

DRAFT



# COUNTY GOVERNMENT OF KITUI



MINISTRY OF FINANCE, ECONOMIC PLANNING & REVENUE  
MANAGEMENT

**FY 2025/26**

**DRAFT COUNTY FISCAL STRATEGY PAPER**

10<sup>th</sup> February 2025

## FOREWORD

Kitui County Fiscal Strategy Paper (CFSP) FY 2025/26 builds direct linkages between policies, plans, and budgets, and sets the County Government priority programs to be implemented through the medium-term period 2025/2026–2027/2028. It provides an overview of recent economic development and outlook as well as expenditure ceilings for County Departments, units, and agencies and detailed guidelines that are aimed at structuring County Government expenditure towards prevalent areas.

The programs and policies herein reflect the concerns of the Kitui Citizenry and are anchored under the draft CIDP 2023-2027, the 16-point governor’s manifesto, and the approved 2025/2026 Annual Development Plan. The theme for development for FY 2025/2026 is The Bottom-up Economic Transformation Agenda for Inclusive Growth.

The Government has prioritized programs aimed at increasing household income. This will be through accelerating rural economic development through investment in the productive sectors of the economy, Promotion of savings and investment among the households, and public sector restructuring and reorganization to enhance efficiency and productivity. This document is aligned with the National Treasury's Budget Policy Statement (BPS) 2024, which outlines the national broad strategic priorities and policy goals that will guide budget preparation for the next fiscal year at the national level. It is mandatory to subject the proposals to public scrutiny to ensure transparency and accountability.

In FY 2025/26, the total resource envelope of Kshs 13,374,297,791 comprises of the equitable share Kshs 11,384,160,751 Own Revenue Kshs 1,050,000,000 and Grants Kshs 940,137,040. Of the total revenue projection, 85% of the revenues represent the equitable share while the country generated revenues and grants represent 8% and 7% respectively of the total projected revenues.

The County Ministries will develop their programmes concept notes to support the development outcomes envisioned in this County Fiscal Strategy Paper to implement FY 2025/26 annual budget estimates. In this regard, all sectors should ensure that their program-based budgets are supported by concept notes and that their expenditures are outcome-oriented. Every ministry will strengthen its resource mobilization strategy for effective revenue collection and financial management to ensure effective service delivery. This will be accomplished by establishing realistic revenue targets, dependable policies, and laws to support Public Private Partnerships (PPPs) and National Government Development Partners (NGDPs) in funding the key flagship and strategic interventions prioritized in Vision 2030 and CIDP 2023-2027 for the country's socioeconomic transformation.

The County Government proposes allocating more resources to programs and projects addressing water supply challenges, access to affordable and high-quality health care, and infrastructure development, particularly in the road sector.

Peter Mwikya Kilonzo

**County Executive Committee Member**

**Ministry of Finance, Economic Planning, and Revenue Management**

## **ACKNOWLEDGEMENT**

The FY 2025/26 County Fiscal Strategy Paper (CFSP) has been prepared in compliance with Section 117 of the Public Finance Management Act, 2012. This document provides an analysis of the current economic environment, a medium-term fiscal forecast, and outlines the strategic priorities and policy goals that will inform the FY2025/26 budget formulation. It also sets the foundation for the Medium-Term Expenditure Framework (MTEF) 2025/26 – 2027/28, emphasizing prudent public resource management.

The preparation of this CFSP was a collaborative effort involving various Government Departments, partners, members of the public, and other stakeholders. We acknowledge their invaluable contributions and thank them for their support.

We extend our gratitude to all spending units, Ministries and Departments for providing timely and accurate information. We are also deeply appreciative of the leadership and guidance provided by H.E. the Governor, H.E. the Deputy Governor, the entire County Executive Committee, and all Chief Officers and accounting officers of the respective county spending entities.

Special recognition is given to the staff of the Economic Planning and Budgeting Department, led by Director Paul Kimwele, and Assistant Directors Solomon Musembi and Victor Mwangu, as well as the county economists: Daniel Mbathi, Boniface Muli, Faith Munah, Doris Samuel, Charles Mulatia, Nicholas Koome, Geoffrey Gisaina, Dickens Mutunga, Linda Musee, Gabriel Mitau, Mary Mwendu, Joy Mutanu, Felistus Munyao, and Onesmus Kaki. Their unwavering commitment, expertise, and dedication in developing this document are highly commendable.

Finally, I express my heartfelt appreciation to the entire team for their tireless efforts in ensuring the successful completion of this document.

**Patrick Masila Munuve**  
**Chief Officer**  
**Economic Planning & Budgeting**  
**Ministry of Finance, Economic Planning and Revenue Management**

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# BACKGROUND INFORMATION

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

1. The County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the County Assembly, by the 28<sup>th</sup> of February of each year.
2. The County Treasury shall align its County Fiscal Strategy Paper with the National objectives in the Budget Policy Statement.
3. In preparing the County Fiscal Strategy Paper, the County Treasury shall specify the broad strategic priorities and policy goals that will guide the County Government in preparing its budget for the coming financial year and over the medium term.
4. The County Treasury shall include in its County Fiscal Strategy Paper the Financial outlook with respect to County Government revenues, expenditures and borrowing for the coming financial year and over the medium term.
5. In preparing the County Fiscal Strategy Paper, the County Treasury shall seek and take into account the views of—
  - (a) The Commission on Revenue Allocation;
  - (b) The public;
  - (c) Any interested persons or groups; and
  - (d) Any other forum that is established by legislation.
6. Not later than fourteen days after submitting the County Fiscal Strategy Paper to the County Assembly, the County Assembly shall consider and may adopt it with or without amendments.
7. The County Treasury shall consider any recommendations made by the County Assembly when finalizing the budget proposal for the financial year concerned.
8. The County Treasury shall publish and publicize the County Fiscal Strategy Paper within seven days after it has been submitted to the County Assembly

# 1.0 INTRODUCTION

## 1.1 Overview

1. The County Fiscal Strategy Paper (CFSP) FY 2025/26 has been prepared by taking cognizance of the FY 2025/26 economic outlook and the sixteen-development agenda namely: Agriculture, Water, Health, Education, Urban Development, Roads and Construction, Trade and Investments, Micro Small and Medium Enterprises (MSMEs), Co-Operation Societies, Tourism and Hospitality, Women, Youth and PWDs, Environment, Energy, Information and Communication; and Security.

2. The County Fiscal Strategy Paper (CFSP) for the Financial Year 2025/2026 represents a meticulous effort to define the County's fiscal and developmental path while addressing the economic and social needs of its citizens. The document integrates a comprehensive analysis of the economic outlook and aligns with the County's sixteen-point development agenda, which prioritizes Agriculture, Water, Health, Education, Urban Development, Roads and Construction, Trade and Investments, Micro, Small, and Medium Enterprises (MSMEs), Cooperative Societies, Tourism and Hospitality, Women, Youth, and Persons with Disabilities (PWDs), Environment, Energy, Information and Communication, and Security.

3. **Alignment with Strategic Frameworks:** The CFSP is aligned with the overarching frameworks, including Vision 2030, the 4th Medium Term Plan, the United Nations Sustainable Development Goals (SDGs), and relevant National Government Policy Guidelines. It also draws from the 2025/2026 Budget Policy Statement (BPS), the draft County Integrated Development Plan (CIDP) 2023–2027, and the Annual Development Plan for FY 2025/2026, ensuring coherence in strategic planning.

4. **Public Engagement and Inclusivity:** Extensive public participation across all county wards, coupled with contributions from special groups, faith-based organizations, non-governmental organizations, and individual stakeholders, has informed the development of the CFSP. This inclusive process underscores the County's commitment to participatory governance.

5. **Structural Reforms:** The document outlines structural reforms aimed at operationalizing the County Government's sixteen-point development agenda. These reforms are critical in ensuring efficient service delivery and addressing emerging challenges in the governance framework.

6. **Strengthening Public Financial Management (PFM):** To enhance financial governance, the CFSP emphasizes capacity building in Public Financial Management (PFM). This approach seeks to strengthen fiscal discipline and promote sound financial practices, enabling the County Government to optimize resources, improve service delivery, and foster an environment conducive to business, job creation, and wealth generation.

7. **Revenue Generation and Resource Mobilization** -The CFSP proposes a robust strategy for expanding the local revenue base, addressing inefficiencies, and introducing innovative revenue streams. Partnerships with development partners and prioritization of high-impact, wealth-generating projects are central to this approach, aimed at achieving food security and economic growth.

8. **Programme-Based Budgeting-** The CFSP reaffirms the County Government's commitment to programme-based budgeting, which aligns expenditure priorities with the available resource envelope. Public participation remains pivotal in this process, ensuring ownership, sustainability, and transparency in the implementation of projects and programmes.

## 1.2 Strategic Commitment

9. During the FY 2025/26, the County Government of Kitui commits to continue rolling out various programs, projects, and activities with the highest potential for high economic and social impact over the medium term. These development interventions will be in line with the sixteen-pillar County development agenda. Great emphasis will be put on food production, the provision of clean water, wealth creation and value addition in crop products, livestock, agribusiness, and empowerment programs. The strategic interventions are outlined in the following sections: -

### **Water & Irrigation**

10. In the 2025/26 financial year, the Kitui County Ministry of Water and Irrigation will focus on expanding access to clean and reliable water, enhancing irrigation systems, and promoting sustainable water management. The key priority areas include:

#### **Expansion of Water Infrastructure**

11. To increase water access across the county, the ministry will undertake the drilling and equipping of boreholes, ensuring communities have consistent water supply.

12. Additionally, the county will implement borehole hybridization, transitioning public water points from diesel generators to solar-powered engines, thereby reducing operational costs and enhancing sustainability.

13. The ministry will also oversee the construction, extension, and rehabilitation of water pipelines, including spring water supplies and sump well water systems (sand/sub-surface dams with uptake wells and infiltration galleries). Maintenance and repairs of existing water infrastructure will be prioritized to enhance efficiency and prevent system failures.

#### **Sustainable Water Conservation and Storage**

14. To mitigate water scarcity, the county will focus on constructing and desilting medium earth dams while developing sand dams, with a target of three per ward. These measures will improve rainwater harvesting, groundwater recharge, and resilience against droughts.

15. The ministry will also support subsidies for Water Service Providers (WSPs), including Kiambere-Mwingi Water & Sanitation Company (KIMWASCO) and Kitui Water & Sanitation Company (KITWASCO), to enhance service delivery and ensure operational efficiency.

#### **Promotion of Irrigation and Agricultural Water Use**

16. To strengthen food security and agricultural productivity, the county will establish irrigation clusters and develop solar-powered irrigation schemes. This will enable smallholder farmers to engage in climate-resilient farming, reducing reliance on rain-fed agriculture.

### **Settlement of Pending Bills and Infrastructure Maintenance**

17. The ministry will clear pending bills for water infrastructure projects, ensuring contractors and service providers are compensated. Additionally, continuous operation and maintenance of water infrastructure will be prioritized to sustain efficiency in service delivery.

### **Roads, Public Works & Transport**

18. In the fiscal year 2025/26, the County Ministry of Roads, Public Works, and Transport will implement strategic interventions to enhance road infrastructure, improve transport safety, and modernize public works facilities.

#### **Roads Construction and Maintenance**

19. The Ministry will prioritize the construction and maintenance of roads, box culverts, slabs, and drifts under the Road Maintenance Levy Fund (RMLF).

20. The Dustless Towns Programme will see market roads upgraded to bitumen standards, improving accessibility in urban centers.

21. Major roads construction and maintenance will be undertaken in each ward, covering 1 project per ward or crosscutting into two more wards, with in-house grading of 1,600km (40km per ward).

22. Additionally, new road construction and widening will total 10km per ward (400km countywide), while access roads will be improved through in-house grading of 704km (17.6km per ward). Bush clearing maintenance will cover 2,800km (70km per ward) to enhance road safety.

#### **Public Works and Mechanical Support**

23. The Ministry will refurbish and renovate the Public Works Headquarters and Mechanical & Transport Offices.

24. Routine maintenance of motor vehicles, plant machinery, and equipment will be conducted, alongside the procurement of heavy plant machinery, including one backhoe.

25. Additionally, workshop tools, spares, small equipment, and machinery tyres will be purchased to ensure efficient operations.

#### **Boda Boda Transport and Safety Enhancement**

26. To improve the safety and professionalism of boda boda operators, the Ministry will construct, repair, and maintain boda-boda shades with kiosks.

27. Additionally, 1,000 riders will undergo training for smart driving licenses, and 2,000 riders will receive safety gear, including helmets and reflectors.

28. The County will finalize and operationalize the Boda Boda Policy and implement the National Road Safety Action Plan (2024-2028) through the County Transport and Safety Committee.

### **Health & Sanitation**

29. In FY 2025/26, the County Ministry of Health and Sanitation will prioritize the expansion and enhancement of healthcare infrastructure, service delivery, and community health programs to improve access to quality medical services.

30. Funding will address pending bills, casual wages, pharmaceutical and non-pharmaceutical supplies, and sub-county health management team operations to sustain high-quality healthcare services.

#### **Healthcare Infrastructure Development**

31. The Ministry will continue with the construction of key medical facilities, including the perimeter wall and chain-link fencing at Mwingi Level IV Hospital, the Nzamba Kitonga Memorial Hospital, the renal centre at Kitui County Referral Hospital (KCRH), and the storeyed maternity ward at KCRH.

32. Additionally, the surgical/amenity ward at KCRH and the female/medical ward at Mwingi Level IV will be completed. Ongoing renovations and upgrades will enhance existing health facilities, ensuring they meet modern healthcare standards.

#### **Primary Healthcare and Community Health Services**

33. The County will leverage DANIDA funding (40%) to strengthen primary healthcare facilities and support community health units. Funding will be allocated to dispensaries, sub-county health management teams, and stipend allowances for 2,470 Community Health Promoters (CHPs).

34. Additionally, resources will be set aside for the locum hiring of nurses, lab technicians, and clinical officers for Level 2 facilities, ensuring efficient service delivery.

#### **Sanitation, Equipment, and Service Expansion**

35. The Ministry will complete and equip the mortuaries at KCRH and Mwingi Level IV Hospital, construct toilets for primary healthcare facilities, and continue/completion of dispensaries in 17 underserved villages.

36. Renovation and operationalization of 19 health facilities will be undertaken to ensure full functionality.

#### **Medical Equipment and Operational Support**

37. Investment in medical and dental equipment, including cold chain equipment for vaccines, will be prioritized.

38. The Ministry will also upgrade medical stores and procure modern technologies such as tablets for healthcare data management.

### **Trade, Industry, MSMEs, Innovation & Cooperatives**

39. In the FY2025/26 the Ministry of Trade, Industry, MSMEs, Innovation & Cooperatives will implement a comprehensive strategy aimed at enhancing market infrastructure, promoting cooperative development, boosting industrialization, and attracting investment. The ministry's key priorities will include:

#### **Market Infrastructure Development and Economic Facilitation**

40. To support 24-hour economic activities, the ministry will undertake the maintenance and expansion of livestock markets in Mutha and Ngomeni while repairing 10 existing markets and constructing 15 new toilets to improve sanitation.

41. The ministry will also install and repair market security solar lights, ensuring traders operate in safe environments.

42. Additionally, the county will establish dumping sites and waste bins in markets to enhance cleanliness and environmental sustainability.

### **Strengthening the Cooperative Movement**

43. The ministry will promote the formation and registration of new cooperative societies, providing training on value addition, processing, governance, and financial audits to enhance operational efficiency.

44. It will oversee cooperative elections, ensuring compliance with governance standards through inspections and regular audits. Workshops and management committee meetings will be held to equip cooperatives with knowledge and skills necessary for sustainable growth.

### **Industrial Development and Economic Investment Zones (EIZs)**

45. The county will map and conduct feasibility studies for two new Economic and Investment Zones (EIZs) while progressing with the establishment of industrial parks across six designated economic zones. These parks will serve as manufacturing hubs, fostering innovation, value addition, and industrial growth.

46. To attract international investors, the ministry will organize a global investment conference, positioning Kitui as a strategic business hub. This will be complemented by the development of KIVEST II (2026-2035), a long-term investment roadmap to guide industrial and trade growth in the county.

### **County Branding and Revenue Generation**

47. The county will install branded light boxes to generate advertising revenue while formulating a County Branding Legal Framework to regulate and promote local businesses. This initiative will improve the visibility of Kitui's trade sector and enhance revenue streams.

### **Energy, Environment, Forestry, Natural & Mineral Resources**

48. In FY 2025/26, the County Ministry of Energy, Environment, Forestry, Natural & Mineral Resources will implement strategic interventions to promote environmental conservation, climate resilience, sustainable waste management, and renewable energy adoption.

49. To combat climate change, the Ministry will institute and operationalize the Kitui County Climate Change Fund (KCCCF) by allocating 2.12% of the County Development Budget to climate adaptation and mitigation projects.

50. The World Bank-funded FLLoCA Programme and County Climate Resilience Investment (CCRI) Grant will finance locally led climate actions.

51. Community resilience will be strengthened through tree-growing initiatives, afforestation, conservation of water catchment areas, and the rehabilitation of degraded ecosystems.

52. Farmers will be sensitized on forest farming and modern agroforestry techniques, including the domestication of High-Value Multi-Purpose Trees and Shrubs (HVMPs).

53. The Ministry will enhance sustainable waste management by developing a county waste management law, establishing material recovery and recycling facilities, and mapping temporary waste holding facilities.

54. Incentives will be introduced for waste separation at source, and a comprehensive waste management database will be maintained.



55. In the energy sector, rural electrification will be expanded in partnership with REREC, with solar security lights installed and maintained in emerging markets. Additionally, solar-powered water pumping systems will be installed, and communities will be trained on clean cookstove adoption.

56. For mineral resource development, artisanal and small-scale miners will receive training in value addition. A mineral testing and gemology laboratory will be established, community liaison committees formed, and 20% of mineral royalties are allocated to local development.

### **Agriculture & Livestock**

57. In FY 2025/26, the County Ministry of Agriculture and Livestock Development will enhance food security, promote agri-business, and strengthen extension services.

58. It will support drought-tolerant crop production through the procurement of 45 MT of seeds and 16 MT of nutrient-fortified planting materials, while advancing horticulture under the SHEP approach and establishing 2,000 kitchen gardens.

59. The National Value Chain Development Programme (NAVCDP) and counterpart funding will drive market-oriented farming. Farmers will benefit from agri-preneurship training, soil and water conservation efforts (40 leveling kits), and subsidized mechanization (14,000 acres ploughed/ripped, procurement of threshers, rippers, and destoning machines).

60. Extension services will be bolstered through training for 168,000 farmers and 80 officers, while infrastructure improvements include new offices in Kitui South and Kitui East, renovation of Mwingi Central office, and hosting the Kitui Agricultural Show.

61. The ATC will receive a 24-room hostel, zero-grazing unit, borehole, and pasture development initiatives.

62. Aquaculture and livestock development will see the establishment of 12 climate-smart ponds and dam stocking (12 dams).

63. Additionally, 4,000 farmers and 20 extension officers will receive livestock training. Poultry, goat, and dairy cattle breeds will be improved through targeted distributions, including 4,000 cocks, 400 Galla bucks, 4,000 AI doses, and 3,000 acres of pasture.

64. Veterinary services will expand with 1.92 million livestock vaccinations, honey production support, and the completion of Phase II of the satellite diagnostic lab, alongside the procurement of 8 motorcycles.

### **Land, Housing and Urban Development**

65. In FY 2025/26, the Ministry of Land, Housing and Urban Development will prioritize enhancing urban infrastructure and land management.

66. Key urban initiatives include implementing a Street Addressing System to improve navigation and service delivery, alongside tarmacking and cabro paving under the Dustless Programme to upgrade road infrastructure.

67. The ministry will construct solid waste disposal sites and install/rehabilitate street/security lights to bolster safety and cleanliness.

68. Additionally, stormwater drainage channels and public toilets in eight upcoming urban areas will address sanitation and flooding.

69. Urban centers will be elevated to higher administrative statuses (market centers, towns, municipalities) to stimulate growth, supported by the Kenya Urban Support Programme (UIG).
70. Beautification efforts, street parking policies, and outdoor advertising regulations will enhance urban aesthetics and functionality. A Supplementary Valuation Roll for 2025/26 will update property valuations.
71. On land management, the ministry will focus on County Spatial Plans and Local Land Use Development Plans to guide sustainable urbanization. Land banking will secure public land for future projects, while land adjudication and title deed issuance aim to resolve ownership disputes.
72. Land clinics and dispute resolution mechanisms will streamline conflict resolution, and geo-referenced market layouts will optimize commercial spaces.
73. Formulating land policies will ensure equitable access and efficient utilization. Together, these efforts aim to foster orderly urban growth, improve service delivery, and strengthen land governance.



## 2.0 RECENT ECONOMIC DEVELOPMENTS AND MEDIUM-TERM OUTLOOK

### 2.1 Global Economic Outlook

75. Global economy has stabilized with global growth projected at 3.2 percent in 2024 and 2025 from 3.3 percent in 2023 supported by easing of global inflation and supply chain constraints (**Table 2.1**). 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 and an intensification of protectionist policies which would exacerbate trade tensions, reduce market efficiency, and further disrupt supply chains.

**TABLE 1: GLOBAL ECONOMIC PERFORMANCE**

Economy	Growth (%)			
	Actual	Estimate	Projections	
	2022	2023	2024	2025
World	3.5	3.3	3.2	3.2
Advanced Economies	2.6	1.7	1.8	1.8
<i>Of which: USA</i>	1.9	2.9	2.8	2.2
<i>Euro Area</i>	3.4	0.4	0.8	1.2
<i>Japan</i>	1.0	1.7	0.3	1.1
Emerging and Developing Economies	4.1	4.4	4.2	4.2
<i>Of which: China</i>	3.0	5.2	4.8	4.5
<i>India</i>	7.0	8.2	7.0	6.5
Sub-Saharan Africa	4.0	3.6	3.6	4.2
<i>Of which: South Africa</i>	1.9	0.7	1.1	1.5
Nigeria	3.3	2.9	2.9	3.2
Kenya*	4.9	5.6	5.2	5.4

*Source: IMF World Economic Outlook, October 2024. \*National Treasury Projection*

76. Growth in the advanced economies is projected to remain stable at 1.8 percent in 2024 and 2025 from 1.7 percent in 2023. In the United States, growth is projected at 2.8 percent in 2024 on account of stronger outturns in consumption and non-residential investment and demand factors in the labour market. Growth is anticipated to slow to 2.2 percent in 2025 as fiscal policy is gradually tightened and a cooling labor market slows consumption. Growth in the euro area is expected to recover as a result of better export performance, in particular of goods, stronger domestic demand, rising real wages which are expected to boost consumption, and a gradual loosening of monetary policy which is expected to support investment. However, growth in Japan is expected to slow down reflecting temporary supply disruptions and fading of one-off factors that boosted activity in 2023, such as the surge in tourism.

77. 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 3.6 percent in 2024 and 2023. This growth is driven by improved economic activities as the adverse impacts of prior weather shocks subside and supply constraints gradually ease.

## 2.2 Domestic Economic Performance

78. 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 the quarters of 2024, though the magnitudes varied across the economic activities (**Table 2.2**). The diversified structure of the Kenyan economy remains a key source of resilience to domestic and external shocks.

**TABLE 2: SECTORAL GDP PERFORMANCE**

Sectors	Annual Growth Rates		Quarterly Growth Rates					
	2022	2023	2023 Q1	2023 Q2	2023 Q4	2024 Q1	2024 Q2	2024 Q3
<b>1. Primary Industry</b>	<b>(0.8)</b>	<b>5.6</b>	<b>5.3</b>	<b>6.9</b>	<b>5.3</b>	<b>5.0</b>	<b>4.4</b>	<b>3.2</b>
1.1. Agriculture, Forestry and Fishing	(1.5)	6.5	6.4	7.8	6.2	6.1	4.8	4.2
1.2. Mining and Quarrying	9.3	(6.5)	(11.0)	(8.3)	(6.9)	(14.8)	(2.7)	(11.1)
<b>2. Secondary Sector (Industry)</b>	<b>3.5</b>	<b>2.5</b>	<b>2.5</b>	<b>2.1</b>	<b>2.0</b>	<b>1.0</b>	<b>0.8</b>	<b>0.6</b>
2.1. Manufacturing	2.6	2.0	1.7	1.5	2.0	1.2	3.3	2.3
2.2. Electricity and Water supply	5.5	2.8	3.7	2.8	1.3	2.4	1.0	0.9
2.3. Construction	4.1	3.0	3.0	2.7	2.2	0.1	(2.9)	(2.0)
<b>3. Tertiary sector (Services)</b>	<b>6.6</b>	<b>6.8</b>	<b>6.5</b>	<b>6.7</b>	<b>6.3</b>	<b>6.2</b>	<b>5.3</b>	<b>5.3</b>
3.1. Wholesale and Retail trade	3.5	2.7	2.9	2.1	2.8	4.9	4.4	4.8
3.2. Accommodation and Restaurant	26.8	33.6	47.1	42.7	18.1	28.0	26.6	13.7
3.3. Transport and Storage	5.8	6.2	6.6	4.6	8.5	3.9	3.6	5.2
3.4. Information and Communication	9.0	9.3	9.5	7.6	11.0	7.8	7.2	6.1
3.5. Financial and Insurance	12.0	10.1	5.9	13.2	6.3	7.0	5.1	4.7
3.6. Public Administration	5.1	4.6	7.6	3.2	3.4	5.8	5.1	5.4
3.7. Others	5.3	6.1	5.7	5.9	6.1	5.9	5.1	5.1
of which: Professional, Admin & Support Services	9.4	9.4	8.6	6.6	12.8	9.9	6.8	7.8
Real Estate	4.5	7.3	7.3	8.1	6.2	6.6	6.0	5.5
Education	5.2	3.1	2.0	3.1	3.9	4.0	3.1	3.8
Health	3.4	4.9	5.1	4.7	4.8	5.5	5.5	4.4
Taxes less subsidies	6.7	2.2	3.0	1.8	2.0	4.5	5.8	3.4
<b>Real GDP</b>	<b>4.9</b>	<b>5.6</b>	<b>5.5</b>	<b>5.6</b>	<b>5.1</b>	<b>5.0</b>	<b>4.6</b>	<b>4.0</b>

*Source of Data: Kenya National Bureau of Statistics*

79. 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 favourable 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.

