



**NAROK COUNTY GOVERNMENT**

**FINANCE AND ECONOMIC PLANNING**

**MEDIUM TERM**

**COUNTY FISCAL  
STRATEGY PAPER**

**FEBRUARY 2025**

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## FOREWORD

The 2025 County Fiscal Strategy Paper (CFSP) is the third to be prepared under the new Administration, it reaffirms the Governor's priority programs, policies and reforms as set out in the third generation CIDP 2023 – 2027. The 2025 CFSP comes at a time when the County is implementing its third year of the County Integrated Development Plan (CIDP 2023-2027), that will prioritize implementation of economic recovery strategies of the new Administration to re-position the County on a steady and sustainable growth trajectory.

These paper has 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. On the domestic front, the Kenyan economy has remained resilient despite the challenging domestic and external environment.

The focused interventions and structural reforms of the Government under BETA have stabilized the economy and supported economic recovery to 5.6 percent in 2023 from 4.9 percent in 2022 following a strong rebound in agriculture after two years of severe drought. Additionally, macroeconomic fundamentals have strongly rebounded and are projected to continue to strengthen and remain stable. Economic growth is estimated to have slowed down to 4.6 percent in 2024 from a growth of 5.6 percent in 2023 reflecting deceleration of economic activities in the first three quarters of 2024 and the slowdown in private sector credit growth to key sectors of the economy. Growth is expected to pick up to 5.3 percent in 2025 and retain the same momentum over the medium term largely driven by: enhanced agricultural productivity; resilient services sector, and ongoing implementation of priorities under BETA.

The policy paper is to guide the preparation of budget estimates for implementing policy goals, priority programs and fiscal framework for FY 2025/26 and the medium term period. As a result, the policy goals, priority programs and fiscal framework in this CFSP

are revised to reflect emerging realities and priorities for promotion of growth and development in the county.

The 2025 CFSP also analyses the global, regional, national and county finance and economic trends. The trends are applied to inform policy direction, actions and strategies which will be used to inform the budget preparation for F/Y 2025/26. The policy paper reaffirms the county's administration commitment on achieving the county's vision of becoming "the premier county of choice in diversity and opportunities for prosperity." This will be actualized by focussing on six thematic areas namely: (i) Economic Empowerment; (ii) Tourism Development and Promotion; (iii) Social Development; (iv) Water Resources Management; (v) Industrial Development and Physical Planning and (vi) Economic Enablers.

To achieve the policy intents in this 2025 CFSP, the county will continue adhering to the fiscal responsibilities of ensuring recurrent expenditure doesn't exceed the county government's total revenue and that a minimum of thirty percent of the county governments' budget is allocated to the development. This will ensure that sustainable inclusive growth is attained in FY 2025/26 and in the medium term period. To finance expenditures set out in this paper, the county will continue to maximize revenue collection by strengthening and reforming the revenue collection system already in place and through structural reforms.

This paper is prepared in accordance with the provisions set out in section 117 of PFM Act 2012 and is aligned with the national objectives contained in the Budget Policy Statement (2025 BPS). The sectoral ceilings are set on the basis of reviewed expenditures in FY 2023/24, the first and Second quarter of FY 2024/25, priorities in sector reports, ADP for FY 2025/26 and priorities in the third generation CIDP 2023-2027. The proposals contained in this paper have benefited from wide consultations in accordance with the principle of openness and inclusivity.

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## **ACKNOWLEDGEMENT**

The preparation of this policy paper was a collaborative effort among various departments of the County Government of Narok. We are grateful for their inputs. We thank all the sector working groups for participation in various forums and for providing timely information necessary in the finalization of this policy document in addition to comments from several other stakeholders. The 2025 Budget Policy Statement (BPS) from the national treasury was a useful reference document on key issues and policy direction.

As we finalize County budget for FY 2025/2026 and the medium term, I wish to emphasize that resources are limited while at the same time, the County is confronted with significant expenditure demands including financing the third year of the County Integrated Development Plan CIDP 2023-2027 which captures the aspirations of the Governors Manifesto. This calls for proper prioritization to ensure that we focus on critical expenditures with the highest positive impact on the well-being of Narok Citizens. For this reason, the County will continue to prudently manage the use of public resources over the 2025/26-2027/28 Medium Term Expenditure Framework (MTEF).

We also acknowledge that the successful completion of this 2025 CFSP was made possible due to the leadership provided by the county executive member for Finance and Economic Planning Hon. David Muntet. His advice, direction and facilitation in carrying out the exercise is much appreciated.

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

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**NAROK COUNTY GOVERNMENT**

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## **ABBREVIATIONS AND ACRONYMS**

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



## **Legal Basis for the Publication of Narok County Fiscal Strategy Paper**

Narok County Fiscal Strategy Paper (CFSP 2025) is prepared in accordance with Section 117 (1) of the Public Financial Management Act, 2012. The law states that:

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

(2) The County Treasury shall align its CFSP with the national objectives in the Budget Policy Statement (BPS).

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

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

(5) In preparing the CFSP, the County Treasury shall seek and take into account the views of the Commission on Revenue Allocation (CRA); the public; any interested persons or groups; and any other forum that is established by legislation.

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

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

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

## **Fiscal Responsibility Principles**

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

- (a) The County government's recurrent expenditure shall not exceed the County government's total revenue.
- (b) Over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure;
- (c) The County government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the county government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly;
- (d) Over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;
- (e) The county debt shall be maintained at a sustainable level as approved by county assembly;
- (f) The fiscal risks shall be managed prudently; and
- (g) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.

Further, the County Government shall ensure that its level of debt at any particular time does not exceed a percentage of its annual revenue specified in respect of each financial year by a resolution of the county assembly.

# **I. INTRODUCTION**

## **1.0 Overview**

1. The 2025 County Fiscal Strategy Paper (CFSP) is the twelfth to be prepared since the commencement of County Government of Narok in 2013. The period of preparation of 2025 CFSP coincides with the implementation of the third year of third generation County Integrated Development Plan (CIDP 2023-2027) for Narok and the Fourth Medium Term Plan (MTP) of the Kenya Vision 2030. The policy paper seeks to continue implementing far reaching socio-economic policies and structural reforms for economic prosperity. Specifically, the strategic priorities for 2025 CFSP are underpinned in six thematic areas that includes;

- a) Economic Empowerment aimed at empowering the citizen of Narok County to participate in, contribute to, and benefit from growth processes;
- b) Social Development to achieve healthy lives and an empowered human capital;
- c) Tourism Development and promotion with a view of positioning Narok County as the global premier tourist destination of choice;
- d) Water Resource Management to protect, conserve, manage and increase access to clean and safe water for socio-economic development;
- e) Urban Development and physical planning for sustainable development in the urban areas;
- f) Strengthening of enablers that support economic and social development

2. In line with the devolved functions of the County Governments, the CFSP has identified priority programs to be implemented in F/Y 2025/26 and in the medium term period. The policy paper has been firmed up with an updated National economic outlook to reflect changes in Global, National economic and financial conditions.

3. The CFSP is aligned to 2025 Budget Policy Statement (BPS) for national government. The 2025 BPS submitted to National Assembly on 14<sup>th</sup> February 2025 is the third to be prepared

under the Kenya Kwanza Administration, highlights the progress made in the implementation of the strategic interventions articulated in the Bottom-Up Economic Transformation Agenda (BETA) and anchored on the Fourth Medium Term Plan of the Kenya Vision 2030. BETA is the Government's transformation agenda geared towards economic turnaround through a value chain approach. BETA is about investing the limited capital available where it will create the most jobs at the bottom of the pyramid. It is a commitment to invest in smallholder agriculture and the informal sector and end socio-economic exclusion by levelling the playing field for all investors.

4. Despite the challenging domestic and external environment, significant success has been registered following the various interventions rolled out by the Government during the past two years. The focused interventions and structural reforms of the Government under BETA have stabilized the economy and supported economic recovery to 5.6 percent in 2023 from 4.9 percent in 2022 following a strong rebound in agriculture after two years of severe drought. Economic growth is estimated to have slowed down to 4.6 percent in 2024 reflecting deceleration of economic activities in the first three quarters of 2024 and the slowdown in private sector credit growth to key sectors of the economy. Growth is expected to pick up to 5.3 percent in 2025 and 2026 and retain the same momentum over the medium term largely driven by: enhanced agricultural productivity; resilient services sector, and ongoing implementation of priorities under BETA.

5. Further, guiding the FY 2025/26 policy focus is challenges and lessons learnt during the Second generation (CIDP 2018-2022) and 1<sup>st</sup> & 2<sup>nd</sup> Year of CIDP III Implementation which forms an integral base upon which the FY 2025/26 and medium term policies and programmes are designed and implemented. The 2025 CFSP is framed 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.

6. Despite the challenging environment, the Kenyan economy has remained resilient despite the challenging domestic and external environment. The focused interventions and structural reforms of the Government under BETA have stabilized the economy and supported economic recovery to 5.6 percent in 2023 from 4.9 percent in 2022 following a strong rebound in agriculture after two years of severe drought. Additionally, macroeconomic fundamentals have strongly

rebounded and are projected to continue to strengthen and remain stable. Economic growth is estimated to have slowed down to 4.6 percent in 2024 from a growth of 5.6 percent in 2023 reflecting deceleration of economic activities in the first three quarters of 2024 and the slowdown in private sector credit growth to key sectors of the economy. Growth is expected to pick up to 5.3 percent in 2025 and retain the same momentum over the medium term largely driven by: enhanced agricultural productivity; resilient services sector, and ongoing implementation of priorities under BETA.

7. Inflation has significantly declined from a peak 9.6 percent in October 2022 to 3.0 percent in December 2024 reflecting the effectiveness of the Government's tight monetary policy and pass-through effects of the strengthening exchange rate that have eased food and energy prices;

## **1.2 CFSP Process Overview**

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

- i) Section 104, (1), (4); public funds cannot be *"...appropriated outside a planning framework developed by the county...."*
- ii) Section 107 (2), *"The county plans shall be the basis for all budgeting and spending in a county"*
- iii) Section 115 (1) *"Public participation in county planning process shall be mandatory and...."*

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

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

- Follow up on accountability issues.
- Identify and communicate priority needs and preferences in the community

- Help in building ownership and draw support in the implementation of projects, programmes.
- Enhance transparency in the use of public resources

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

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

### **1.3 Outline of the 2025 County Fiscal Strategy Paper**

**11.** The rest of the paper is organised as follow; Section II outlines the economic context in which the 2025/2026 county budget is prepared. It provides an overview of the recent global and national economic developments and the macroeconomic outlook relevant to county budget process.

12. Section III outlines the fiscal policy and budget framework for the F/Y 2024/2025 that is supportive of strategic growth over the medium- and long-term sustainable development.

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

14. Section V outlines Medium Term Expenditure Framework (MTEF) for FY 2025/26 with county resources envelope, spending priorities and proposed MTEF ceilings over the same period.

## **II. RECENT ECONOMIC DEVELOPMENTS**

15. This section provides an update of the economic performance and emerging issues likely to affect the outcome of national and county development goals. The section begins by focusing on the economic outlook at the global and regional level. The paper basically captures the outlook as signified in the BPS 2025 and other national policy documents like the budget policy review and outlook paper 2024, the Kenya Economic Survey 2024 by Kenya National Bureau of Statistics (KNBS), and Kenya Economic Report 2024 by Kenya Institute for Public Policy Research Analysis (KIPPRA). Thereafter an analysis of the national outlook and impact on county economy and linkages is provided.

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

### **2.1 Global Economic Outlook**

17. 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 supported by easing of global inflation and supply chain constraints. The outlook reflects stronger-than-expected growth in the USA, some large emerging market economies such as India, and improved growth prospects in the UK. The main risks to the global growth outlook relate to disruptions to the disinflation process, potentially triggered by new spikes in commodity prices amid persistent geopolitical tensions, a possible

resurgence of financial market volatility with adverse effects on sovereign debt markets, a deeper growth slowdown in China.

## **2.1 National Economic Outlook Overview**

**18.** The Kenyan economy has remained resilient and registered an average growth of 4.7 percent per year for the period 2011 and 2019. This growth is well above the world average growth of 3.5 percent and 3.8 percent for the sub-Saharan African region, over the same period. This performance reflects sound and deliberate policies implemented during the period and the beauty of a diversified structure – that doesn't rely on one or a few sectors. The economy has thus been able to withstand severe impacts of domestic and external shocks.

### **2.1.1 Growth Update**

**19.** The Kenyan economy remained strong and resilient in the first three quarters of 2024 despite its growth being relatively slower than the corresponding period in 2023. In the first three quarters of 2024, the economic growth averaged 4.5 percent (5.0 percent Q1, 4.6 percent Q2 and 4.0 percent in Q3) compared to an average growth of 5.6 percent (5.5 percent Q1, 5.6 percent Q2 and 6.0 percent in Q3) in 2023. The growth in the first three quarters of 2024 was primarily underpinned by strong performance in the agriculture sector, a slight recovery of the manufacturing sector, and the resilience of services sector. All the economic sub-sectors except mining and construction recorded positive growth rates in the first three quarters of 2024, though the magnitudes varied across the economic activities.

**20.** The primary sector grew by an average of 4.2 percent in the first three quarters of 2024 (5.0 percent in the first quarter, 4.4 percent in the second quarter and 3.2 percent in the third quarter) mainly supported by strong agricultural activities despite a contraction in mining and quarrying. In the first three quarters of 2024, the agriculture sector remained robust growing by 6.1 percent in the first quarter, 4.8 percent in the second quarter and 4.2 percent in the third quarter. This growth was supported by favorable weather conditions and the impact of Government interventions to lower the cost of production. However, the sectors' performance was somewhat curtailed by heavy rains and floods, between March and June 2024, that led to loss of livestock and damage to croplands.



