii. B/F Others	-	-	-		-
EXPENDITURE	**14,985,206,087.00**	**13,530,846,308.00**	**14,279,660,000.00**	**14,677,373,664**	**15,705,928,604.54**
Recurrent	9,887,482,382	8,928,465,615.00	9,567,370,000.00	8,806,424,198.4	9,423,557,162.72
Development	5,097,723,705	4,602,380,693.00	4,712,290,000.00	5,870,949,465.60	6,282,371,441.82

Source: Narok County Treasury

54. As shown in table 6, the revenue projections for Narok County will be informed by the revised fiscal targets which will be firmed up in the context of the County Fiscal Strategy Paper 2025. The County Government will continue to maintain fiscal responsibility principles by making necessary adjustments to meet financial objectives during the implementation of the budgetary plans for FY 2025/26 and over the medium-term period.

Adjustment on Revenue

55. The recommended adjustment is in accordance with the overall performance in FY 2023/24 and the reality with regard to the financial environment with the effects of COVID 19. We expect an increase performance in OSR in FY 2024/2025 due to the adjustments of the Park fees rates especially in the 1st quarter, which coincides with peak season for tourists visit to Maasai Mara game reserve. Maasai Mara revenue stream accounted for 90% of own source revenue in FY 2023/2024. The 1st quarter accounted for 35.07% of the total collection against this stream alone. Business activities related to this stream have relatively recovered from the effects of COVID 19.

56. The implementation of FY 2024/25 budget has been impeded by the withdrawal of Finance Bill 2024 that was expected to raise an additional revenue. Therefore, equitable share informed by the Senate resolution for FY 2024/25 is expected to be lower than in the FY 2023/24. To ensure seamless implementation of the FY 2024/25 budget and safeguard the fiscal consolidation plan, the County Government will embark on expenditure rationalization through the Supplementary Estimates I. Expenditure rationalization will target recurrent and development budgets for all CDAs. The fiscal projections for the 2024 CBROP will be revised from those of the 2024 CFSP estimates taking into account the fiscal outcome of the FY 2023/24 and the impact of the withdrawal of the Finance Bill, 2024.

Adjustment on Expenditure

57. Resources earmarked for development purposes will be utilized for development projects. Utilization of public finances, resource allocation and utilization in the remainder of the financial year will be guided by the following.

i. Ongoing projects
ii. Priorities in the CIDP 2023-2027
iii. Emerging priorities like strategies to accommodate the Manifesto/Agenda of the Governor
iv. Priority programmes under the Bottom-Up Economic Transformation Agenda (BETA)
v. Compliance with the PFM law

B. Medium-Term Expenditure Framework

58. With the County Government's commitment in improving infrastructure countywide, the share of resources going to priority physical infrastructure sector, such as roads, early childhood development centers, health facilities, Immunization, water infrastructure amongst others will continue to rise over the medium term period. This will help the sector provide quality and reliable services.

59. The priority social-economic sectors will continue to receive adequate resources to promote development. The Health, Education and social service sectors will receive significant share of resources in the budget in coming years. The sector actors are thus required to utilize the allocated resources more efficiently in order to generate fiscal space to accommodate other strategic interventions like disease outbreaks and improved productivity per man hour.

60. The economic sectors including agriculture and livestock will receive increasing share of resources to boost agricultural productivity with a view to promote value addition and deal with threats in food security in the county. In addition, the priority programmes under tourism, wildlife, trade, industry and cooperatives will be allocated adequate resources based on programme based budgeting.

61. Further, 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. This is informed by the fact that Kenya's transition to a lower-middle income status has increased the domestic funding obligation for the country's immunization programme, which is now required to achieve full self-funding by 2028. There is therefore need to undertake an incremental budget allocation to health and to immunization as early intervention measure.

C. 2025/26 Budget framework

62. The 2025/26 budget framework is set against the backdrop of the medium-term macro-fiscal framework set out in this document and the County Government's strategic objectives that will be outlined in a number of policy documents and plans that will be coming up in the course of FY 2024/25 and coming years. Key amongst these includes Constitution of Kenya 2010, the Bottom-Up Economic Transformation Agenda (BETA), County Integrated Development Plan (2023-2027), National Sector Plans, Sustainable Development Goals (SDGs) and the CFSP 2025 and other agreed development policies.

Revenue Projections

63. The 2025/26 budget targets internal revenue collections of KSh. 6,025,360,000 and transfers national government amounting to KSh. 9,680,568,604.54. These projections are revenue based and will be underpinned by national government policy guidelines and reforms and county revenue raising measures espoused in the corresponding Finance Act. As such, total revenues projection is KSh. 15,705,928,604.54.

64. The projection is based on the economic performance which is projected to remain strong and resilient over the medium term. In this regard the County has already put in place viable revenue raising strategies for enhancing revenue collection in critical revenue streams with a view of ensuring that the revenue target is met. Further, the intervention by the National Government to scale-up efforts to boost the tourism sector by promoting aggressive tourism marketing and providing support for hotel refurbishment through soft loans will reinvigorate the tourism sector in Narok County.

65. The resumption in tourism activities and the review of park rates is expected to raise the revenue prospects for Narok County leading to the attainment of the set targets. However, the modest projection takes into account the full recovery of the economy after the effects of COVID-19 which has necessitated the resumption of most businesses and hence the target of Ksh.6.0 billion in FY 2025/26.