80. Activities in Mining and Quarrying contracted in the first three quarters of 2024 mainly due to a decline in production of most minerals such as titanium, soda ash and gemstone. This was as a result of the closure of Kwale miner Base Titanium which formally shut down its mining activity in Kenya in December 2024 due to depletion of commercially viable ore.

81. 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.

82. 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).

83. Taking Considering the performance of the economy in the first three quarters of 2024 and the slowdown in private sector credit growth to key sectors of the economy growth is estimated to expand overall by 4.6 percent in 2024 and 5.3 percent in 2025. These projections are mainly supported by: a robust services sector and recovery of manufacturing sector; robust agricultural productivity and improvement in exports. The outlook will be reinforced by implementation of policies and reforms under the priority sectors of the Bottom-Up Economic Transformation Agenda (BETA) and improvement in aggregate demand. Additionally, implementation of prudent fiscal and monetary policies will continue to support economic activity (Figure 2.1).

**FIGURE 1: ANNUAL REAL GDP GROWTH RATES, PERCENT**

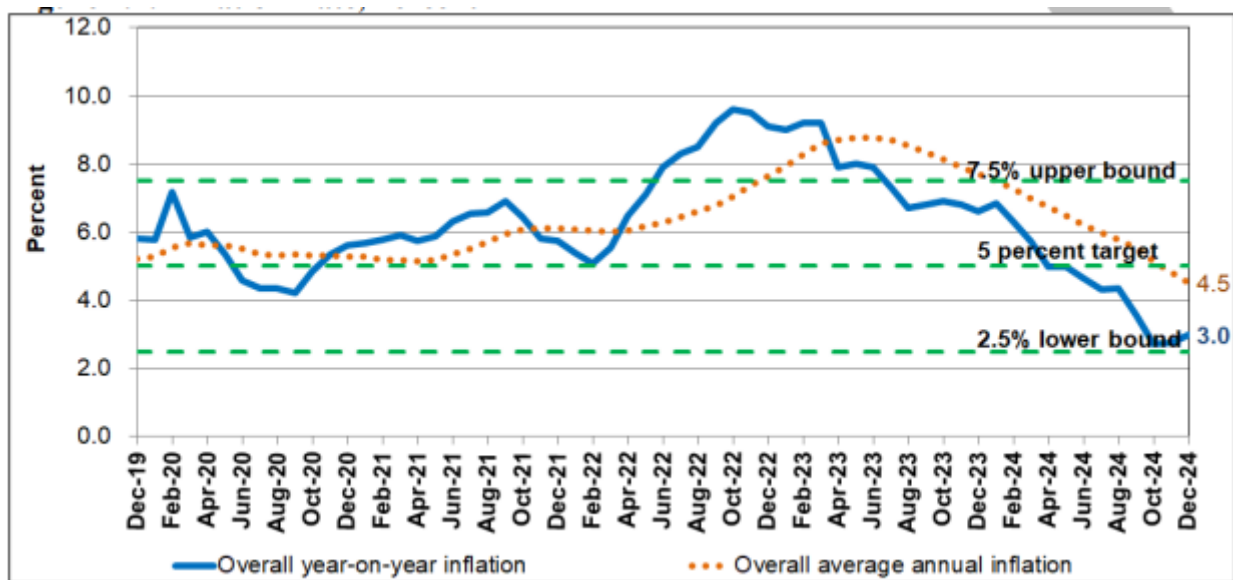


Source of Data: Kenya National Bureau of Statistics

### *Inflation Developments*

84. 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 2.2). 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.

**FIGURE 2: INFLATION RATE, PERCENT**



Source of Data: Kenya National Bureau of Statistics

85. Food inflation remained a key driver of overall year-on-year inflation though it declined to 4.8 percent in December 2024 from 7.7 percent in December 2023. The easing of food prices was supported by increased food supply arising from favorable weather conditions, continued Government interventions particularly through subsidized fertilizer, and the general easing of international food prices. Prices of most vegetable food items increased in the month of December 2024 compared to the same period in 2023 while those of non-vegetable food items declined significantly during the same period.

86. Fuel inflation declined to -1.0 percent in December 2024 from 13.7 percent in December 2023. The decline largely reflected the easing global oil prices and appreciation of the Kenya Shilling's which resulted in a downward adjustment of pump prices, and lower electricity prices. Core (non-food non-fuel) inflation has remained low and stable reflecting the impact of tight monetary policy and muted demand pressures.

87. Given that inflation is below the mid-point of the target range and the exchange rate has stabilized, the Central Bank of Kenya through the Monetary Policy Committee (MPC) has gradually eased monetary policy by lowering the Central Bank Rate (CBR), initially to 12.75 percent from 13 percent in August 2024 to 12.0 percent in October 2024 and further to 11.25 percent in December 2024. The easing of the monetary policy stance is aimed at improving credit to the private sector thereby supporting economic activities.

### **Monetary and Credit Developments**



88. Broad money supply, M3, grew by 1.6 percent in the year to November 2024 compared to a growth of 21.1 percent in the year to November 2023 (Table 2.3). The slowdown in growth of M3 was due to a decline in the growth of Net Domestic Assets (NDA) particularly the domestic credit. The primary source of the growth in M3 was the resilience in the Net Foreign Assets (NFA) of the banking system, mainly reflected in the stability of commercial banks' Foreign Assets.

89. Net Domestic Assets (NDA) contracted by 2.2 percent in the year to September 2024, compared to a growth of 10.9 percent over a similar period in 2023. The slowdown in growth of the NDA was due to a decline in growth of the domestic credit to the private sector. The domestic credit extended by the banking system to the Government increased to grow by 16.6 percent in the year to November 2024 compared to a growth of 14.4 percent in the year to November 2023.

**TABLE 3: MONEY AND CREDIT DEVELOPMENTS (12 MONTHS TO NOVEMBER 2024, KSH BILLION)**

				Change		Percent Change	
	2022 November	2023 November	2024 November	2022-2023 November	2023-2024 November	2022-2023 November	2023-2024 November
<b>COMPONENTS OF M3</b>							
1. Money supply, M1 (1.1+1.2+1.3)	1,902.0	2,012.5	2,057.9	110.5	45.4	5.8	2.3
1.1 currency outside banks (M0)	252.2	272.7	291.1	20.5	18.4	8.1	6.7
1.2 Demand deposits	1,560.6	1,656.0	1,608.8	95.4	(47.2)	6.1	(2.9)
1.3 Other deposits at CBK	89.2	83.8	158.0	(5.4)	74.2	(6.0)	88.6
2. Money supply, M2 (1+2.1)	3,537.3	3,906.3	4,179.9	369.0	273.6	10.4	7.0
2.1 Time and savings deposits	1,635.3	1,893.8	2,121.9	258.5	228.2	15.8	12.0
<b>Money supply, M3 (2+3.1)</b>	<b>4,460.2</b>	<b>5,402.6</b>	<b>5,490.3</b>	<b>942.4</b>	<b>87.7</b>	<b>21.1</b>	<b>1.6</b>
3.1 Foreign currency deposits	922.9	1,496.3	1,310.5	573.4	(185.9)	62.1	(12.4)
<b>SOURCES OF M3</b>							
<b>1. Net foreign assets (1.1+1.2)</b>	<b>276.0</b>	<b>771.8</b>	<b>854.1</b>	<b>495.8</b>	<b>82.4</b>	<b>179.6</b>	<b>10.7</b>
1.1 Central Bank	531.7	497.1	557.9	(34.5)	60.8	(6.5)	12.2
1.2 Banking Institutions	(255.7)	274.6	296.2	530.3	21.6	207.4	7.9
<b>2. Net domestic assets (2.1+2.2)</b>	<b>4,184.2</b>	<b>4,630.8</b>	<b>4,636.2</b>	<b>446.6</b>	<b>5.4</b>	<b>10.7</b>	<b>0.1</b>
2.1 Domestic credit (2.1.1+2.1.2+2.1.3)	5,425.2	6,186.8	6,472.1	761.6	285.3	14.0	4.6
2.1.1 Government (net)	1,940.4	2,220.7	2,589.7	280.4	369.0	14.4	16.6
2.1.2 Other public sector	79.3	111.6	69.1	32.3	(42.6)	40.7	(38.1)
<b>2.1.3 Private sector</b>	<b>3,405.5</b>	<b>3,854.5</b>	<b>3,813.3</b>	<b>448.9</b>	<b>(41.1)</b>	<b>13.2</b>	<b>(1.1)</b>
2.2 Other assets net	(1,241.1)	(1,556.0)	(1,836.0)	(315.0)	(279.9)	(25.4)	(18.0)

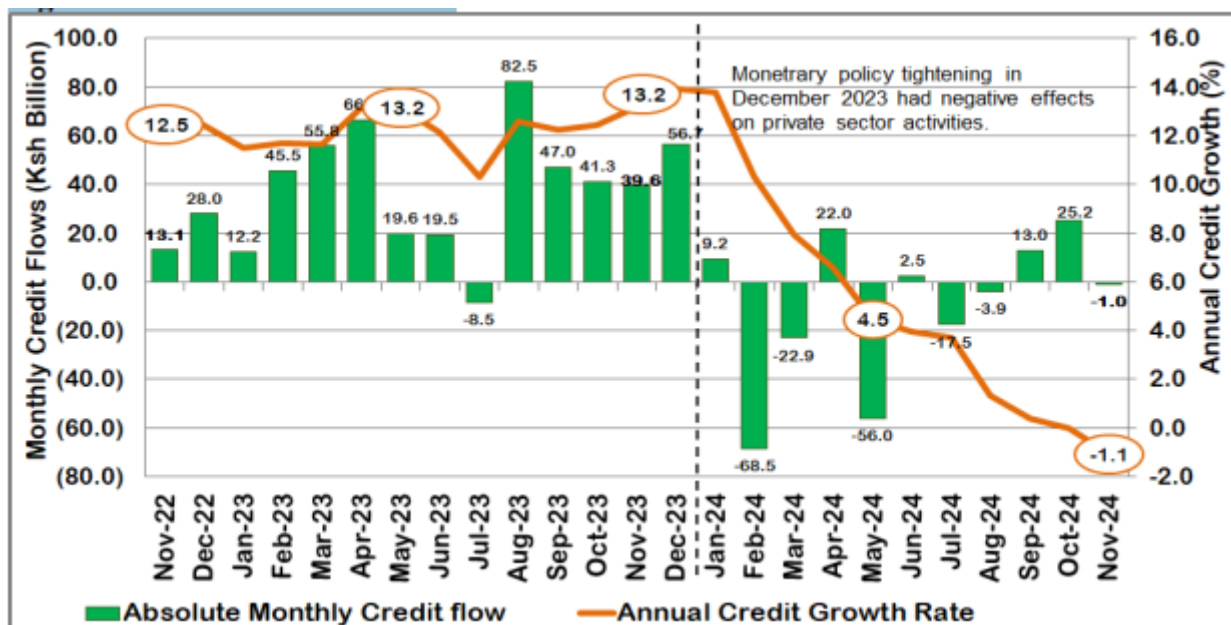
*Source of Data: Central Bank of Kenya*

90. Growth in private sector credit from the banking system declined by 1.1 percent in the year to November 2024 compared to a growth of 13.2 percent in the year to November 2023, due to the impact of exchange rate appreciation on foreign currency denominated loans and the lagged effects of monetary policy tightening. Reduced credit growth was observed in manufacturing, finance and insurance, trade (exports) and building and construction sub-sector. These are some of the sub-sectors with significant foreign currency denominated loans.

91. The Monthly (month on month) credit flows to the private sector have slowed down since December 2023 following the monetary policy action of increasing the central bank rate to manage inflation expectation which resulted in the increased cost of credit (Figure 2.3). With the

strong easing of monetary policy stance, credit to the private sector is expected to recover as lending rates decline. Sustained demand particularly for working capital due to resilient economic activity and the implementation of the Credit Guarantee Scheme for the vulnerable MSMEs will continue to support private sector credit uptake.

**FIGURE 3: PRIVATE SECTOR CREDIT**

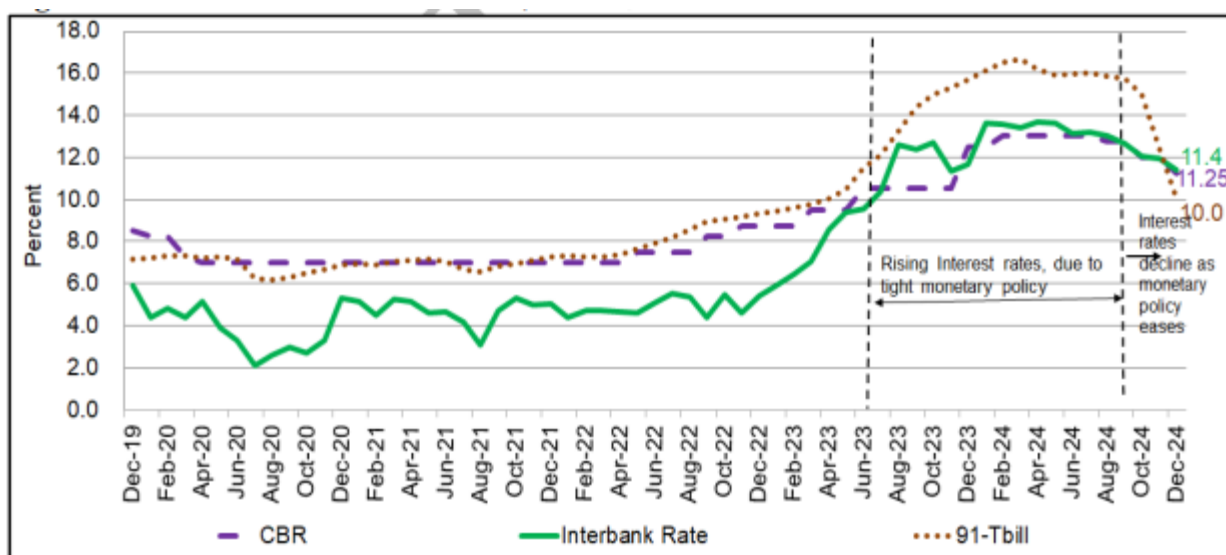


Source of Data: Central Bank of Kenya

### Interest Rates Developments

92. Interest rates have declined in line with the easing of the monetary policy. The interbank rate declined to 11.4 percent in December 2024 compared to 11.7 percent in December 2023 and has remained within the prescribed corridor around the CBR (set at  $CBR \pm 150$  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 2.4).

**FIGURE 4: SHORT TERM INTEREST RATES, PERCENTAGE**



Source of Data: Central Bank of Kenya

93. Commercial banks average lending and deposit rates increased in the year to November 2024 in tandem with prevailing tight monetary policy stance thereby reflecting high cost of investable funds. The average lending rate increased to 17.2 percent in November 2024 from 14.6 percent in November 2023 while the average deposit rate increased to 10.4 percent from percent over the same period. Consequently, the average interest rate spread increased to 6.8 percent in November 2024 from 4.5 percent in November 2023.

### External Sector Developments

94. The current account deficit was at US\$. 4,537.9 million (3.6 percent of GDP) in November 2024 compared to US\$ 4,354.5 million (4.4 percent of GDP) in November 2023, reflecting strong performance of export of goods as well as increased remittances (Table 2.4). Goods imports increased by 7.5 percent in the 12 months to November 2024, reflecting increases in intermediate and capital goods. On the other hand, in the year to November 2024, goods exports increased by 12.9 percent in the 12 months to November 2024, reflecting increased exports of agricultural commodities and re-exports. The balance in the merchandise account deteriorated by US\$. 372.3 million to a deficit of US\$. 10,539.7 million in November 2024 mainly because the increase in import bill more than offset the increase in exports.

**TABLE 4: BALANCE OF PAYMENTS (USD MILLION)**

				Year to November 2024		Actuals as a Percent of GDP	
	Nov-22	Nov-23	Nov-24	Change	Percent Change	Nov-23	Nov-24
<b>Overall Balance</b>	<b>2,149.9</b>	<b>979.9</b>	<b>(1,500.7)</b>	<b>(2,480.6)</b>	<b>(253.2)</b>	<b>1.0</b>	<b>(1.2)</b>
<b>A) Current Account</b>	<b>(6,134.4)</b>	<b>(4,354.5)</b>	<b>(4,537.9)</b>	<b>(183.4)</b>	<b>(4.2)</b>	<b>(4.4)</b>	<b>(3.6)</b>
<i>Merchandise Account (a-b)</i>	(12,231.8)	(10,167.5)	(10,539.7)	(372.3)	(3.7)	(10.3)	(8.3)
a) Goods: exports	7,472.9	7,234.9	8,171.6	936.7	12.9	7.3	6.4
b) Goods: imports	19,704.7	17,402.4	18,711.4	1,309.0	7.5	17.6	14.7
<i>Net Services (c-d)</i>	1,381.9	688.9	675.7	(13.1)	(1.9)	0.7	0.5
c) Services: credit	6,539.7	5,685.8	5,513.7	(172.1)	(3.0)	5.8	4.3
d) Services: debit	5,157.9	4,996.9	4,838.0	(159.0)	(3.2)	5.1	3.8
<i>Net Primary Income (e-f)</i>	(1,741.5)	(1,923.3)	(2,190.2)	(266.9)	(13.9)	(1.9)	(1.7)
e) Primary income: credit	143.3	196.9	292.4	95.5	48.5	0.2	0.2
f) Primary income: debit	1,884.8	2,120.1	2,482.6	362.4	17.1	2.1	1.9
<i>Net Secondary Income</i>	6,457.0	7,047.4	7,516.3	469.0	6.7	7.1	5.9
g) Secondary income: credit	6,519.5	7,135.4	7,623.8	488.3	6.8	7.2	6.0
h) Secondary income: debit	62.5	88.1	107.4	19.3	22.0	0.1	0.1
<b>B) Capital Account</b>	<b>165.0</b>	<b>131.1</b>	<b>152.5</b>	<b>21.4</b>	<b>16.3</b>	<b>0.1</b>	<b>0.1</b>
<b>C) Financial Account</b>	<b>(4,089.0)</b>	<b>(2,539.6)</b>	<b>(5,420.6)</b>	<b>(2,881.0)</b>	<b>(113.4)</b>	<b>(2.6)</b>	<b>(4.2)</b>

Source of Data: Central Bank of Kenya

95. Net receipts on the services account declined by US\$. 13.1 million to US\$. 675.7 million in November 2024 compared to similar period in 2023. This was mainly on account of a decline in receipts due to transport despite an increase in receipts from tourism as international travel continued to improve. Remittances increased by 15.3 percent to USD 4,804 million in the 12 months to October 2024 compared to USD 4,165 million in a similar period in 2023.

96. The capital account balance increased by US\$. 21.4 million to register a surplus of US\$ million in November 2024 compared to a surplus of US\$. 131.1 million in the same period in 2023. Net financial inflows improved to US\$. 5,420.6 million in November 2024 compared to US\$. 2,539.6 million in November 2023 reflecting a slowdown in inflows to the government and other sectors. The net financial inflows were mainly in the form of other investments and direct investments. However, portfolio investments and financial derivatives registered a net outflow during the period partly due to Kenya's limited access to international financial markets owing to elevated borrowing costs. The overall balance of payments position slowed down to a deficit of US\$. 1,500.7 million (1.2 percent of GDP) in November 2024 from a surplus of US\$. 979.9 million (1.0 percent of GDP) in November 2023.

### Foreign Exchange Reserves

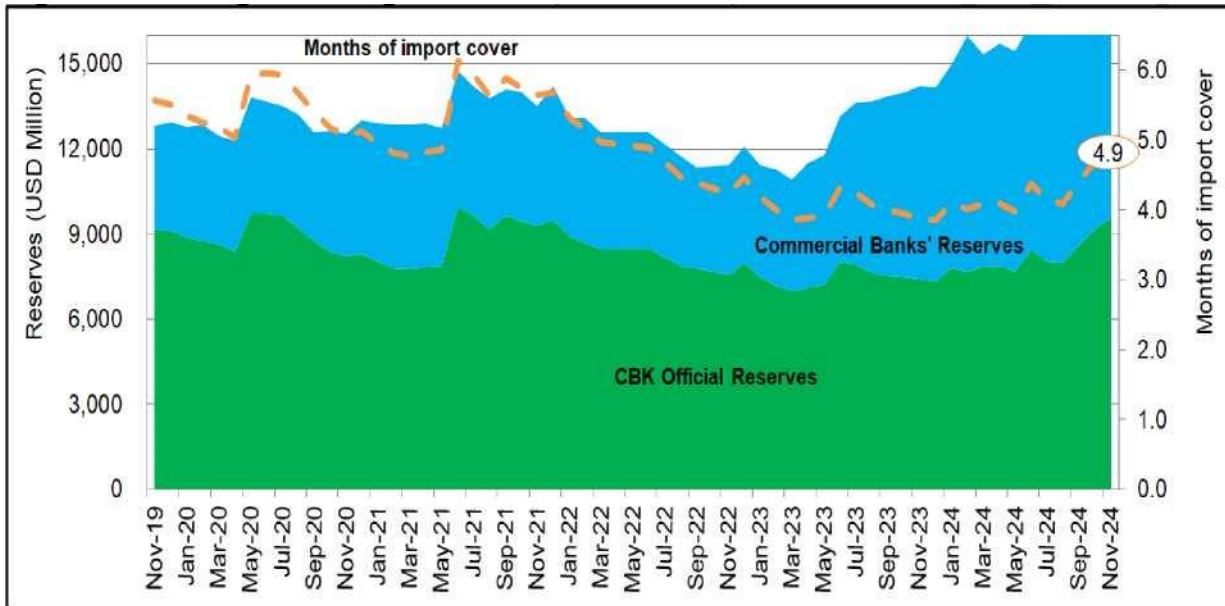
97. The banking system's foreign exchange holdings remained strong at US\$. 16,312.1 million in November 2024, an improvement from US\$. 14,211.1 million in November 2023. The official foreign exchange reserves held by the Central Bank stood at US\$. 9,578.0 million compared to US\$ 7,397.6 million over the same period in 2023 (Figure 2.5). Commercial banks foreign exchange holdings decreased to US\$. 6,734.1 million in November 2024 from US\$ million in November 2023.

98. The official reserves held by the Central Bank in November 2024 represented 4.9



months of import cover as compared to the 3.9 months of import cover in November 2023. These reserves continue to provide adequate cover and buffer against any short-term shocks in the foreign exchange market.