**21.** Industrial sector performance remained subdued, with growth of the sector slowing down to an average of 0.8 percent in the first three quarters of 2024 (1.0 percent Q1, 0.8 percent Q2 and 0.6 percent Q3). This was mainly on account of a slowdown in activities from electricity & water supply and contraction of the construction sub-sectors. The slowed growth in electricity & water supply was due to a decline in generation of electricity from geothermal, wind and solar while the contraction in construction sector is due to a slowdown in public sector infrastructure projects. Activities in the manufacturing sector, which accounts for nearly half of the industrial sector output, was supported by significant growths in the manufacture of food while the non-food manufacturing activities recorded varied performance.

**22.** The activities in the services sector continued to sustain strong growth momentum in the first three quarters of 2024 averaging 5.6 percent (6.2 percent Q1, 5.3 percent Q2 and 5.3 percent Q3). The performance was largely characterized by significant growths in accommodation and food service, financial and insurance, information and communication, real estate, and wholesale and retail trade sub-sectors. Accommodation and restaurant service sub-sector benefited from several high-profile international conferences held in Nairobi between April and June 2024 that attracted significant international participation. Growth in the information and communication sub-sector was supported by increased voice traffic, internet use and mobile money despite a decline in the use of domestic Short Messaging Services (SMSs).

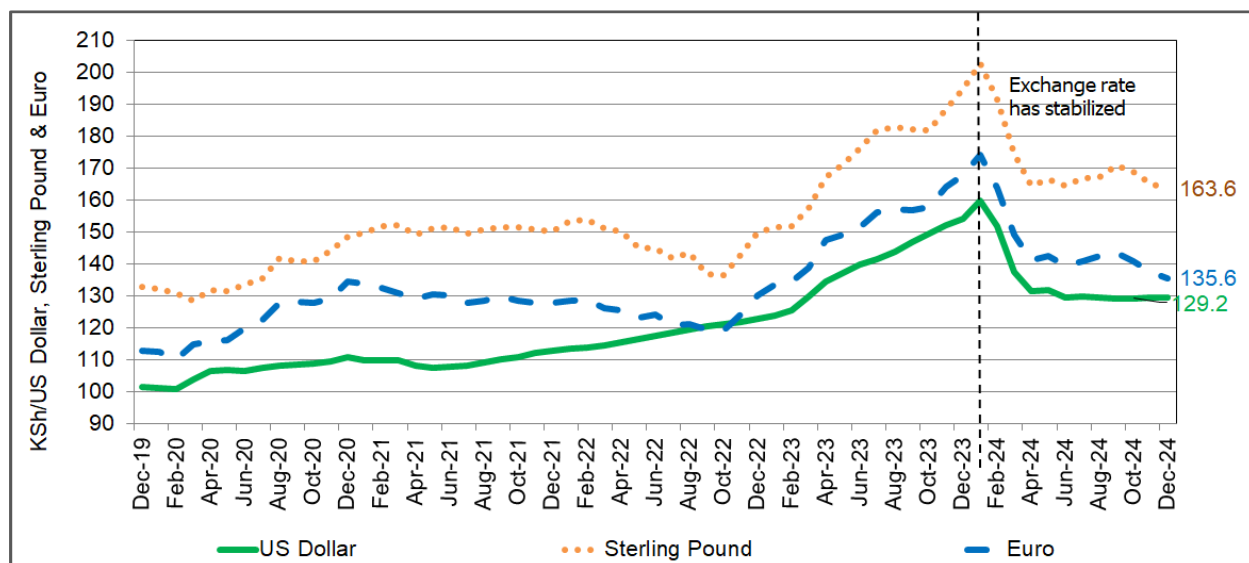
**23.** Given the slowed outcome of the real GDP for the first three quarters of 2024 and the impact of contracted lending to the private sector by commercial banks, the estimated GDP for 2024 full year has therefore been revised down to 4.6 percent from the earlier estimate of 5.2 percent in the 2024 Budget Review and Outlook Paper. Growth is projected to pick up to 5.3 percent in 2025 and 2026 and retain the same momentum over the medium term largely driven by: enhanced agricultural productivity; resilient services sector, and ongoing implementation of priorities under Bottom-Up Economic Transformation Agenda (BETA). Additionally, implementation of prudent fiscal and monetary policies will continue to support economic activity.

### 2.1.2 Kenya Shilling Exchange Rate

24. The Kenya Shilling exchange rate was weaker at the turn of the year but strengthened against the U.S. Dollar from mid-February 2024 and has now stabilized against major international currencies. In December 2024, the exchange rate against the US dollar averaged at Ksh 129.4 compared to an average of Ksh 160.8 in January 2024, an appreciation of 19.0 percent. Against the Euro, the Kenya Shilling strengthened by 22.2 percent to exchange at an average of Ksh 135.6 in December 2024 compared to an average of Ksh 174.3 in January 2024 while against the Sterling Pound the Kenyan Shilling strengthened by 19.3 percent to exchange at an average of Ksh 163.6 compared to an average Ksh 202.9, over the same period (Figure 1).

25. 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 sub-sectors. The appreciation and stability of the exchange rate has created confidence and triggered inflows of foreign direct investment and attracted investors to the Nairobi Securities Exchange. This appreciation has helped to reduce debt service costs, improve performance of domestic borrowing and stabilize interest rates.

**Figure 1: Kenya Shillings Exchange Rate**

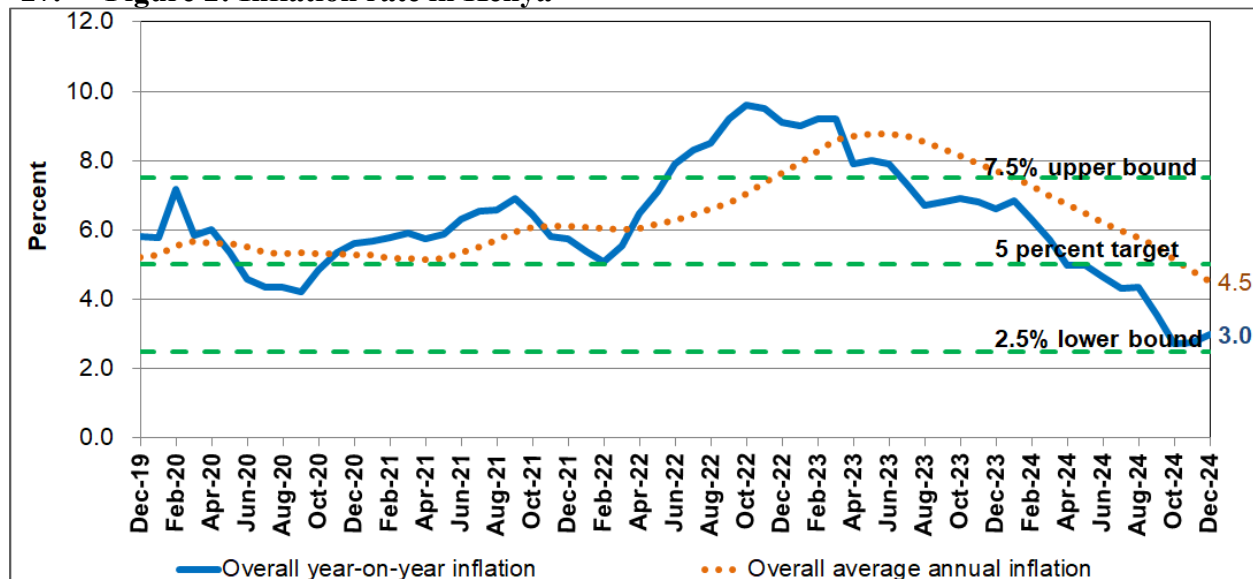


Source Data: National Central Banks

### 2.1.3 Inflation Rate

26. Overall inflation declined and has remained below the mid-point of the target band of 5.0 percent since June 2024, mainly reflecting significant declines in energy prices and continued easing of food prices. Inflation declined to 3.0 percent in December 2024 from 6.6 percent in December 2023 and a peak of 9.6 percent in October 2022 (Figure 2). Easing inflation has been supported by abundant supply of food arising from favourable weather conditions, lower fuel inflation attributed to appreciation of the exchange rate and lower international oil prices, and the decline in non-food non-fuel (NFNF) inflation reflecting impact of previous monetary policy tightening.

27. Figure 2: Inflation rate in Kenya



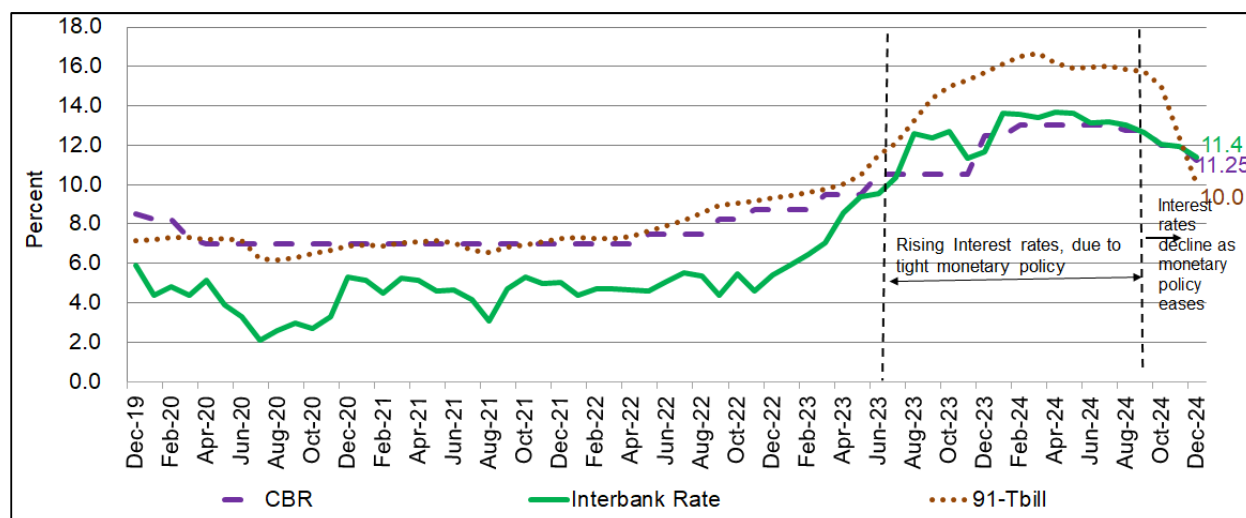
Source of Data: Kenya National Bureau of Statistics

### 2.1.4 Interest rates

28. Interest rates have declined in line with the easing of the monetary policy. The interbank rate declined to 11.5 percent in December 2024 compared to 11.7 percent in December 2023 and has remained within the prescribed corridor around the CBR (set at  $\text{CBR} \pm 150$  basis points). The 91-day Treasury Bills rate also declined to 10.0 percent in December 2024 from 15.7 percent in December 2023 (Figure 3). Commercial banks average lending and deposit rates increased in the year to December 2024 in tandem with prevailing tight monetary policy stance thereby reflecting high cost of investable funds. The average lending rate increased to 16.9 percent in December 2024 from 14.6 percent in December 2023 while the average deposit rate increased to 10.5 percent

from 10.1 percent over the same period. Consequently, the average interest rate spread increased to 6.4 percent in December 2024 from 4.5 percent in December 2023.

**Figure 3: Short-Term Interest Rates, Percent**



Source of Data: Central Bank of Kenya

## 2.2 Global Growth Outlook

**29.** 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 supported by easing of global inflation and supply chain constraints. The outlook reflects stronger-than-expected growth in the USA, some large emerging market economies such as India, and improved growth prospects in the UK. The main risks to the global growth outlook relate to disruptions to the disinflation process, potentially triggered by new spikes in commodity prices amid persistent geopolitical tensions, a possible resurgence of financial market volatility with adverse effects on sovereign debt markets, a deeper growth slowdown in China.

**30.** Growth in the advanced economies is projected to remain stable at 1.7 percent in 2024 and 1.9 percent in 2025 from 1.7 percent in 2023. In the United States, growth is projected at 2.8 percent in 2024 and 2.7 percent in 2025 reflecting strong wealth effects, a less restrictive monetary policy stance and supportive financial conditions, stronger outturns in consumption and

non-residential investment and demand factors in the labour market. In the Euro area, growth is expected to pick up but at a more gradual pace, with geopolitical tensions continuing to weigh on sentiment. However, growth in Japan is expected to contract in 2024 reflecting temporary supply disruptions and fading of one-off factors that boosted activity in 2023, such as the surge in tourism.

**31.** Growth in emerging markets and developing economies is projected to remain stable at 4.2 percent in 2024 and 2025, with divergence across major economies. At the regional level, growth in Sub-Saharan Africa is expected to rebound to 4.2 percent in 2025 from 3.8 percent in 2024. This growth is driven by improved economic activities as the adverse impacts of prior weather shocks subside and supply constraints gradually ease.

## **2.3 Domestic Growth Outlook**

**32.** The Kenyan economy has remained resilient and registered an average growth of 4.7 percent per year for the period 2011 and 2019. This growth is well above the world average growth of 3.5 percent and 3.8 percent for the sub-Saharan African region, over the same period. This performance reflects sound and deliberate policies implemented during the period and the beauty of a diversified structure – that doesn't rely on one or a few sectors. The economy has thus been able to withstand severe impacts of domestic and external shocks.

**33.** The Kenyan economy remained strong and resilient in the first three quarters of 2024 despite its growth being relatively slower than the corresponding period in 2023. In the first three quarters of 2024, the economic growth averaged 4.5 percent (5.0 percent Q1, 4.6 percent Q2 and 4.0 percent in Q3) compared to an average growth of 5.6 percent (5.5 percent Q1, 5.6 percent Q2 and 6.0 percent in Q3) in 2023. The growth in the first three quarters of 2024 was primarily underpinned by strong performance in the agriculture sector, a slight recovery of the manufacturing sector, and the resilience of services sector. All the economic sub-sectors except mining and construction recorded positive growth rates in the first three quarters of 2024, though the magnitudes varied across the economic activities.