66. 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 three years have been from all of the above sources except borrowing. Hence, although the County Government envisages maintaining a balanced budget where total revenue equal total expenditure, the County Government may consider borrowing should need arise. In doing so, the county government will ensure that borrowing guidelines contained in Treasury Circular No.1/2021 are adhered to.

67. In the 2025/26 budget, overall expenditure is estimated at KSh 15,705,928,604.54. The recurrent expenditure is estimated at KSh. 9,423,557,162.72 while developments vote will carry KES. 6,282,371,441.82. The allocation for development is 40%, which is more than the minimum set out in the PFM Act 2012 and in other recommended best practices.

68. Preliminary ceilings for FY 2025/26 are therefore provided, (Table 7) to guide sectors in the preparation of sector reports. The ceilings will be firmed in County Fiscal Strategy Paper (2025) which will be prepared on the basis of the priorities and programme incorporated in the third generation County Integrated Development Plan (CIDP) for the period 2023-2027.

Table 7: Tentative Ceilings for FY 2025/26 (KSh)

Departments	Recurrent	Development	Total Rec & Dev	% Share of Allocation
County Assembly Departments	815,510,365.37	182,784,392.64	998,294,758.01	6.36%
Office of The Governor and Deputy Governor	288,017,577.88	0.00	288,017,577.88	1.83%
Finance and Economic Planning	1,478,486,238.82	152,448,276.27	1,630,934,515.09	10.38%
Department of County Transport, Public works and infrastructure	278,554,443.04	1,588,019,255.78	1,866,573,698.82	11.88%
Department of Education Youth Affairs, Sports Culture and Social services	1,442,597,091.70	531,293,301.27	1,973,890,392.97	12.57%
Department of Environment & Natural Resources	347,678,064.83	730,528,898.53	1,078,206,963.36	6.86%
County Public Service Board	91,615,809.44	0.00	91,615,809.44	0.58%
Department of Agriculture, Livestock and Fisheries	400,182,226.31	749,926,488.86	1,150,108,715.17	7.32%
Department of County Health and Sanitation	2,543,456,257.95	586,243,206.60	3,129,699,464.55	19.93%
Department of Lands, Housing, Physical Planning & Urban Development	203,901,090.75	374,098,723.60	577,999,814.35	3.68%
ICT and E-Govt	110,398,460.67	387,502,912.40	497,901,373.06	3.17%
Department of County Administration and Public service Management	820,568,501.72	182,784,392.64	1,003,352,894.36	6.39%
Trade and Industrialization Tourism and Wildlife	519,304,229.11	816,741,593.23	1,336,045,822.34	8.51%
County Attorney	83,286,805.14	0.00	83,286,805.14	0.53%
Totals	**9,423,557,162.72**	**6,282,371,441.82**	**15,705,928,604.54**	**100%**

V. CONCLUSION AND WAYFORWARD

69. The fiscal outcome for 2023/24 together with the updated fiscal projections has had implication of the financial objectives elaborated in the County Integrated Development Plan and the fiscal responsibility principles outlined in the PFM law. The outcome is a testimony of the continuation of the pursuit for prudent fiscal policy through the reorientation of expenditure toward priority programmes within the mandate of the County Government.

70. All Sector Working Groups are required to make reference to the sector ceiling provided here above in the drafting and submission of sector budget proposals within the timelines of the budget calendar for FY 2025/2026. The departments should adhere to programme based budgeting in allocating resources and adopt strategies that improves the rate of absorption going forward. The next County Fiscal Strategy Paper due in February 2025 shall firm up the baseline expenditure ceilings proposed in this paper.

71. Ultimately, County Integrated Development Plan (CIDP) for the period 2023-2027 and the Annual Development Plan (ADP 2025/2026) and the sectoral plans shall continue to advise the priorities in resource allocation in the coming years

ANNEX I: FY 2025/26 AND MEDIUM TERM BUDGET CALENDAR

	Activity	Responsibility	Timeframe/Deadline	Obligation of Members of the Public
1.	Issue guidelines for preparation of 2025/26 and MTEF County Budget	CEC Finance & Planning	By 30th August, 2024	Read to know when, where and how to participate in the budget process
2.	Submission of Annual Development Plan (ADP 2025/26) to the County Assembly	CEC for Finance and Economic Planning	By 1st September 2024.	Read the plan, and can submit written Memorandum
3.	Undertaking of Departmental Expenditure Reviews and submit to County Treasury ensuring that ecological, social, environmental and institutional issues are highlighted	All Departments	9th - 13th September, 2024	
4.	Estimation of Resource Envelope and Preliminary allocation to sectors for preparation of County Budget Review and Outlook Paper (CBROP 2024)	County Treasury	16th – 27th September, 2024	
5.	Submission CBROP to the County Executive Committee for deliberation and approval	County Treasury	By 30th September, 2024	
6.	Deliberation and approval of CBROP 2024 by the County Executive Committee	County Executive Committee	1st - 8th October 2024	
7.	Submission of County Budget Review and Outlook Paper(CBROP 2024) to the County Assembly	CEC for Finance and Economic Planning	By 15th October, 2024	Access, Read and comment.
8.	Launch of Sector Working Groups and Start of Sector Consultations ensuring that ecological, social, environmental and institutional issues are highlighted	All Departments- Finance and planning to co-ordinate	By 17th October, 2024	Physical Presence, giving input, suggestions, opinions, reviews of content through oral or written memorandum, or (un) solicited feedback on access to service and quality
9.	Sector consultative forums and Drafting of Sector Reports ensuring that ecological, social, environmental and institutional issues are well addressed	Sector Working Groups	21st Oct – 29th Nov, 2024	Access, Read and comment.
10.	Submission of final sector reports to County Treasury ensuring that ecological, social, environmental and institutional issues are well addressed.	All CECs for their respective Departments	By 29th November, 2024	Access, Read and comment.
11.	Development of County Fiscal Policies and Revenue Raising strategies	Finance and Economic Planning	2nd Dec 2024 – 3th Feb 2025	Access, Read and comment.
12.	Public Consultative Forums (CFSP and Finance Bill)	Finance and Economic Planning	10th -14th February 2025	Physical Presence, giving input, suggestions, opinions,