**FIGURE 5: FOREIGN EXCHANGE RESERVES**



*Exchange Rate*

Source of Data: Central Bank of Kenya

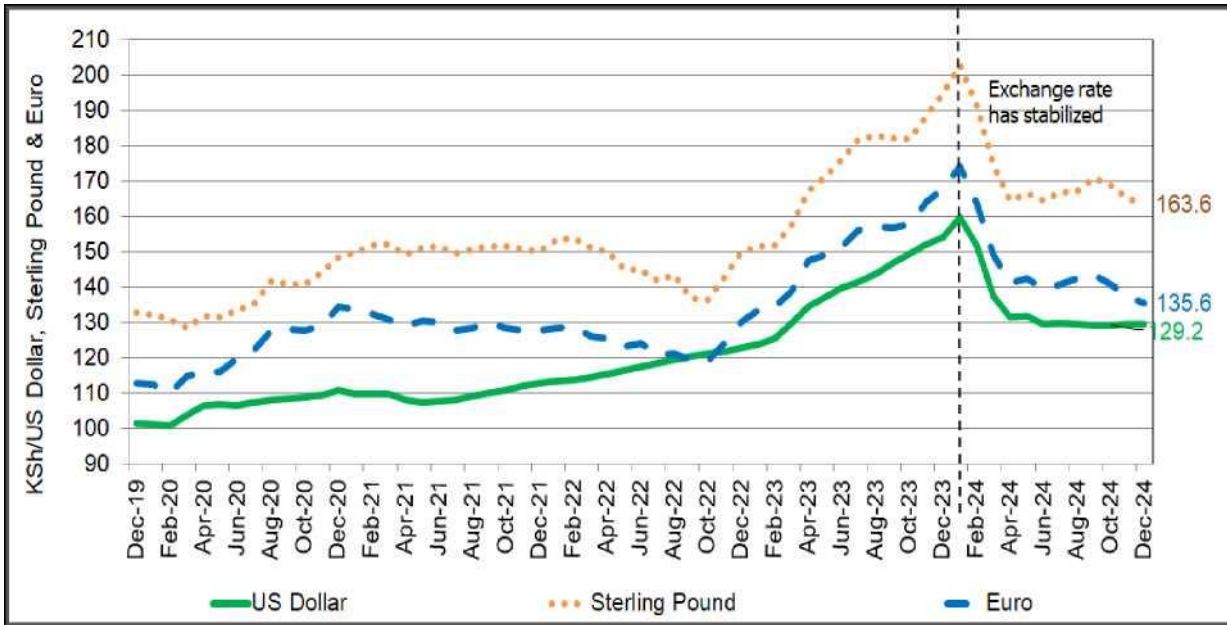
**Developments**

99. The foreign exchange market remained stable in 2024 despite increased global uncertainties, effects of a stronger U.S. Dollar and geopolitical tensions in the Middle East. The Kenya Shilling exchange rate was weaker at the turn of the year but strengthened against the U.S. Dollar from mid-February 2024 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 159.7 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 2.6).

100. 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 6: KENYA SHILLINGS EXCHANGE RATE**

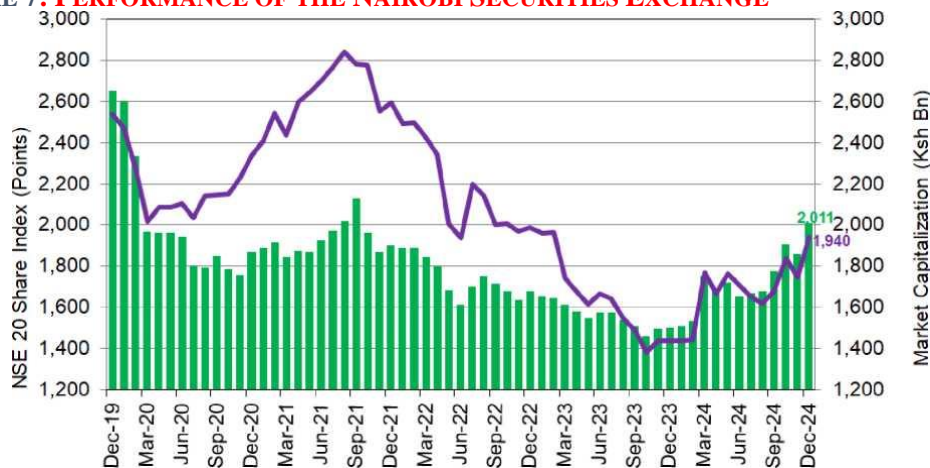


Source of Data: Central Bank of Kenya

### Capital Markets Developments

101. Economic recovery, appreciation of the Kenya Shilling against major international currencies and macroeconomic stability have created confidence and triggered inflows of foreign direct investment and attracted investors to the Nairobi Securities Exchange. The NSE 20 Share Index improved to 2,011 points in December 2024 compared to 1,501 points in December 2023 while market capitalization also improved to Ksh 1,940 billion from Ksh 1,439 billion over the same period (Figure 2.7).

**FIGURE 7: PERFORMANCE OF THE NAIROBI SECURITIES EXCHANGE**



Source of Data: Nairobi Securities Exchange

## 2.3 Fiscal Performance

102. Budget implementation for the FY 2024/25 was initially impeded by the withdrawal of the Finance Bill, 2024 and protests that led to a slowdown of economic activities. Additionally, the FY2023/24 closed with unpaid exchequer requests (carryovers) of Ksh 218.5 billion, and the implementation of the Collective Bargaining Agreements has continued to put pressure on the expenditures. To ensure seamless implementation of the FY 2024/25 budget and safeguard the fiscal consolidation plan, the National Treasury rationalized expenditures through the Supplementary Estimates I.

### Revenue Performance

103. By end November 2024, revenue collection amounted to Ksh 1,088.1 billion against a target of Ksh 1,169.8 billion resulting to an underperformance of Ksh 77.3 billion. The underperformance was mainly on account of shortfall registered in ordinary revenue. Total revenues grew by 7.6 percent by end November 2024 compared with a growth of 13.2 percent by end November 2023 (Table 2.5a).

104. Ordinary revenue for the period to November 2024 was Ksh 937.4 billion against a target of Ksh 1,009.0 billion translating into a shortfall of Ksh 71.6 billion despite recording a growth of 6.7 percent. All broad tax categories of ordinary revenue fell short of the respective targets during the review period. Value Added Tax (VAT) recorded the highest shortfall of Ksh 36.6 billion, Income tax recorded a shortfall of Ksh 15.2 billion, Excise duty of Ksh 11.7 billion and Import duty of Ksh 6.9 billion. This revenue trend is expected to reverse as economic activities pick up. Ministerial A-i-A amounted to Ksh 150.8 billion in November 2024 against a target of Ksh 156.4 billion recording a shortfall of 5.7 billion.

**TABLE 5: FISCAL PERFORMANCE AS OF 30TH NOVEMBER 2024**

	Nov-23			Nov-24					
	Prfl. Act. (Ksh Billion)	% of GDP	% Growth	Ksh Billion			% of GDP		
				Target	Prl. Act.	Deviation	Target	Prl. Act.	% Growth
<b>A. Total Revenue including External Grants</b>	<b>1,016.4</b>	<b>6.3</b>	<b>13.3</b>	<b>1,169.8</b>	<b>1,092.0</b>	<b>(77.8)</b>	<b>6.5</b>	<b>6.0</b>	<b>7.4</b>
<b>Total Revenues (1+2)</b>	<b>1,011.5</b>	<b>6.3</b>	<b>13.2</b>	<b>1,165.4</b>	<b>1,088.1</b>	<b>(77.3)</b>	<b>6.5</b>	<b>6.0</b>	<b>7.6</b>
1. Ordinary Revenue	878.9	5.4	11.7	1,009.0	937.4	(71.6)	5.6	5.2	6.7
Import duty	56.2	0.3	2.2	64.4	57.5	(6.9)	0.4	0.3	2.4
Excise duty	116.1	0.7	6.6	127.6	115.9	(11.7)	0.7	0.6	(0.2)
Income tax	380.4	2.4	11.1	429.0	413.8	(15.2)	2.4	2.3	8.8
VAT	266.1	1.6	19.8	284.8	248.2	(36.6)	1.6	1.4	(6.7)
Other Revenue	60.1	0.4	3.4	103.3	102.0	(1.3)	0.6	0.6	69.7
2. Ministerial Appropriation in Aid	132.7	0.8	23.6	156.4	150.8	(5.7)	0.9	0.8	13.6
3. External Grants	4.9	0.0	47.0	4.4	3.8	(0.5)	0.0	0.0	(21.4)
<b>B. Total Expenditure and Net Lending</b>	<b>1,160.6</b>	<b>7.2</b>	<b>6.1</b>	<b>1,509.5</b>	<b>1,442.9</b>	<b>(66.6)</b>	<b>8.4</b>	<b>8.0</b>	<b>24.3</b>
1. Recurrent Expenditure	920.7	5.7	11.9	1,149.4	1,091.8	(57.6)	6.4	6.0	18.6
2. Development	132.4	0.8	(11.1)	175.0	193.1	18.1	1.0	1.1	45.9
3. County Allocation	107.5	0.7	(11.9)	184.0	158.0	(26.0)	1.0	0.9	46.9
4. Contingency Fund	-	-	-	1.0	-	(1.0)	0.0	-	-
<b>C. Balance Exclusive of Grants</b>	<b>(149.1)</b>	<b>(0.9)</b>	<b>(25.5)</b>	<b>(344.0)</b>	<b>(354.8)</b>	<b>(10.8)</b>	<b>(1.9)</b>	<b>(2.0)</b>	<b>137.9</b>
<b>D. Balance inclusive of Grants (Cash basis)</b>	<b>(144.2)</b>	<b>(0.9)</b>	<b>(26.7)</b>	<b>(339.7)</b>	<b>(350.9)</b>	<b>(11.3)</b>	<b>(1.9)</b>	<b>(1.9)</b>	<b>143.3</b>
Discrepancy	(10.1)	(0.1)	(143.7)	-	49.1	49.1	-	0.3	(587.4)
<b>E. Total Financing</b>	<b>134.2</b>	<b>0.8</b>	<b>(39.0)</b>	<b>339.7</b>	<b>400.0</b>	<b>60.4</b>	<b>1.9</b>	<b>2.2</b>	<b>198.2</b>
1. Net Foreign Financing	(22.0)	(0.1)	(156.4)	217.5	(1.7)	(219.2)	1.2	(0.0)	(92.4)
2. Net Domestic Financing	156.2	1.0	(13.6)	122.1	401.7	279.6	0.7	2.2	157.2
<b>Nominal GDP (Fiscal Year)</b>	<b>16,131.5</b>	<b>100.0</b>	<b>15.2</b>	<b>18,054.3</b>	<b>18,054.3</b>	<b>-</b>	<b>100.0</b>	<b>100.0</b>	<b>11.9</b>

Source of Data: National Treasury

## Expenditure Performance

105. Fiscal operations by end of November 2024 resulted in an overall deficit including grants of Kshs 350.9 billion. Total expenditure and net lending in the period to November 2024 amounted to Ksh 1,442.9 billion against a target of Ksh 1,509.5 billion, translating to a shortfall in expenditure of Ksh 66.6 billion. This was largely on account of below target disbursement towards recurrent expenditure by Ksh 57.6 billion and County Governments by Ksh 26.0 billion (Table 2.5a). Development expenditures surpassed target by Kshs 18.1 billion mainly due to over absorption of foreign financed development projects by Ksh 14.8 billion and domestically financed projects by Ksh 5.2 billion. Revenue mobilization and financing challenges affected our ability to execute the FY2024/25 budget in a timely manner leading to cash flow challenges.

106. Fiscal operations by end of November 2024 resulted in an overall deficit including grants of Kshs 350.9 billion (1.9 percent of GDP) against a target of Kshs 339.7 billion (1.9 percent of GDP). The deficit was largely financed through net domestic financing of .7 billion (2.2 percent of GDP) as net foreign financing was a repayment of Ksh 1.7 .01 percent of GDP).

## 2.4 Fiscal Policy

107. The fiscal policy stance in the FY 2025/26 and over the medium term aims at supporting the priority programmes of the Government under the Bottom - Up Economic Transformation Agenda (BETA) and the MTP IV through a growth friendly fiscal consolidation plan. The plan targets to slow down the annual growth in public debt and implement an effective liability management strategy, without compromising service delivery to citizens. This is expected to boost the country's debt sustainability position. Fiscal consolidation will be supported by continued efforts to enhance domestic revenue mobilization, reprioritize and rationalize expenditure while safeguarding priority Government programmes and social spending. This is expected to boost the country's debt sustainability position. Fiscal consolidation will be supported by continued efforts to enhance domestic revenue mobilization, reprioritize and rationalize expenditure while safeguarding priority Government programmes and social spending.

108. Consequently, the Government's total revenue including A-i-A is projected to rise from 16.9 percent of GDP in FY 2024/25 to 18.2 percent of GDP in FY 2025/26 and further to 18.6 percent of GDP in FY 2026/27. Of the total revenue, ordinary revenue is projected to rise from 14.6 percent of GDP in the FY 2024/25 to 15.7 percent of GDP in FY 2025/26 and further to 16.1 percent of GDP in FY 2026/27. Total expenditure is projected at 22.5 percent of GDP in FY 2025/26 and FY 2026/27 from 21.5 percent of GDP in FY 2024/25. Of the total expenditures, recurrent expenditure is projected at 16.0 percent of GDP in FY 2025/26 and 15.9 percent of GDP in FY 2026/27 from 15.7 percent of GDP in FY 2024/25. The development spending in the budget will increase progressively over the medium term so as not to impact on growth momentum.



TABLE 6: FISCAL FRAMEWORK

1

	FY 2022/23	FY 2023/24	FY 2024/25			FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29
	<i>Actual</i>	<i>Actual</i>	<i>Budget Estimates</i>	<i>Suppl. 1 Budget</i>	<i>Suppl. 2 Budget</i>	<i>2025 BPS Projections</i>			
<i>Amount in Ksh Billion</i>									
<b>TOTAL REVENUE</b>	2,355.1	2,702.7	3,343.2	3,060.0	3,060.0	3,516.6	3,968.1	4,470.4	5,090.9
Ordinary revenue	2,041.1	2,288.9	2,917.2	2,631.4	2,631.4	3,018.8	3,424.7	3,876.4	4,441.7
Ministerial Appropriation in Aid	313.9	413.7	426.0	428.6	428.6	497.8	543.4	594.0	649.2
<b>TOTAL EXPENDITURE AND NET LENDING</b>	3,221.0	3,605.2	3,992.0	3,880.8	3,880.8	4,329.3	4,782.0	5,309.1	5,911.3
Recurrent	2,311.6	2,678.4	2,841.9	2,826.2	2,826.2	3,076.9	3,382.9	3,761.3	4,084.1
Development	493.7	546.4	701.5	599.5	599.5	804.7	944.4	1,080.8	1,346.2
County Transfer	415.8	380.4	444.5	451.1	451.1	442.7	449.7	462.0	476.0
Contingency Fund	-	-	4.0	4.0	4.0	5.0	5.0	5.0	5.0
<b>BALANCE EXCLUDING GRANTS</b>	(865.9)	(902.5)	(648.8)	(820.9)	(820.9)	(812.7)	(813.9)	(838.8)	(820.4)
Grants	23.1	22.0	51.8	52.3	52.3	53.2	63.6	66.8	67.1
<b>BALANCE INCLUSIVE OF GRANTS</b>	(842.9)	(880.5)	(597.0)	(768.6)	(768.6)	(759.4)	(750.3)	(771.9)	(753.3)
Adjustment to cash basis	37.0	45.4	-	-	-	-	-	-	-
<b>BALANCE INCLUSIVE OF GRANTS(cash basis)</b>	(805.8)	(835.1)	(597.0)	(768.6)	(768.6)	(759.4)	(750.3)	(771.9)	(753.3)
<i>Discrepancy</i>	(35.5)	(16.8)	-	-	-	-	0.0	0.0	0.0
<b>TOTAL FINANCING</b>	770.3	818.3	597.0	768.6	768.6	759.4	750.3	771.9	753.3
Net Foreign Financing	310.8	222.7	333.8	355.5	355.5	213.7	174.9	152.0	202.4
Net Domestic Financing	459.5	595.6	263.2	413.1	413.1	545.8	575.4	619.9	550.9
<b>Nominal GDP (Fiscal year)</b>	<b>14,299.2</b>	<b>15,826.4</b>	<b>18,054.3</b>	<b>18,053.7</b>	<b>17,434.5</b>	<b>19,272.8</b>	<b>21,285.6</b>	<b>23,529.5</b>	<b>26,018.8</b>
<i>As a share of GDP</i>									
<b>TOTAL REVENUE</b>	16.5	17.1	18.5	16.9	17.6	18.2	18.6	19.0	19.6
Ordinary revenue	14.3	14.5	16.2	14.6	15.1	15.7	16.1	16.5	17.1
Ministerial Appropriation in Aid	2.2	2.6	2.4	2.4	2.5	2.6	2.6	2.5	2.5
<b>TOTAL EXPENDITURE AND NET LENDING</b>	22.5	22.8	22.1	21.5	22.3	22.5	22.5	22.6	22.7
Recurrent	16.2	16.9	15.7	15.7	16.2	16.0	15.9	16.0	15.7
Development	3.5	3.5	3.9	3.3	3.4	4.2	4.4	4.6	5.2
County Transfer	2.9	2.4	2.5	2.5	2.6	2.3	2.1	2.0	1.8
Contingency Fund	-	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>BALANCE EXCLUDING GRANTS</b>	(6.1)	(5.7)	(3.6)	(4.5)	(4.7)	(4.2)	(3.8)	(3.6)	(3.2)
Grants	0.2	0.1	0.3	0.3	0.3	0.3	0.3	0.3	0.3
<b>BALANCE INCLUSIVE OF GRANTS</b>	(5.9)	(5.6)	(3.3)	(4.3)	(4.4)	(3.9)	(3.5)	(3.3)	(2.9)
Adjustment to cash basis	0.3	0.3	-	-	-	-	-	-	-
<b>BALANCE INCLUSIVE OF GRANTS(cash basis)</b>	(5.6)	(5.3)	(3.3)	(4.3)	(4.4)	(3.9)	(3.5)	(3.3)	(2.9)
<i>Discrepancy</i>	(0.2)	(0.1)	-	-	-	-	0.0	0.0	0.0
<b>TOTAL FINANCING</b>	5.4	5.2	3.3	4.3	4.4	3.9	3.5	3.3	2.9
Net Foreign Financing	2.2	1.4	1.8	2.0	2.0	1.1	0.8	0.6	0.8
Net Domestic Financing	3.2	3.8	1.5	2.3	2.4	2.8	2.7	2.6	2.1
<b>Nominal GDP (Fiscal year)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source of Data: National Treasury

## 2.4.1 Domestic Revenue Mobilization

109. Government will implement a mix of tax administrative and tax policy measures in order to boost revenue collection efforts by the Kenya Revenue Authority (KRA) to over Ksh 4.0 trillion in the medium term thereby supporting economic activity. In particular, the Government will focus on domestic resource mobilization efforts that include:

- i) Implementation of the National Tax Policy and Medium-Term Revenue Strategy 2025/26-2027/28;
- ii) Strengthening tax administration for enhanced compliance through expansion of the tax base, minimizing tax expenditures, leveraging on technology to revolutionize tax processes, sealing revenue loopholes and enhancing the efficiency of tax system; and,
- iii) Focus on non-tax revenues that Ministries, Departments and Agencies can raise through the services they offer to the public.

110. Implementation of the tax administrative reforms will target to:

- i) Reduce tax expenditures that now stands at 2.94% of GDP thereby adding revenues;
- ii) Expand the tax base and strengthen tax compliance as envisaged under the MTRS;
- iii) Rationalize tax structure to promote domestic production and encourage investments.

## **2.4.2 Expenditure Reforms**

93. Government will sustain measures to strengthen expenditure control and improve efficiency and effectiveness in public spending. These measures will include implementation of austerity measures aimed at reducing Government recurrent expenditure; roll out an end-to-end e-procurement system to maximise value for money and increase transparency in procurement; scale up use of Public Private Partnerships (PPPs) framework for commercially viable projects to crowd-in the private in the provision of public services; and expediting governance reforms targeting state corporations. Other expenditure measures will include:

### ***Implementation of Treasury Single Account***

94. To improve public cash management, the Cabinet approved implementation of Treasury Single Account (TSA) over a three-year period. Treasury Single Account (TSA) is a unified structure of Government bank accounts that enables the consolidation and optimum utilization of government cash resources. The implementation is in line with Section 17(2) and Section 9(1) of the Public Finance Management Act, 2012. The implementation of TSA will be rolled-out in phases as follows: -

- i) Phase 1: Comprises the migration to the TSA environment in the first year (FY 2024/25) of all state organs including constitutional institutions and independent offices categorized as Schedule I National Government entities as per Regulations 211(2) of the PFM (National Government) Regulations, 2015.
- ii) Phase 2: Comprises the migration of County Governments to the TSA in the second year (FY 2025/26) in close consultation with Intergovernmental Budget and Economic Council.
- iii) Phase 3: Comprises the migration in the third year (FY 2026/27), of all other national government entities categorized as Schedule 3, Schedule 4 and Schedule 5 as per Regulations 211 of the PFM (National Government) Regulations, 2015.

### ***Accrual Accounting***

111. To strengthen management of public resources, the Government is in the process of transitioning from cash basis to accrual basis of accounting to improve cash management and enhance financial and fiscal reporting. The accrual accounting will enable the Government to account for all assets and liabilities including all Government assets. The transition to accrual accounting process is guided by accounting standards (IPSAS 33) together with a Road Map to be approved by the Implementation Steering Committee. The maximum transition period allowed by the standard is three years and involves recognition of all assets and liabilities of government in the balance sheet. All financial assets including bank accounts will be recognized in the first year of transition. All other assets including natural resources will be recognized in the second and third year of transition.

### ***Zero-based Budgeting Approach***

112. The Government will entrench the adopted Zero-Based Budgeting approach in preparing the FY 2025/26 and future budgets. To implement Zero Based Budgeting, the National Treasury has developed the Budget Costing Tool in the IFMIS Budget Module for the National Government which has incorporated standardized costing methodologies to streamline calculation of budget baselines and prioritization to give credible base for preparation of budget estimates.

### ***Public Investment Management Reforms***

113. To deliver value for money in public capital expenditure, the Government will continue to implement the Public Investment Management (PIM) Regulations. These regulations are designed to streamline the initiation, implementation, execution, and delivery of public investment projects. Government Ministries, Departments and Agencies (MDAs) will be required to complete ongoing projects before starting new ones, thereby minimizing the Government's exposure to stalled initiatives and reducing fiscal risks. Furthermore, all ongoing and new projects approved under the PIM framework must assess environmental and climate-related risks. This includes evaluating carbon emissions and disaster risk management as part of the project assessments.

114. Over the medium term, the National Government will begin to roll out the PIM Regulations to County Governments and enhance the capacity of the Public Investment Management Information System (PIMIS) across all Ministries, Counties, Departments, and Agencies (MCDAs) to improve the management of development projects in all sectors. All State Departments, Semi-Autonomous Government Agencies (SAGAs), and State-Owned Enterprises (SOEs) will be required to provide a comprehensive list of all their projects. To promote transparency, accountability and digitization, the PIMIS system will be rolled out to all Ministries, Departments, and Agencies (MDAs) and Parastatals. They will be required to submit all project proposals through the PIMIS system. In addition, the Government will update the PIM-PPP framework to enable capturing the PPP projects in PIMIS system.

### ***National Assets and Liabilities Management Reforms***

115. To enhance the management of assets and liabilities in the public sector, the Government has initiated fiscal reforms geared towards automating and standardizing assets and inventory management in MDAs as well as County Governments. In this regard, the National Treasury has operationalized the Assets and Inventory Management Modules in the IFMIS. 52 State Departments have already gone live on the IFMIS Asset module and are at various stages of uploading their registers for six asset categories. Going forward, the modules will be rollout to County Governments. This reform will enable Accounting Officers have visibility of all assets and inventory under their control and facilitate optimal assets utilization. To enhance the management and utilization of public assets, the Government initiated the development of Assets Valuation Policy Framework for the public sector which will ensure completeness of the asset registers and facilitate transition to accrual accounting. Further, the Government has been undertaking physical verification to ascertain existence of assets reported by the MDAs registers. Going forward, the Government plans to develop an asset tagging framework to facilitate identification of public sector assets.

116. To effectively and efficiently discharge its mandate, the Government has adopted leasing as an alternative to asset acquisition in order to bridge the prevailing resource gaps and avail key resources, including land, to investors for capital investments. However, the absence of a standardized leasing framework has resulted in inconsistencies in leasing

practices across ministries, departments, agencies (MDAs), and county governments. The National Treasury therefore is in the process of developing a comprehensive leasing framework that will provide clear, standardized guidelines and processes for the leasing of government assets across all public sector entities. *Pension Reforms*

117. To sustain and strengthen the pension reforms, the Government will monitor and separate and delink the governance of the Public Service Superannuation Scheme, (PSSS) from that of the non-contributory scheme. Furthermore, the Government will revamp the public service pension administration through digitization and re-engineering of the pension management system. Digitization will streamline processes, improve accuracy, and facilitate timely pensions payments. This also enable better monitoring and management of pension-related matters while re-engineering will complement the digitization by availing an end-to-end Enterprise Resource Planning (ERP) solution that takes advantage of the modern IT technologies. To ensure that the pension scheme remains sustainable and that beneficiaries receive their entitled benefits, the Government will conduct an actuarial valuation of the future obligations of the non-contributory defined benefits pension scheme.

### **2.4.3 Deficit Financing Policy**

118. The Government will continue to mobilize resources from both domestic and external sources to meet its borrowing requirements. The external sources will be from multilateral, bilateral and commercial lenders while from domestic sources, resources will be from issuances of Treasury bonds and Treasury bills. While focus will be to maximize loans on concessional terms, non-concessional and commercial external borrowing will be limited to projects that cannot secure concessional financing and are in line with the Government development agenda.