## **2.4 Linkages between National and County Economic Outlook**

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

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

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

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

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

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

## **2.5 Fiscal Performance of County Governments**

**40.** The total approved development expenditures for County Governments over the medium term (FY 2021/22, 2022/23 and 2023/24) account for 36 percent, 31 percent, and 33.8 percent of the total budget respectively. This translates to an average of 33.6 percent of the total budget. Section 107 (2) (b) of the Public Finance Management Act (PFMA) 2012 provides that County Governments should allocate a minimum of 30 percent of their budget for development expenditures over the medium term. (2025 BPS).

**41.** The total actual development expenditure for the FY 2021/22, FY 2022/23, FY 2023/24 accounted for 25 percent, 23 percent and 24 percent of the total actual expenditure for the same period respectively. This translates to an average development expenditure of 24 percent of actual total expenditures. In FY 2023/24, nine counties spent at least 30 percent of their total expenditure towards development. These counties are; Marsabit (38.6%), Narok (34.0%), Homa Bay (33.3%), Mandera (33.3%), Siaya (32.6%), Trans Nzoia (31%), Kitui (30.8%), Kilifi (30.6%) and Turkana (30.6%). The counties with the lowest development expenditures as a percentage of their total expenditures in the period under review include; Kiambu (19.4%), Taita Taveta (18.6%), Kisumu (17.5%), Mombasa (16.2%), Kisii (13.7%) and Nairobi City (10.3%).

**42.** From this analysis, it is evident that most counties allocate expenditures just for approval by the respective county assemblies in line with the legal requirement. However, most counties do not adhere to this provision during budget execution. Over the medium term, there are notable fluctuations in consistently meeting the 30 percent minimum expenditures on development. This therefore implies that county development and service delivery may be negatively hampered as counties spend more on recurrent expenditures as opposed to development expenditures. The relevant institutions, including the Controller of Budget, need to enhance compliance to this legal provision. Counties have not reported any borrowing to finance their development expenditure.

**43.** Regulation 25 (1) (a) and (b) of the PFM (County Governments) Regulations 2015 provides that the County Governments' expenditure on wages and benefits for its public officers shall not exceed thirty-five (35) percent of the County Government's total revenue. During the FY 2023/24, County Governments' expenditure on wages amounted to Ksh 209.8 billion, accounting for 47.6% of the total revenue of Ksh 440.7 billion. As revealed, most County Governments are spending a larger portion of their revenue on wages than the recommended threshold. Three Counties namely: Tana River, Narok, and Kilifi were able to maintain their allocation to wages and salaries below the threshold.

**44.** As at 30th June, 2024, counties reported accumulated pending bills amounting to Ksh 181.98 billion. This was an increase of Ksh 17.22 billion from Ksh 164.76 billion reported in the previous period. This amount is as reported by County Governments to the Office of the Controller of Budget and therefore not audited. The increasing stock of pending bills in the County Governments is a threat to fiscal discipline and sustainability. The National Treasury has initiated transition from cash to accrual basis of accounting which is expected to gradually reduce the stock of pending bills. Through Kenya Devolution Support Programme II, County Governments have been supported to develop and implement repayment plans and ensure adherence to Regulation 55 (2) b of the Public Finance Management (County Governments) Regulations, 2015.

**45.** County Governments have been accumulating pension bills due to among other reasons non-remittance of deductions from staff salaries. Over the years, these pension bills, including related penalties, have escalated to levels that pose financial risks to County Governments in meeting their financial obligations. As at 31st October, 2024, the total outstanding pension pending bills owed to three pension schemes reported by the Retirement Benefits Authority amounts to Ksh 91,173,871,756 reflecting an increase from Ksh 73,402,969,260.73 recorded as at 31st August, 2023.

**46.** Some County Governments have not included these pension liabilities in their inventory of pending bills. Therefore, County Governments should assess these pension liabilities and ensure



accurate recording in their inventory of pending bills for prioritization of payment. A Multi-Agency Taskforce on the non-remittance of pension deductions to pension schemes by county governments was established through Gazette Notice No. 14800 dated 15th November, 2024. The terms of reference for the task force include establishing the actual county pension liabilities, developing strategies for implementing the recommendations of the Senate Select Committee on County Public Investments and Special Funds regarding the non-remittance of pension deductions, and creating an appropriate formula and framework for the payment of pension liabilities to facilitate the clearance of outstanding pension liabilities by County Governments.

47. As of November 2024, the total outstanding pending bills owed to Kenya Power & Lighting Company (KPLC) by County Governments, amounts to Ksh 4,375,103,982.89. Notably, Nairobi County Government accounts for the largest portion of this debt, totalling Ksh 3,011,878,481.04. The accumulation of pending bills has occurred since the establishment of County Governments. In response to the increasing backlog of pending bills, including electricity debts, the National Treasury issued a circular directing the prioritization and payment of outstanding liabilities.

#### **2.5.1 Narok County Pending Bills**

48. Payment of the debts is one of the key priorities of the County Government of Narok. The county has through the Medium Term Debt Management Strategy (MTDMS 2025) proposed the clear the outstanding pending bills in full or in part subject to availability of funds in the budget by the end of FY 2027/2028.

49. The Pending Bills authenticated as eligible for payment in the last financial year 2023/2024 amounted to KSh. 580,721,555.24 comprising of KSh 395,506,440.24 owed to contractors and suppliers of goods, works and services, while KSh 185,215,115 is in form of contractual gratuity outstanding and permanent exits final pays. However, the County Government, in financial year 2024/2025, also began to consider unremitted retirement benefit contribution amounting to KSh 1,863,017,088 owed to three pension funds namely, County Pension Fund DC Scheme (KSh. 97,695,919), Local Authorities Pension Trust (KSh 74,422,627),

and Local Authorities Provident Fund (KSh. 1,690,898,543). As a result, a total of KSh 426 million was settled in FY 2024/2025.

**50.** Additionally, the County Government has factored pending bill amounting to KSh 365 million in FY 2024/2025. Consequently, the proposal in the MTDMS 2025 is to settle the verified amounts over a period of 36 Months starting from March 2025. This will enable the County Government to continue with ongoing projects alongside payment of pending bills in order to avoid creation of new pending bills owing to non-payment of current projects.

### **2.5.2 County Government Own Source Revenue**

**51.** For the FY 2023/24, the County Governments collected a total of Ksh 58.9 billion of Own Source Revenue (OSR) against a target of Ksh 80.9 billion. This translates to 72.8 percent of the annual target. (BPS, 2025). Total Own-Source Revenue (OSR) included the Facility Improvement Fund, which consists of funds collected and retained by health facilities under the Facilities Improvement Financing Act of 2023. As at 30th June, 2024, public health facilities had collected and retained a total of Ksh 16.7 billion, meeting 91.3 percent of the target amount of Ksh 18.3 billion. Excluding the AIA (FIF), counties generated a total of Ksh 42.3 billion, achieving 67.5 percent of the targeted Ksh 62.7 billion. A total of ten counties surpassed their annual OSR targets, collecting over 100 percent of the goal. These counties are Turkana, Vihiga, Kirinyaga, Lamu, Nandi, Wajir, Garissa, Nyeri, Samburu, and Murang'a. Conversely, seven counties collected less than 60 percent of their OSR targets, including Busia, Kajiado, Bungoma, Nyamira, Mandera, Machakos, and Nyandarua.

**52.** A comparison of the actual OSR against the target depicts a random trend implying that OSR target setting is not scientific and the growth in the OSR projection may not be hinged to the fiscal efforts applied by the County Governments. Therefore, there is a need to develop and enhance County Governments' capacity for revenue forecasting so as to improve the accuracy of OSR projections. In this regard, the National Treasury in collaboration with other institutions namely; State Department for Devolution; Commission on Revenue Allocation (CRA), Kenya National Bureau of Statistics (KNBS), Council of Governors (COG), Kenya Revenue Authority

(KRA), Kenya Institute of Public Policy Research and Analysis (KIPPRA) and representatives from County Governments are in the process of developing a revenue forecasting tool that uses a more scientific approach to assist counties in making more accurate revenue projections.

**53.** A review of the OSR performance for FY 2022/23 -2023/24 shows that 17 Counties recorded more than 50 percent growth in revenue collection. This could be attributed to implementation of the National Policy to Support Enhancement of County Governments OSR 2018, continuous capacity building on public finance management, revenue automation and revenue administration reforms such as implementation of the FIF.

## **2.6 Fiscal Performance of the Narok County Budget**

### **2.6.1 Overview**

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

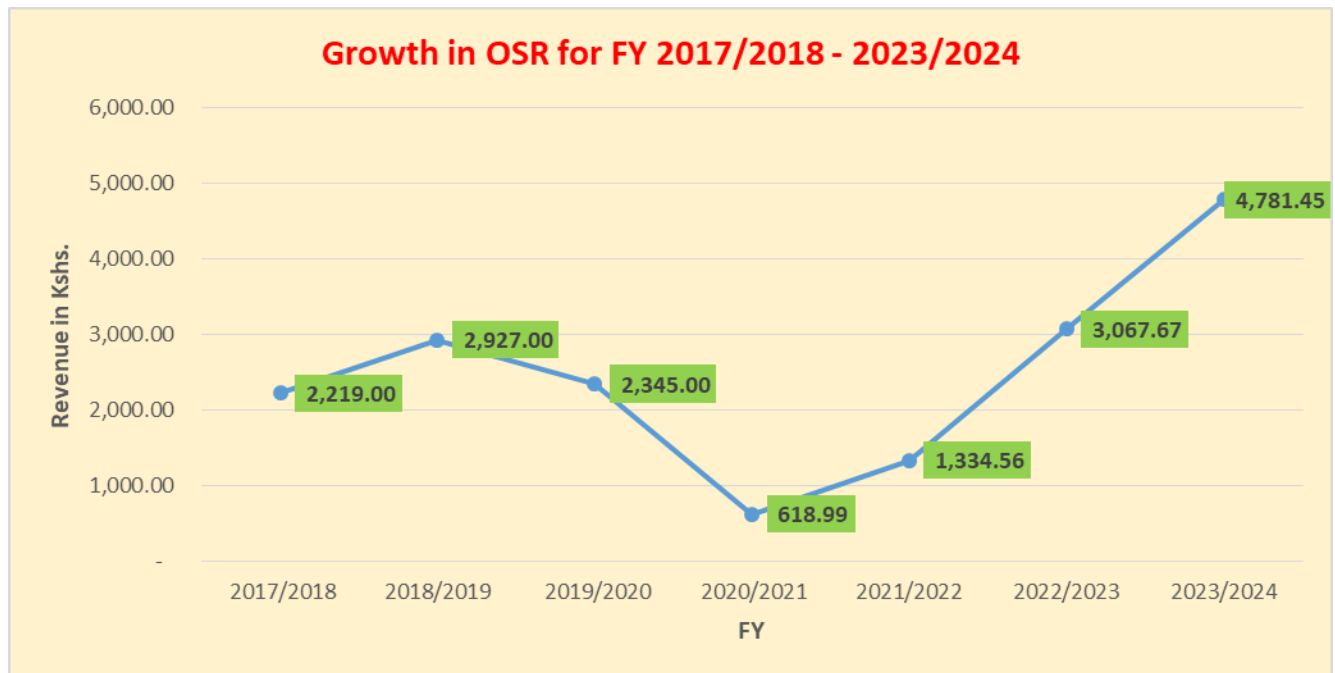
**55.** Thus to put the implication of the fiscal performance into proper perspective this section begins with the review of the fiscal performance focusing on FY 2024/25 which is currently under implementation. Then the focus shifts to a backward reflection to highlight the findings of the fiscal performance of First year of CIDP III implementation.

### **2.6.2 Fiscal Performance of the Narok County Budget**

**56.** In FY 2022/2023, Collection of Own sources of revenue was KES 3,067,671,084.20. The revised target for the year FY 2023/2024 was KES 5,023,073,664.00, the actual was KSh. 4,781,447,940.24. The Own Source Revenue fell short of the revised target by KES 241,625,723.76. 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.

57. It's apparent from the foregoing that the performance in revenue collection from Maasai Mara Game Reserve has improved, this was attributed by increase of the number of tourist who visited the National reserve, due to the Great Wildebeest Migration and fully opening up of the economy after the lingering effects of the pandemic.

**Figure 4: Trend in Own Source Revenue**



58. 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. 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.

### **3 FISCAL POLICY AND BUDGET FRAMEWORK FOR THE F/Y 2025/2026**

59 This section presents the fiscal policy upon which the F/Y 2025/2026 budget and the medium-term programmes are to be based. The County Government's fiscal policy seeks to improve service delivery for accelerated socio-economic and environmental advancement. It

aims to promote and support a higher level of investment and expansion in Tourism and Trade, Health, Education, and agriculture while enabling Government to finance public services, redistribution and development in an affordable and sustainable budget framework.

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

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

### **3.1 The 2025/26 Budget Framework**

**62** In FY 2025/26 prioritization of resource allocation will be based on the considerations in the third generation County Integrated Development Plan (CIDP 2023-2027), recommendations that will be gathered during the public consultative forums to be done on 26<sup>th</sup> and 27<sup>th</sup> February 2025, Sectoral reports, departmental strategies, Post-COVID 19 Socio-economic Reengineering and Recovery Strategy, programmes and broad development policies of the national government including the Bottom-Up Economic Transformation Agenda (BETA).

#### ***3.1.1 Fiscal Responsibility Principles***

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

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

**65** In FY 2025/26, approximately 36.05 percent has been allocated for development. In FY 2023/24 the county utilized approximately 34.01 percent on development compared to an allocation of approximately 34.02 percent.