	Activity	Responsibility	Timeframe/Deadline	Obligation of Members of the Public
				reviews of content through oral or written memorandum, or (un) solicited feedback on access to service and quality
13.	Finalization of County Fiscal Strategy Paper (CFSP 2025) ensuring that ecological, social, environmental and institutional issues are well addressed.	Finance and Economic Planning	By 17th February, 2025	Access, Read and comment.
14.	Submission of County Fiscal Strategy Paper (CFSP 2025) to County Executive Committee for approval	CEC Finance and Economic Planning	By 17th February, 2025	
15.	Submission of the CFSP to County Assembly	County Treasury	By 28th February, 2025	Access, Read and comment.
16.	Circulate approved County Fiscal Strategy Paper (CFSP 2025) and Final guidelines on preparation of 2025/26 MTEF Budget	County Treasury	By 14th March, 2025	Access, Read and comment.
17.	Submission of budget proposals for 2025/26 MTEF Budget to County Treasury	All Accounting Officers	By 21st March, 2025	
18.	Consolidation of Budget Estimates for F/Y 2025/2026	County Treasury	By 11th April, 2025	Access, Read and comment.
19.	Submission of Budget Estimates F/Y 2025/2026 to County Executive for approval	County Treasury	By 16th April, 2025	
20.	Presentation of Budget Estimates to County Assembly	C.E.C Finance & Planning	By 30th April, 2025	
21.	Review of Budget Estimates and public consultations ensuring that ecological, social, environmental and institutional issues are well addressed	County Assembly	By 16th May,2025	Physical Presence, giving input, suggestions, opinions, reviews of content through oral or written memorandum, or (un) solicited feedback on access to service and quality
22.	Report on Draft Budget Estimates F/Y 2025/2026 From County Assembly	County Assembly	23rd May, 2025	Access, Read and comment.
23.	Consolidation of the final Budget Estimates	County Treasury	By 30th May 2025	
24.	Submission of Appropriation Bill to County Assembly	County Treasury	By 23rd June 2025	
25.	Budget Statement/Speech	County Treasury	By 30th June 2025	Access, Read and comment.
26.	Appropriation Bill Passed	County Assembly	By 30th June, 2025	
27.	Performance Review, Monitoring and Evaluation.	All departments	May and June 2025	Physical Presence, giving input, suggestions, opinions, reviews of content through oral or written memorandum, or (un) solicited feedback on access to service and quality

ANNEX II: MTEF Sectors Classification in Narok County

S/No.	MTEF SECTORS	CDAs
1.	Agriculture Rural and Urban Development	▪ Agriculture (Crop development) ▪ Livestock development and fisheries ▪ Veterinary Services Department ▪ Land, Housing and physical Planning ▪ Town Management Committee
2.	Energy, Infrastructure And ICT	▪ Public works department ▪ County roads and transport ▪ Information, communication and e-government
3.	Public Administration And International Relations (PAIR)	▪ Office of the Governor ▪ County Public Service Management ▪ Office of County Secretary ▪ County Public Service Board ▪ County Assembly ▪ County Assembly Service Board ▪ Governor and County Executive Services ▪ County Attorney
4.	General Economic, Commercial And Labour Affairs (GECLA)	▪ Trade and industrialization ▪ Cooperative development, ▪ Tourism & wildlife
5.	Social Protection, Culture And Recreation	▪ Education ▪ Youth affairs ▪ Sports and Talent Development ▪ Culture & social services
6.	Environmental Protection And Water	▪ Environment Conservation and Management ▪ Water and Irrigation ▪ Energy and natural resources
7.	Health	▪ Health and Sanitation
8.	Macro Working Group	▪ County Treasury ▪ County Economic Planning

ANNEX III (A): STRUCTURE AND COMPOSITION OF SECTOR WORKING GROUPS

The SWGs shall be responsible for formulating sector budget proposals and developing sector policies. SWGs shall comprise the following:

i. Chairperson – One Accounting Officer chosen by consensus by other Accounting Officers within the Sector;
ii. Sector Convener – Appointed by the County Treasury
iii. Sector Co-Convener – Appointed by the Department of Finance and Economic Planning;
iv. Technical Working Group – Appointed by the respective Sector Working Group;
v. A SWG Secretariat – Appointed by the individual Accounting Officers to assist in the coordination of sector activities;
vi. Representatives from Development Partners ; and
vii. Representatives from the Private Sector.

The departments to make use of the technical officers in the Economic Planning and Budget Unit deployed to respective departments, in the development of plans formulation of policies and in carrying out performance reviews.