119. Despite the disruptions to global supply chains and finance that has led to tightening and increased cost of external commercial financing, the Government will continue monitoring the macro environment conditions before accessing the international capital market through issuance of sovereign bonds and liability management operations. The Government will also explore other sources of financing including green and climate change financing options, if the macro-economic conditions improve. In addition, the Government may explore new markets through issuing Panda and Samurai Bonds as part of instruments diversification and deficit financing options.

120. The domestic debt market remains one of fundamental funding sources as it has contributed to more than half of the total funding requirements over the years and mitigates against shocks in the external debt markets. The Government is committed to continuous implementation of reforms aimed at improving efficiency in the domestic market and diversify the investor base. Further, the Government will continue to explore new financing options aimed at safeguarding the stability of the domestic debt market. In promoting financial inclusion and a saving culture, the Government has prioritized re-engineering the issuance of the M-Akiba bond process. The Government will revamp the mobile-phone retail product platform to ensure more retail investors are able to access government securities. The platform will be integrated into the new Central Bank's Central Securities Depository System thus providing an alternative investment opportunity for the informal sector.

121. To moderate debt accumulation and reduce debt service over the medium-term,



the Government will sustain fiscal consolidation efforts over the medium term to restore fiscal space.

## 2.5 Fiscal Responsibility Principles

122. In line with the Constitution, the Public Finance Management (PFM) Act, 2012, the PFM (National Government) Regulations, 2015 and in keeping with prudent and transparent management of public resources, the Government has adhered to the fiscal responsibility principles as set out in the statute as follows (**Table 2.6**).

- Over the medium term a minimum of thirty percent of the national and county governments budget shall be allocated to the development expenditure.
- National government's expenditure on the compensation of employees (including benefits and allowances) shall not exceed 35 percent of the national government's equitable share of the revenue raised nationally plus other revenues generated by the national government;
- Over the medium term, the national government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;
- Public debt and obligations shall be maintained at a sustainable level as approved by Parliament for the national government and the county assembly for county government;
- Fiscal risks shall be managed prudently; and
- A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, considering any tax reforms that may be made in the future.

**TABLE 7: PERFORMANCE OF FISCAL RESPONSIBILITY INDICATORS**

	FY 2022/23	FY 2023/24	FY 2024/25		FY 2025/26		FY 2026/27		FY 2027/28		FY 2028/29	
	Actual	Prel. Actual	Budget	Supp I Est.	BROP 2024	BPS 2025	BROP 2024	BPS 2025	BROP 2024	BPS 2025	BROP 2024	BPS 2025
	<i>Ksh Billion</i>											
1.0 Total Expenditure & Net Lending	3,221.0	3,605.2	3,992.0	3,880.8	4,329.3	4,329.3	4,782.0	4,782.0	5,309.1	5,309.1	5,911.3	5,911.3
1.1 Total Ministerial National Govt Expenses	1,970.3	2,214.3	2,374.8	2,230.2	2,590.1	2,590.1	2,899.0	2,899.0	3,263.1	3,263.1	3,748.3	3,748.3
Total Recurrent	2,311.6	2,678.4	2,841.9	2,826.2	3,076.9	3,076.9	3,382.9	3,382.9	3,761.3	3,761.3	4,084.1	4,084.1
CFS (Interest & Pensions)	837.3	1,018.8	1,213.5	1,237.2	1,331.1	1,331.1	1,465.9	1,465.9	1,616.7	1,616.7	1,719.7	1,719.7
Ministerial Recurrent	1,474.2	1,659.6	1,628.5	1,589.0	1,745.8	1,745.8	1,917.0	1,917.0	2,144.7	2,144.7	2,364.4	2,364.4
o/w Wages & Salaries	539.6	575.3	613.6	602.7	650.9	650.9	683.5	683.5	717.6	717.6	742.8	742.8
<i>Wages as % National Government Revenues/1</i>	<b>27.6%</b>	<b>24.5%</b>	<b>20.9%</b>	<b>22.8%</b>	<b>20.9%</b>	<b>20.9%</b>	<b>19.2%</b>	<b>19.2%</b>	<b>17.8%</b>	<b>17.8%</b>	<b>16.0%</b>	<b>16.0%</b>
Development	496.1	554.7	746.3	641.2	844.3	844.3	982.0	982.0	1,118.4	1,118.4	1,383.8	1,383.8
<i>Development as % Ministerial National Government expenditures</i>	<b>25.2%</b>	<b>25.1%</b>	<b>31.4%</b>	<b>28.7%</b>	<b>32.6%</b>	<b>32.6%</b>	<b>33.9%</b>	<b>33.9%</b>	<b>34.3%</b>	<b>34.3%</b>	<b>36.0%</b>	<b>36.0%</b>
1.2 County Allocation	415.8	380.4	444.5	451.1	442.7	442.7	449.7	449.7	462.0	462.0	476.0	476.0
Equitable share	399.6	354.6	400.1	410.8	405.1	405.1	417.0	417.0	429.4	429.4	443.4	443.4
Conditional Grants	16.2	25.8	44.4	40.2	37.7	37.7	32.7	32.7	32.7	32.7	32.7	32.7
2.0 Total Revenues	2,355.1	2,702.7	3,343.2	3,060.0	3,516.6	3,516.6	3,968.1	3,968.1	4,470.4	4,470.4	5,090.9	5,090.9
3.0 Total National Government Revenues (Incl. A-I-A)	1,955.5	2,348.1	2,943.1	2,649.1	3,111.6	3,111.6	3,551.1	3,551.1	4,041.0	4,041.0	4,647.5	4,647.5
4.0 National Government Domestic Borrowing (net)	459.5	595.6	263.2	413.1	545.8	545.8	575.4	575.4	619.9	619.9	550.9	550.9

Source: The National Treasury

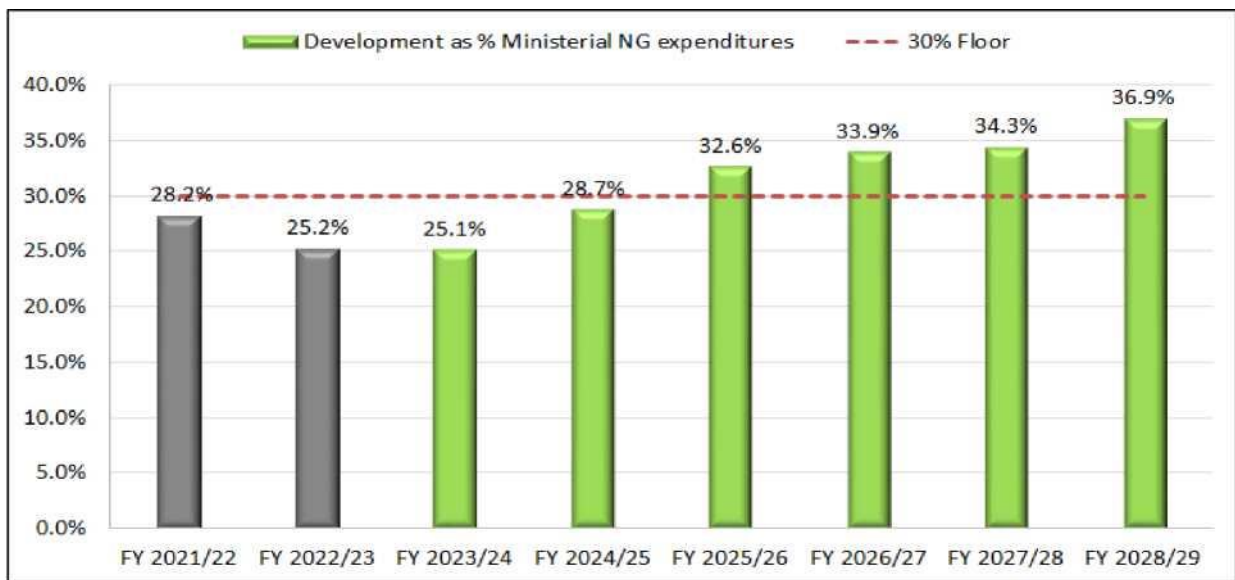
### 2.5.1 Allocation to Development Expenditure over the Medium Term

123. Consistent with the requirements of the law, the National Government's allocation

to development expenditures has been set above the 30 percent of its Ministerial expenditures. In FY 2023/24, the actual development spending for the National Government was 25.1 percent, falling short of the principles outlined in the PFM Act Cap. 412. However, the forecast had initially projected it to exceed 30 percent. This discrepancy was a result of spending rationalization during budget implementation.

124. The allocation to development expenditures is projected to increase to 32.6 percent in the FY 2025/26 and remain above the recommended threshold over the medium term as shown in **Table 2.6 and Figure 2.8**.

**FIGURE 8: DEVELOPMENT EXPENDITURES AS A PERCENT OF TOTAL NATIONAL GOVERNMENT BUDGET**



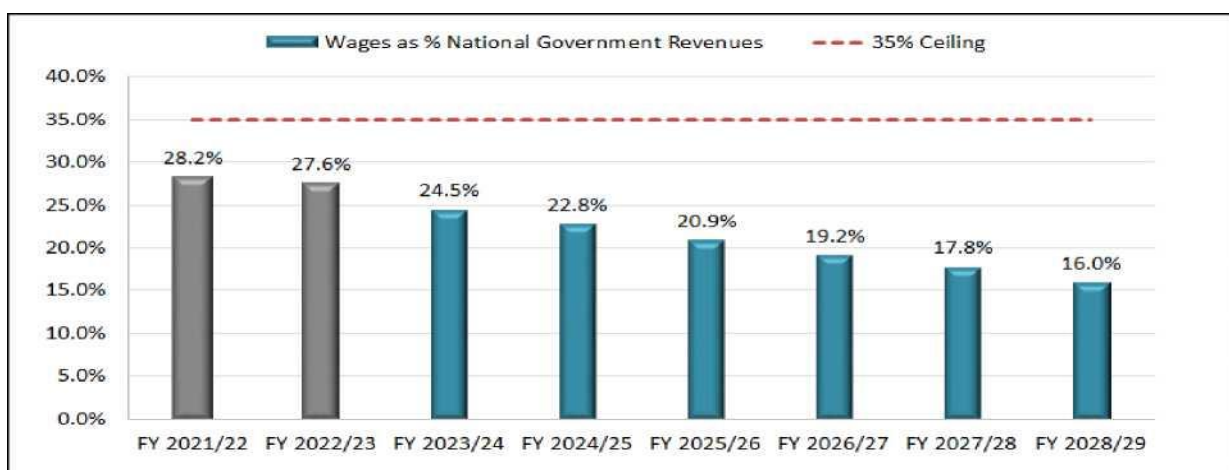
Source: National Treasury

### 2.5.2 Compliance with the Requirement on Expenditure on Wages and Benefits

125. The law requires that the National Government's expenditure on the compensation of employees (including benefits and allowances) shall not exceed 35 percent of the National Government's equitable share of the revenue raised nationally plus other revenues generated by the National Government pursuant to Article 209 (4) of the Constitution. In conformity to this regulation, the National Government's share of wages and employees benefits to revenues was

24.5 percent<sup>1</sup> in the FY 2023/24 which is within the statutory requirement of 35.0 percent of the National Government revenues, and is projected to decline to 22.8 percent in the FY 2024/25, and to further decline to 20.9 percent by FY 2025/26 (**Figure 2.9**).

**FIGURE 9: WAGES AS A PERCENTAGE OF NATIONAL GOVERNMENT REVENUES**



*1Wages: For teachers and civil servants including the police. The figure includes the funds allocated for the pension contributory scheme*

Source: National Treasury <sup>1</sup> The 24.5 percent is exclusive of Ministry of Defense and NIS

### 2.5.3 Compliance with the Requirement to use National Government's Borrowings only for Financing Development Expenditure

126. The National Treasury raises resources through borrowing to finance development projects as approved by Parliament in the National budget as per the PFM Act, 2012 Section 15(2) (c) principle of ensuring that the National Government's borrowing is used only for purposes of financing development expenditure and not for recurrent expenditure. The Government is committed and continues to adhere to this principle by ensuring that Government borrowing is used to finance development expenditure. In the FY 2023/24, Ksh 350.7 billion (46.0 percent) out of total borrowing (Ksh 768.6 billion) were used for development expenditure purposes. The amount is projected to increase to Ksh 641.2 billion in FY 2024/25, Ksh 844.3 billion in FY 2025/26, and Ksh 1,383.3 billion over the medium term.

### 2.5.4 Maintenance of Public debt and Obligations at a Sustainable Level

127. The PFM Act, 2012 requires that the National Treasury maintains public debt and obligations at sustainable levels. The debt sustainability analysis by International Monetary Fund (IMF) indicates that Kenya's public debt remains sustainable as a medium performer in terms of Debt Carrying Capacity (DCC). However, there is an elevated risk of debt distress because of global shocks leading to a slowdown of economic growth. The analysis of debt sustainability is as follows:

128. Public debt rose in 2023 amid currency depreciation and higher borrowing costs but had eased by end-June 2024 on exchange rate appreciation. The Present Value (PV) of overall public and publicly guaranteed debt rose to about 68.7 percent of GDP in 2023 (**Table 2.7**). Public debt/GDP ratio is projected to decline to the debt anchor of 55±5 percent of GDP in PV terms by 2028, supported by the Government's fiscal consolidation efforts. The decline in debt levels post 2028 will be reinforced by the Government's commitment to pursue the use of concessional funding, lengthen the maturity profile of public debt through issuance of medium to long dated bonds, and deepening of the domestic debt market to reduce cost of public debt and borrowing.

**TABLE 8: KENYA'S PUBLIC DEBT SUSTAINABILITY ANALYSIS**

Indicators	Thresholds	2023	2024	2025	2026	2027	2028	2029	2034	2044
PV of debt-to-GDP ratio	40	32.1	29.8	30.4	31.0	29.5	28.1	26.8	22.5	16.2
PV of debt-to-exports ratio	180	274.8	274.2	260.2	241.9	222.3	208.1	195.0	152.5	98.1
PPG Debt service-to-exports ratio	15	26.9	40.5	31.9	29.8	27.3	27.0	22.0	16.7	11.6
PPG Debt service-to-revenue ratio	18	18.8	25.2	20.6	20.4	18.9	18.6	15.5	12.6	9.8

Source: IMF Country Report No. 24/316 - November 2024

129. The external Debt Sustainability Analysis (DSA) demonstrates that the PV of the external debt to GDP ratio is below the 40 percent sustainability threshold throughout the projection period. External debt burden indicators in terms of exports and revenues breach respective thresholds but the ratios are expected to improve with the recovery of exports and economy recovery. The debt service to revenue ratio breaches the threshold of 18 percent in 2024 through to 2028. The high debt service to revenue ratio in 2024 was due to the international sovereign bond that matured in June 2024 (**Table 2.8**).



**TABLE 9: KENYA'S EXTERNAL DEBT SUSTAINABILITY**

Indicators	Thresholds	2023	2024	2025	2026	2027	2028	2029	2034	2044
PV of debt-to-GDP ratio	40	32.1	29.8	30.4	31.0	29.5	28.1	26.8	22.5	16.2
PV of debt-to-exports ratio	180	274.8	274.2	260.2	241.9	222.3	208.1	195.0	152.5	98.1
PPG Debt service-to-exports ratio	15	26.9	40.5	31.9	29.8	27.3	27.0	22.0	16.7	11.6
PPG Debt service-to-revenue ratio	18	18.8	25.2	20.6	20.4	18.9	18.6	15.5	12.6	9.8

Source: IMF Country Report No. 24/316 - November 2024

130. The solvency indicator of PV of Public and Publicly Guaranteed (PPG) external debt-to- exports and the liquidity indicator of debt service-to-exports remains above the thresholds of 180 percent and 15 percent through to 2029 due to anticipated maturities for commercial debt during the period. **(Table 2.8).**

131. Standard stress test results highlight the sensitivity of debt burden indicators in terms of exports and exchange rate depreciation. Under the most extreme shock scenario, the PV of debt- to-exports and the debt service-to exports ratios breach the threshold over the entire medium-term projection period. To improve the solvency ratios, the Government will continue to broaden the export base through the Bottom-Up Economic Transformation Agenda (BETA) focusing on value chain approach to support exports and increase remittances.

132. To reduce debt vulnerabilities, the Government will continue to implement its fiscal consolidation program and optimising the financing mix in favour of concessional borrowing to finance capital investments. Additionally, a steady and strong inflow of remittances and a favourable outlook for exports will play a major role in supporting external debt sustainability. The Government will further be proactive in public debt management through exploring possibilities of various Liability Management Operations (LMOs) with the aim of extending the maturity of existing debt to reduce immediate financial burden and manage cash flow more effectively.

### **2.5.5 Prudent Management of Fiscal Risks**

95. The Government has prudently managed its fiscal risks across several key areas to ensure financial stability. To achieve this, the Government established a Fiscal Risk Committee which will continue playing a key role in identification, quantification and management of fiscal risks going forward. First, the Government continues to address fiscal risks associated with public debt, maintaining sustainable levels to avoid undue pressure on public finances. Second, the Government has taken steps to mitigate the crystallization of contingent liabilities by ensuring that unforeseen obligations do not derail its fiscal objectives. Third, the Government is managing fiscal risks related to devolution, including those arising from county-level financial activities.

### **2.5.6 Compliance with the Requirement to Maintain of a Reasonable Degree of Predictability with respect to the Level of Tax Rates and Tax Bases**

96. On the principle of maintaining a reasonable degree of predictability with respect to the level of tax rates and the tax base, the National Treasury has developed and started implementation of the National Tax Policy whose objectives is to provide guidelines on taxation policy that support economic development and promote economic diversification, enhance the country's competitive edge, and establish tax incentive schemes that are aligned to the Government's development agenda, promote investment



and foster a flexible fiscal space that contains revenue-raising tax policy and administrative reforms to be undertaken over the medium-term. Further, the Government continues to carry out tax reforms through modernization and simplification of tax laws in order to lock in predictability and enhance compliance within the tax system. The main objective is to raise adequate tax revenues, predictable tax environment and minimize tax expenditures.

## 2.6 Kenya's Macroeconomic Outlook

97. Kenya's economic performance is projected to remain stable over the medium term (**Table 2.9 in calendar years and Annex Table 1 in fiscal years**). Economic growth is expected to slow 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.
98. The projected growth in 2025 and over the medium term will benefit from the enhanced agricultural productivity and a resilient services sector. Agriculture productivity is expected to be largely driven by favourable weather conditions and productivity-enhancing government interventions. However, the growth in the sector is expected to average around 3.0 percent in line with trend. The services sector is projected to remain resilient growing at an average of 6.6 percent over the medium term. Reforms in ICT sector is expected to boost growth in financial services, health, and public administration while Accommodation and restaurant subsectors will be boosted by Government's effort to revamp the sector, through promotion of high-profile international conference, cultural festivals and promoting wildlife safaris. The industrial sector is projected to grow from 0.9 percent in 2024 to 2.2 percent in 2025 and above 3.0 percent over the medium term. Growth in industry will be supported by reduction in costs of production and easing of exchange rate pressures. Additionally, the ongoing initiatives by the Government to support value addition is expected to boost growth in industry.
99. On the demand side, aggregate domestic demand is expected to remain resilient even as public sector consolidates with the private sector playing a stronger role in the medium-term recovery. This growth will be supported by improvement in the external account supported by strong export growth and resilient remittances.
100. Consumption is projected to average around 87.4 percent of GDP in 2025 and over the medium term driven by lower recurrent spending by the Government and relatively lower household disposable income as credit to the private sector gradually recovers. The easing of inflationary pressures will result in strong household disposable income, which will in turn support household consumption. Moreover, remittance inflows to Kenya are projected to remain resilient, providing further support to household incomes.
101. Aggregate investment is projected to rise from 16.2 percent of GDP in 2025 to 16.8 percent of GDP over the medium term driven by increased investments by both the Government and the private sector. Private investments will be boosted by stable macroeconomic conditions coupled with measures aimed at improving competitiveness, inclusivity, market efficiency, positive business sentiment, and access to the international market. Interventions by the Government to avail credit to the private sector will strengthen MSMEs thereby strengthen the private sector led growth opportunities. Investment will also benefit from an increased focus on Public Private Partnerships (PPPs) that are expected to partly fill the investment financing gap in the wake of

ongoing fiscal consolidation efforts which would reduce government domestic borrowing and lower yields on government securities.

102. Development spending in the budget will increase progressively over the medium term so as not to impact on growth momentum. This spending will support sustained Government investments in the Bottom-Up Economic Transformation Agenda. Particularly, investments in 53 Draft 2025 Budget Policy Statement the nine priority value chains (Leather, Cotton, Dairy, Edible Oils, Tea, Rice, Blue economy, Natural Resources (including Minerals and Forestry), and Building Materials). Government interventions towards climate change adaptation and mitigation measures that include rehabilitation of wetlands and reforestation are expected to support growth over the medium term.
103. Kenya's external position is expected to remain supportive of macroeconomic stability. Overall, the current account deficit is expected to be stable in the medium term. Exports are expected to recover, both from improvements in the global and regional trade outlook, and domestic conditions. Growth will also be supported by implementation of trade initiatives including the Kenya-EU Economic Partnership Agreement, and export promotion measures. Increased remittance inflows and tourism receipts are expected to further provide foreign exchange buffer. Imports are expected to grow as domestic demand recovers, particularly of raw materials, fuels, and intermediate goods, consistent with investment growth and the stability in the foreign exchange market.

#### ***Monetary Policy Management***

104. The monetary policy stance over the medium term will aim at achieving and maintaining overall inflation within the target range of  $5\pm 2.5$  percent while maintaining a competitive exchange rate and stable interest rates. Inflation is expected to remain within the target range supported by low and stable food prices on account of improved supply attributed to favourable weather conditions while fuel inflation is expected to remain low due to base effects, stable exchange rate and easing international oil prices. The main risks to inflation relate to uncertainty on the evolution of international oil prices due to the escalation of geopolitical conflicts (Middle East and Russia-Ukraine).
105. The ongoing implementation of reforms to modernize Monetary Policy Framework and Operations continues to enhance monetary policy transmission, support anchoring of inflation expectation and improve distribution of liquidity in the interbank market. In particular, the interest rate corridor, initially set at  $\text{CBR} \pm 250$  basis points was narrowed to  $\pm 150$  basis points in June 2024 to ensure that the interbank rate (operating target) closely tracks the CBR. Additionally, the reduction of the applicable interest rate to the Discount Window from the initial 600 basis points above CBR to 400 basis points above CBR and further to 300 basis points above the CBR has improved access to the Window. To further enhance efficiency in the interbank market and strengthen alignment of the policy rate with the interbank rate. The Central Bank of Kenya has recently undertaken the following major reforms in the operation of the interbank foreign exchange market:
- i) Introduction of electronic matching systems (EMS) in the interbank market;
  - ii) Requirement of maximum spread of 20 cents on indicative quotes in the interbank market removed; and
  - iii) The CBK published exchange rate is now a weighted average rate of all interbank transactions executed the previous day. Previously, the published rate was based on the indicative rate provided by selected major players in the interbank market.



106. Additionally, the implementation of the DhowCSD, an upgraded Central Securities Depository infrastructure, has greatly enhanced efficiency in investment in Government Securities. The DhowCSD also continues to improve the functioning of the interbank market by facilitating collateralized lending amongst commercial banks and further reducing segmentation in the interbank market.