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

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

### ***3.1.2 Fiscal and Public Financial Management Reform***

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

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

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

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

### ***3.1.3 Revenue Projections***

**72** According to the 2025 Budget Policy Statement (BPS), Narok County is to receive an allocation of KSh. 9,643,933,000 as equitable share. The County government of Narok will receive an approximately KSh. 1.2 billion as unconditional allocations and Conditional allocation. These will include allocations of funds for Transferred Museum Function, Community Health Promoters, Loans and grants for various programmes.

**73** Further, the County generates its own revenues from property rates, entertainment taxes and other taxes that the county is authorized to impose by an Act of Parliament as well as user fees and charges to be authorized in the Finance bill for FY 2025/26. The County projects to collect revenue amounting to KSh. 6.372 billion from local own revenue sources.

**74** The total revenue for FY 2025/26 is therefore projected at KSh. 17.231 billion as shown in table 1.

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

	Baseline	Estimates	Projections	
Financial Year	2024/25	2025/26	2026/27	2027/28
Equitable share	9,531.07	9,646.93	9,740.32	9,834.60
Additional Conditional Allocations	1,127.46	1,212.25	1,227.37	1,242.73
Local Collections	5,024.00	6,371.88	6,484.78	6,675.40
TOTAL	15,682.54	17,231.06	17,452.47	17,752.73

***Source: Narok County Treasury***

**75** The county will endeavour to implement structural reforms supportive of revenue raising measures to be contained in the Finance Bill 2025. This shall be in accordance with the provision in PFM Act 2012 section (132) (1&2) which require the County Executive member for finance to make pronouncement of the revenue raising measures for the county government with the approval of the County Executive Committee.

### ***3.1.4 Expenditure Projections***

76 Considering the limited resources against competing needs for programme funds, priorities for funding in FY 2025/26 has been given to projects/programmes that focus on county strategic interventions. These programmes are geared towards promotion of service delivery that supports social development, economic growth and transformation of the County. They are also in line with the third generation County Integrated Development Plan (CIDP 2023-2027), fourth Medium Term Plan of the vision 2030, and the Bottom-Up Economic Transformation Agenda (BETA). Recurrent expenditure has been structured to decrease over time as capital expenditure increases in relative terms.

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

### ***3.1.5 Recurrent Expenditure Projections***

78 In expenditure projections for FY 2025/26 and in the medium term, it is expected that allocation of resources will be on programmes and projects that are prioritized in the Narok County third generation CIDP 2023 - 2027 and matched with the BETA priorities. Thus, departments will be required to follow this criterion in identification and allocation of resources during the preparation of budget estimates.

79 Total recurrent expenditures in FY 2025/26 is estimated at KSh. 11.019 billion representing 63.95 percent of the total budget.

### ***3.1.6 Development Expenditure Projections***

80 The overall development expenditure for FY 2025/26 is projected at KSh.6.21 billion as shown in Table 2.

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

	Baseline	Estimates	Projections	
Financial Year	2024/25	2025/26	2026/27	2027/28
Expenditure				



Recurrent	10,526.98	11,018.82	11,103.16	11,261.43
Development	5,155.56	6,212.24	6,349.31	6,491.30
TOTAL	15,682.54	17,231.06	17,452.47	17,752.73
% Allocation				
Recurrent	67.13%	63.95%	63.62%	63.43%
Development	32.87%	36.05%	36.38%	36.57%
TOTAL	100.00%	100.00%	100.00%	100.00%

*Source: Narok County Treasury*

**81** The projections in Table 2 indicate that in FY 2025/26, percentage allocation to development is 36.05 percent. The PFM Act section 107(2b) requires that over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure.

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

- a) Full operationalization of the Governors Service Delivery Unit (GDU) to breed efficiency
- b) Instituting austerity measures on non-priority expenditures
- c) Promote innovative cost cutting service delivery practices
- d) Consultancy services will only be of last resort with a full credible proof that the county doesn't have capacity to undertake activity which consultancy is sought for.

### ***3.1.7 Overall deficit and financing***

**83** To ensure fiscal discipline, Narok County Government will run a balanced budget whereby the revenue is equal to expenditures. In effect, the FY 2025/26 county budget shall be financed through transfer from the National Government and own revenue collected from own sources such as fees and charges, rates, among others allowed by the governing Acts.

## 4 INTERGOVERNMENTAL FISCAL RELATIONSHIP

### 4.0 Overview

**84** The fiscal strategy paper will be applied in guiding the budget policies for FY 2025/26 and the medium-term period. It's worthy to note that 2015/16 was the final transition year as defined in the Sixth Schedule of the Constitution and in the Transition to Devolved Government Act, 2012. From an intergovernmental fiscal relations standpoint, substantial progress has been made in terms of laying the legal, institutional and administrative foundations for successful fiscal decentralization.

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

**86** The National Rating Bill (National Assembly Bill No. 55 of 2022) underwent a comprehensive legislative process before becoming law. The National Assembly initially passed the Bill, after which it was transmitted to the Senate. The Senate considered and passed the Bill with amendments on May 9, 2024, and sent it back to the National Assembly for concurrence. Following the resolution of any differences between the two houses, the Bill was presented to President William Ruto, who signed it into law on December 4, 2024. The Bill provides for among others, standards in the way rating and valuation is conducted in the country; how to deal with properties cross-cutting in more than one County Government; procedure for claiming and payment of Contribution in Lieu of Rates (CILOR); and timely updating of valuation rolls by the County Governments. More importantly, the Bill will repeal the outdated Valuation for Rating Act, Cap 266 and Rating Act, Cap 267 and align the property rating legal regime with the devolved system of governance.

**87** The County Governments (Revenue Raising Process), Bill 2023 provides for a process by which the County Governments introduce revenue raising measures in conformity with Article 209 (5) of the Constitution. The bill is currently awaiting the Committee of the Whole House

stage in the National Assembly. As of February 11, 2025, the Bill had not yet been passed by the National Assembly.

#### 4.1 Division of Revenue between the National and the County Governments

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

**89** As indicated in Table 3, it should be noted that after taking into account all the mandatory expenditures under Article 203(1) of the Constitution, the balance left for sharing between the two levels of Government is Ksh 353.4 billion. After allocating Ksh 417.9 billion to County Governments for FY 2025/26, of which Ksh 405.07 billion is the proposed equitable share, Ksh 2.9 billion is the unconditional Allocation, and Ksh 9.9 billion is the Conditional Allocations from National Government's Share of Revenue. The National Government is left with a deficit of Ksh 64.5 billion to finance functions such as education, health, defense, roads and energy, among others. This may occasion additional borrowing.

**Table 3: Summary of considerations under Article 203 (1) of the Constitution**

<b>Item Description</b>	<b>FY 2025/26 (Ksh Million)</b>
Ordinary Revenue (Excluding AIA)	2,835,041
National Interest [Article 203 (1)(a)] ( <i>FY 2024/25 Supp. 1 Estimates</i> )	101,252
Public debt (Art. 203 [1][b])	1,606,419
Pensions, Constitutional Services and Other	239,623
Other National obligations (Article. 203 [1][b])	518,746
Emergencies [Art. 203 (1)(k)]	5,000
<b>Equalization Fund [Art. 203 (1) (g) and (h)]</b>	<b>10,590</b>
<i>Of which: a) Allocation in FY 2024/25</i>	<i>7,853</i>
<i>b) Arrears</i>	<i>2,737</i>
<b>Balance to be Shared by the 2 Levels of Government</b>	<b>353,412</b>
<b><i>County Government allocation from revenue raised nationally-</i></b>	<b><i>417,964</i></b>
<i>Of which: a) Equitable Share of Revenue</i>	<i>405,069</i>
<i>b) Unconditional Allocations from National Government's Share</i>	<i>2,946</i>
<i>c) Conditional Allocations from National Government's Share</i>	<i>9,948</i>
<b>Balance left for the National Government</b>	<b>(64,522)</b>

*Source: The National Treasury, BPS 2025*

**90** Allocations for national interest expenditures such as defence, irrigation and safety net programmes is expected to increase significantly by Ksh 8.8 billion from Ksh 92.5 billion in FY 2024/25 to Ksh 101.3 billion in FY 2025/26 on account of increased allocations to all national interest expenditures. On public debt servicing, the 2025 BPS has taken into account public debt related costs. These comprise the annual debt redemption cost as well as the interest payment for both domestic and external debt. In FY 2025/26, the allocation for payment of public debt related costs is expected to increase from Ksh1, 340,588 million allocated FY 2024/25 to Ksh 1,606,419 million allocated in the FY 2025/26, reflecting an increase of Ksh 265.8 billion.

**91** The National Treasury also proposes an allocation of Ksh 7.85 billion to the Equalization Fund and a further allocation of Ksh 2.74 billion in the FY 2025/26 as partial payment to arrears for Equalization Fund. The allocation of Ksh 405.07 billion to the County Governments is an increase of Ksh 17.6 billion from a base of Ksh 387.4 billion allocated in the FY 2024/25. Table 4 shows the computation of the equitable share to County Governments for the FY 2019/20 to FY 2025/26.

**Table 4a: County Governments' Equitable Revenue Share (Ksh Million)**

Budget Item	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
<b>1. Baseline (i.e. allocation in the previous FY)</b>	<b>314,000</b>	<b>316,500</b>	<b>316,500</b>	<b>370,000</b>	<b>370,000</b>	<b>385,425</b>	<b>387,425</b>
<b>Add:-</b>							
<i>a. Revenue Share (RMLF, Level-5 Hospital Grant, Compensation for foregone user fees and Rehabilitation of Village Polytechnics)</i>	-	-	17,400	-	-	-	-
<i>b. Adjustments for revenue growth</i>	2,500	-	36,100	-	15,000	2,000	17,644
<i>c. Transfer of Library Services</i>	-	-	-	-	425	-	-
<b>Computed Equitable Revenue Share Allocation</b>	<b>316,500</b>	<b>316,500</b>	<b>370,000</b>	<b>370,000</b>	<b>385,425</b>	<b>387,425</b>	<b>405,069</b>

**Source: The National Treasury, BPS 2025**

**92** The allocation to County Governments' equitable revenue share of Ksh 405.07 billion in FY 2025/26 is informed by the following prevailing circumstances:

- i) Trends in the performance of revenue (this was taken into consideration in determining the Ksh 17.64 billion increases in equitable share of revenue in FY 2025/26);
- ii) The Government commitment to implement a fiscal consolidation plan targeting to reduce fiscal deficit to 4.3 percent of GDP in FY 2025/26 and 2.7 percent of GDP over the medium term. This is designed to slow down accumulation of public debt, improve primary surplus thereby achieve fiscal sustainability;

- iii) Financing constraints due to limited access to finance in the domestic and international financial markets; and
- iv) The National Government continues to solely bear shortfalls in revenue in any given financial year whereas the County Governments continue to receive their full allocation despite the budget cuts affecting the National Government.

**93** The above proposed equitable share of revenue for the FY 2025/26 of Ksh 405.07 billion is equivalent to 25.79 percent of the last audited and approved actual revenues raised nationally of Ksh 1,570,563 million for the FY 2020/21 pursuant to Article 203(3) of the Constitution.

#### **Additional Allocations to County Governments in FY 2025/26**

**94** Article 202 (2) of the Constitution provides that County Governments may be given additional allocations from the National Governments Share of revenue either conditionally or unconditionally; while Article 190 of the Constitution also provides that Parliament shall by legislation ensure that County Governments have adequate support to enable them to perform their functions.

**95** Further, Section 4 of the County Governments Additional Allocations Act (CGAAA), 2024 requires that additional allocations shall be funds agreed upon by the National Assembly and the Senate during the consideration of the Budget Policy Statement and shall comprise of County Governments' additional allocations financed from either the National Government's Share of Revenue or proceeds of loans or grants from Development Partners. Pursuant to Section 5 of the CGAAA 2024, funds for additional allocations to County Governments shall be included in the budget estimates of the National Government and shall be submitted to Parliament for approval.

**96** In the 2025 Budget Policy Statement, the National Treasury proposes to allocate Ksh 69.8 billion as additional allocations (conditional and unconditional) to County Governments. Out of this, Ksh 12.89 billion will be financed from the National Government's share of revenue, and Ksh 56.91 billion from proceeds of loans and grants from Development Partners as indicated in Table 4b.