ANNEX III (B): TERMS OF REFENCE FOR SECTOR WORKING GROUPS

SWGs are expected to ensure that proposed programmes and projects are in line with the priorities of the Medium Term Plan IV of Kenya Vision 2030, CIDP III and the Government priorities. Specifically, the terms of reference for SWGs will be to:

a) Review sector strategies in line with the overall goals outlined in the vision 2030, MTP IV, CIDP III, the ongoing projects related to BETA and Economic recovery;

b) Identify the programmes and the necessary policy, legal and institutional reforms required to be undertaken;

c) Approve list of projects to be included in the budget and level of funding

d) Analyze cost implications of the proposed programmes, projects and policies for the Medium Term;

e) Using Zero Based Approach in Budgeting and analyzes of the baseline funding requirement and remove all the one off expenditure for the previous years;

f) Identify programmes and projects to be funded under Public Private Partnership (PPP) framework;

g) Analyzing the County Integrated Development Plan (CIDP 2023-2027) with an objective of identifying programmes/projects that address the County priorities and objectives.

h) Identify programmes and projects that invest in key infrastructure facilities tailored to stimulate investments, create jobs and reduce poverty.

i) Prioritize Sector Programmes and using Zero Based Approach to Budgeting and allocate resources as appropriate in accordance with agreed criteria;

j) Identify activities, projects and programmes that are of low priority in order to realize savings which should be directed to the Government priority projects;

k) Allocate resources to projects that have been fully processed (i.e feasibility studies done, with detailed designs, necessary approvals and land secured);

l) Provide a detailed explanation for the rescheduling of projects which should include savings and financial implications of rescheduling projects and activities;

m) Coordinate activities leading to the development of sector reports and indicative Sector Budget proposals; and

n) Identify critical stakeholders and engage them in the in the budget process

ANNEX IV: FORMAT FOR PRESENTATION OF PROGRAMME-PERFORMANCE BASED BUDGETS (PBB)

Vote No.: Title

Part A: Vision

Part B: Mission

Part C: Performance Overview and Rationale Funding

This section is supposed to discuss the following

- *Brief description of mandate;*
- *Expenditure trends – approved budget against the actual expenditure for the FY 2021/22 – 2023/24;*
- *Major achievements based on the planned outputs/services for the FY 2021/22 – 2023/24;*
- *Constraints and challenges in budget implementation and how they will be addressed; and*
- *Major services/outputs to be provided in FY 2025/26 and Medium- Term.*

Part D: Strategic Objectives

In this part, list all the programmes and their strategic objectives. Please note that each programme must have only one strategic objective/*outcome* which must be linked with CIDP III.

Part E: Summary of the Programme, Key Outputs, Performance Indicators *and Targets for FY 2025/26 -2027/28*

Programme	Delivery Unit	Key Outputs (KO)	Key Performance Indicators (KPIs)	Baseline 2024/25	Proposed Estimate 2025/26	Targets	
						2026/27	2027/28
Name of Programme Outcome:							
SP1.1							
SP.2							
…							
SP.N							

Part F: Summary of Expenditure by Programmes and Sub Programmes, the FY 2025/26 -2027/28 (KSh. Millions)

Programme	Baseline 2024/25	Proposed Estimates 2025/26	Projected Estimates	
			2026/27	2027/28
Programme 1: (*State the name of the programme here*)[1]				
Sub Programme (SP)				
SP 1. 1				
SP 1. 2.				
… N				
Total Expenditure of Programme 1				
Programme 2: (*State the name of the programme here*)				

[1]*NB. Repeat as shown in the Table under section "E" above for all Programmes. Provide total expenditure for each programme and their summation must equal the total expenditure of the vote*.

Programme	Baseline 2024/25	Proposed Estimates 2025/26	Projected Estimates	
			2026/27	2027/28
SP 2. 1				
SP 2. 2.				
… N				
Total Expenditure of Programme 2				
Total Expenditure of Vote -------				

Part G. Summary of Expenditure by Vote and Economic Classification[2] (KSh. Million)

Expenditure Classification	Base line Estimates 2024/25	Proposed Estimates 2025/26	Projected Estimates	
			2026/27	2027/28
Current Expenditure				
Compensation to Employees				
Use of goods and services				
Current Transfers Govt. Agencies				
Other Recurrent				
Capital Expenditure				
Acquisition of Non-Financial Assets				
Capital Transfers to Government Agencies				

[2] The total current expenditure and capital expenditure must be equal the total expenditure vote given in tables E, F, & G.

Expenditure Classification	Base line Estimates 2024/25	Proposed Estimates 2025/26	Projected Estimates	
			2026/27	2027/28
Other Development				
Total Expenditure of Vote ……				

Part H. Summary of Expenditure by Programme, Sub-Programme and Economic Classification (KSh. Million)

Expenditure Classification	Base line Estimates 2024/25	Proposed Estimates 2025/26	Projected Estimates	
			2026/27	2027/28
Programme 1: (State the name of the programme here)				
Current Expenditure				
Compensation to Employees				
Use of goods and services				
Current Transfers Govt. Agencies				
Other Recurrent				
Capital Expenditure				
Acquisition of Non-Financial Assets				
Capital Transfers to Govt. Agencies				
Other Development				
Total Expenditure				
Sub-Programme 1: (State the name of the Sub-Programme here)				
Current Expenditure				
Compensation to Employees				
Use of goods and services				

Expenditure Classification	Base line Estimates 2024/25	Proposed Estimates 2025/26	Projected Estimates	
			2026/27	2027/28
Current Transfers Govt. Agencies				
Other Recurrent				
Capital Expenditure				
Acquisition of Non-Financial Assets				
Capital Transfers to Govt. Agencies				
Other Development				
Total Expenditure				

- Repeat as above in cases where a Ministry/Department has more than one programme and/or sub-programmes

ANNEX V: PROJECT CONCEPT NOTE

SECTION 1: PROJECT PROFILE	
Project Name:	
Project Reference Number:	
County Department:	
Implementing Agency CDA):	

Initiating Department / Division / Section / Unit:			
Budget Vote (where applicable):			
Estimated Project Cost:			
MTEF Sector:			
Accounting Officer:			
Official Contact Details (Provide email, telephone number, postal and physical address):			
Project Threshold:			
Project Geographic Location (Provide GPS Coordinates here)			
	Sub-County:	Ward:	Village:
Planned Start Date:			
Planned End Date:			
Date of Submission:			

SECTION 2: PROJECT BACKGROUND

1. Situation Analysis

Provide a background to the project idea:

a) Briefly describe the current situation that rationalizes the project
b) Briefly describe past and on-going interventions to address the situation; quote official statistics including past trends to support your narrative, where applicable.