**TABLE 10: KENYA'S MACROECONOMIC INDICATORS AND PROJECTIONS**

	2022	2023	2024	2025	2026	2027	2028	2029
	Act	Act.	Est.	Proj.	Proj.	Proj.	Proj.	Proj.
<i>annual percentage change, unless otherwise indicated</i>								
<b>National Account and Prices</b>								
Real GDP	4.9	5.6	4.6	5.3	5.3	5.4	5.4	5.4
Primary Sector	-0.8	5.6	4.3	2.6	2.8	3.1	2.9	3.0
- of which: Agriculture	-1.5	6.5	5.0	3.0	3.0	3.2	2.9	3.0
Secondary Sector	3.5	2.5	0.9	2.2	2.7	3.1	3.5	3.7
Services Sector	6.6	6.8	5.7	6.3	6.7	6.6	6.6	6.6
GDP deflator	7.0	6.1	4.7	5.0	4.8	4.6	4.9	4.9
CPI Index (eop)	9.1	6.6	4.8	5.0	5.0	5.0	5.0	5.0
CPI Index (avg)	7.6	7.7	4.5	5.0	5.0	5.0	5.0	5.0
Terms of trade (-deterioration)	0.7	-3.3	1.7	2.4	2.0	3.0	3.4	3.9
<b>Money and Credit (end of period)</b>								
Net domestic assets	7.5	4.6	9.4	9.3	9.1	9.5	9.0	9.7
Net domestic credit to the Government	10.3	6.3	5.5	6.1	6.1	5.6	4.4	5.9
Credit to the rest of the economy	7.8	4.4	8.8	12.1	11.6	11.0	10.0	13.4
Broad Money, M3 (percent change)	9.5	8.2	10.4	10.5	10.5	10.6	10.6	10.7
Reserve money (percent change)	6.0	7.6	4.3	10.4	10.4	10.5	10.5	10.6
<i>in percentage of GDP, unless otherwise indicated</i>								
<b>Investment and Saving</b>								
<b>Consumption</b>	<b>87.9</b>	<b>88.9</b>	<b>88.3</b>	<b>87.7</b>	<b>87.4</b>	<b>87.4</b>	<b>87.3</b>	<b>87.1</b>
Central Government	12.2	11.9	11.4	10.9	10.8	10.8	10.8	10.6
Private	74.9	76.2	76.2	76.2	76.1	76.1	76.1	76.1
<b>Gross Fixed Capital Investment</b>	<b>19.1</b>	<b>16.4</b>	<b>17.2</b>	<b>16.2</b>	<b>16.4</b>	<b>16.8</b>	<b>16.7</b>	<b>16.8</b>
Central Government	4.6	4.2	4.2	4.6	5.0	5.1	5.5	5.1
Private	14.4	12.2	13.0	11.6	11.5	11.7	11.2	11.7
<b>Gross National Saving</b>	<b>14.0</b>	<b>11.2</b>	<b>13.3</b>	<b>12.3</b>	<b>12.5</b>	<b>12.9</b>	<b>12.9</b>	<b>12.8</b>
Central Government	-4.1	-3.0	-4.9	-3.7	-2.8	-2.3	-2.1	-1.2
Private	18.1	14.3	18.1	16.1	15.3	15.2	14.9	14.0
Exports value, goods and services	12.2	11.7	11.7	11.1	10.9	10.7	10.2	10.5
Imports value, goods and services	21.5	20.4	19.8	18.5	17.9	17.4	16.7	15.5
Current Account Balance	-5.0	-5.1	-4.0	-3.9	-3.9	-4.0	-3.8	-4.0
Gross reserves in months of next yr's imports	4.3	3.7	3.9	4.0	4.0	4.0	4.2	4.0
Gross reserves in months of this yr's imports	3.9	4.0	4.3	4.3	4.3	4.3	4.3	4.3
<b>Central Government Budget in Fiscal Years</b>								
Total revenue	17.2	16.5	16.9	17.6	18.2	18.6	19.0	19.6
Total Expenditure and Net Lending	23.7	22.5	21.5	22.3	22.5	22.5	22.6	22.7
Overall Fiscal Balance excl. Grants	-6.5	-6.1	-4.5	-4.7	-4.2	-3.8	-3.6	-3.2
Overall Fiscal Balance, incl. Grants	-6.2	-5.9	-4.3	-4.4	-3.9	-3.5	-3.3	-2.9
Overall Fiscal Balance, incl. Grants, Cash Basis	-6.2	-5.6	-4.3	-4.4	-3.9	-3.5	-3.3	-2.9
Primary Budget Balance	-1.6	-0.8	1.3	1.4	1.7	2.1	2.3	2.5
<b>Public debt in Fiscal years</b>								
Nominal Central Government Debt (eop), Gross	71.9	66.7	65.0	62.7	60.3	57.8	55.2	52.2
Nominal Debt (eop), Net of Deposits	68.5	63.4	62.0	60.0	57.8	55.6	53.2	50.4
Domestic (Gross)	33.8	34.2	33.4	33.0	32.6	32.1	31.2	29.6
Domestic (Net)	30.4	30.9	30.4	30.3	30.2	29.9	29.2	27.8
External	38.1	32.5	31.6	29.7	27.7	25.7	24.0	22.6
<b>Memorandum Items:</b>								
Nominal GDP (in Ksh Billion)	13,490	15,109	16,544	18,325	20,221	22,351	24,708	27,329
Nominal GDP (in US\$ Million)	114,450	108,037	121,737	141,429	156,086	172,321	190,214	209,922

Source: The National Treasury

## 2.6 Risks to the Economic Outlook

214. Kenya's growth outlook portrays a stable macroeconomic environment in the medium term. However, there are downside risks to this macroeconomic outlook emanating from domestic as well as external sources. External risks include further escalation of geopolitical tensions - particularly the wars in the Middle East and Ukraine; potential worsening of supply disruptions due to the shipping crisis in the Red Sea and Suez Canal, which could result in higher import and production costs; and uncertainty about the evolution of international oil prices. Internally, extreme weather (drought or floods) could weaken agricultural output, lead to destruction of capital, increase food insecurity and lead to a surge in cases of water-borne diseases.

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

216. The upside risk to the domestic economy relate to fast-tracked implementation of structural reforms under BETA and the Fourth Medium-Term Plan (MTP) IV. Early normalization in global financing conditions and lower international fuel and food prices would strengthen Kenya's external balances. Faster than projected rebound in economic activities that would result in higher Government revenues providing fiscal space that would support fiscal consolidation. Continued coordination between monetary and fiscal policies are expected to result to a stable macroeconomic condition which is a necessary condition for investment and savings thereby promoting economic growth.

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

### **3.0 BUDGET FOR FY 2025/26 AND THE MEDIUM TERM**

74. During the FY 2025/2026, the County government will be committed to fiscal discipline by maximizing the revenue collection and allocation in economic and social growth. The goal will be achieved through need-based resource allocation across all sixteen key sectors. The county will put in place key strategies for revenue administration reforms to achieve the set targets in the 2025/2026 FY and the medium-term. Expenditure management will enable the county to effectively implement projects and programs within the budgets and expenditure framework.

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

75. In preparation of CFSP 202/2025 FY, the county will adopt programmes and projects from the County Integrated Development Plan (CIDP) 2023-2027, ADP (2024/2025), public participation reports, Departmental priorities, programmes and development policies of the County Government. The fiscal plan will be based on the county management reforms in revenue and expenditure management in order to maximize the achievements and projects gains in county spending. The plan will also be developed based on the sixteen county development Agenda and the medium-term plan from National government.

#### **3.2 Revenue Projections**

76. The County government projects to receive an allocation of **Kshs. 13,374,297,791** during the FY 2025/26 constituting an equitable share - **Kshs 11,384,160,751**, Own Source Revenue - **Kshs 1,050,000,000** and conditional grants - **Kshs 940,137,040**.

77. The County Executive will present to the County Assembly, more detailed structural measures to boost revenue generation through the Finance Bill, 2025, for consideration and enactment as required by the PFM Act, 2012.

**TABLE 11: REVENUE PROJECTIONS FOR FY 2025/2026 AND THE MTEF**

Source	Proposed Revenue Estimates FY 2025/26	Proposed Revenue Estimates FY 2026/27	Proposed Revenue Estimates FY 2027/28
<b>Equitable share</b>			
	11,384,160,751	11,498,002,359	11,612,982,382
<b>Sub Total Equitable Share</b>	<b>11,384,160,751</b>	<b>11,498,002,359</b>	<b>11,612,982,382</b>
<b>Grants</b>			
Road Maintenance Fuel Levy (RMFL)	445,098,850	449,549,839	454,045,337
Grants from World Bank- Kenya Devolution Support Programme (KDSP)	37,500,000	37,875,000	38,253,750
World Bank (Emergency Locust Response Project (ELRP))			
IDA (World Bank) credit (National Agricultural Value Chain Development Project (NAVCDP))	151,515,152	153,030,304	154,560,607
Health Service Support Project (HSSP/HSPS) - (DANIDA/IDA)	13,601,250	13,737,263	13,874,635
County Aggregation and Industrial Parks Programme (CAIPs)	-	-	-
Community Health Promoters (CHPs)	58,050,445	58,630,949	59,217,259
Kenya Urban Support Project( KUSP) , Urban Institutional Grant (UIG)- World Bank	28,400,000	28,684,000	28,970,840
Capital grants - World Bank Credit to Finance Locally - Led Climate Action Programme (FLLoCA), County Climate Resilience Investment (CCRI) Grant	205,807,064	207,865,135	209,943,786
Allocation for Court Fines	50,000	50,500	51,005
Allocation for 20% Share of Mineral Royalties	114,279	115,422	116,576
<b>Subtotal Grants</b>	<b>940,137,040</b>	<b>949,538,410</b>	<b>959,033,795</b>
Other Ministerial Own Source Revenue Targets	1,050,000,000	1,060,500,000	1,071,105,000
The NHIF arrears amounting to Kshs. 121,742,201 which was not remitted to the Ministry of Health and Sanitation by close of FY 2023/24	-	-	-
Revenue From Public Health not Swiped into CRF by close of FY 2023/24			
NHIF REFUND OF UN-UTILISED PREMIUM PAID FOR UHC MEDICAL PROGRAM (Over payment during FY 2020/21 - Elders Universal Coverage - Part of the KCHIC)	-	-	-
<b>OSR Subtotal</b>	<b>1,050,000,000</b>	<b>1,060,500,000</b>	<b>1,071,105,000</b>
<b>TOTAL</b>	<b>13,374,297,791</b>	<b>13,508,040,769</b>	<b>13,643,121,177</b>
<b>Revote from previous budget</b>			
% of Equitable Share Excluding Revote	85%	85%	85%
% of Own Resources Excluding Revote	8%	8%	8%
% of Grants Excluding Revote	7%	7%	7%
<b>Total Resource Envelope</b>	<b>13,374,297,791</b>	<b>13,508,040,769</b>	<b>13,643,121,177</b>

*Source: Ministry of Finance, Economic Planning and Revenue Management, 2025*

### 3.3 Expenditure Projections

78. The county expenditure for FY 2025/2026 is projected to be Kshs **13,374,297,791** which includes Kshs **5,786,484,512** for Personnel Emoluments, Kshs **3,407,991,406** for Operation and Maintenance, and Kshs **4,179,821,874** for development expenditure. The amounts are distributed across all the ministries based on the objectives, programmes and projects of the ministry.

79. In realization of the development agendas, the county departments will review their fiscal plans in both CFSP FY 2025/26 and the annual estimates to minimize on the non-priority programmes and projects.

In order to redirect expenditure to priority programs, county departments will review their budgets with the goal of removing low-priority expenditures and one-time expenditures from previous years in order to realize savings that can be realigned/reallocated to high priority programs and ensure completion of ongoing projects.

80. The performance of previously sponsored projects/programs will also be evaluated in order to improve development project execution and absorption capability. This will also guarantee that initiatives are properly planned and performed.

**Table 6** below shows the proposed ceilings per spending entity.



**TABLE 12: KITUI COUNTY GOVERNMENT - CFSP CEILINGS FY 2025/26**

County Ministry	PE	O&M	Total Recurrent	Development Estimates
Office of the Governor	529,581,247	775,428,416	1,305,009,663	870,500,000
Office of the Deputy Governor	73,796,522	79,910,065	153,706,587	44,000,000
Ministry of Water & Irrigation	94,035,125	65,731,948	159,767,073	610,286,000
Ministry of Education, Training & Skills Development	808,494,415	153,826,190	962,320,605	162,220,000
Ministry of Roads, Public Works & Transport	158,445,078	50,952,011	209,397,089	665,520,000
Ministry of Health & Sanitation	2,762,570,797	1,102,462,641	3,865,033,438	187,517,000
Ministry of Trade, Industry, MSMEs, Innovation & Cooperatives	86,850,458	111,744,436	198,594,894	214,300,000
Ministry of Energy, Environment, Forestry, Natural & Mineral Resources	54,437,555	55,914,131	110,351,686	441,604,000
Ministry of Culture, Gender, Youth, ICT, Sports & Social Services	76,942,160	102,071,156	179,013,316	85,933,000
Ministry of Finance, Economic Planning & Revenue Management	232,130,523	167,981,199	400,111,722	73,831,000
County Public Service Board	35,769,422	37,201,506	72,970,928	10,000,000
County Assembly Service Board	477,652,911	468,424,644	946,077,555	100,000,000
Kitui Municipality	35,508,829	46,559,814	82,068,643	85,461,000
Mwingi Town Administration	34,056,869	31,710,868	65,767,737	29,819,000
Ministry of Agriculture & Livestock	265,392,850	107,480,188	372,873,038	287,113,000
Ministry of Lands, Housing and Urban Development	60,819,750	50,592,194	111,411,944	186,412,000
<b>TOTALS</b>	<b>5,786,484,512</b>	<b>3,407,991,406</b>	<b>9,194,475,917</b>	<b>4,179,821,000</b>
<i>PERCENTAGE (%)</i>	43.3%	25.5%	68.75%	31.1%

Source: Ministry of Finance, Economic Planning and Revenue Management, 2025

### **3.4 Recurrent Expenditure Projections**

Total recurrent expenditure budget in the FY 2025/26 is estimated to be Kshs. **9,194,475,917** as compared to Kshs. **9,524,054,545** in FY 2024/25 printed budget estimates. The wage bill is projected at Kshs. **5,786,484,512 – Excluding Casuals** in the FY 2024/25 compared to Kshs. **5,839,661,464 – Including Casuals** in 2024/25 FY. The projected wage bill is **43.3** percent of total revenues.

81. The PFM (County Governments) Regulations, 2015, requires that the County Governments maintain employee compensation levels at not more than 35 percent of their total revenue. In the medium term, the County government is committed to ensuring compliance with this fiscal responsibility principle.

### **3.5 Development Expenditure Projections**

82. In the FY 2025/26, the overall development expenditure is expected to be Kshs. **4,179,821,874**. This accounts for **31.25%** percent of the overall budget, which is in line with the fiscal responsibility requirement of allocating at least 30 percent of the budget to development expenditure.

### **3.6 Overall Deficit and Financing**

83. To avoid deficits that have no clear plan on how they will be funded, the County Government has allocated resources for spending that are corresponding to the revenues expected in the FY 2025/26. The County budget shall be financed through transfer from the National Government and local revenue collected from fees, charges, rates, grants, among others as allowed by the governing legal framework. The FY 2025/26 fiscal framework is therefore fully financed.

### **3.7 Risks to the 2025/26 County budget framework**

84. The 2025/26 Kitui County budget framework is subject to several risks that could impact revenue generation, expenditure execution, and overall fiscal sustainability. A structured analysis of these risks is outlined below:

#### **a) Revenue Mobilization Constraints**

The county's reliance on national transfers and own-source revenue presents a significant risk, especially if economic downturns, policy shifts, or administrative inefficiencies lead to delays or reductions in funding. Unpredictable equitable share disbursements and dependency on donor grants (such as FLLoCA and NAVCDP) could disrupt project implementation. Furthermore, weak enforcement of local revenue collection mechanisms may result in underperformance against revenue targets.

#### **b) Public Expectations vs. Fiscal Realities**

Public participation in previous CFSPs has highlighted high community demands, including infrastructure development, healthcare, and water projects. Balancing these priorities within budgetary constraints remains a challenge, as funding shortfalls could lead to project delays, incomplete initiatives, or public dissatisfaction.

### **c) 3. Infrastructure Implementation Delays**

Capital-intensive projects, such as road construction, hospital upgrades, and water supply systems, face risks of delayed procurement, cost overruns, and contractor inefficiencies. Poor project oversight and bureaucratic hurdles could further exacerbate implementation challenges, increasing the likelihood of stalled or abandoned projects.

### **d) Administrative and Governance Risks**

Weak interdepartmental coordination, poor financial controls, and administrative inefficiencies could derail budget execution. Additionally, ineffective monitoring and evaluation mechanisms may hinder service delivery. The accumulation of pending bills remains a major concern, as unresolved obligations from previous fiscal years could constrain funds for new development initiatives.

### **e) Legislative and Compliance Risks**

Failure to adhere to Public Finance Management Act (PFMA), 2012 and other fiscal regulations could result in legal disputes, penalties, or delays in funding approvals. Oversight bodies such as the Auditor-General and the County Assembly may flag financial mismanagement, leading to budget revisions or withheld disbursements.

### **f) Economic and External Shocks**

Macroeconomic factors, including inflation, currency fluctuations, and national economic slowdowns, could impact construction costs, procurement of medical supplies, and agricultural investments. Climate change-related shocks, such as droughts and floods, may further strain county resources by increasing emergency response costs and disrupting food production.

### **g) Technological and Innovation Risks**

As the county adopts digital solutions for record-keeping, service delivery, and infrastructure management, risks such as technical failures, cybersecurity threats, and lack of skilled personnel may arise. Without adequate investment in ICT infrastructure and capacity building, digital transformation

## **3.8 Fiscal Structural Reforms**

### **3.8.1 Revenue mobilization**

85. Kitui County aims to significantly increase revenue collection in the 2025/26 financial year through a multi-faceted approach focusing on enhanced revenue mobilization, automation, and the adoption of global best practices. The key strategies include:

#### **1. Strengthening Revenue Mobilization**

##### **a) Expanding Revenue Sources**

- Diversification of revenue streams beyond traditional sources such as business permits and market fees by leveraging mining royalties, land rates, outdoor advertising, and environmental conservation charges.

- Strengthening the extraction of mineral royalties by formalizing artisanal mining operations and ensuring compliance with national revenue-sharing frameworks.

#### **b) Enhancing Local Revenue Collection Mechanisms**

- Increasing compliance levels through extensive sensitization and enforcement of revenue obligations among businesses and individuals.
- Strengthening the capacity of revenue officers through training and deployment of additional personnel in high-revenue potential areas.

### **2. Leveraging Automation for Efficiency and Transparency**

#### **a) Digitization of Revenue Collection Systems**

- Fully automating all revenue collection points, including land rates, cess fees, market fees, and parking charges, to reduce leakages, increase compliance, and enhance efficiency.
- Enhancing e-payment platforms (e.g., mobile payments, online portals, and bank integration) to reduce cash handling risks and improve accountability.
- Introducing real-time revenue dashboards for monitoring collections and providing real-time updates on revenue performance.

#### **b) Integration of Revenue Systems**

- Implementing GIS mapping for property tax collection, allowing for better assessment and enforcement of land rates and property valuations.
- Establishing a centralized database of all revenue sources, ensuring that all taxpayers are properly registered and billed accordingly.

### **3. Implementing Best Practices for Revenue Optimization**

#### **a) Strengthening Compliance and Enforcement**

- Conducting regular audits and assessments to identify revenue leakages and non-compliance cases.
- Enhancing enforcement units to ensure strict compliance with revenue laws, including fines and penalties for defaulters.
- Setting up a Revenue Court to expedite cases related to revenue collection disputes.

#### **b) Public Awareness and Stakeholder Engagement**

- Sensitizing businesses and individuals on the importance of revenue payment and its impact on service delivery.
- Encouraging public-private partnerships (PPPs) to expand the revenue base, particularly in real estate, energy, and tourism.
- Promoting voluntary tax compliance campaigns through incentives such as early payment discounts or recognition programs.

#### **c) Benchmarking and Policy Reforms**

- Adopting successful revenue collection models from high-performing counties.
- Conducting regular policy reviews to ensure that revenue laws are up to date and effectively enforced.

- Establishing an independent revenue board to oversee collections and make strategic recommendations.

### **3.8.2 Expenditure Management**

86. Kitui County will adopt a comprehensive, multi-faceted approach to expenditure management in the FY2025/26, emphasizing accountability, efficiency, and sustainability. Drawing from best practices both locally and internationally, the county will ensure that funds are used prudently and in alignment with its developmental goals. Below is the framework for expenditure management in Kitui County:

#### **87. Strengthening Budgeting and Financial Planning**

##### **a) Zero-Based Budgeting (ZBB)**

Kitui will implement zero-based budgeting to ensure that each expenditure is justified from scratch. This method will prioritize key projects that align with the county's strategic objectives, ensuring resources are allocated based on impact rather than historical spending. Public participation will be incorporated into the budgeting process, providing citizens with a voice in expenditure decisions.

##### **b) Performance-Based Budgeting (PBB)**

The county will introduce performance-based budgeting, where each department will be assessed based on its ability to achieve set goals. This approach encourages fiscal discipline and ensures that every allocation directly contributes to the county's development agenda.

#### **88. Enhanced Procurement Systems and Transparency**

##### **a) E-Procurement Systems**

Kitui will adopt an automated e-procurement system, modelled after successful national systems like Kenya's IFMIS. This will allow for transparent procurement processes, ensuring value for money and preventing corruption. Real-time monitoring and audit trails will be implemented to track procurement activities and ensure compliance with county policies.

##### **b) Competitive Procurement Processes**

All major projects will follow a competitive procurement approach, ensuring that only qualified contractors are awarded projects. This method will minimize the risk of poor-quality work and ensure cost efficiency.

#### **89. Strengthening Financial Oversight and Accountability**

##### **a) Internal and External Audits**

Kitui will continue to enhance its internal audit functions, supported by an Audit Committee that is fully operational. The county will also engage with external auditors to ensure compliance with the Public Finance Management Act (PFMA). Regular audits will track the expenditure and highlight inefficiencies or irregularities, fostering a culture of accountability.

##### **b) Fiscal Responsibility Laws and Commitments**

The county will enforce strict commitment control systems to manage pending bills and contain spending on non-essential items. This will include limiting travel expenses, focusing

only on essential training, and ensuring that circulars on cost reduction are implemented across all departments.

90. **Participatory Approach and Public Engagement**

**a) Community-Driven Project Identification**

Kitui will continue using a participatory approach to identify projects at the ward level, ensuring that investments are based on actual community needs. These projects will be approved by the County Assembly and executed in full compliance with the law, deepening devolution and ensuring that services are brought closer to the people.

**b) Civic Education and Awareness**

The county will continue to conduct civic education programs to raise awareness about the budgetary process and the use of public funds. Increased engagement between the County Government and the County Assembly will ensure smooth coordination and enhance the efficiency of service delivery.

91. **Technology-Driven Financial Management**

**a) Integrated Financial Management System (IFMIS)**

Kitui will continue using the Integrated Financial Management System (IFMIS) for processing payments. This will ensure real-time tracking of expenditures and help maintain financial discipline. Furthermore, the county will invest in budgeting and financial management software to enhance monitoring and control of public funds.

92. **Containing Recurrent and Non-Essential Spending**

**a) Budget Controls and Cost-Cutting Measures**

To ensure that recurrent and non-essential spending does not overrun the budget, Kitui will implement targeted interventions. These will include limiting foreign and domestic travel to only the most critical activities, restricting training to essential needs, and issuing circulars for strict cost reduction across all departments.

**b) Commitment Control and Pending Bills Management**

The county will continue to tighten commitment controls and put systems in place to reduce the stock of pending bills. This will be critical in avoiding debt accumulation and ensuring timely project execution.

93. **Capacity Building and Consultation**

**a) Capacity Building for Effective Implementation**

To support other departments in properly managing their budgets, Kitui will continue capacity building initiatives. This will ensure that all staff involved in budgetary processes are equipped with the necessary skills to handle financial resources effectively.

**b) Consultations with the County Budget and Economic Forum (CBEF)**

Consultations with the County Budget and Economic Forum (CBEF) will be deepened to foster collaboration in planning, budgeting, and financial management. These consultations will ensure transparency, accountability, and compliance with fiscal policies, particularly the PFM Act.

### **3.9 Guiding Principles in Resource Allocation**

94. The PFM Act, 2012 and the PFM (County Regulations), 2015 sets out fiscal responsibility principles that guide the Medium-Term Expenditure Framework (MTEF) for the County. The guiding principles that are considered in the allocation of the available resources include:

95. The requirement that the County public debt shall never exceed twenty (20) percent of the County government's total revenue at any one time. The county will not be incurring any debt; The County Government wages shall be contained at thirty-five (35) percent of the County government's total revenue in the medium term; the approved expenditures of a County assembly will be as per senate's recommendations, the County government actual expenditure on development shall be at least thirty percent.

### **3.10 County's Adherence to the Fiscal Responsibility Principles.**

137 The proposed MTEF adheres to the fiscal responsibility principles outlined by law: The development expenditures have been projected at 30 percent of the County budget against an obligatory minimum of 30 percent. Fiscal risks will be managed prudently to ensure a reasonable degree of predictability with respect to the level of tax rates, charges and tax bases. The County does not intend to borrow in the FY 2025/26 and has therefore adhered to the principle of debt not exceeding 20 percent of the County government's total revenue.

### **3.11 Resource Sharing Guidelines**

138 Allocation of Departmental ceilings over the medium term has been informed by these guidelines. In the recurrent expenditure category, nondiscretionary expenditures take first charge. This includes payment of Salaries and wages projected at **43.3** percent of the expected total revenue receipts. Other recurrent expenditures that include operations and maintenance account for **25.5** Percent of the projected total revenue. Development expenditure takes **33.25** percent of the total revenue available. Development expenditures have been shared out on the basis of the CIDP priorities and strategic interventions identified in various forums. Also included in the criteria used for apportioning the capital budget is ongoing projects and intervention on investment projects in priority areas that support social development, economic growth and transformation of the County. The projected Departmental expenditure ceilings are summarized in the **Table 7** on Medium Term Departmental ceilings.