**Table 4b: Additional Allocations to County Governments in FY 2025/26**

S/NO	Project Description	Amount in Ksh
<b>I. Additional Unconditional Allocations Financed from National Governemnts Share of Revenue</b>		
1	Unconditional Additional Allocations from Court fines	11,519,280
2	Unconditional Additional Allocations from 20% Share of Mineral Royalties to County Governemnts	2,934,923,148
	<b>TOTAL</b>	<b>2,946,442,428</b>
<b>II. Additional Conditional Allocations Financed from National Governments Share of Revenue</b>		
1	Conditional Grant for Payment of Outstanding Basic Salary Arrears for County Government Health Workers	1,759,101,729
2	Conditional Grant for Community Health Promoters	3,234,930,000
3	Conditional Grant to Supplement Construction of County Headquarters	454,000,000
4	Conditional Grant for County Aggregation and Industrial Parks (CAIPs) Programme	4,500,000,000
	<b>TOTAL</b>	<b>9,948,031,729</b>
<b>III. Additional Conditional Allocations Financed from proceeds of loans and grants from Development Partners</b>		
1	IFAD - Aquaculture Business Development Programme (ABDP)	200,000,000
2	IDA (World Bank) - Financing Locally- Led Climate Action Program-County Climate Institutional Support (FLOCA-CCIS)	121,000,000
3	IDA (World Bank) - Financing Locally- Led Climate Action Program-County Climate Resilience Investment (FLOCA-CCRI)	6,187,500,000
4	IDA (World Bank) - Financing Locally- Led Climate Action Program-County Climate Resilience Investment (FLOCA- CCRI)	1,200,000,000
5	IDA (World Bank) - Food Systems Resilience Project (FSRP)	3,200,000,000
6	KfW - Drought Resilience Programme in Northern Kenya (DRPNK)	1,276,654,208
7	IDA (World Bank) - Second Kenya Devolution Support Program - Institutional Grant (Level 1 Grant) (KDSP)	1,762,500,000
8	IDA (World Bank) - Second Kenya Devolution Support Program - Service Delivery and Investment Grant (Level 2 Grant) (KDSP)	13,042,500,000
9	IFAD - Kenya Livestock Commercialization Project (KeLCoP)	634,500,000
10	IDA (World Bank) - Second Kenya Urban Support Project (KUSP) - Urban Development Grant (UDG)	10,325,754,660
11	IDA (World Bank) - Kenya Urban Support Project (KUSP) - Urban Institutional Grant (UIG)	1,300,000,000
12	Kenya Water, Sanitation and Hygiene (K-WASH) Programme	4,607,526,599
13	IDA (World Bank) - National Agricultural Value Chain Development Project (NAVCDP)	7,700,000,000
14	DANIDA - Primary Health Care in Devolved Context (PHDC)	510,000,000
15	IDA (World Bank) - Water and Sanitation Development Project (WSDP)	3,000,000,000
16	AfD (France) - Kenya Informal Settlement Improvement Project (KISIP) II	1,000,000,000
17	IDA (World Bank) - Kenya Informal Settlement Improvement Project (KISIP) II	840,000,000
	<b>TOTAL</b>	<b>56,907,935,467</b>
	<b>GRAND TOTAL</b>	<b>69,802,409,623</b>

Source: BPS 2025

97 From the schedule above the County Government of Narok estimates to receive approximately KSh 1,201,735,497 as shown in Table 4c.

**Table 4c: Breakdown of Additional Allocations to Narok County Governments in FY 2025/26**

Type of Grant	Amount (KSh)
<b>Conditional Grants from National Government</b>	
Allocation for Mineral Royalties	12,708,046
County Aggregated Industrial Park (CAIP)	250,000,000
<b>Sub-Total</b>	<b>262,708,046</b>

Type of Grant	Amount (KSh)
<b>Conditional Grants from Loans and Grant from Development Partners</b>	
World Bank Loan- NAVCDP	163,829,787
DANIDA Grant -PHDC	12,382,500
Kenya Agricultural Business Development Project (KABDP)	10,918,919
Kenya Devolution Support Programme (KDSPII) - Level 1 Grant	37,500,000
Kenya Devolution Support Programme (KDSPII) - Level 2 Grant	352,500,000
Kenya Urban Support Programme (KUSP II) UIG	35,000,000
Kenya Urban Support Programme (KUSP II) UDG	71,235,901
Financing Locally Led Climate Action (FLLoCA) Dev	163,563,830
Financing Locally Led Climate Action (FLLoCA) Rec	11,000,000
Community Health Promoters (CHP) Projects	49,800,000
Basic Arrears for County Government Health Workers	21,496,514
K-WASH Programme	9,800,000
<b>Sub-Total</b>	<b>939,027,451</b>
<b>Total</b>	<b>1,201,735,497</b>

### **Intergovernmental Agreements in respect of the Additional Conditional Allocations**

**98** Section 9(b) of the County Governments Additional Allocations Act, 2022 (No. 17 of 2022) introduced amendments to the Public Finance Management Act (PFMA), 2012 by inserting a new Section 191A-191E. These amendments mandate the National Treasury to establish and formalize intergovernmental agreements with County Governments to facilitate the transfer of conditional allocations. This requirement ensures a structured and accountable framework for the allocation and utilization of funds tied to specific conditions.

**99** Consequently, during the 21st Ordinary Session of the Intergovernmental Budget and Economic Council (IBEC) on October 6, 2023, the Council issued a directive for the National Treasury, the Council of Governors, and the Attorney General to engage with the Senate and the National Assembly. The purpose of this engagement was to consider suspending the implementation of Sections 191A to 191E of the Public Finance Management (PFM) Act for the Financial Year 2023/24. In line with this resolution and in accordance with Article 116 of the Constitution, Parliament approved the suspension of the law's effective date for two financial years, covering FY 2023/24 and FY 2024/25. Additionally, Parliament requested IBEC to

propose amendments to the relevant provisions through a draft Bill for introduction to the National Assembly.

**100** The Intergovernmental Budget and Economic Council (IBEC) in its 24th Ordinary Session. Adopted the recommendations on the repeal of Sections 191A-191E of the PFM Act 2012. Subsequently, the National Treasury prepared a draft Public Finance Management (Amendment) Bill which was approved by Cabinet for submission to Parliament for enactment.

**101** As regards Equalization Fund, a total of Ksh 1.0 billion was paid into the Equalization Fund in the FY 2023/24, for disbursement to the beneficiary counties as conditional grants to commence implementation of 1,277 projects spread in 1,424 marginalized areas spread out in 366 wards, 111 constituencies and 34 counties. These projects span five sectors of Water, Roads, Health, Education and Energy

**102** In the same period, 2023/24, the Equalization Fund disbursed Ksh 156,137,031.70 to Ministries, Departments and Agencies (MDAs) for completion of projects funded under the Equalization Fund Appropriation Act 2018. Of the projects funded by the Equalization Fund Appropriation Act 2018, 60 percent are complete and in use by marginalized communities while a further 22 percent are nearing completion

**103** In the FY 2025/26, the National Treasury has recommended allocating Ksh 7.8 billion to the Equalization Fund, representing 0.5 percent of national revenue collected in FY 2020/21, as well as an extra Ksh 2.7 billion to settle outstanding arrears owed to the Fund.

**104** To support county governments in a bid to enhance revenue forecasting by County Governments, the National Treasury is leading a multi-agency technical team in development of forecasting models to be utilized in estimation of Own Source Revenue targets. The development of the forecasting tool is supported through KDSP II in realization of Key Result Area (KRA) 1 on Sustainable Financing and Expenditure Management. Once finalized the models will enhance target setting and accuracy of fiscal forecasting as well as reduce piling up of pending bills occasioned by overcasting



## **5.0 MEDIUM TERM EXPENDITURE FRAMEWORK**

### **5.1 Resource Envelope**

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

#### ***5.1.1 Equitable Share***

**106** This is the county allocation from the national government which is equitably shared between national government and the county governments (vertically) and horizontally among the forty-seven counties. The sharing criterion is in accordance to Commission on Revenue Allocation (CRA) formula with an approval of the senate. Narok County Government expects to receive Kshs. 9,643,933,000 as equitable share in the FY 2025/26 which is 56% of the total county budget.

#### ***5.1.2 Additional Transfers from National Government***

**107** To supplement the equitable share, the County Government will also receive a total of KSh. 1.2 billion as additional conditional and unconditional allocations as shown in table 5. Additional allocations include conditional allocation for Road Maintenance Levy Fund, Community Health Promoters, and Conditional allocation for Transfer of Museum function among others.

**108** These additional conditional resources are normally predetermined in amount and purpose within the 2025 BPS and cannot be reallocated by the county treasury.

#### ***5.1.3 Local collection***

**109** Other than the equitable share and additional conditional funds, the County Government will generate a total of KSh 6.371 billion in domestic revenues through specific county revenue raising measures. Table 5 shows a breakdown of various sources of revenue projections in the Narok County.

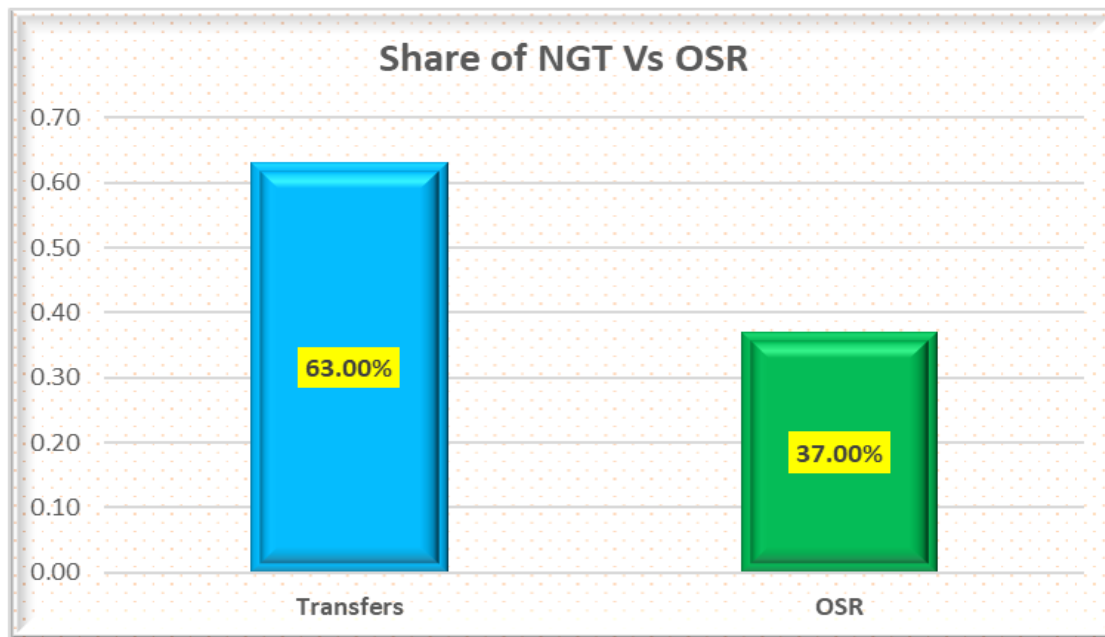
**Table 5: Narok County Resource Envelop (In Million KSh.)**

COUNTY GOVERNMENT OF NAROK REVENUE ESTIMATES						
Sources	2023/24		2024/25	2025/26	2026/27	2027/28
	(Revised) Targets	Actual	Approved Budget	Estimates	Projections	
CENTRAL GOVERNMENT TRANSFERS						
Equitable Share	9,196.28	8,460.57	9,531.07	9,646.933	9,740.32	9,834.60
Additional allocation	696.84	429.41	1,127.46	1,215.24	1,227.36	1,242.73
B/F	69.02	-	-	-		
Sub-Totals	9,962.13	8,889.98	10,658.54	10,859.18	10,967.68	11,077.33
REVENUE FROM LOCAL SOURCE						
Single Business Permit	84.341	70.367	84.341	84.341	84.518	84.696
CESS Revenue	294.270	209.521	294.270	294.270	295.381	296.499
Markets & Slaughterhouses	50.099	13.568	50.099	50.099	50.238	50.378
Housing/ Stall Rent	17.200	4.491	17.200	17.200	17.208	17.217
Conservancy & Solid Waste Disposal	8.531	0.322	8.531	8.531	8.535	8.539
Parking Fees - Street Parking & Bus Parks	36.000	16.896	36.000	36.000	36.037	36.075
Property Rates & Rents	122.376	18.707	122.376	122.376	122.831	123.288
Advertising	5.659	10.493	5.659	5.659	5.660	5.662
Hospital Fees	120.952	59.480	120.952	120.952	121.800	122.655
Public Health Services	5.000	2.162	5.000	5.000	5.001	5.003
Physical Planning and Development	54.227	10.455	54.227	54.227	54.247	54.267
Hire Of County Assets	0.413	0.000	0.413	0.413	0.413	0.413
Administration Control Fees and Charges	45.462	0.757	45.462	45.462	45.574	45.687
Proceeds From Sale of Assets	31.660		31.660	31.660	31.718	31.776
Other Fines, Penalties and Forfeitures	0.282		0.282	0.282	0.282	0.282
Miscellaneous/Others	5.777	14.506	5.777	5.777	5.778	5.780
Maasai Mara Game Reserve Fees	4,140.825	4,322.703	4,141.752	5,489.63	5,599.56	5,787.18
Sub-Totals	5,023.07	4,781.45	5,024.00	6,371.88	6,484.78	6,675.40
TOTAL REVENUE	14,985.21	13,671.43	15,682.54	17,231.06	17,452.47	17,752.73

*Source: Narok County Treasury*

**110** Figure 3 compares the revenue targets for FY 2025/26 from the central government transfer and the collection from local sources. The targets for local revenue will be realised based on Finance Bill 2025.