2. Problem Statement

Provide details of the problem to be addressed in terms of challenges, constraints and gaps:

1. Nature of the problem
2. Scope of the problem (How widespread or the magnitude of the problem)
3. State the likely causes and effects of the problem both direct and indirect.
4. Provide any alternative options that may be available to address the problem.

3. Relevance of project data

Justify the need of the proposed project by:

a) Linking the project to the National / County Development Plan strategic goals and objectives that the proposed project is expected to contribute to;
b) Linking the proposed project to Sector strategic objectives and strategies by describing the sector outcomes that the project is expected to contribute to;
c) Show the need for the project by analysing and describing the quantitative indicators of demand for the services or goods to be delivered by project using readily available information
d) Describe the rationale for the government to intervene through the project, whether or not the private sector can deliver the project objectives and the consequences of not implementing the project

SECTION 3: SCOPE OF THE PROJECT

Describe the scope of the project by defining the boundaries of the project in terms the outputs the project or deliverables of the project or the work that needs to be accomplished to deliver the product, service or result required.

SECTION 4: LOGICAL FRAMEWORK

This section show the result chain in a logical manner with a detailed description of the project goal, objectives, outcomes, outputs and inputs

a) Goal

State the goal in the MTP/CIDP the project intends to achieve. Also define the indicator that will be used to measure success of the project against the goal and briefly explain how information on this indicator shall be obtained.

b) Project Objectives/Outcomes

Define the project objectives and the corresponding outcomes. These include the effects that will follow from the utilization of products or services (outputs) delivered by the project. These could be the eventual benefits to society that the project interventions are intended to achieve and are reflected in terms of what people will be able to do better, faster, or more efficiently, or what they could never do before.

For each project outcome identified, define at least one indicator that will be used to measure performance of the project against the relevant outcome and briefly explain how information on this indicator (s) shall be obtained

c) Proposed Project Outputs

Describe the direct outputs that the project is expected to deliver. Outputs are the immediate and concrete consequences of the implemented activities and resources used. For each project output identified, define at least one indicator that will used to track progress and the means of verification.

d) Project Activities and Inputs

For each output identified describe the major activities that should be implemented together with the inputs or resources required to deliver the planned results. To obtain the results of a project a number of activities have to be implemented using various resources or inputs.

e) Project Logical Framework Matrix

Narrative	Indicators	Sources/ Means of verification	Assumptions
Goal (MTP/CIDP)			
Project Objectives / Outcomes			
Key Output			
Key Activities			
NB: Add additional rows for outcomes, outputs and activities as necessary			

SECTION 5: INSTITUTIONAL ARRANGEMENTS

1. Institutional Mandate
Describe how the project is linked to the mandate of the institution.
2. Management of the Project
Demonstrate the technical, managerial and financial capacity of the implementing agency to deliver the project. This can also be better expressed by showing previous experience in handling projects of the same magnitude.
3. Project Implementation Plan
Describe the sequence of activities overtime which should set clear benchmarks and timelines that can be used to track the overall project.
4. Monitoring and Evaluation
Describe how the project will be monitored and evaluated in order to ascertain the progress towards achieving its intended objectives. Indicate the institutional framework for tracking project progress.
5. Risk and Mitigation Measures
Describe the potential risks that can derail the project, the likelihood of occurrence, the impact of such risks and strategies for mitigating them.
6. Project Sustainability
Describe how the project will continue providing the intended services and benefits to the beneficiaries after the project is completed. Describe how ownership will be fostered among stakeholders. Include anticipated annual operations and maintenance costs and the source of financing.
7. Project Stakeholders and Collaborators
Describe the stakeholders that the project has to constantly engage and their level of influence and interest among others. List all the government agencies, utilities or regulatory institutions that will need to be involved in the planning and implementation of the proposed project including any legal issues that will need to be addressed.
8. . Project Readiness
1. Describe how prepared the implementing agency to deliver the project by providing the following information: a) Has the project preliminary and detailed designs been prepared and approved? b) Has land been acquired (site readiness)? c) Has necessary regulatory approvals been obtained? d) What government agencies and stakeholders will be involved in the preparation of the Project and what roles they will play in project development and approval? e) Have you undertaken consultations with other Government agencies in order to improve synergy and avoid duplication of effort? 2. If the answer is no to any of the above questions, then confirm whether this is part of the project implementation plan 3. Whether the project can be phased or scaled down
9. FINANCIAL ANALYSIS
A. Capital Cost to complete the project: Estimate the capital costs associated with the project Consultancy and fees…………………………………………

Land Acquisition Costs……………………………………….

Sire Access, Preparation and Utility…………………………

Construction………………………………………………….

Equipment……………………………………………………

Other Capital costs…………………………………………..