**TABLE 13: MEDIUM TERM CEILINGS PER COUNTY MINISTRY / SPENDING ENTITY, 2024/25-2027/28 (KSHS)**

Spending Entity	Projected Estimates 2024/25 - Sup I (A)	% of the Total Budget 2024/25	Projected Estimates 2025/26 (B)	% of the Total Budget 2025/26	Change from the 2024/25 Budget (B-A)	% Change from the 2024/25 Budget	Projected Estimates 2026/2027	% of the Total Budget 2027/28
Office of the Governor	2,472,832,979	17%	2,300,808,399	17.20%	172,024,580	11.74%	2,323,816,483	2,347,054,648
Office of the Deputy Governor	192,502,035	1%	197,709,395	1.48%	(5,207,360)	-0.36%	199,686,489	201,683,354
Ministry of Water	773,745,520	5%	770,053,259	5.76%	3,692,261	0.25%	777,753,792	785,531,330
Ministry of Education, Training & Skills Development	1,076,211,002	7%	1,124,540,975	8.41%	(48,329,973)	-3.30%	1,135,786,385	1,147,144,249
Ministry of Roads, Public Works & Transport	962,199,744	6%	874,917,939	6.54%	87,281,805	5.95%	883,667,118	892,503,790
Ministry of Health	4,248,464,905	29%	4,052,550,960	30.30%	195,913,945	13.37%	4,093,076,470	4,134,007,234
Ministry of Trade, Industry, Msmes, Innovation & Cooperatives	838,101,052	6%	412,894,894	3.09%	425,206,158	29.01%	417,023,843	421,194,081
Ministry of Energy, Environment, Forestry, Natural & Mineral Resources	497,371,424	3%	551,955,980	4.13%	(54,584,556)	-3.72%	557,475,540	563,050,295
Ministry of Culture, Gender, Youth, Ict, Sports & Social Services	210,662,948	1%	264,947,221	1.98%	(54,284,273)	-3.70%	267,596,693	270,272,660
Ministry of Finance, Economic Planning & Revenue Management	546,445,346	4%	473,943,035	3.54%	72,502,311	4.95%	478,682,465	483,469,290
Ministry of Agriculture & Livestock	936,178,009	6%	659,986,089	4.93%	276,191,920	18.84%	666,585,950	673,251,809
Ministry of Lands, Housing & Urban Development	337,509,217	2%	297,824,071	2.23%	39,685,146	2.71%	300,802,312	303,810,335
County Public Service Board	91,600,726	1%	82,970,928	0.62%	8,629,798	0.59%	83,800,637	84,638,644
County Assembly	1,387,541,550	9%	1,046,077,555	7.82%	341,463,995	23.30%	1,056,538,331	1,067,103,714
Kitui Municipality	166,093,522	1%	167,530,354	1.25%	(1,436,832)	-0.10%	169,205,658	170,897,714
Mwingi Municipality	102,556,767	1%	95,586,737	0.71%	6,970,030	0.48%	96,542,604	97,508,030
<b>Total</b>	<b>14,840,016,746</b>	<b>100%</b>	<b>13,374,297,791</b>	<b>100.00%</b>	<b>1,465,718,955</b>	<b>100.00%</b>	<b>13,508,040,769</b>	<b>13,643,121,177</b>

Source: Ministry of Finance, Economic Planning and Revenue Management, 2025

## 3.12 Prudent Management of Fiscal Risks

### 3.12.1 Pending Bills

The largest portfolio of the County liabilities is pending bills. These liabilities were incurred mainly from individuals and businesses who supplied goods and services to the County Government and have been consolidated to form the county debt obligation. However, these could increase owing to possible litigation and interest accumulation.

The County Government after August 2022 general elections formed the Kitui County Pending Bills Review Committee, 2022, to verify all pending bills claims. The Committee received claims totalling **Kshs. 2,560,718,639**. Out of these **Kshs. 1,431,226,010** was cleared for payment and **Kshs.1,129,492,629**. was subjected to further verification, valuation and validation by the Pending Bills Review & Advisory Team.

**Kshs. 1,431,226,010**, cleared by the Pending Bills Review Committee comprised of **Kshs. 897,594,528** bills for provision of goods, works and services and **Kshs 533,631,481** being bills for legal services (including interests). Of the **Kshs 897,594,528** owed to merchants for goods, work and services, a total of **Kshs 728,685,647** has been paid, with **Kshs 92,364,521** being confirmed either paid before the **PBRC** or not payable for lack of documents. A balance of **Kshs 76,544,360** is outstanding. For legal fees, a total of **Kshs 188,009,858** has been paid, **Kshs 233,957,531** has been waived through negotiations. To date, an amount of **Kshs 111,664,092** for court decrees and arbitral awards is still outstanding. In summary, for the **Kshs 1,431,226,010** approved by the **PBRC**, a total of **Kshs 1,243,017,557** has been settled so far, with **Kshs 188,208,453** still outstanding.

Further, on the **Kshs. 1,129,492,629** which were recommended for verification and valuation, the Pending Bill Review Advisory Team (**PBRAT**) has reviewed bills worth **Kshs 334,894,092**, for which bills valued at **Kshs 233,880,975** have been cleared for payment while an amount of **Kshs 101,013,117** has been declared ineligible for payment. A total of **Kshs 135,956,170** has been paid, being part of the pending bills approved by the **PBRAT**. The total amount paid (including bills settled through negotiations) is **Kshs 1,286,609,205**.

This information is presented in tables 1 and 2 below.

**TABLE 14: PAYMENT STATUS OF PENDING BILLS AS AT DECEMBER, 2024**

Category	Claim Amount	Actual Paid	Variance
<i>Grand Total Lot 1 (2012-2016)</i>	307,425,968.00	228,626,632	78,799,335
<i>Grand Total Lot 2 (2017-2021)</i>	233,808,008.00	171,449,483	62,358,525
<i>Grand Total Lot 3 (2022)</i>	356,360,552.00	328,609,531	27,751,021
<b>Total Bills for Works, Goods, and Services Cleared by PBRC</b>	<b>897,594,528.00</b>	<b>728,685,647</b>	<b>168,908,881</b>
Total Bills for Court Decrees and Arbitral Awards	533,631,481	188,009,858	345,621,623
<b>Sub Total</b>	<b>1,431,226,010</b>	<b>916,695,505</b>	<b>514,530,505</b>
Bills subject to verification, valuation and validation	1,129,492,629	135,956,170	993,536,459
<b>Grand Total</b>	<b>2,560,718,639</b>	<b>1,052,651,675</b>	<b>1,508,066,964</b>

Source: Ministry of Finance, Economic Planning and Revenue Management, 2025.

**TABLE 15: ANALYSIS OF THE VARIANCES**

Category	Variance	Amount Payable	Amount Not payable/waived
<i>Grand Total Lot 1 (2012-2016)</i>	78,799,335	2,746,348	76,052,988
<i>Grand Total Lot 2 (2017-2021)</i>	62,358,525	50,799,172	11,559,353
<i>Grand Total Lot 3 (2022)</i>	27,751,021	22,998,840	4,752,181
<b>Total Bills for Works, Goods, and Services Cleared by PBRC</b>	<b>168,908,881</b>	<b>76,544,360</b>	<b>92,364,521</b>
Total Bills for Court Decrees and Arbitral Awards	345,621,623	111,664,092	233,957,531
<b>Sub Total</b>	<b>514,530,505</b>	<b>188,208,452</b>	<b>326,322,052</b>

Source: Ministry of Finance, Economic Planning and Revenue Management, 2025

The total value of pending bills as at the closure of the financial year 2023/2024 was **Kshs 829,918,625**. This amount includes the pending bills which were approved by the Pending Bill Review Committee, 2022 which remained unpaid, pending bills approved by the PBRAT and were not as well as those bills which were included in the year ending June 2024.

*It is important to note that as further bills are verified, valued and validated by the Pending Bills Review and Advisory Team, the amount payable will continue to change. These changes will be updated to the pending payment plan which has been submitted to the Office of the Controller of Budget.*

## 4.0 DEPARTMENTAL/ SECTOR PRIORITIES FOR THE FY 2025/26 COUNTY FISCAL STRATEGY PAPER

### 4.1.1 OFFICE OF THE GOVERNOR

County Ministry/ Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for FY 2025/2026	Expected Outcomes	Budget Estimates
OFFICE OF THE GOVERNOR	<b>PUBLIC SERVICE MANAGEMENT &amp; GENERAL ADMINISTRATION, AND OFFICE OF THE COUNTY SECRETARY</b>				
	Human Resource Management	To ensure fair compensation for employee	P.E- Staff salaries and wages	Motivated and retained workforce	529,581,247
	Administrative Services	To enhance operational efficiency for improved service delivery	Operations and Maintenance (O&M) for Governor's Office (General Administration and Support Services)	Uninterrupted operations in the Governor's office	107,500,200
	Employee Welfare	To promote staff well-being and productivity	Staff medical cover	Improved staff health and productivity	310,000,000
	Asset Protection	To ensure risk management associated with motor vehicles	Motor vehicle Insurance	Enhanced risk mitigation for government vehicles	40,000,000
	Workforce Development	To enhance operational efficiency for improved service delivery	Human Resources Programme	Strengthened human capital efficiency	17,720,000
	Law and Order	To enhance operational efficiency for improved service delivery	Enforcement Unit Programme	Improved compliance and security enforcement	14,770,000
	Social Support	To enhance operational efficiency for improved service delivery	Special Programme Unit	Effective response to special county needs	8,870,000
	Governance and Policy	To enhance operational efficiency for improved	Policy development and coordination Programme	Streamlined policy formulation and execution	5,600,000

County Ministry/ Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for FY 2025/2026	Expected Outcomes	Budget Estimates
		service delivery			
	Information Management	To enhance operational efficiency for improved service delivery	Records Management Unit	Enhanced document preservation and retrieval	12,120,000
	Executive Coordination	To enhance operational efficiency for improved service delivery	Office of the County Secretary with Cabinet Affairs	Improved governance and decision-making	54,564,734
	<b>Sub-Total Recurrent</b>				<b>1,100,726,181</b>
	<b>Development</b>				
	Infrastructure Enhancement	To promote equitable development across the entire County's 40 Wards and 247 villages through implementing small-scale infrastructure projects addressing immediate community needs	Community Level Infrastructure Development Programme (CLIDP)	Improved local development and service delivery	557,857,324
	Financial Obligations	To ensure the settlement of outstanding financial obligations	CLIDP Pending Bills as at 31st January 2025	Cleared outstanding debts and enhanced credibility	192,142,676
	Infrastructure Development	To provide office space for enhanced service delivery	Construction of County Offices Block	Increased office space and service efficiency	60,000,000
	Facility Improvement	To Improve office space for enhanced service delivery	Refurbishment of the Governor's Administration Block	Enhanced working conditions and service delivery	7,000,000
	<b>Sub-Total Development</b>				<b>817,000,000</b>
	<b>Total PSMA &amp; County Secretary</b>				<b>1,917,726,181</b>
	<b>GOVERNOR'S SERVICE DELIVERY UNIT &amp; SEKEB</b>				
	Strengthening governance, performance, executive coordination, public engagement, and diplomatic relations	To enhance intergovernmental collaboration, coordination, and operational efficiency.	<b>South-Eastern KENYA Economic Block (SEKEB)</b>		
			Stake Holders Forum Subscription	Enhanced collaboration and active participation in regional initiatives.	15,000,000
			Annual Contribution to SEKEB	Sustained operations and implementation of SEKEB's	5,000,000

County Ministry/ Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for FY 2025/2026	Expected Outcomes	Budget Estimates		
	through legal compliance, monitoring, strategic leadership, transparent communication, and protocol management.			strategic goals.			
			Support to SEKEB Secretariate	Improved administrative capacity and coordination of SEKEB activities.	10,000,000		
			Annual Contribution to Council of Governors	Strengthened intergovernmental relations and collective decision-making.	2,000,000		
			Furnishing of SEKEB Office with Purchase of Computer Assories & Repairs	Improved office functionality and efficiency in service delivery.	5,000,000		
			<b>Office of Chief of Staff</b>				
			Leason committee between County Executive & Council of Governors	Enhanced coordination and collaboration between the County Executive and the Council of Governors.	35,000,000		
			Support to Council of Governors activities	Strengthened execution of intergovernmental programs and policies.	4,000,000		
		To enhance accountability, efficiency, and engagement for effective service delivery and sustainable development.	<b>Office of the County Attorney</b>				
			Legal Dues/ Fees, Arbitration and Compensation Payments(including on-going cases)- with - Outstanding Commitments for Budgeted Works/ Services Done, Valued and Not Paid by Close of FY 2023/24	Settlement of all outstanding legal dues, ensuring timely payments for services rendered. Eliminate backlog of legal payments by end of FY 2025/26.	30,000,000		
			Hire of a pool of Qualified professionals (Lawyers)	Effective hiring and retention of a team of qualified professionals (lawyers) for ongoing and new legal matters.	25,000,000		

County Ministry/ Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for FY 2025/2026	Expected Outcomes	Budget Estimates
				Strengthening legal capacity and expertise.	
		To foster public engagement by ensuring timely delivery and aligning with broader communication goals, thereby supporting transparent and effective governance.	<b>Public Communication Programme</b>		
			Printing Services-Score Card and other County Publications	A comprehensive scorecard to track and assess the quality, timeliness, and cost-effectiveness of all Development Projects across the County.	10,000,000
			Enhanced Budget for Governor's Communications Activities: Engage external media, newspaper supplements, outside broadcasts, livestreams	Increased media presence and coverage, fostering improved public awareness of the Governor's initiatives and policies through external media channels.	7,000,000
		Enhance the tracking and evaluation of county programs to ensure they meet set objectives and deliverables.	County Integrated Monitoring and Evaluation (Tracking of county programmes)	Improved tracking and evaluation of county programs, ensuring accountability and performance measurement across departments.	9,815,600
		Strengthen the Protocol Unit's capacity to manage official Governor's ceremonies, state visits, and dignitary engagements efficiently.	Protocol Unit	Seamless and well-coordinated official events, promoting professionalism and enhancing the county's image in both local and inter-Governmental forums.	10,345,600
		To optimize the management of operational expenses, ensuring cost efficiency and uninterrupted services.	Other Operation and Maintenance Expenses for all the Programmes (DSA, Electricity, Printing, Water and Sewerages services, Fuels etc.)	Smooth delivery of essential services and improved overall Departmental efficiency.	34,890,000
	<b>TOTAL O&amp;M FOR GSDU</b>				<b>203,051,200</b>
	<b>DECENTRALIZED UNIT</b>				



<b>County Ministry/ Spending Entity</b>	<b>Broad Priorities</b>	<b>Broad Strategic Objectives</b>	<b>Proposed Projects and Programmes for FY 2025/2026</b>	<b>Expected Outcomes</b>	<b>Budget Estimates</b>
	Institutional Efficiency & Service Delivery	Ensure smooth operations and functionality of administrative units	Operations and maintenance (O& M)	Improved efficiency in service delivery, well-maintained facilities	19,659,400
	Digital Infrastructure & Office Efficiency	Enhance administrative capacity through improved ICT tools	Purchase of Computer accessories administrators and HQ staff.	Improved productivity, enhanced digital record-keeping	1,250,000
	Administrative Support & Office Management	Ensure seamless office operations with adequate supplies	Purchase of Computer office stationary for the administrators and HQ staff	Improved workflow, enhanced service efficiency	1,680,000
	Public Hygiene & Sanitation	Enhance cleanliness in markets and public spaces	Sanitary and Cleaning materials supplies for 235 casual/market cleaners (lakes, shovels, hard brooms, brooms, detergents, gloves and dust coats)	Improved public health, better waste management	1,341,000
	Digital Transformation & Governance	Equip administrators with modern computing tools	Purchase of Computers/laptops (8SCAs, 8DSCAs, 3WAs and D/Director	Enhanced efficiency in administrative tasks	2,550,000
	Workplace Safety & Branding	Standardize uniforms for safety and identity	Supply of staff and casual uniform (372staff corporate shirts and 235market cleaners dust coats.	Improved team identity, better visibility in public service	1,100,000
	Communication & Coordination	Ensure seamless communication for county administration	Administrators' airtime for all the SCAs @4,000, DSCAs @4,000, Was @2,500 and HQ Directors @4,000 and office internet	Improved responsiveness and coordination	2,815,000
	Public Engagement & Governance	Facilitate participation in key county events	Administrators' facilitation for County Events facilitations/allowances (Agricultural show @3,494,850 and Public Announcement of Ministerial performance evaluation results 3,494,850)	Enhanced public awareness, improved governance outreach	6,989,700
	Transport & Logistics	Ensure reliability and efficiency of county fleet	Routine vehicle service and maintenance for 40 motor bikes, sub county vehicles and HQ vehicles (HQ motor vehicle @2,000,000, K/south vehicle @500,000, M/central	Reduced downtime, improved mobility	5,300,000

County Ministry/ Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for FY 2025/2026	Expected Outcomes	Budget Estimates
			vehicle @400,000, M/north vehicle @400,000, M/west vehicle @1,200,000, K/central vehicle @400,000 and 40 motor bikes @10,000 each		
	Administrative Efficiency & Governance	Provide operational funds for decentralized units	Office running for 303 Administrators (VAs paid 5,000 each(247@5,000x12=14,820,000, Ward Adms 7,000 Each (40@7,000x12=3,360,000), DSCA 8,000(8), SCAs 10,000(8) )	Enhanced service delivery, improved governance structures	19,716,000
	Mobility & Logistics	Ensure smooth operation of county transport fleet	Refined fuels and Lubricants for transport (to cater for 40 motorbikes for Ward Admins Offices, Sub Counties and HQ motor vehicles, routine vehicle maintenance,	Efficient service delivery, reduced transport disruptions	5,400,000
	Human Resource Management	Ensure proper remuneration and statutory compliance	Casuals- Market 235 casuals (Cater for New Casual Salary Scale, NSSF, NHIF, HOUSING LEVY)	Improved worker motivation, better market sanitation	26,582,689
	Workforce Development & Skills Enhancement	Strengthen staff capacity for improved service delivery	Training and Capacity Building of 372 Decentralized Units Staff.	Improved competency, enhanced governance	5,336,000
	Public Participation & Awareness	Educate the public on governance and development issues	Civic Education (Advertising, awareness and Publicity Campaigns)	Increased civic engagement, improved public knowledge	5,700,000
	Office Space & Infrastructure	Ensure operational workspaces for decentralized units	Rents and Rates - Non-Residential (To cater for VAs and Ward Adms offices rent)	Improved accessibility of county services	7,707,900
	Regulation & Public Health	Enforce liquor control regulations to promote responsible drinking	Operationalization of Kitui County Alcoholic Drinks Control Act 2014 (to cater for Liquor licencing board and sub-county committees)	Reduced alcohol abuse, improved regulatory compliance	6,650,000
	<b>Sub-total Recurrent</b>				<b>119,777,689</b>
	<b>Development</b>				
	Security & Law Enforcement	Enhance security infrastructure in	Construction of one (1) new police station Kanziku (Kituvwi) @ ksh. 33,166,983.4	Improved law enforcement, increased public safety	33,166,983

County Ministry/ Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for FY 2025/2026	Expected Outcomes	Budget Estimates
		underserved areas			
	Security & Law Enforcement	Strengthen law enforcement presence across sub-counties	Completion of Five (5) police stations Mutha (Konakaliti), Voo/ Kyamatu (Imumba), Endau/Malalani (Twambui), Ngomeni (Mandongoi) and Nguni (Katumba)	Enhanced policing, improved response to crime	58,692,208
	Governance & Decentralization	Provide fully functional offices for local administrators	Completion of Ward Administrators offices	Improved accessibility of government services, enhanced governance efficiency	36,000,000
	<i>Sub-total Development</i>				<i>127,859,191</i>
	<b>TOTAL Decentralized unit</b>				<b>247,636,881</b>
<b>TOTAL PE</b>					<b>529,581,247</b>
<b>TOTAL O&amp;M</b>					<b>893,973,822</b>
<b>TOTAL RECURRENT</b>					<b>1,423,555,070</b>
<b>TOTAL DEVELOPMENT</b>					<b>944,859,191</b>
<b>GRANT TOTAL</b>					<b>2,372,349,528</b>

#### 4.1.2 OFFICE OF THE DEPUTY GOVERNOR

County Ministry/ Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for FY 2025/2026	Expected outcome	Cost estimates (Kshs.)
<b>OFFICE OF THE DEPUTY GOVERNOR</b>	Personnel Emolument (PE)	To enhance General Administration, Planning and support services	Operationalize staff emoluments and other general expenses	Enhanced service delivery	73,796,522

County Ministry/Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for FY 2025/2026	Expected outcome	Cost estimates (Kshs.)
	Operation and Maintenance (OM)	To enhance General Administration, Planning and support services	Operationalize staff emoluments and other general expense	Enhanced service delivery	79,910,065
	<b>Department of Performance Contracting Disaster &amp; Emergency Services</b>				
	Operationalization of Emergency Response Centre	To create a well-coordinated, efficient, and effective system for managing emergencies and protecting the safety and well-being of the affected population.	1. Phase III development of the Emergency Response Centre	Enhanced livelihood resilience	8,000,000
	ICT infrastructure at the Emergency Response Centre	To build a resilient and effective ICT infrastructure that plays a pivotal role in coordinating and managing emergency response activities.	Installation of ICT infrastructure at the emergency response centre	Enhanced emergency response	4,000,000
	Mapping of Disaster-prone areas per sub county	To facilitate informed decision-making, risk mitigation strategies, and targeted disaster preparedness and response efforts.	Mapping of disaster-prone areas in the county	Enhanced livelihood resilience	2,302,808
	Response to disasters	To ensure a prompt, coordinated, and effective response to emergencies to minimize the impact on life, property, and the environment.	Construction and rehabilitation of projects affected by disasters and response to cases of emergencies with support services	Enhanced livelihood resilience	6,000,000
	<b>Sub-Total</b>				<b>20,302,808</b>
	<b>Department of Tourism, Hospitality and Game reserves</b>				
	Tourism Infrastructure development	To complete and operationalize Mutomo Reptile Park	Electrical power installation (wiring at snake house, entrance gates, washrooms and lighting) at the reptile park	Provision of social amenities for visitors and better view of the attraction site	3,500,000
			water piping, construction of water tower and water tanks (3.3M)		3,300,000

County Ministry/Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for FY 2025/2026	Expected outcome	Cost estimates (Kshs.)		
			Stocking of reptiles and operationalisation of the park (7m)		7,000,000		
			windows, doors, Ramp and grills renovation (2.7m)		2,700,000		
			Landscaping around the snake house (1.8m)		1,800,000		
		Kalundu Eco-Park revenue mainstreaming		strengthen perimeter fence and install ticketing system at the entrance gate(4m)	Commence revenue collection	2,000,000	
				Retention walls repair, sand addition and Landscaping. (3m)			
		Ikoo valley development		Purchase of land parcel and Construction of Bazaar view point (3m)	More attraction sites with more visitation numbers	2,000,000	
				Installation of Ziplining (4m)			
		Tourism Marketing	To make potential visitors aware of the existing attraction sites		Marketing familiarization tours with media houses, nature Kenya and other special teams to expose Kitui County tourism sites (3m)	Increased awareness and visitation	1,400,000
					Tourism Infrastructure support for site support groups (SSG) in Mumoni and Mutitu IBAs (2m)		
					Offer Infrastructure support to the religious tourism attraction site of Museve Shrines (2m)		
Undertaking branding of all tourism attraction sites. (3M)							
	<b>Sub-Total</b>				<b>23,700,000</b>		
<b>TOTAL PE</b>					<b>73,796,522</b>		
<b>TOTAL O&amp;M</b>					<b>79,910,065</b>		

County Ministry/Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for FY 2025/2026	Expected outcome	Cost estimates (Kshs.)
<b>TOTAL RECURRENT</b>					<b>153,706,587</b>
<b>TOTAL DEVELOPMENT</b>					<b>44,002,808</b>
<b>GRANT TOTAL</b>					<b>197,709,395</b>

### 4.1.3 MINISTRY OF WATER & IRRIGATION

County Ministry/Spending Entity	Department/Sector		Broad strategic Priorities and policy goals FY2025/26		Proposed Budget Allocation (Kshs)
<b>WATER &amp; IRRIGATION</b>	<b>General Administration and Support Services</b>				
	Human Resource Management	Ensure adequate staffing and remuneration for effective service delivery	Personnel Emoluments- PE	Improved efficiency and motivation of personnel	94,035,125
	Institutional Efficiency & Service Delivery	Sustain county operations through regular maintenance and resource management	Operational Maintenance-O&M	Reduced system failures, improved service delivery	48,700,000
	<b>Sub-Total</b>				<b>142,735,125</b>
	<b>Development</b>				
	<b>Water and Irrigation</b>				
	Water Security & Access	Increase access to clean and reliable water sources	Drilling and/or Equipping of Boreholes.	Improved water availability, reduced water scarcity	29,500,000
	Water Storage & Conservation	Enhance water storage capacity for domestic and agricultural use	Construction/desilting of medium earth dams	Increased water retention, improved drought resilience	24,000,000
	Financial Accountability & Obligation Fulfillment	Settle outstanding payments for completed water projects	Pending Bills for water infrastructure projects	Improved contractor confidence, enhanced financial credibility	15,000,000
Water Distribution Expansion	Extend and improve water supply networks to underserved	Construction/Extension of water pipelines including	Increased water access, reduced reliance on distant	12,727,045	