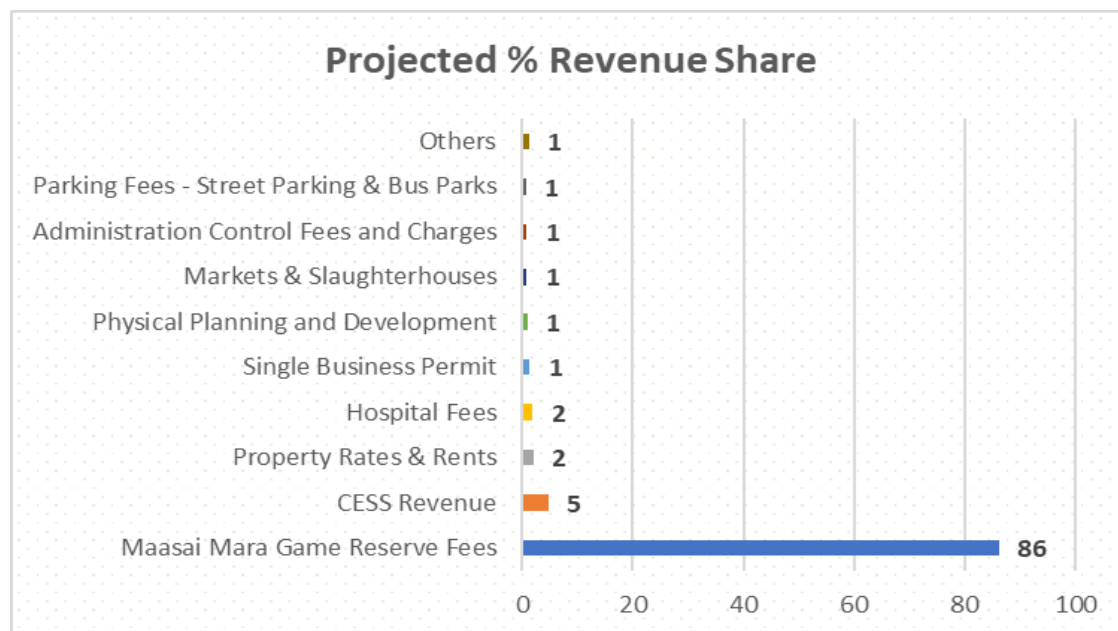
**Figure 3: Comparison of Share of National Government Transfers to Own Source Revenue for FY 2025/26**



*Source: County Treasury*

**111** At the local level, collection from Maasai Mara Game reserve accounts for 86% of total revenue collected from various streams at the county level, (Figure 4)

**Figure 4: Own Source Revenue**



*Source: County Treasury*

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

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

#### ***5.1.4 Resource Allocation Framework***

**114** With the overall resource envelope derived largely from national government transfer, the key features of resource allocation by spending units for the FY 2025/2026 involve:

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

**115** In view of the constitutional requirement and in accordance to provisions in part XI of the County Government Act the county government has ensured that the main priorities in MTEF budget framework have been considered in the third-generation County Integrated Development Plan (CIDP 2023-2027). The priorities are to be firmed-up during the 2025 public hearings forums on the budget for FY 2025/2026

#### **5.3 Apportionment of the Baseline Ceilings**

**116** The baseline estimates reflect the current departmental spending levels and proposed programmes in the sectors. In the recurrent expenditure category, non-discretionary expenditures

take first charge. These include payment of statutory obligations such as salaries for permanent county staffs, rents and utilities.

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

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

## 5.2 Medium-Term Expenditure Estimates Ceilings

Table 3: Proposed ceilings for FY 2025/26 (Amount in millions KSh.)

Sector	SECTOR BUDGET CEILINGS						%SHARE OF TOTAL EXPENDITURE			
	Sub-Sector	Vote	Baseline	Estimates	Projections		Baseline	Estimates	Projections	
			F/Y 2024/25	F/Y 2025/26	F/Y 2026/27	F/Y 2027/28	F/Y 2024/25	F/Y 2025/26	F/Y 2026/27	F/Y 2027/28
Public Administration And International Relations (PAIR)		<b>Total</b>	<b>4,862.81</b>	<b>5,042.74</b>	<b>5,027.08</b>	<b>5,103.29</b>	<b>31.01%</b>	<b>29.27%</b>	<b>28.80%</b>	<b>28.75%</b>
	County Assembly	<b>Sub-Total</b>	<b>1,061.00</b>	<b>1,028.62</b>	<b>1,040.65</b>	<b>1,050.46</b>	<b>6.77%</b>	<b>5.97%</b>	<b>5.96%</b>	<b>5.92%</b>
		Rec	911.00	878.62	890.65	900.46	5.81%	5.10%	5.10%	5.07%
		Dev	150.00	150.00	150.00	150.00	0.96%	0.87%	0.86%	0.84%
	County Executive	<b>Sub-Total</b>	<b>321.74</b>	<b>272.38</b>	<b>272.41</b>	<b>272.82</b>	<b>2.05%</b>	<b>1.58%</b>	<b>1.56%</b>	<b>1.54%</b>
		Rec	321.74	272.38	272.41	272.82	2.05%	1.58%	1.56%	1.54%
		Dev	0.00	0.00	0.00	0.00	0.00%	0.00%	0.00%	0.00%
	Office of the County Attorney	<b>Sub-Total</b>	<b>93.04</b>	<b>443.26</b>	<b>450.43</b>	<b>467.75</b>	<b>0.59%</b>	<b>2.57%</b>	<b>2.58%</b>	<b>2.63%</b>
		Rec	93.04	433.26	440.43	447.74	0.59%	2.51%	2.52%	2.52%
		Dev	0.00	10.00	10.01	20.01	0.00%	0.06%	0.06%	0.11%
	Public Service Management & Labour	<b>Sub-Total</b>	<b>1,066.65</b>	<b>1,375.58</b>	<b>1,391.51</b>	<b>1,419.47</b>	<b>6.80%</b>	<b>7.98%</b>	<b>7.97%</b>	<b>8.00%</b>
		Rec	916.65	943.58	951.94	960.44	5.85%	5.48%	5.45%	5.41%
		Dev	150.00	432.00	439.56	459.03	0.96%	2.51%	2.52%	2.59%
	Public Service Board	<b>Sub-Total</b>	<b>102.34</b>	<b>104.29</b>	<b>104.41</b>	<b>104.54</b>	<b>0.65%</b>	<b>0.61%</b>	<b>0.60%</b>	<b>0.59%</b>
		Rec	102.34	104.29	104.41	104.54	0.65%	0.61%	0.60%	0.59%
		Dev	0.00	0.00	0.00	0.00	0.00%	0.00%	0.00%	0.00%
	ICT and E-Govt	<b>Sub-Total</b>	<b>441.33</b>	<b>303.28</b>	<b>305.70</b>	<b>308.70</b>	<b>2.81%</b>	<b>1.76%</b>	<b>1.75%</b>	<b>1.74%</b>
		Rec	123.33	128.28	129.93	132.17	0.79%	0.74%	0.74%	0.74%
		Dev	318.00	175.00	175.76	176.53	2.03%	1.02%	1.01%	0.99%
	Finance and Economic Planning	<b>Sub-Total</b>	<b>1,776.71</b>	<b>1,515.33</b>	<b>1,461.98</b>	<b>1,479.56</b>	<b>11.33%</b>	<b>8.79%</b>	<b>8.38%</b>	<b>8.33%</b>
		Rec	1,651.60	1,295.33	1,311.98	1,334.56	10.53%	7.52%	7.52%	7.52%
		Dev	125.11	220.00	150.00	145.00	0.80%	1.28%	0.86%	0.82%
Environmental Protection and Water		<b>Total</b>	<b>987.89</b>	<b>869.76</b>	<b>875.83</b>	<b>881.95</b>	<b>6.30%</b>	<b>5.05%</b>	<b>5.02%</b>	<b>4.97%</b>
	Env. Protection Water & Natural Resources	<b>Sub-Total</b>	<b>630.89</b>	<b>472.83</b>	<b>474.73</b>	<b>476.64</b>	<b>4.02%</b>	<b>2.74%</b>	<b>2.72%</b>	<b>2.68%</b>
		Rec	388.39	392.83	394.61	396.41	2.48%	2.28%	2.26%	2.23%
		Dev	242.50	80.00	80.12	80.23	1.55%	0.46%	0.46%	0.45%
	Climate Change	<b>Sub-Total</b>	<b>357.00</b>	<b>396.93</b>	<b>401.10</b>	<b>405.31</b>	<b>2.28%</b>	<b>2.30%</b>	<b>2.30%</b>	<b>2.28%</b>
		Rec	0.00	18.90	18.90	18.91	0.00%	0.11%	0.11%	0.11%
		Dev	357.00	378.03	382.19	386.40	2.28%	2.19%	2.19%	2.18%
Education, Social Protection,		<b>Total</b>	<b>2,047.51</b>	<b>2,281.85</b>	<b>2,388.84</b>	<b>2,428.30</b>	<b>13.06%</b>	<b>13.24%</b>	<b>13.69%</b>	<b>13.68%</b>
	Education Youth Affairs	<b>Sub-Total</b>	<b>2,047.51</b>	<b>2,281.85</b>	<b>2,388.84</b>	<b>2,428.30</b>	<b>13.06%</b>	<b>13.24%</b>	<b>13.69%</b>	<b>13.68%</b>

Sector	SECTOR BUDGET CEILINGS						%SHARE OF TOTAL EXPENDITURE			
	Sub-Sector	Vote	Baseline	Estimates	Projections		Baseline	Estimates	Projections	
			F/Y 2024/25	F/Y 2025/26	F/Y 2026/27	F/Y 2027/28	F/Y 2024/25	F/Y 2025/26	F/Y 2026/27	F/Y 2027/28
Culture & Recreation	Development	Rec	1,611.51	1,751.65	1,785.18	1,820.13	10.28%	10.17%	10.23%	10.25%
		Dev	436.00	530.20	603.66	608.17	2.78%	3.08%	3.46%	3.43%
Roads, Transport & Infrastructure		<b>Total</b>	<b>1,614.36</b>	<b>1,698.05</b>	<b>1,660.27</b>	<b>1,474.06</b>	<b>10.29%</b>	<b>9.85%</b>	<b>9.51%</b>	<b>8.30%</b>
	Roads, Public Works and Transport	<b>Sub-Total</b>	<b>1,614.36</b>	<b>1,698.05</b>	<b>1,660.27</b>	<b>1,474.06</b>	<b>10.29%</b>	<b>9.85%</b>	<b>9.51%</b>	<b>8.30%</b>
		Rec	311.17	321.47	325.68	331.30	1.98%	1.87%	1.87%	1.87%
		Dev	1,303.19	1,376.58	1,334.59	1,142.76	8.31%	7.99%	7.65%	6.44%
Health		<b>Total</b>	<b>3,322.37</b>	<b>4,310.30</b>	<b>4,452.00</b>	<b>4,610.63</b>	<b>21.19%</b>	<b>25.01%</b>	<b>25.51%</b>	<b>25.97%</b>
	Health And Sanitation	<b>Sub-Total</b>	<b>3,322.37</b>	<b>4,310.30</b>	<b>4,452.00</b>	<b>4,610.63</b>	<b>21.19%</b>	<b>25.01%</b>	<b>25.51%</b>	<b>25.97%</b>
		Rec	2,841.27	3,067.20	3,142.84	3,223.28	18.12%	17.80%	18.01%	18.16%
		Dev	481.09	1,243.10	1,309.16	1,387.34	3.07%	7.21%	7.50%	7.81%
Agriculture Rural & Urban Development		<b>Total</b>	<b>1,597.24</b>	<b>1,730.95</b>	<b>1,798.01</b>	<b>2,003.11</b>	<b>10.18%</b>	<b>10.05%</b>	<b>10.30%</b>	<b>11.28%</b>
	Agriculture, Livestock and Fisheries	<b>Sub-Total</b>	<b>1,062.46</b>	<b>1,031.04</b>	<b>1,096.17</b>	<b>1,199.33</b>	<b>6.77%</b>	<b>5.98%</b>	<b>6.28%</b>	<b>6.76%</b>
		Rec	447.04	468.62	474.65	482.82	2.85%	2.72%	2.72%	2.72%
		Dev	615.42	562.42	621.53	716.51	3.92%	3.26%	3.56%	4.04%
	Land, Housing, Physical Planning and Urban Development	<b>Sub-Total</b>	<b>241.10</b>	<b>179.83</b>	<b>180.09</b>	<b>180.35</b>	<b>1.54%</b>	<b>1.04%</b>	<b>1.03%</b>	<b>1.02%</b>
		Rec	114.10	114.83	114.93	115.03	0.73%	0.67%	0.66%	0.65%
		Dev	127.00	65.00	65.16	65.32	0.81%	0.38%	0.37%	0.37%
	Narok Municipality	<b>Sub-Total</b>	<b>239.01</b>	<b>359.87</b>	<b>361.10</b>	<b>462.33</b>	<b>1.52%</b>	<b>2.09%</b>	<b>2.07%</b>	<b>2.60%</b>
		Rec	104.01	168.18	168.47	168.76	0.66%	0.98%	0.97%	0.95%
		Dev	135.00	191.69	192.62	293.56	0.86%	1.11%	1.10%	1.65%
	Kilgoris Municipality	<b>Sub-Total</b>	<b>54.67</b>	<b>160.20</b>	<b>160.65</b>	<b>161.11</b>	<b>0.35%</b>	<b>0.93%</b>	<b>0.92%</b>	<b>0.91%</b>
		Rec	9.67	38.70	38.73	38.75	0.06%	0.22%	0.22%	0.22%
		Dev	45.00	121.50	121.93	122.36	0.29%	0.71%	0.70%	0.69%
General Economic and Commercial Affairs (GECA)		<b>Total</b>	<b>1,250.36</b>	<b>1,297.41</b>	<b>1,250.43</b>	<b>1,251.39</b>	<b>7.97%</b>	<b>7.53%</b>	<b>7.16%</b>	<b>7.05%</b>
	Trade, Industrialization, Tourism and Wildlife	<b>Sub-Total</b>	<b>1,250.36</b>	<b>1,297.41</b>	<b>1,250.43</b>	<b>1,251.39</b>	<b>7.97%</b>	<b>7.53%</b>	<b>7.16%</b>	<b>7.05%</b>
		Rec	580.11	620.69	625.44	630.26	3.70%	3.60%	3.58%	3.55%
		Dev	670.25	676.72	624.98	621.13	4.27%	3.93%	3.58%	3.50%
GRAND TOTAL		<b>TOTAL</b>	<b>15,682.54</b>	<b>17,231.06</b>	<b>17,452.47</b>	<b>17,752.73</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
		<b>Rec</b>	<b>10,526.98</b>	<b>11,018.82</b>	<b>11,191.20</b>	<b>11,378.37</b>	<b>67.13%</b>	<b>63.95%</b>	<b>64.12%</b>	<b>64.09%</b>
		<b>Dev</b>	<b>5,155.56</b>	<b>6,212.24</b>	<b>6,261.27</b>	<b>6,374.37</b>	<b>32.87%</b>	<b>36.05%</b>	<b>35.88%</b>	<b>35.91%</b>

Source: Narok County Treasury

## **5.4 Details of Sector Priorities**

**118** Budgetary allocation of financial resources for the FY 2025/26 and over the medium-term period is based on sector's priorities identified in the Sector Working Groups (SWGs) meetings which contains priorities in the County Integrated Development Plan (CIDP 2023-27). The proposals will also take into cognizance the input to be gathered during the public consultative meetings to be held in the month of February 2025 within the county.