B. **Recurrent Costs** (Ksh.): Estimate the recurrent Costs associated of the project

Labour cost………………………………………………….

Operating Costs…………………………………………….

Maintenance Costs …………………………………………

Others……………………………………………………

C. Estimated Total Project Cost Ksh. Per Year

FY 1	FY 2	FY 3	FY 4	FY 5
Total (Ksh.)	Total (Ksh.)	Total (Ksh.)	Total (Ksh.)	Total (Ksh.)

D. Indicate the proposed financing options for the project;

a) County Government of Narok only
b) Government of Kenya only
c) Development partner only
d) CGN and GoK
e) CGN and Development Partner
f) CGN, GOK and Development Partner
g) Public-Private Partnership
h) Private Sector

E. State all other cost implications to other related projects

Provide a breakdown of estimated cost for other projects that have to be implemented for the benefits to this project to be realised. Is land expropriation required? (Yes/No) If <YES> state the total expenses required to achieve this (compensation / legal costs etc.)

F. Operational Cost after implementation
Provide estimated average annual personnel cost, annual maintenance cost, operation cost and revenues where applicable. This should be attached as an annex to this PCN

ANNEX VI: FORMART FOR PRESENTIG PROJECT DETAILS FOR FY 2023/2024 AND THE MEDIUM-TERM BUDGET

Department …………………………………………………….

Project Code Project Title	Financing			Timelines		Project Status	Annual Cumulative Expenditure as at End of June 2024	Outstanding project Cost as at End of June 2024	Project Completion % as at end of June 2024	Budget FY 2024/25	Allocation for FY 2025/26	Projection for FY 2026/27	Projection for FY 2027/28
	Estimated Cost of the Project	CGN/ GOK	Foreign	Start Date	Expected Completion date								

ANNEX VII: SECTOR WORKING GROUP REPORT FORMAT

TABLE OF CONTENTS

(Please ensure that Headings and Sub-headings are identical to those in the report)

[8] Chapters 1 – 6 should form the main body of the report and should be divided into logical sections and subsections, using appropriate headings and numbering. Its purpose is to explain the conclusions and to justify the recommendations.

EXECUTIVE SUMMARY

(Restate conclusions for each section and summarize findings and recommendations under this section)

CHAPTER ONE:

1. INTRODUCTION

1.1. Background

1.2. Sector Vision and Mission

1.3. Strategic goals/Objectives of the Sector

1.4. Sub–Sectors and their Mandates

1.5. County Corporations

1.6. Role of Sector Stakeholders

(The introduction should briefly describe context; identify general subject; describe the problem or issue to be reported on; define the specific objective for the report; outline the scope of the report; and comment on any limitations of the report)

CHAPTER TWO

2. PERFORMANCE REVIEW 2021/22 – 2023/24

2.1. Performance of sector Programmes – delivery of outputs

2.2. Review of Key indicators of Sector Performance

2.3. Expenditure Analysis

2.3.1. Analysis of programme expenditure

2.3.2. Analysis of programme Expenditure by economic classification

2.3.3. Analysis of capital projects by Programmes

2.4. Review of Pending Bills

2.4.1. Recurrent Pending Bills

2.4.2. Development Pending Bills

CHAPTER THREE

3. MEDIUM TERM PRIORITIES AND FINANCIAL PLAN FOR THE MTEF PERIOD *2025/26 – 2027/28*

3.1. Prioritization of Programmes and Sub-Programmes

3.1.1. Programmes and their Objectives

3.1.2. Programmes, Sub-Programmes, Expected Outcomes, Outputs, and Key Performance Indicators for the Sector

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2023/24	Actual Achievement 2023/24	Target (Baseline) 2024/25	Target 2025/26	Target 2026/27	Target 2027/28
Name of Programme Outcome									
SP 1.1									
SP 1.2									

NB: Where applicable, KPIs and target should be gender disaggregated

3.1.3. Programmes by Order of Ranking

3.1.4. Resource Allocation criteria

3.2. Analysis of Resource Requirement versus allocation by:

3.2.1. Sector (recurrent and development)

3.2.2. Sub-Sectors (recurrent and development)

3.2.3. Programmes and Sub-programmes

3.2.4. Semi-Autonomous Government Agencies

3.2.5. Economic classification

CHAPTER FOUR

4. CROSS-SECTOR LINKAGES AND EMERGING ISSUES CHALLENGES

CHAPTER FIVE

5. CONCLUSION

This section should summarize the key findings of the report, as outlined in the discussion under the chapters 1-4 of the report. The Conclusions should relate specifically to the report's objectives (as set out in the introduction); identify the major issues; be arranged in order of importance; be specific, and to the point; and be a list of numbered points

CHAPTER SIX

6. RECOMMENDATIONS

This section should outline future actions. The Recommendations should be action orientated, and feasible; Relate logically to the Conclusions; be arranged in order of importance; and be to the point

REFERENCES

This section should list the sources referred to in the report

APPENDICES

Appendices should contain information that is too complex to include in the report. You need to direct readers to this information, as in "Appendix A provides an overview of the Budget of Department X".

ANNEX VIII: FORMART FOR PRESENTIG PROJECT DETAILS FOR FY 2025/2026 AND THE MEDIUM-TERM BUDGET

Department ……………………………………………………..