County Ministry/Spending Entity	Department/Sector		Broad strategic Priorities and policy goals FY2025/26		Proposed Budget Allocation (Kshs)
		areas	Spring Water Supplies	sources	
	Climate-resilient Water Solutions	Develop sustainable water sources using natural filtration	Construction of Sump Well Water Supplies (Sand/sub-surface dams with uptake wells, infiltration galleries and distribution lines)	Improved groundwater recharge, enhanced climate resilience	240,000,000
	Renewable Energy & Water Sustainability	Reduce operational costs and environmental impact of water supply systems	Borehole hybridization- Conversion of public water points from genset to solar-powered engines	Increased efficiency, reduced energy costs, sustainable water access	24,000,000
	Infrastructure Sustainability	Ensure continued functionality of existing water supply systems	Water Supplies maintenance, repairs & rehabilitations	Reduced system breakdowns, uninterrupted water supply	24,907,301
	Water Service Delivery & Affordability	Support WSPs in providing affordable and reliable water services	Subsidies to Water Service Providers (WSPs), Kiambere-Mwingi Water & Sanitation Company (KIMWASCO) & Kitui Water & Sanitation Company (KITWASCO).	Improved service delivery, increased access to safe drinking water	50,000,000
					<b>420,134,346</b>
	<b>Irrigation Department</b>				
	Institutional Efficiency & Service Delivery	Sustain county operations through regular maintenance and resource management	Operation and Maintenance	Increased efficiency, reduced operational disruptions	17,031,948
	Water Conservation & Climate Resilience	Increase water retention and recharge groundwater	Sand dams- 3 per each ward	Enhanced water availability, improved drought resilience	130,000,000



County Ministry/Spending Entity	Department/Sector		Broad strategic Priorities and policy goals FY2025/26		Proposed Budget Allocation (Kshs)
	Financial Accountability & Obligation Fulfillment	Clear outstanding payments for completed water projects	Pending Bills for water infrastructure projects as cleared by the pending bills Review committee	Improved contractor confidence, enhanced financial credibility	5,000,000
	Agricultural Productivity & Water Management	Promote large-scale irrigation for food security and income generation	Establishment of irrigation clusters.	Increased agricultural output, enhanced food security	50,151,840
	Renewable Energy & Sustainable Agriculture	Reduce irrigation costs and reliance on fossil fuels	Solar powered irrigation schemes.	Increased agricultural productivity, lower energy costs, sustainable farming	5,000,000
					<b>207,183,788</b>
<i>O&amp;M</i>					<i>65,731,948</i>
<i>P.E</i>					<i>94,035,125</i>
<b>TOTAL RECURRENT</b>					<b>159,767,073</b>
<b>TOTAL DEVELOPMENT</b>					<b>610,286,186</b>
<b>GRANT TOTAL</b>					<b>770,053,259</b>

#### 4.1.4 MINISTRY OF EDUCATION, TRAINING & SKILLS DEVELOPMENT

County Ministry / Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for FY 2025/2026	Expected Outcomes	Budget Estimates (KES)
<b>Education Training and Skills Development</b>	<b>Administration and Support Services</b>				
	Human Resource Management & Compensation	Ensure timely and adequate remuneration for county staff	PE	Enhanced staff motivation, improved service delivery	808,494,415
	Institutional Efficiency & Service Delivery	Sustain county operations through regular maintenance and resource management	Operation and Maintenance	Increased efficiency, reduced operational disruptions	153,445,353
	<b>Sub-Total O&amp;M</b>				<b>961,939,768</b>
	<b>Development</b>				

<b>County Ministry / Spending Entity</b>	<b>Broad Priorities</b>	<b>Broad Strategic Objectives</b>	<b>Proposed Projects and Programmes for FY 2025/2026</b>	<b>Expected Outcomes</b>	<b>Budget Estimates (KES)</b>
	Social Welfare & Poverty Alleviation	Provide financial and material support to vulnerable groups	Pro Poor Support programme	Enhanced social protection, reduced poverty levels	25,000,000
	Early Childhood Education & Infrastructure Development	Expand and improve learning facilities for young children	Construction of ECDE classrooms	Increased access to quality early childhood education	22,000,000
	Financial Accountability & Obligation Fulfillment	Clear pending obligations for completed works and services	Outstanding commitments for budgeted works /services done, valued and not paid by close of FY 2023/2024	Improved credibility, enhanced trust with contractors	28,000,000
	Vocational Training & Skills Development	Upgrade vocational training centers and provide accommodation	Facelifting of Existing VTCs and construction of dormitories	Improved learning environment, increased student enrollment	49,601,207
	Women Empowerment & Skills Development	Establish a center for skills training and economic empowerment	Construction of Mother Home Craft Centre	Enhanced skills development, improved livelihood opportunities	5,000,000
	Women Empowerment & Skills Development	Provide necessary tools and equipment for effective training	Furnishing and equipping of mother homecraft centre	Increased capacity for training, enhanced skill acquisition	5,000,000
	Education & Certification Support	Support students in vocational training centers with examination fees	Payment of Grade Test Examination Fees	Increased certification rates, improved employment opportunities	18,000,000
	Social Protection & Economic Empowerment	Provide targeted support to vulnerable individuals and families	Tujiari Programme	Enhanced self-reliance, improved socio-economic conditions	10,000,000
	<b>Sub-Total Development</b>				<b>162,601,207</b>
<b>O&amp;M</b>					<b>153,445,353</b>
<b>P.E</b>					<b>808,494,415</b>
<b>TOTAL RECCURRENT</b>					<b>961,939,768</b>
<b>TOTAL DEVELOPMENT</b>					<b>162,601,207</b>

County Ministry / Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for FY 2025/2026	Expected Outcomes	Budget Estimates (KES)
<b>GRANT TOTAL</b>					<b>1,124,540,975</b>

#### 4.1.5 MINISTRY OF ROADS, PUBLIC WORKS & TRANSPORT

County Ministry/Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programs for FY 2025/2026	Expected impact	Amount
<b>MINISTRY OF ROADS, PUBLIC WORKS AND TRANSPORT</b>	<b>General Administration and Support Services</b>				
	Personnel Emoluments	To Enhance General Administration Planning and Support Services	PE	Enhanced Service Delivery	158,445,078
	Operations and Maintenance	To enhance General Administration, Planning and support services	O&M	Enhanced service delivery	50,952,011
	<b>SUB-TOTAL</b>				<b>209,397,089</b>
	<b>Roads Department</b>				
	Improving Infrastructure within the County	Enhance efficient transport and support effective service delivery through construction, maintenance and rehabilitation of road network in the County.	Major Roads (Fuel Levy - Grant Revote) RMLF - Construction and maintenance of roads, box culverts, slabs and drifts	Improved mobility, accessibility, connectivity and safety	445,098,850
			Dustless Towns programme in which market roads will be upgraded to bitumen standards	Improved Mobility, accessibility, connectivity, safety and Security and reduced dust in towns and market centres.	-
Major Roads (Roads construction works and maintenance of box culverts, drifts, gravelling, concrete slabs, gabions) - 1No. project per Ward and/ or crosscutting two more wards (In-house grading 1600km -			Improved Mobility, accessibility, connectivity safety and Security	48,516,435	

County Ministry/Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programs for FY 2025/2026	Expected impact	Amount
			40km per Ward)		
			Construction of Roads - (Road widening and Dozing works.) - New - 10kms per Ward translating to 400kms in the County.	Improved Mobility, accessibility, connectivity safety and Security	70,283,565
			Access Roads (Fuel, maintenance of plant and machinery)-In-house grading 704km - 17.6km per Ward)	Improved Mobility, accessibility, connectivity safety and Security	68,172,000
			Road maintenance(Bush clearing) 2,800km- 70km per Ward	Improved Mobility, accessibility, connectivity safety and Security	-
			<b>SUB-TOTAL</b>		<b>632,070,850</b>
			<b>Public Works</b>		
	To achieve a sustainable and conducive working environment	Refurbishment and renovation works at Public Work's HQs Offices and Mechanical & Transport Offices	Refurbishment and renovation works at Public Work's HQs Offices and Mechanical & Transport Offices	Completion of indicated infrastructure structures.	3,000,000
			<b>SUB-TOTAL</b>		<b>3,000,000</b>
			<b>Mechanical services</b>		
	Improving Infrastructure within the County	Enhance efficient transport and support effective service delivery through construction, maintenance and rehabilitation of road network in the County	In-house grading 1600km - 40km per Ward)	Improved Mobility, accessibility, connectivity safety and Security	20,000,000
			Maintenance of Motor Vehicle	Improved service delivery leading to well-maintained infrastructure	-
			Maintenance of Plant, Machinery and Equipment	Improved Mobility, accessibility, connectivity safety and Security	14,130,000
			Purchase of Heavy Plant Machinery	Improved service delivery	19,500,000



County Ministry/Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programs for FY 2025/2026	Expected impact	Amount
<i>TOTAL PE</i>					<i>158,445,078</i>
<i>TOTAL O&amp;M</i>					<i>79,652,011</i>
<b>TOTAL RECURRENT</b>					<b>238,097,089</b>
<b>TOTAL DEVELOPMENT</b>					<b>718,220,850</b>
<b>GRANT TOTAL</b>					<b>956,317,939</b>

#### 4.1.6 MINISTRY OF HEALTH & SANITATION

County Ministry/Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for FY 2025/2026	Expected Outcomes	Budget Estimates
<b>MINISTRY OF HEALTH &amp; SANITATION</b>	<b>Medical services</b>				
	PE and O&M	To improve quality of healthcare	PE	Enhanced service delivery	997,233,489
			Casual wages (CHMT)	Enhanced service delivery	1,800,000
			Locum for nurses, lab techs and RCOs for level 3 facilities	Enhanced service delivery	5,500,000
			Facility Improvement Financing (FIF)	Enhanced service delivery	350,000,000
			DANIDA primary Healthcare funding(60% county funding)	Enhanced service delivery	15,066,000
			County Primary Health Care facilities funding (health centers)	Enhanced service delivery	10,673,091
			Sub-County Health Management Team support programme	Enhanced service delivery at sub-county level	3,000,000
			Other O&M	Enhanced service delivery	36,382,882
			Pending bills-Recurrent	Enhanced service delivery	2,100,000
	<b>Total PE and O&amp;M</b>				<b>1,421,755,462</b>
	<b>Development</b>				
Increasing access to healthcare quality, timely and responsive health care services.	To improve quality of healthcare	Continuation of construction of perimeter wall and chain-link Fencing at Mwingi level 1V hospital	Improve security in the facility	5,000,000	
		Continuation of construction of stalled Kitui	Enhance healthcare delivery	5,000,000	

County Ministry/ Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for FY 2025/2026	Expected Outcomes	Budget Estimates	
			County referral hospital Amenity/ Surgical Ward	in the hospitals		
			continuation of Construction of Nzamba Kitonga Memorial Hospital	enhance specialized healthcare services in the County	15,000,000	
			Continuation of Construction of renal center KCRH	enhance specialized healthcare services in the County	15,000,000	
			Renovation and upgrading of health facilities	enhance specialized healthcare services in the County	4,208,562	
		To improve specialized services in the county	continuation of Construction of storeyed maternity ward at KCRH	Reduced maternal and child mortality rates	10,000,000	
			Continuation of Construction of medical/female ward at Mwingi Level IV hospital	Reduced maternal and child mortality rates	5,000,000	
		To improve quality of healthcare	DANIDA 40% funding for primary healthcare facilities	Enhanced service delivery	10,044,000	
			Pending bills-Development	Improve service delivery	10,106,846	
		<b>Total development</b>			<b>79,359,408</b>	
		<b>Total Medical Services</b>			<b>1,501,114,870</b>	
		<b>Public Health and Sanitation</b>				
		PE and O&M	To enhance General Administration Planning and Support Services	PE	Enhanced service delivery	958,124,163
				Locum for nurses, lab techs and RCOs for level 2 facilities	Enhanced service delivery	8,000,000
				County Primary Health Care facilities funding (dispensaries)	Enhanced service delivery	31,881,909
To improve primary healthcare services	Stipend allowances for the 2470 (Community Health Promoters) CHPs		Increased access to healthcare services	88,920,000		
	Other Current Transfers - Other (Community Health Promoters grant)		Increased access to healthcare services	58,050,445		
	Sub-County Health Management Team support programme		Enhanced service delivery at sub-county level	3,000,000		



County Ministry/ Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for FY 2025/2026	Expected Outcomes	Budget Estimates	
			Other O&M	Enhanced service delivery	32,592,514	
			Pending bills-Recurrent	Enhanced service delivery	1,600,000	
		<b>Total PE and O &amp; M</b>			<b>1,182,169,031</b>	
		<b>Development</b>				
	Increasing access to healthcare quality, timely and responsive health care services.	To improve quality of healthcare	Completion and equipping of KCRH and Mwingi level iv mortuaries	Better preservation of bodies	5,000,000	
		To improve quality of healthcare	Procurement of cold chain equipment.	Enhanced service delivery	5,406,422	
		To improve quality of healthcare	Construction of toilets for primary healthcare facilities	Enhanced service delivery	7,000,000	
		To improve quality of healthcare	Continuation/completion of construction of dispensaries in 17 villages with no operational health facilities	Enhanced service delivery	15,000,000	
		To improve quality of healthcare	Renovation/operationalization of 19 facilities currently with structures that need face-lifting	Enhanced service delivery	12,000,000	
		To improve quality of healthcare	DANIDA support for community health units	Enhanced service delivery	4,185,000	
			Pending bills-Development	Improve service delivery	7,580,135	
	Total Development				56,171,557	
	Total Public Health & Sanitation					1,238,340,588
	Drugs and Medical Supplies					
	PE and O&M	To enhance General Administration Planning and Support Services	PE	Enhanced service delivery	807,213,144	
			Casual wages	Enhanced service delivery	1,200,000	
		To improve quality of healthcare	Sub-County Health Management Team support programme	Enhanced service delivery at sub-county level	2,000,000	
			Pharms and non-pharms	Enhanced service delivery	416,000,000	
			Other O&M	Enhanced service delivery	32,715,932	
		Pending bills-Recurrent	Enhanced service delivery	1,979,868		

County Ministry/ Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for FY 2025/2026	Expected Outcomes	Budget Estimates
	<b>Total PE and O &amp; M Development</b>				<b>1,261,108,944</b>
	Increasing access to healthcare quality, timely and responsive health care services.	To improve quality of healthcare	Purchase of Medical and Dental Equipment and other technologies (tablets)	Improve diagnostic services in the facilities	36,000,000
		To improve quality of healthcare	Construction/ Upgrading medical stores	Better storage of drugs and non-pharms	8,406,422
			Pending bills- Development	Improve service delivery	7,580,135
	Total development				51,986,557
	<b>Total drugs &amp; Medical Supplies</b>				<b>1,313,095,501</b>
<b>TOTAL PE</b>					<b>2,762,570,796</b>
<b>TOTAL O&amp;M</b>					<b>1,102,462,641</b>
<b>TOTAL RECURRENT</b>					<b>3,865,033,437</b>
<b>TOTAL DEVELOPMENT</b>					<b>187,517,522</b>
<b>GRANT TOTAL</b>					<b>4,052,550,959</b>

#### 4.1.7 MINISTRY OF TRADE, INDUSTRY, MSMES, INNOVATION & COOPERATIVES

County Ministry / Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed projects and programmes for FY 2025/2026	Expected Outcomes	Budget Estimate (Ksh)
<b>MINISTRY OF TRADE, INDUSTRY, MSMEs, INNOVATION &amp; COOPERATIVES</b>	<b>General Administration &amp; Support Services</b>				
	Human Resource Management & Compensation	Ensure timely and adequate remuneration for county staff	Personnel Emoluments(P.E)	Motivated workforce, improved service delivery, enhanced productivity	86,850,458
	Institutional Efficiency & Asset Management	Sustain	Operations &	Improved	111,744,436

County Ministry / Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed projects and programmes for FY 2025/2026	Expected Outcomes	Budget Estimate (Ksh)
		operational efficiency through proper maintenance of county facilities and services	Maintenance (O&M)	service delivery, extended lifespan of county assets, cost savings on repairs	
	<b>Sub-Total</b>				<b>198,594,894</b>
	<b>Trade &amp; MSMEs</b>				
	Livestock Trade & Market Infrastructure	Improve livestock trade by upgrading market facilities	Maintenance of livestock markets and purchase of livestock yards (Mutha & Ngomeni)	Enhanced livestock trading efficiency, increased market accessibility, improved revenue generation	7,000,000
	Market Security & Economic Growth	Ensure well-lit market environments to support extended business hours	Maintenance of market infrastructure to facilitate 24-hour economic activities (Installation and repair of market security solar-lights)	Increased economic activity, improved security, and enhanced trader confidence	30,800,000
	Market Expansion & Sanitation	Upgrade market facilities to enhance	Development of Market infrastructure and	Improved market conditions,	42,000,000

County Ministry / Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed projects and programmes for FY 2025/2026	Expected Outcomes	Budget Estimate (Ksh)
		hygiene, accessibility, and operational efficiency	maintenance (Repair of 10 markets, construct 15 toilets, upgrade of markets)	better sanitation, increased business opportunities	
	Trade Governance & Policy Framework	Strengthen regulations and policies to improve market operations and commerce	Development and improvement of a policy for trade and markets	Streamlined trade policies, enhanced regulatory compliance, improved business environment	2,000,000
	Market Waste Management	Improve waste disposal systems to enhance cleanliness and environmental sustainability	Establishment of dumping sites and waste bins in the markets	Cleaner market environments, improved public health, and better waste management practices	
	Fiscal Discipline & Financial Accountability	Clear outstanding financial obligations to suppliers and contractors	Allocation for <b>Pending Bills-Development</b>	Improved creditworthiness, enhanced service delivery, restored investor and contractor confidence	18,000,000
	<b>Sub-Total</b>				<b>99,800,000</b>
	<b>COOPERATIVES</b>				
	Cooperative Development & Economic	Strengthen	Promote formation	Increased	5,000,000

County Ministry / Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed projects and programmes for FY 2025/2026	Expected Outcomes	Budget Estimate (Ksh)
	Empowerment	cooperative movements to enhance economic resilience	& registration of new cooperative societies	number of active cooperatives, improved member welfare	
	Value Addition & Agro-Processing	Enhance cooperative members' capacity to process and add value to products	Training cooperatives on value addition and processing	Improved product quality, increased market competitiveness, higher incomes	3,000,000
	Cooperative Governance & Compliance	Strengthen cooperative leadership and financial accountability	Co-operators Training, governance and audit	Improved management efficiency, enhanced transparency, and accountability	4,500,000
	Democratic Governance in Cooperatives	Ensure fair and transparent cooperative leadership transitions	Supervision of Society Elections	Strengthened cooperative leadership structures, reduced governance disputes	4,000,000
	Stakeholder Engagement & Oversight	Foster	Attend Cooperative	Improved	

County Ministry / Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed projects and programmes for FY 2025/2026	Expected Outcomes	Budget Estimate (Ksh)
		collaboration and strengthen cooperative management	Societies General & Management Committee Meetings	decision-making, better operational efficiency	
	Capacity Building & Leadership Development	Equip cooperative leaders with knowledge on best governance practices	Conduct Cooperative societies governance training workshops	Strengthened leadership capacity, improved governance structures	
	Regulatory Oversight & Compliance	Enforce adherence to cooperative laws and regulations	Inspection Of cooperative Societies to ensure compliance	Increased compliance levels, reduced financial mismanagement	
	Financial Accountability & Transparency	Ensure sound financial management within cooperatives	Conduct cooperative audits	Improved financial discipline, strengthened cooperative sustainability	
	<b>Sub-Total</b>				<b>16,500,000</b>
	<b>Branding &amp; Marketing</b>				
	Revenue Generation & County Branding	Leverage public spaces for structured advertising to boost county revenue	Install county-branded light boxes to be used to generate advertising revenues	Increased county revenue, enhanced visibility for businesses, improved urban	3,000,000

County Ministry / Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed projects and programmes for FY 2025/2026	Expected Outcomes	Budget Estimate (Ksh)
				aesthetics	
	Policy & Regulatory Framework	Establish legal guidelines for structured branding and advertising within the county	Development of County Branding legal framework	Streamlined advertising regulations, improved governance of public space branding	3,000,000
					<b>6,000,000</b>
	<b>Industry &amp; Investment</b>				
	Economic Growth & Investment Attraction	Identify and develop strategic economic zones to boost industrialization	operationalization of the County's Economic and Investment Zones (EIZs) – (Mapping and feasibility study of 2 EIZs)	Enhanced investment opportunities, increased employment, improved infrastructure	2,000,000
	Industrialization & Manufacturing	Develop designated industrial hubs to promote large-scale production and business growth	Establishment of Industrial parks at the six economic and industrial zones aggregated and established	Increased industrial output, enhanced job creation, improved economic diversification	35,000,000
	Investment Promotion & Global Partnerships	Attract foreign and domestic investors to	Organize International investors'	Increased foreign direct investment	51,000,000



County Ministry / Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed projects and programmes for FY 2025/2026	Expected Outcomes	Budget Estimate (Ksh)
		unlock economic potential	conference	(FDI), enhanced business linkages, strengthened county economy	
	Long-Term Economic Planning & Policy	Establish a comprehensive investment strategy to guide economic growth over the next decade	Development of KIVEST II (2026-2035)	Structured investment roadmap, increased investor confidence, sustained economic development	4,000,000
<b>Sub-Total</b>					<b>92,000,000</b>
<i>O&amp;M</i>					<i>131,244,436</i>
<i>P.E.</i>					<i>86,850,458</i>
<b>TOTAL RECCURRENT</b>					<b>218,094,894</b>
<b>TOTAL DEVELOPMENT</b>					<b>194,800,000</b>
<b>GRANT TOTAL</b>					<b>412,894,894</b>

#### 4.1.8 MINISTRY OF ENERGY, ENVIRONMENT, FORESTRY, NATURAL & MINERAL RESOURCES

County Ministry/Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects Programmes for FY 2025/2026	Expected Outcomes	Budget Estimates (Kshs)
MINISTRY OF ENERGY, ENVIRONMENT, CLIMATE CHANGE, FORESTRY, NATURAL AND MINERAL RESOURCES	<b>General Administration and support services</b>				
	PE	To enhance general administration Planning and Support Services	Operationalize staff emoluments and other general expenses	Enhanced service delivery	54,437,555
	OM	To enhance general administration Planning and Support Services	Operationalize staff emoluments and other general expenses	Enhanced service delivery	55,914,131
	<b>Sub-Total</b>				<b>110,351,686</b>
	<b>ENVIRONMENT, CLIMATE CHANGE &amp; FORESTRY DEPARTMENT</b>				
	Climate Change adaptation and mitigation	Institution and operationalization of Kitui County Climate Change Fund	Institute and operationalize Kitui County Climate Change Fund (KCCCF) by allocating 2.12% of the County Development budget to climate adaptation and mitigation projects;	Attract the Kshs 205,807,064 grant on climate change improved community livelihoods through FLLoCA Programme	68,636,701
	Ecosystem Protection & Reforestation	Enhance forest cover and biodiversity conservation	Promotion of environmental conservation in forested and protected areas, tree growing,	Increased forest coverage, improved ecosystem resilience	
	Community-Based Reforestation	Strengthen local tree nursery initiatives and promote afforestation	Tree Nursery Establishments and enhanced community afforestation.	Increased tree seedling availability, expanded forested areas	
Watershed Protection &	Restore degraded water sources	Conservation of water catchment	Improved water retention,		