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

### **Public Administration and External Relations (PAER)**

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

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



**122** In the 2025-26 – 2027/28 MTEF period, and based on the recommendations by the sector, members of the public and key stakeholders, the sector will be implementing programmes which are aimed at transforming public service delivery and enhancing County's image. Special emphasis will be placed on improving infrastructure, enhancing effective coordination of county programmes, enhancing policy advisory functions of the executive, effective monitoring and evaluation of the projects and supporting other county departments in executing their mandates.

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

**124** Public administration will continue to streamline operations and meet objects of devolution and decentralization, ensure smooth administrative operations of the county government, capacity enhancement of all staff for optimal performance, ensure that county administrative concerns are attended to, ensure compliance with ethics, and train communities beginning with disaster prone areas on disaster preparedness. The department intends to use the technology to keep track of the workforce and assess their productivity and in the process eliminate ghost workers. The department intends to retrain some of our personnel already on payroll, so that they can be redeployed to departments in need. This will assist in curbing the ballooning wage bill. The executive further has plans to train personnel on customer service and communication skills to improve and enhance service delivery. A new item that started in the FY 2024/2025 is the Kenya Devolution Support Program (KDSP II). The World Bank funded project had an allocation of KSh 37,500,000.00 institutional grant in FY 2024/2025. In FY 2025/2026 Narok County has factored the sum of KSh 37,500,000.00 as KDSP II level 1 grant and KSh 352,000,000.00 as KDSP II level 2 grant. Other County Contributions for KDSP II is Ksh.20,000,000.

**125** Finance and economic planning will endeavour to improve work environment, implement the Public Finance Management Act (2012), ensure efficient and effective budget formulation and control, ensure financial standards, principles and guidelines are adhered to appropriately. reporting decentralize financial and planning services, strategize on debt management, enhance

statistical development capacity, engage an integrated revenue management system in revenue collection, and improve project monitoring and evaluation in Narok county

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

**127** To implement these programmes, PAER has been allocated a total of Ksh 4.6 billion in 2025/26 financial year. The County Assembly has been allocated Ksh. 1.029 billion, County Executive Ksh 272 million, Public Service Board Ksh. 104.29 million, Finance and Economic Planning Ksh. 1.515 billion while the Public Service Management has been allocated Ksh. 1.376 billion. The ICT sector has been allocated Kshs. 303.28 million in the same period .

**128** The allocation to the county assembly is informed by the guidelines from the National Treasury and the Commission for Revenue allocation giving ceiling for recurrent expenditure for both county executive and assembly. The total allocation is expected to gradually increase in FY 2026/27 and FY 2027/28 to KSh. 1.31 billion and 1.32 billion respectively.

### **Environment, Water, Natural Resources and Climate Change Sector**

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

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

**131** In the 2025-26 – 2027/28 MTEF period the sector will endeavour to complete key sector projects and programmes initiated in the FY 2024/25 as well as new development priorities for FY 2025/26 as recommended by the sector, members of the public and key stakeholders. The prioritized programmes intended to promote sustainable utilization and management of the environment and natural resources for socio-economic development. Review and harmonization of sector's Acts, statutes, policies, rules and regulations in the sector, increase tree cover, recovery of illegally acquired forest land, increased access to clean water, reduce poaching incidences and human-wildlife conflict, flood control in Narok town, waste management and pollution control. In energy sector the intention is to increase clean energy access by at least 30% and establishing waste collection and treatment systems. In water sub-sector, priority will be to increase access and availability of safe water by investing in water supply infrastructure development and rehabilitation. It will also seek to continue collaborate with the national government, commissions and authorities on implementation of a wide range of high impact programmes in the sector.

**132** To implement these programmes, the sector has been allocated a total of Kshs 869.76 million in FY 2025/26 out of which recurrent is Kshs 411.73 million and development is Ksh 458.03 million. The sector allocation will increase in medium term period to reach Ksh. 875.83 and 881.95 million in the FY 2026/27 and 2027/28 respectively.

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

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

**134** Some of the challenges in the sector included poor attitudes towards vocational training; inadequate sporting facilities and the existing facilities do not match with the modern requirements as per modern technologies in the world; poor and negative attitudes towards the

development and preservation of cultural values and practices which are perceived as outdated and of no value.

**135** In the FY 2025/26 and over the medium-term period the county will endeavour to complete key sector projects and programmes initiated in the FY 2024/25 as well as new development priorities for FY 2025/26 as recommended by the sector, members of the public and key stakeholders. The county will continue prioritizing expansion of learning institutions at pre-primary school level, creating an enabling environment for development and promotion of rich Maasai cultural heritage. The county will also continue allocating funds to sports related programmes and empowerment of the vulnerable groups. The government will also seek to expand allocation of bursary schemes to caution pupils and students from dropping out school.

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

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

**138** In order to implement these programmes, the Sector has been allocated Ksh 2,281.85 million in the financial year 2025/26, 2,452.91 million and Ksh 2,506.78 million for the financial years 2026/2027 and 2027/2028 respectively. Breaking down the allocations for recurrent and

development expenditures in the financial year 2025/26 is Ksh 1,751.65 million and Kshs 530.20 million for recurrent and development expenditure respectively.

### **Transport, Public Works and Infrastructure Sector**

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

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

**141** Over the 2025-26 – 2027/28 MTEF period, ongoing, and pending projects from FY 2023/24 that are yet to be completed or undertaken due to either inadequate funds or lack of provision will be prioritized. Also to be implemented are new development priorities for FY 2025/26 as recommended by the sector, members of the public and key stakeholders. The sector will focus on expansion of road networks in the county to minimise the cost of doing business while also enhancing mobility. The sector will require the establishment of laboratory for materials’ testing to improve and achieve quality roads, acquisition of more equipment to enable sub-counties have full sets of machines, develop infrastructures, designing, developing and maintaining roads/ bridges and box culverts within the county, facilitating the completion of ongoing road projects within the county, managing and maintenance of equipment, Assessment and quality control of road works, liaising with KeNHA, KURA and KeRRA in planning and designing of roads and bridges. The sector will also be involved in Mapping out road networks in

the county, opening up new road networks within the county, routine maintenance of existing roads.

**142** In FY 2025/26 the transport sector has been allocated a total KSh. 1,698.05 million to achieve the above outputs. Out of this amount KSh 1,376.58 million is for infrastructure development. A total of KSh. 321.47 million has been allocated for recurrent expenditure including operation and maintenance of the own road construction equipment.

### **Health and Sanitation Sector**

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

**144** In the FY 2025/26 and over the medium term the county government will endeavour to complete key sector projects and programmes initiated in the FY 2024/25 as well as new development priorities for FY 2025/26 as recommended by the sector, members of the public and key stakeholders on the basis of Narok CIDP III and other strategic plans. The sector intends to invest in six thematic programmes; Reproductive, maternal child and adolescent health; disease prevention and control; environmental health; health promotion and nutrition; community health services; and human resource development and management. Among the key programmes includes completion of Narok County Referral Hospital to a level 5 health facility. The project is expected to transform the health care delivery service in the county in a great way. To achieve the foregoing, the project targets to increase the bed capacity by 400 from the current capacity of 200 beds to 600. The mortuary capacity will also be enhanced from 9 body to 60 capacity. The project plan integrates a 250-bed capacity medical training school. The school will be linked to the new hospital to form a modern state of the art healthcare facility as envisioned in the County Integrated Development Plan (CIDP 2023-2027).

**145** The other planned activities for FY 2025/26 includes the completion of the construction of ongoing health facilities; procurement and distribution of essential commodities to reduce stock-outs; Improving women health & reduced morbidity due to cervical cancer; Enhancing RMNCAH services; increasing number of fully immunized children; procurement of specialized equipment and supplies; employment and deployment of health staff, full operationalization of the Narok Health Insurance Scheme and strengthening monitoring and evaluation and Health Information System

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

**147** In order to implement prioritized programmes and address the highlighted challenges, in this sector, a total of Kshs 4,310.30 million has been allocated in the FY 2025/26. The share of recurrent vote is Kshs 3,067.20 million while the allocation for development is Kshs 1,243.10 million. By taking cognizance of the imminent closure of some donor funded programmes such as Transforming Health Systems (THS), Universal Healthcare in Devolved Systems (UHDS), and Global Alliance for Vaccine and Immunization (GAVI), the county government will adopt an aggressive intervention to fill anticipated gap in donor funding by applying a targeted scaling-up of budgetary allocation towards the affected programmes including immunization.

### **Agriculture, Urban Development Sector**

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

**149** This sector lays emphasis on: increasing market access and adoption of technologies, production and productivity through value addition, commercialization of the sector activities; creating an enabling policy and legal framework, improving efficiency and effectiveness of

sector institutions; effective administration and management of land and land-based resources and enhancing urban development.

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

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

**152** During the 2025-26 – 2027/28 MTEF period, focus will be directed towards completing ongoing projects prioritized in 2023/24 budgets together with increasing agricultural production and productivity, improved animal genetics and vaccine administration; enhancing County food security through increasing and expanding strategic food reserves, establishing agriculture and livestock drought mitigation measures, livestock and crop farming research priorities for FY 2025/26 as recommended by the sector, members of the public and key stakeholders.

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

**154** To achieve the above, the sector has been allocated a total of Kshs 1,730.95 million in the FY 2025/26. Agriculture sub-sector is allocated Kshs 1,031.04 million out of which Kshs 468.62 million is recurrent and Kshs 562.42 million is for development. Lands, Housing Physical Planning and Urban development sub-sector has been allocated Kshs 699.91 million, Kshs 321.72 million recurrent and Kshs 378.19 million is for development.

## **General Economic and Commercial Affairs (GECA) Sector**



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

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

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

**158** During the 2025-26 – 2027/28 MTEF period the sector will endeavour to complete key sector projects and programmes initiated in the FY 2024/25 as well as new development priorities for FY 2025/26 as recommended by the sector, members of the public and key stakeholders. Among them is promotion of Narok as a tourist attraction destination, strengthening cooperative societies and investment in value addition for locally produced goods. The sector will also endeavour to create a conducive investment environment for new investors as well as developing the policy framework for investment and efficient service delivery.

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

**160** In trade, cooperatives and industrializations are completion of construction of the industrial park, promotion of County based Value Chain Co-operatives; establishment of agro-processing and rejuvenating housing co-operative Societies; modernization, upgrading and expansion of

markets and enhance access to financial support through revolving funds, train SMEs and technical staffs.

**161** To implement the prioritized programmes, the Sector has been allocated a total of Kshs 1,297.41 million in the FY 2025/26. Out of this Kshs 620.69 million is recurrent and Kshs 676.72 million is development. Over the medium term, the sector is expected to continue receiving funding so as to continue implementing its medium and long strategic priorities.

### **County Attorney**

**162** The Department plays a critical role in offering legal services to the county government, developing legislation, ensuring legal audit and compliance, and facilitating community legal aid. During the 2025/26 – 2027/28 Medium-Term Expenditure Framework (MTEF) period, the Department aims to strengthen the legal framework and enhance access to legal services across all county operations. To support the implementation of its key programmes—namely Legal Services, Legislation Development, Legal Audit and Compliance, and Community Legal Aid—the Department has been allocated a total of Kshs 443.26 million for the FY 2025/26. Of this amount, Kshs 433.26 million is earmarked for recurrent expenditures, while Kshs 10 million has been set aside for the refurbishment of departmental offices to improve the working environment and service delivery..

## **6.0 CONCLUSION**

**163** The overall expenditure in this 2025 CFSP as outlined MTEF has grown moderately taking into account the envisioned moderate economic growth. However, the critical social areas will continue to receive a significant share of resources as well as capital investments as contributions to the growth objectives. County entities have shared resources on basis of agree criterion where by socio- economic sectors have been allocated a relatively higher amount.

**164** Projects with higher socio- economic impact as well as on-going projects have been prioritized in projects financing. Recurrent expenditure has been structured in such a way that it

will continue to proportional decrease in medium term as the development expenditure increases in relative terms.