Project Code Project Title	Financing			Timelines		Project Status	Annual Cumulative Expenditure as at End of June 2025	Outstanding project Cost as at End of June 2025	Project Completion % as at end of June 2025	Budget FY 2024/25	Allocation for FY 2025/26	Projection for FY 2026/27	Projection for FY 2027/28
	Estimated Cost of the Project	CGN/ GOK	Foreign	Start Date	Expected Completion date								

ANNEX IX: FORMART FOR OUTCOME BASED PROJECT REPORTING

Department ………………………………………………….

Name of Programme/ Project	Location of project	Baseline Status	Objective	Project Description (Scope, what was intended to be done)	Estimated Cost. KSh	Start Date *(MM/YY)*	Achievements		Comments (List the auxiliary benefits, Challenges and recommendations
							Output. (Status of Completion. Include % where applicable)	**Outcome.** (Measured against objective)	

ANNEX X: COSTING TECHNIQUES AND GUIDELINES FOR COMPUTING THE BUDGET BASELINE

a. Costing Techniques

1. All resource requirements should be accurately costed; CDAs are required to select the technique providing the most plausible calculation results from the following:
   i. Quantity multiplied by Price
   ii. Trend
   iii. Lump sum; and
   iv. Ad hoc

i. Quantity Multiplied by Price

2. This method requires identifying the Quantities involved as well as the different Prices that are associated with the items. CDAs are required to use this calculation method and justification should be provided if this method is not used.

ii. Trend

3. This should be used if only quantity multiplied by price cannot be applied. It extrapolates past trends based on an item's expenditure pattern of most recent years. The average past annual rate of increase or decrease is applied to outer years if there is no indication that future developments would substantially deviate from the past.

iii. Lump sum

4. For very small items and to avoid calculation overload, the lump sum method may be used. This involves taking the cost for the item in the current year and keeping it nominally constant in the medium term. The second case where lump sum can be helpful is if there is no reliable indication that the current amount will increase or decrease.

iv. Ad Hoc

5. Expenditure undertaken to address specific interventions and not usually intended to address other activities or ongoing projects. These activities/Projects should be costed by use of quantity multiplied by price.

b. SPECIFIC GUIDELINES FOR COMPUTING THE BASELINE

a). Prices

6. During computation of the budget baseline, CDAs are required to use current market prices. The County Treasury will factor an inflation adjuster in the costing tool to reflect the effects of inflation on prices, which can significantly impact the value of money over time. This

will ensure that budgeting and financial planning take into account the potential changes in prices, allowing for more accurate cost projections and informed decision making.

b). Costing the Recurrent Expenditure

- **Compensation to Employees**

7. CDAs are required to fully cost for personnel emolument using (quantity *price). CDAs should include provision for recruitment already approved by the County Treasury. They should also include provision for annual salary adjustment from one scale to the other. The increment should be as advised by SRC and set by the respective employers.
8. Any request for filling of vacancies and creation of additional posts or new posts should be justified in terms of organizational requirements, improvement in service delivery and/or provision of new services as provided in the existing Executive order. Similarly, filling of consequently vacancies at entry grade as a result of succession management should be justified. The financial implications of such request should be included in the budget baseline.
9. CDAs are required to submit the following in regard to compensation to employees:
   i. The number of personnel, both permanent and contractual as at 1st July 2024 as well as personnel expected to retire by 30th June 2025, 2026 and 2027.
   ii. The expected timing for filling approval funded positions; and
   iii. Annual financial implications of the above.

- **Utilities and Rent**

10. CDAs are required to cost for all the utilities such as electricity, water and gas including any arrears that may be due. In formulating the requirements for utilities, CDAs are required to apply (quantity *price) as the primary costing technique while clear justification should be provided where another technique is used.
11. Accounting Officers are required to fully cost for rent as per the lease agreements. CDAs are also required to provide proof of the lease agreements and approvals from the Department of Public works for new office space.

- Other Mandatory Expenditure

12. Accounting Officers are required to review all the mandatory expenditures that fall under their purview and cost the requirements. CDAs are also required to determine the number of personnel whose contracts are ending and provide for the gratuities due in FY 2025/26 and the Medium Term.

- **Operations and Maintenance and Transfers not Classified as SAGAs**

13. Accounting Officers are required to apply (quantity *price) to cost all the expenditures for the operation and maintenance and prioritize these requirements. CDAs should also indicate the transfers not classified as SAGAs.

- **Appropriations in Aid (AIA)**

14. CDAs are required to provide information on actual AIA collections for the FY 2021/22 to FY 2023/24 and the projections for the FY 2025/26 and the medium term.

- **Semi-Autonomous Government Agencies (SAGAs)**

15. Departments are required to scrutinize revenue and expenditure projections for the SAGAs under their purview. Specifically, all SAGAs are required to apply (quantity *price) as the primary costing technique. Clear justification should be provided where technique is used to cost expenditures.

c). Costing the Development Expenditure

16. Accounting Officers are required to cost requirements of the capital projects and prioritize them based on realistic implementation plans irrespective of the source of financing.
17. For ongoing projects, CDAs are required to take into account the current implementation status, actual expenditure as at 30th June, 2024, outstanding expenditure as at 30th June, 2024,the approved Budget for the FY 2024/25, revised project cost where applicable and the requirements over the medium term.

i. BETA Priority Projects

18. CDAs are also required to cost and submit the necessary information to the County Treasury for all the ongoing projects under BETA priorities, and Governor's Directives.

ii. Stalled Projects

19. Further, CDAs should review all the stalled projects and only cost requirements for viable projects to the County Treasury.

iii. New Projects

20. As Directed by the Cabinet, the Government will be prioritizing completion of ongoing projects before embarking on new ones. However, in case of any new projects, CDAs are required to submit the proposals and projects concept note to the unit in charge of Public investment Management for review and approval. CDAs are also requested to explore alternative ways of financing new projects including Public Private Partnership (PPP).