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

## ANNEXES

### Annex I: Equitable Share Allocation to Counties for the FY 2025/2026

S/NO.	County	FY 2024/25	FY 2025/26		S/NO.	County	FY 2024/25	FY 2025/26
1	Baringo	6,683,872,230	7,002,310,782		25	Marsabit	7,597,150,148	7,921,328,607
2	Bomet	7,015,120,960	7,343,223,714		26	Meru	9,944,340,172	10,400,495,893
3	Bungoma	11,170,672,761	11,688,348,752		27	Migori	8,385,076,708	8,769,918,447
4	Busia	7,514,936,175	7,862,026,089		28	Mombasa	7,899,674,510	8,236,179,184
5	Elgeyo Marakwet	4,826,732,154	5,049,704,514		29	Murang'a	7,511,867,136	7,847,755,314
6	Embu	5,369,897,179	5,617,631,012		30	Nairobi	20,178,712,721	21,119,445,971
7	Garissa	8,290,447,207	8,658,256,259		31	Nakuru	13,666,998,494	14,315,950,029
8	Homa bay	8,170,279,683	8,539,802,361		32	Nandi	7,346,070,242	7,705,745,039
9	Isiolo	4,923,506,894	5,139,309,443		33	Narok	9,241,861,510	9,643,932,672
10	Kajiado	8,345,014,080	8,740,173,570		34	Nyamira	5,359,988,239	5,587,465,043
11	Kakamega	12,980,503,856	13,579,038,225		35	Nyandarua	5,936,522,422	6,205,950,422
12	Kericho	6,738,465,912	7,050,142,241		36	Nyeri	6,518,609,636	6,812,140,620
13	Kiambu	12,293,695,472	12,877,121,630		37	Samburu	5,623,229,594	5,878,283,920
14	Kilifi	12,169,843,603	12,704,746,017		38	Siaya	7,301,472,442	7,640,656,245
15	Kirinyaga	5,449,273,298	5,705,555,147		39	Taita Taveta	5,066,138,537	5,292,922,444
16	Kisii	9,305,836,563	9,722,580,296		40	Tana River	6,824,718,335	7,124,759,580
17	Kisumu	8,405,327,544	8,789,291,649		41	Tharaka Nithi	4,399,507,348	4,587,150,462
18	Kitui	10,885,967,728	11,384,160,751		42	Trans Nzoia	7,540,501,498	7,899,306,778
19	Kwale	8,625,411,411	8,989,768,508		43	Turkana	13,213,283,350	13,824,866,120
20	Laikipia	5,387,035,312	5,640,962,159		44	Uasin Gishu	8,472,399,603	8,881,021,786
21	Lamu	3,254,430,925	3,405,085,512		45	Vihiga	5,292,922,428	5,521,327,681
22	Machakos	9,597,222,939	10,037,619,193		46	Wajir	9,902,798,207	10,336,261,439
23	Makueni	8,497,308,449	8,866,423,364		47	West Pokot	6,609,735,011	6,926,120,811
24	Mandera	11,690,619,375	12,197,154,503			<b>Total</b>	<b>387,425,000,000</b>	<b>405,069,420,197</b>

## Annex II: Statement of Specific Fiscal Risks

The Narok County economy is exposed to several fiscal risks that may hinder the achievement of the County Government's fiscal targets for FY 2025/2026. These risks include:

1. **Revenue Volatility:** Over-reliance on tourism and agriculture, sectors highly susceptible to climate change, global market fluctuations, and unpredictable weather patterns, may lead to significant revenue shortfalls.
2. **Unpredictable National Transfers:** Delays or reductions in disbursements of equitable share and conditional grants from the National Treasury could disrupt budget implementation and service delivery.
3. **Challenges with Wage Bill:** Rising public wage demands and pending salary arrears may strain the county's budget, limiting resources available for development projects.
4. **Climate-Related Shocks:** Climate-induced disasters could increase emergency expenditures, diverting funds from planned programs.
5. **Project Cost Overrun:** Project cost variation might undermine fiscal sustainability
6. **Weak Revenue Collection:** Revenue systems administration and transition to the proposed Integrated County Revenue Management System (ICRMS) may lead to potential resistance to tax compliance which could result in lower-than-projected own-source revenue.
7. **Social Conflicts:** Potential conflicts over resource allocation or land disputes could disrupt economic activities and increase security-related expenditures and undermine revenue collection
8. **International Relations and Conflicts:** The change of guard, change in foreign policy comes with risks to foreign aid while international conflicts has serious risks on tourism and consequently own source revenue performance

Mitigating these risks will require proactive measures, including enhanced revenue mobilization, prudent expenditure management, and robust contingency planning to safeguard the county's fiscal stability and ensure the achievement of its fiscal targets.

### Annex III: Summary of Public Participation Highlights

Sector	Issues	Proposals/Comments from Stakeholders
<b>Public Administration and International Relations (PAIR)</b>	Lack of Weighing bridges	Procure weigh bridges and install them at Mulet, Tipis, Suswa and Keyian to curb overloading by cargo trucks. This will also increase the county own source revenue
	Weather affecting revenue collection at the barriers	Construction of revenue collection booths at the barriers to shield revenue officers from bad weather
	Transport Challenges	Acquire vehicles for the subcounty revenue officer
	Inadequate ward/Sub County Offices	Facilitate the construction, equipping and furnishing of various Sub counties and Ward offices, for better service delivery to Narok Citizens
	Bodaboda shades	Construct and repair boda boda shades
	PWDs/Women/Youth	Create a framework for PWDs/Women/Youth, to promote programme for Youths, Women PWDs and VMGs
	Inadequate vehicles in ward/Sub County	Procure vehicles and motor cycles for Sub County and Ward levels to enhance service delivery
	Access to Government Services	Establishment of Huduma center
	Security	Construct police posts at strategic places across the County in collaboration with other government agencies
<b>Environment and Water Sector</b>	Water Projects	Residents appreciated the ongoing projects and requested for an increase in coverage in boreholes, Dam, water pans including desiltation
	Sewerage system	Install/ extend sewerage system in major towns to aid in liquid waste disposal and general sanitation.
	Lighting	Power connection to public, institutions, trading facilities and households
	Green energy	Explore and train on alternative sources of energy
	Aging equipment and parts a the water plants	Rehabilitation of Water Plants and replacement of aging equipment and parts with modern readily available ones
	Water Harvesting	Promote water harvesting starting with public institutions
	Water connection	Maintain the existing water infrastructure and increase water connection coverage.
	Solid Waste disposal	Establish solid waste management systems including collection bins, collection trucks, and finding disposal mechanisms for bottles.
	KWASH reporting	Create a unique budget code for KWASH to facilitate reporting
	Afforestation	Enhance the protection of water catchment areas

Sector	Issues	Proposals/Comments from Stakeholders
		through afforestation and agroforestation which will help in the control of flood and the ending of drought
	Need for water committees	Establish and train water committees to manage the water facilities constructed by the county government.
	Need to complete stalled projects	Complete stalled water projects
<b>Education, Social Protection, Culture &amp; Recreation</b>	Shortage of ECD Centers and ECDE teachers	Establish ECDE centers equipped with learning and teaching materials and also recruit more ECDE teachers.
	Land ownership issues	Intervene and conclude matters on land ownership to avoid conflict between. Also acquire additional land for public institutions
	Poor Sanitation in Schools	Construction of sanitary facilities in schools
	Staff Housing	Construction of School staff houses
	Primary and Secondary School Infrastructure	Development of Classrooms, Dinning Halls, Dormitories, Laboratories, fence etc in Primary and Secondary Schools
	Inadequate VTC	Establishment of fully equipped Vocational Training Centres
	High rate of teenage pregnancies and early marriages	Create awareness on the dangers of early pregnancies and marriages
	Undeveloped sports field	Establishment of youth empowerment centers, sports fields and social halls
	Lack of school feeding program	Fast-track the school feeding program and ensure that the issue is funded through the county budget
	Adult Education	Promote adult education across all the Sub Counties.
<b>Roads, Transport &amp; Infrastructure</b>	Poor Road conditions/ infrastructure	Rehabilitate all roads
	Bridges/ culverts	Construct and repair bridges/culverts
	Feeder roads	Increase road connection through opening up of feeder roads and new roads
	Street lightings	Install streetlights in all streets within Narok and Kilgoris Municipalities and other towns and trading centers.
	Bitumen Road in Narok are few	Increase number and kilometre of bitumen roads
	Too many flights to airstrips in and within proximate distance to Maasai Mara Game reserve leading to disturbance of wildlife	Develop Ewuaso Ngiro Airstrip to international standard to improve air transport and reduce direct flights to Maasai Mara Game Reserve and the proximate areas in order to protect wildlife
<b>ICT and e-Government</b>	Lack of facilities for digital learning	Establishment of ICT hub in the ward
		Installation of WiFi at the stadium and other public places

Sector	Issues	Proposals/Comments from Stakeholders
		Completion of Resource Centre Projects
<b>Health and Sanitation</b>	Community health Volunteers	Recruiting more CHV at the ward level and facilitate them adequately
	Inadequate health facilities/ Rehabilitation centers	Provision of healthcare services through construction of healthcare facilities
	Stalled projects	Revive stalled projects which are viable and ensure that they are completed
	Poor Sanitation	Renovation and also construction of public toilets in all the county markets
	Poor Immunization coverage	Inclusion of immunization item in the budget and also increasing the budget allocation towards immunization to enable a door-to-door immunization coverage
	Inadequate medical supplies	Ensure there is regular supply of medical drugs to all the facilities in the county
	Inadequate medical personnel	Employ adequate and qualified medical staff
	Unlicensed clinics	Audit all clinics across the county
	Reproductive health	Allocate more funds on reproductive health
	Poor hospital infrastructure such as mortuary and Laboratory	The County Government should also upgrade all the sub-county referral hospitals with the necessary facilities such as mortuary, laboratory etc.
	Rescue centers	Construct rescue centers for victims of defilement cases and FGMS
<b>Agriculture, Livestock and Fisheries</b>	Value Addition (Meat, Maize, Potatoe, Tomatoe, Milk etc)	Establish meat and milk processing plant and maize millers.
		Fast-track the Narok Abattoir project
		Establishment of aggregation, storage facilities and collection centres across the county
	Slaughter Slabs	Renovate and expand existing slaughter slabs, and connect them to water supply
	Cereal Stores	Renovate and operationalize the existing cereal stores and construct cereal driers
	Bee farming	Boost Bee farming value chain through empowerment of community interest groups in processing and marketing of honey.
	Livestock Sale Yards	Construct more sale yards in major livestock markets where sale yards have not been constructed. There is also a need to renovate existing sale yards.
	Agricultural Extension services	Promote agricultural extension services for both crops and livestock.
	Livestock Bill*	Develop a livestock bill for the management of saleyards
	Seed and Fertilizer subsidy	Enhance the supply of subsidized seed and fertilizer. Seed includes pasture seed
	Enhanced Vaccination programs	Enhance the vaccination programs to control viral diseases that have affected livestock in the county.
	AI (Artificial Insemination)	Expand the AI services program to cover all



Sector	Issues	Proposals/Comments from Stakeholders
	programs	wards.
	Cattle Dips	Renovate existing cattle dips and construct new cattle dips.
	Milk Cooling Plants	Install additional milk cooling plants as they are strategic components in the milk value chain.
	Enforcement of Standards (Tomato and Potato packaging)	Enforce standards to avoid exploitation by middlemen in packaging of products such as potatoes and tomatoes.
	Introduction of breeding rams and goats	Introduce breeding rams and goats to augment the existing breeding bulls program.
<b>Lands, Housing, Physical Planning and Urban Development</b>	Plot allotment letters	Fast-track the issuance of plot allotment letters.
	Recreational parks	Establish and maintain recreational parks
	Drainage systems	Install drainage systems in strategic trading centers to promote sanitation.
	Bus Terminus	Construct bus parks to ease congestion, streamline operations and increase revenue collection.
	Unpaved parking spaces in urban areas	Develop public parking spaces to improve order in parking and boost revenue collection
	Need for Non-Motorised Transport infrastructure	Develop infrastructure for Non-Motorised Transport
	Urban Planning	Residents requested for planning of the unplanned urban centres as most centres are not planned.
	Public Cemetery	Acquire land for public cemeteries in major towns
	Digitization of land rates	Digitize the payment of land rates
<b>General Economic and Commercial Affairs Sector (Tourism and Wildlife, Trade, industrialization and Cooperative Development)</b>	Boda-Boda Sheds	Install of boda-boda sheds in strategic locations across the county.
	Trade licensing	Create public awareness on compliance
	Markets Development	Rehabilitate/ Develop market in various urban areas
	Access to credit facilities	Create a fund that will provide credit to farmers. Linking farmers to credit service providers will also aid improving the access to credit.
	Mt. Suswa Tourism	Develop Mount Suswa as a tourist facility and incorporate a cultural centre in the programme
	Ushanga Initiative	Promote the Ushanga initiative program through training and fetching of markets for the products.

### **FEEDBACK/WAY FORWARD/ACTION TAKEN/RESPONSE**

Most of the proposals/ comments relates to programmes and projects which are ongoing. Nevertheless, all proposals/comments have been noted and the relevant Government Ministries, Departments and Agencies will take necessary action. As regards projects that falls under the mandate of the National Government, the county will pursue intergovernmental relations with the relevant ministries and agencies for the implementation of the said projects

## Annex IV: 2023/24 Fiscal Performance

### A. Deviations from the Initial and Revised Budget Estimates (KSh.)

Source	Targets	Revised (1)	Revised (2)	Actual (KSh)	Deviations
	A	B	C	D	F = (D-C)
<b>1. Total Revenue</b>	<b>14,995,063,534</b>	<b>15,055,096,588.00</b>	<b>14,985,206,088.00</b>	<b>13,671,428,381.74</b>	<b>-1,313,777,706.26</b>
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	-	-	-	-	-
<b>2. Total Expenditures</b>	<b>14,995,063,534</b>	<b>15,055,096,587.00</b>	<b>14,985,206,087.00</b>	<b>13,530,846,308.00</b>	<b>-1,454,359,779.00</b>
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
<b>Deviation (1-2)</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>140,582,074</b>	<b>140,582,073</b>

### B. Breakdown of Transfers from National Government (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 Locally Led Climate Action (FLLoCA - INV)	198,000,000.00	198,053,490.00	53,490.00	100.03%
Financing Locally 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	
<b>TOTALS</b>	<b>9,962,132,424</b>	<b>8,889,980,442</b>	<b>-1,072,151,983</b>	<b>80.20%</b>

### C. 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	-
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	MARKETS & SLAUGHTER FEES	115,765,213.00	50,098,805.00	13,568,097.00	-102,197,116.00	-36,530,708.00

Revenue Source		Printed Targets FY 2023/2024	Revised Targets	Actual Revenue FY 2023/2024	Variance	
		A	B	C	D = (C-A)	E = (C-B)
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
	<b>Total Local Sources</b>	<b>4,588,583,534.00</b>	<b>5,023,073,665.00</b>	<b>4,781,447,940.24</b>	<b>192,864,406.24</b>	<b>- 241,625,724.76</b>