ANNEX XI: TIMELINE FOR TABLING COUNTY BUDGET DOCUMENTS IN THE COUNTY ASSEMBLY AND RELEASE TO THE PUBLIC– CPP GUIDELINES 2015

Document	Contents of the Document (What MCAs should look out for before (approving) the document)	Date Due in the County Assembly	Deadline for Action by the County Assembly	Rationale for Public Release	Publication Information/ Input by the Public
Budget Circular	• Timelines for various activities; • Procedures for review and projection of revenues and expenditures; • Key policy areas to be taken into consideration; • Procedures for public consultation; and • Format for budget Documentation	30 August	For the information of members especially in scheduling their annual calendar	The document is critical for the public to know when, where and how to participate in the budget process	To be publicized within 7 days of publication

Document	Contents of the Document (What MCAs should look out for before (approving) the document)	Date Due in the County Assembly	Deadline for Action by the County Assembly	Rationale for Public Release	Publication Information/ Input by the Public
County Integrated Development Plans (CIDP)/ Annual Development Plans	• Strategic priorities for the medium term; • Programmes to be delivered; • Significant capital expenditure; and • Grants, transfers and subsidies to be made on behalf of County Governments.	1 September	No date provided but should be within 14 days Action: To debate and approve with or without amendments	The plans will go through three main stages a. Formulation by the County Planning Unit b. Approval by the County Executive c. Tabling and approval in the County Assembly In each of these stages there is need to share with the public the documents whether as draft especially in stage (a) and (b)	14 days before adoption in the County Executive and then tabling in the CA To be publicized within 7 days of tabling in the CA
Budget Review and Outlook Paper (BROP)	• Actual fiscal performance in the previous year; • Updated economic and financial forecasts from the recent Budget Policy Statement; • Identification of broad policy priorities to be implemented by the CG in the medium term; • Provide indicative available resources (i.e. ceilings) to fund CG priorities-in consultation with CRA and the National Treasury; and • Reasons for any deviations from the financial objectives in the CFSP	30 September	Action: For Information of Members	The County Treasury will prepare the BROP and it is important that before they table it in the County Executive the Public be given an opportunity to comment. Thereafter when the final document is approved and tabled in the County Assembly it should also be published and publicized within 7 days	14 days before tabling in the County Executive committee (with 7 days allowed for input) To be publicized within 7 days of tabling in the CA
County Fiscal Strategy Paper (CFSP)	• Broad strategic priorities and policy goals- medium term and long term. • Outlook on expenditures, revenues and borrowing for the medium term	28 February	15 March Action: To debate and Approve	Same applies with the BPS and CBSP. There is need that before the County Executive approves it that the public be given an opportunity to input. Thereafter when it is tabled in the County Assembly it should be made public Finally what the County Assembly approves (with or without amendments) should be made public too for greater certainty	7 days before tabling in the County Executive To be publicized 7 days after tabling in the CA
Debt Management Strategy	(a) the total stock of debt as at the date of the statement; (b) the sources of loans made to the county government; (c) the principal risks associated with those loans; (d) the assumptions underlying the debt management strategy; and (e) An analysis of the sustainability of the amount of debt, both actual and potential.	28 February	Action: For information of members in decision making on the liabilities of the county	It is important that the public know the debt obligations facing them and what strategies the county is taking to address them	
Budget Estimates (Revenue and Expenditure) Appropriation	Details of all planned development and recurrent expenditures of the government. Also the estimated revenues by source	30 April	30 June Action: To debate and approve with or without amendments	The public need to see what is tabled in the County Assembly. This should also be complemented by clear dates (Not later than May 30) as	7 days after tabling in the CA with 14 days of public input

Document	Contents of the Document (What MCAs should look out for before (approving) the document)	Date Due in the County Assembly	Deadline for Action by the County Assembly	Rationale for Public Release	Publication Information/ Input by the Public
Bill	and explanation of strategies for deficit financing		To pass the appropriations bill to authorize withdrawals from the County Revenue Fund	to when the public can give feedback to the departmental committees (on sector specific matters) or to the Budget and Appropriation Committee	
Budget and Appropriation Act	Same as above	By 30 June		Once all has been discussed and the final budget approved it should be made public via the appropriations act and detailed programme/itemized budget documents on the day it is approved but not later than 7 days	To be publicized 7 days after approval in the County Assembly
Supplementary Budget Documents	Revised Budget Estimates	On needs Basis		All supplementary budget estimates and the rationale for the same should be availed before they are tabled in the respective CA and thereafter when they are tabled in the house	14 days before tabling in the CA and 7 days after tabling in the CA
Finance Bill and Act	Taxation and other revenue raising measures of the county government	30 September (Within 90 Days)	Action: To debate and approve with or without amendments	There is need that the public have an opportunity to input into the Finance Bill before it is tabled at the County Assembly; Further the public should also be allowed space by the Finance Committee to contribute before the respective house approves it	14 days before tabling in the CA and 7 days after approval in the CA
Expenditure Review Reports	An in-depth analysis on specific sectors to establish the progress (or lack of it) by the county	No Specific Date	Action: For information of members		
Audit Reports	An independent opinion on the use of public funds in the county (both the County Executive and County Assembly)	31 December	2 months Action: To debate and decide on what actions should be taken		

Source: County Public Participation (CPP) guidelines 2015