County Ministry/Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects Programmes for FY 2025/2026	Expected Outcomes	Budget Estimates (Kshs)
	Land Restoration	and promote sustainable land use	areas and rehabilitation of degraded ecosystems.	reduced soil erosion	
	Climate Change Adaptation	Empower communities with sustainable climate adaptation techniques	Institute measures for building community resilience against climate change through community led adaptation strategies.	Enhanced resilience to climate shocks, improved livelihoods	
	Circular Economy & Waste Management	Reduce environmental pollution and promote sustainable waste practices	Promotion of Sustainable waste management within the communities through trainings on Reduce, Recycling, Reuse (3Rs)	Improved waste disposal, enhanced recycling initiatives	
	Climate Finance & Adaptation	Strengthen county-level climate resilience initiatives	World Bank Credit to Finance Locally - Led Climate Action Programme (FLLoCA), County Climate Resilience Investment (CCRI) Grant	Increased funding for climate action projects, enhanced community adaptation	205,807,064
	Green Infrastructure Development	Promote large-scale tree planting initiatives	Tree growing programme	Increased vegetation cover, improved carbon sequestration	3,500,000
	Biodiversity Protection	Enhance conservation of natural forests and woodlands	Forest and woodland conservation	Preserved biodiversity, improved ecosystem health	
	Strategic Reforestation	Restore vegetation in ecologically sensitive areas	Tree growing in all county hilltops, riverine and institutions	Reduced deforestation, improved microclimates	
	Sustainable Agriculture & Forestry	Integrate tree planting with agricultural systems	Promote modern agro-forestry technology in the county wards	Increased farm productivity, improved soil fertility	
	Agroforestry & Livelihood Diversification	Encourage income generation through forestry-related activities	Sensitize farmers to adopt forest farming for wealth creation	Enhanced farmer incomes, diversified economic activities	
	Sustainable Resource Utilization	Promote alternative forest-based economic opportunities	Create awareness to farmers and community on harvesting of non-wood forest products e.g. gums, resins, honey etc.	Increased revenue from non-wood forest products, improved livelihoods	
Indigenous &	Promote the planting of trees with	Domestication and propagation of	Increased availability of		

County Ministry/Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects Programmes for FY 2025/2026	Expected Outcomes	Budget Estimates (Kshs)
	Commercial Forestry	economic and ecological benefits	High Value & Multi – Purpose Trees and Shrubs (HVMPTS)	multipurpose tree species, improved ecosystem services	10,000,000
	Climate Governance & Policy Implementation	Strengthen institutional frameworks for climate resilience	Operationalization of Transition Implementation plans (TIPs)	Improved coordination of climate actions, enhanced policy enforcement	
	Waste management	To promote waste management practices and technologies in line with Sustainable Waste Management Act 2022	Development of a county sustainable waste management legislation	A county waste management plan for the county	
	Sustainable Waste Management	Reduce environmental pollution through efficient waste processing and disposal	Establishment of waste material recovery and recycling facilities and sanitary landfills for the disposal of non-recoverable waste	Improved waste recovery, reduced landfill pressure, enhanced environmental sustainability	
	Circular Economy & Waste Reduction	Promote waste segregation and recycling at the household level	Incentivize the collection and separation of waste at source in neighborhoods	Increased recycling rates, reduced environmental pollution, improved community participation	
	Waste Infrastructure Development	Improve waste collection efficiency and prevent illegal dumping	Mapping of temporary waste holding facilities for market centres	Reduced environmental hazards, cleaner market centers, improved waste logistics	
	Environmental Governance & Policy Implementation	Enhance planning and regulatory oversight for effective waste management	Prepare a county waste management plan and quarterly monitoring reports for county towns and municipalities	Improved waste management strategies, better enforcement of regulations	
	Waste Management Coordination & Monitoring	Strengthen data-driven decision-making for waste service improvement	Develop and maintain a database on waste management service provision by waste management service providers	Increased efficiency in waste collection services, improved accountability of waste service providers	

County Ministry/Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects Programmes for FY 2025/2026	Expected Outcomes	Budget Estimates (Kshs)
	<b>Sub-Total</b>				<b>287,943,765</b>
	<b>ENERGY, NATURAL &amp; MINERAL RESOURCES DEPARTMENT</b>				
	Energy Access & Electrification	Enhance electricity connectivity in rural areas to boost economic and social development	Rural electrification of institution and households in partnership with REREC	Increased access to reliable electricity, improved livelihoods, enhanced education and business operations	70,000,000
	Renewable Energy & Public Safety	Improve security and economic activities in emerging markets through sustainable lighting solutions	Installation of solar security light in the upcoming markets in the county	Reduced crime rates, extended business hours, enhanced public safety	46,000,000
	Infrastructure Sustainability	Ensure continued functionality of installed solar security lighting systems	Maintenance solar security light in the upcoming markets in the county	Prolonged lifespan of solar infrastructure, consistent public safety benefits	20,000,000
	Renewable Energy & Water Access	Enhance access to clean water through solar-powered pumping solutions	Installation of solar powered water pumping systems.	Increased water availability, reduced dependency on fossil-fuel-powered pumps	5,000,000
	Clean Energy & Environmental Conservation	Encourage adoption of energy-efficient cookstoves to reduce deforestation and indoor pollution	Promotion and training of communities on installation of clean cook stoves	Improved air quality, reduced firewood consumption, better household health	3,000,000
	Mining & Economic Empowerment	Enhance skills in mineral processing to improve earnings and industry competitiveness	Training and capacity building of artisanal and small-scale miners on value addition of gemstones and other minerals	Increased local beneficiation, higher-value mineral exports, improved miner incomes	856,250
	Community Engagement & Resource Governance	Strengthen community participation in mineral resource management	Development of community liason committees	Improved conflict resolution, enhanced cooperation between communities and mining entities	2,690,000
	Mineral Research & Value Addition	Improve mineral quality assessment and promote local value addition	Establishment of mineral testing and gemology laboratory	Enhanced gem certification, increased market value of local minerals	6,000,000
	Equitable Resource	Ensure communities benefit from	Allocation for 20% Share of	Improved local development,	114,279

County Ministry/Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects Programmes for FY 2025/2026	Expected Outcomes	Budget Estimates (Kshs)
	Distribution	mineral wealth through structured revenue-sharing	Mineral Royalties	enhanced community welfare, increased trust in mining governance	
	<b>Sub-Total</b>				<b>153,660,529</b>
<i>O&amp;M</i>					<i>62,460,381</i>
<i>P.E</i>					<i>54,437,555</i>
<b>TOTAL RECURRENT</b>					<b>116,897,936</b>
<b>TOTAL DEVELOPMENT</b>					<b>435,058,044</b>
<b>GRANT TOTAL</b>					<b>551,955,980</b>

#### 4.1.9 MINISTRY OF CULTURE, GENDER, YOUTH, ICT, SPORTS & SOCIAL SERVICES

County Ministry/Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programs for FY 2025/2026	Expected Outcomes	Cost Estimates (KShs)
	GENERAL ADMINISTRATION				
Ministry of Culture, Gender,	General Administration, Planning and Support	To Enhance General Administration Planning and	PE	Enhanced Service Delivery	76,942,160

County Ministry/ Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programs for FY 2025/2026	Expected Outcomes	Cost Estimates (KShs)	
Youth, ICT, Sports and Social Services		Support Services				
	General Administration, Planning and Support	To Enhance General Administration Planning and Support Services	OM	Enhanced Service Delivery	22,590,788	
	General Administration, Planning and Support	Pending Bills-Development			21,635,176	
	General Administration, Planning and Support	Pending Bills-Recurrent			9,731,880	
					<b>130,900,003</b>	
	<b>CULTURE</b>					
	Conservation of Culture & Heritage	To promote and preserve Kamba culture, enhance cohesion and coexistence amongst Kitui people	Participation in festivals, exhibitions and trade shows (Kenya Music and Cultural Festival & Kenya Intercounty Sports and Cultural Association)	Enhanced cohesion and coexistence amongst Kitui people	2,000,000	
	Identification and nurturing of talents	To tap into the unexploited raw talent in the county	Talent festival in visual and performing arts within the County	Talent identification and growth	877,600	
	Maintenance of Resource Centers, Social Halls, Museums, Public Parks and Community Libraries	To enhance own source revenue, longevity and security of the structures	Maintenance and repairs	Increased own source revenue, longevity and security of the structures	2,197,238	
	Conservation of Culture & Heritage		Chainlink fencing and gates at Mwingi Community Library		2,329,684	
	Conservation of Culture & Heritage		Completion of Mutonguni Social Hall		5,255,002	
	Conservation of Culture & Heritage	To enhance Collaboration	Collaboration with Tertiary and key stakeholders	Promote synergies and collaborations.	534,625	
				<b>13,194,149</b>		

County Ministry/ Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programs for FY 2025/2026	Expected Outcomes	Cost Estimates (KShs)
	<b>GENDER</b>				
	Gender and Socio-Economic Empowerment	To support Gender Based Violence survivors	GBV Rescue Centre Construction	Reduced GBV cases	5,112,016
	Socio-Economic Empowerment for women groups	To empower women	Socio economic capacity building workshops	Economically empowered women	730,841
	Gender and Socio-Economic Empowerment	To support gender equality	Commemoration of International; Women's Day, International Day for the Persons With Disability, 16 Days of Activism against GBV, day for the African Child and Day of the Rural Woman	An inclusive society	2,471,420
	Gender and Socio-Economic Empowerment	To gather an authentic GBV data	Development of GBV Monitoring and Evaluation dashboard	Enhance decision making on GBV in Kitui	800,110
	Gender and Socio-Economic Empowerment	To Establish Gender Committees	Gender Mainstreaming Committees Established	Gender Committees Established	1,386,400
	Gender and Socio-Economic Empowerment	To support GBV survivors	Support pro-bono legal services for GBV survivors	Social justice enhanced	562,420
	Gender and Socio-Economic Empowerment	To enhance synergies	Collaborations with Gender stakeholders	Enhanced synergy	754,900
					<b>11,818,107</b>
	<b>YOUTH</b>				
	Youth Empowerment	Conduct campaigns on responsible sexual behaviour, contraceptives, teenage	Advertising, Awareness and Publicity Campaigns	Youth sensitized on positive life-styles	1,313,600



County Ministry/ Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programs for FY 2025/2026	Expected Outcomes	Cost Estimates (KShs)
		pregnancies, early marriages, abortion, sexual offences act (SOA), mental health and HIV/AIDs prevention among the youth in all Wards			
	Youth Empowerment	Access to information on existing job opportunities	Youth Employment Placement and Training Program in partnership with National Employment Authority	Better informed and economically empowered youth	2,301,808
	Youth Empowerment	Promotion of innovation, entrepreneurship and self-employment	Youth entrepreneurship and innovation challenge/expo	Innovation, entrepreneurship and self-employment promoted	3,074,223
					<b>6,689,631</b>
	<b>ICT</b>				
	To Promote Digital literacy skills among the youth	To empower youth with digital skills	Training youth on digital literacy skills across the county	Digitally empowered youth	2,216,000
	ICT Infrastructure and Development	To enhance security, reliability and efficiency in data storage	Maintenance of ICT data centre	Efficient and effective service delivery	6,500,000
	ICT Infrastructure and Development	- Installation of WIFI at ICT centers	ICT WIFI Installation in ICT Centers	Increased rate of ICT access	2,134,007
					<b>10,850,007</b>
	<b>SPORTS</b>				
	Sports Talent Development	To identify, nurture and expose sports talent	Advertising, Awareness and Publicity Campaigns - County tournament in football from Village level culminating into Governor's cup)	Identified, nurtured and exposed sports talent	30,000,000
	Development and	Grading, levelling, chain link	Development of Ward playgrounds	More competitions	13,770,782

<b>County Ministry/ Spending Entity</b>	<b>Broad Priorities</b>	<b>Broad Strategic Objectives</b>	<b>Proposed Projects and Programs for FY 2025/2026</b>	<b>Expected Outcomes</b>	<b>Cost Estimates (KShs)</b>
	Management of Sports Facilities	fencing, erection of two gates, installation of football goal posts, volleyball posts for boys and girls and construction of 4-door pit latrine		hence more talent development	
	Development and Management of Sports Facilities	To enhance own source revenue, security and management	Construction of perimeter wall at Kitui Stadium	Enhanced own source revenue, security and management	17,000,000
	Development and Management of Sports Facilities	To enhance own source revenue, security and management	Establishment of football, basketball, volleyball and netball courts, retaining wall and latrines at Kivou and Kyoani Stadium	Enhanced own source revenue, security and management, escalated sports talent development at the grassroots	10,000,000
	Sports Talent Development	Participation in Kenya Youth Inter-county Sports Association (KYISA) games in volleyball, football and basketball for both men and women and Kenya Inter-County Sports and Cultural Association (KISOSCA) games for county staff in various sports disciplines. Both will involve scouting for players at sub – county level, camping and actual competition	County competitions and tournaments in popular sports disciplines to nurture, develop and expose sports talent (including Kenya Youth Inter- County Sports Association – KYISA and Kenya Inter-County Sports and Cultural Association – KICOSCA)	-Raw talent exposed	5,440,000

<b>County Ministry/ Spending Entity</b>	<b>Broad Priorities</b>	<b>Broad Strategic Objectives</b>	<b>Proposed Projects and Programs for FY 2025/2026</b>	<b>Expected Outcomes</b>	<b>Cost Estimates (KShs)</b>
	Sports Trainings and Competitions	To support clubs, teams, schools and individual athletes with sports equipment for talent development	Procure and Supply sports equipment such as uniforms, balls, nets and playing boots to all active Sports clubs in the County	More sports talent nurtured	6,729,000
	Sports Trainings and Competitions	To support athletics5 camp, registration fees, travelling expense and other requirements for official federation competitions and tournaments	Partnership with institutions and federations	Sports Talent nurtured. Teams and clubs supported	3,432,506
					<b>86,372,288</b>
	<b>SOCIAL SERVICES</b>				
	Community and Social Development	To Support PWDs	Purchase of Safety Gears - To procure and distribute Assistive Devices and socio – economic support for PWDs	Socio – economic empowered PWDs	8,212,600
	Community and Social Development	To Sensitize women, youth and PWDs on AGPO	Community sensitization programs on AGPO	Empowered society	1,211,030
	Community and Social Development	To support Community Children Charitable Institutions	Support of Community Children Charitable Institution’s with food and other utilities	An inclusive and dignified society	2,521,331
					<b>11,944,961</b>
<b>TOTAL PE</b>					<b>76,942,160</b>
<b>TOTAL O&amp;M</b>					<b>108,893,081</b>
<b>TOTAL RECURRENT</b>					<b>185,835,241</b>
<b>TOTAL DEVELOPMENT</b>					<b>85,933,905</b>
<b>GRANT TOTAL</b>					<b>271,769,146</b>

#### 4.1.10 MINISTRY OF FINANCE, ECONOMIC PLANNING & REVENUE MANAGEMENT

County Ministry/Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects Programmes for FY 2025/2026	Expected Outcomes	Budget Estimates (Kshs)
MINISTRY OF FINANCE, ECONOMIC PLANNING & REVENUE MANAGEMENT	<b>Finance &amp; Revenue Management</b>				
	Human Resource Management & Compensation	Ensure timely and adequate remuneration for county staff	Personnel Emoluments(P.E)	Motivated workforce, improved service delivery, enhanced productivity	232,130,523
	Institutional Efficiency & Service Delivery	Sustain operations through maintenance and proper management of county facilities	Operational & Maintenance(O&M)	Improved efficiency, reduced downtime, cost-effective operations	55,251,601
	Financial Sustainability & Resource Management	Enhance county revenue generation through efficient systems and strategies	Revenue Mobilization	Increased local revenue, reduced reliance on external funding	23,475,911
	Digital Infrastructure & IT Management	Ensure the functionality and security of ICT systems for county operations	Maintenance of Computers, Software & Networks	Enhanced digital efficiency, secure information management	15,000,000
	Staff Welfare & Retention	Provide financial support for county executives to improve job satisfaction	Car and Mortgage Facility for County Executive Staff- Car Loan	Enhanced staff retention, improved mobility, and work-life balance	40,000,000
	Sub-total Recurrent				365,858,035
	Development				
Devolution & Public	Strengthen county-level service	Kenya Devolution Service	Improved public services,	37,500,000	

County Ministry/Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects Programmes for FY 2025/2026	Expected Outcomes	Budget Estimates (Kshs)
	Service Management	delivery through devolution grants	Programme - Grant (KDSP)	enhanced resource distribution	
	Devolution & Public Service Management	Enhance matching funds to support county development projects	Kenya Devolution Service Programme - Grant Matching Fund	Improved project implementation, increased county development	5,625,000
	Emergency Response & Risk Management	Ensure financial preparedness for unforeseen disasters and emergencies	County Emergency Fund	Swift response to emergencies, minimized impact of disasters	20,000,000
	<b>Sub-total Development</b>				<b>63,125,000</b>
	<b>Total Finance &amp; Revenue Management</b>				<b>428,983,035</b>
	<b>Economic planning &amp; Budgeting</b>				
	Institutional Efficiency & Service Delivery	Sustain operations through maintenance and proper management of county facilities	Operational & Maintenance (O&M)	Improved efficiency, reduced downtime, cost-effective operations	10,000,000
	Data Management & Planning	Compile and publish key county data for informed decision-making	Preparation of County Statistical Abstract	Improved data availability, better evidence-based planning	6,000,000
	Strategic Planning & Development	Develop detailed sector plans to guide county development	Preparation of County Sectorial Plan	Structured growth, targeted interventions in key sectors	6,000,000
	Civic Engagement & Governance	Involve the public in budgeting and planning processes for transparency	Public Participation - CFSP, Annual Budget, Estimates, etc.	Increased public involvement, improved governance transparency	8,460,000
	Economic Planning & Policy Development	Facilitate economic forums to discuss and inform county budgets	County Budget Economic Forums (CBEF) Facilitation	Enhanced stakeholder engagement, informed budget decisions	4,500,000
	Project Management & Oversight	Ensure effective monitoring and evaluation of county projects for accountability	County Projects Monitoring and Evaluation	Improved project outcomes, better resource allocation, transparency	10,000,000
	<b>Total Economic planning &amp; Budgeting-Recurrent</b>				<b>44,960,000</b>
<b>O&amp;M</b>					<b>178,687,512</b>
<b>P.E</b>					<b>232,130,523</b>
<b>TOTAL RECURRENT</b>					<b>410,818,035</b>
<b>TOTAL DEVELOPMENT</b>					<b>63,125,000</b>
<b>GRANT TOTAL</b>					<b>473,943,035</b>

#### 4.1.11 COUNTY PUBLIC SERVICE BOARD

County Ministry / Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed projects and programmes for FY 2025/2026	Expected Outcomes	Budget Estimate (Ksh)
COUNTY PUBLIC SERVICE BOARD	Human Resource Management & Compensation	Ensure timely and adequate remuneration for county staff	PE	Enhanced staff motivation, improved service delivery	35,769,422
	Institutional Efficiency & Service Delivery	Sustain county operations through regular maintenance and resource management	Operation and Maintenance	Increased efficiency, reduced operational disruptions	37,201,506
	<i>Sub-Total Recurrent</i>				72,970,928
	Development				
	Infrastructure Development & Service Accessibility	Provide adequate office space to enhance county service delivery	Construction of County Public Service offices and External Works for new office premises-Ongoing Construction Works	Improved working environment, enhanced public service efficiency	10,000,000

County Ministry / Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed projects and programmes for FY 2025/2026	Expected Outcomes	Budget Estimate (Ksh)
<i>O&amp;M</i>					<i>37,201,506</i>
<i>P. E</i>					<i>35,769,422</i>
<b>TOTAL RECCURRENT</b>					<b>72,970,928</b>
<b>TOTAL DEVELOPMENT</b>					<b>10,000,000</b>
<b>GRANT TOTAL</b>					<b>82,970,928</b>

#### 4.1.12 COUNTY ASSEMBLY

County Ministry/Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programs for 2025/2026 FY	Expected Impact	Budget Estimate (Kshs)
<b>COUNTY ASSEMBLY</b>	<b>General Administration and Support Services</b>				
	To ensure effective and efficient coordination of County Assembly services as well as providing adequate and conducive working environment for both members and staff through; construction of modern office block, Training and Development, Purchase of office equipment, and PE & OM	To Enhance General Administration Planning and Support Services	PE	Enhanced Service Delivery	477,652,911
		Organize for workshops and seminars to enhance staff capacity	Training and Development	Improved service delivery by members of staff in supporting the legislature	10,900,000
		Purchase of office furniture, computers, and other office equipment	Purchase of office equipment	Ease in duty performance by staff to effectively support the legislature.	28,026,701

County Ministry/Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programs for 2025/2026 FY	Expected Impact	Budget Estimate (Kshs)
		Provide members and staff with conducive working environment	Construction of modern office block	Ease in duty performance by staff to effectively support the legislature.	51,000,000
		Metallic containers for storage of documents and broken items	To procure metallic containers for storage of documents and broken items	Safe custody of assembly documents and items safe from destruction.	3,000,000
		Upgrade Assembly to a Virtual and digital Assembly	To upgrade Assembly to a Virtual and digital Assembly	Effective service delivery by the MCAs and Staff of Assembly due to enabling and conducive working environment	5,000,000
		Purchase of motor vehicles and motor cycles for the County Assembly headquarters	To procure a Nissan X-trail, Isuzu Mux (7-seater), Toyota Landcruiser (13-seater) Toyota Fortuner, and Motorbike	Effective service delivery by the MCAs and Staff of Assembly due to enabling and conducive working environment due efficiency of transport necessary for service delivery to the Kitui Residents.	26,000,000
		To ensure effective and efficient coordination of County Assembly services	Recurrent Expenditure	Improved oversight and legislation	116,742,555
		Drilling and Equipping of a Borehole	To drill and Equip a borehole within the Assembly for the purposes of provision Sufficient of water	Provision of sufficient water for use by members of County Assembly and Staff	5,000,000
		Constructing a Perimeter Walling with Electric	To Construct a perimeter walling around the County	Provision of sufficient security to the county assembly	5,000,000



County Ministry/Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programs for 2025/2026 FY	Expected Impact	Budget Estimate (Kshs)
		Fencing	Assembly Headquarters precincts with electric fencing	properties, staff and members of county assembly	
	<b>SUB-TOTAL</b>				<b>728,322,167</b>
	<b>Legislation, Representation and Oversight</b>				
	To facilitate members to achieve their core mandate as outlined in the Constitution through; Construction of Speakers Residence, Installation of lift in the chamber, Training and Development, Construction of Recreational facility, Construction of Ward Offices, Putting up a Parking Space, Issuance of car loans and mortgage as well as PE & OM	Imparting Members with necessary legislative skills to enable them effectively perform their roles	Training and Development	Improved legislation and oversight	18,000,000
		Formulation of Bills	To provide members and staff of county assembly with legislative skills for formulation of bills	10 Bills	46,000,000
		To purchase 40 Motorbikes for use by the ward offices assistants across all the wards in Kitui County	Purchase Motorbikes for Ward Offices	Ease in duty performance by ward staff and members of assembly to effectively support the legislation, representation and oversight.	12,000,000
		Enhance speakers' performance	Purchase 5 acres land for Construction of Speakers Residence	Improved speakers' performance by providing residential house hence effective oversight	5,000,000
		Enhance speakers' performance	Construction of Speakers Residence	Improved speakers' performance by providing residential house hence effective oversight	35,000,000
		Reduce Amounts paid in monthly rents in the rented offices	Construction of Ward Offices	Improved representation and ease of accessibility of the members of the County Assembly as they serve the electorates	55,000,000

County Ministry/Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programs for 2025/2026 FY	Expected Impact	Budget Estimate (Kshs)
		To hold Bunge Mashinani activities	Bunge Mashinani activities	Effective legislation for the benefit of Kitui County residents	14,000,000
		To ensure effective and efficient coordination of County Assembly services	Recurrent Expenditure	Improved oversight and legislation	256,728,061
	<b>SUB-TOTAL</b>				<b>441,728,061</b>
<b>TOTAL PE</b>					<b>477,652,911</b>
<b>TOTAL O&amp;M</b>					<b>531,397,317</b>
<b>TOTAL RECCURRENT</b>					<b>1,009,050,228</b>
<b>TOTAL DEVELOPMENT</b>					<b>161,000,000</b>
<b>GRANT TOTAL</b>					<b>1,170,050,228</b>

#### 4.1.13 KITUI MUNICIPALITY

County Ministry/Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for FY 2025/2026	Expected Outcome	Budget Estimate
Kitui Municipality	Personnel Emolument (PE)	To enhance General Administration, Planning and support services	Operationalize staff emoluments and other general expenses	Enhanced service delivery	35,508,829
	Operation and Maintenance (OM)	To enhance General Administration, Planning and support services	O&M	Enhanced service delivery	41,699,317
		Pending Bills Recurrent	Operationalize staff emoluments and other general expense	Enhanced service delivery	4,860,497
	Construction	To enhance revenue	Installation of Fabricated Modern	Increased Revenue collection	2,800,000

County Ministry/Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for FY 2025/2026	Expected Outcome	Budget Estimate
	Refurbishment of Non-residential Buildings	collection	Market Stalls for small traders along Ginneries	,secure working environment	
		To enhance Sustainable waste management	Repairs and Renovate Municipality Offices (Office Floors, Toilet , Purchase Installation and Pipping of 2# -10,000 Litres capacity water tanks at Kitui Municipality Administration	Improved working and service delivery	2,861,711
	Sustainable Urban management Policy	To have Sustainable urban management and utilization of resources	2nd Generation Kitui Municipality Integrated Development Plan IDEP 2025_2030 and Kitui Municipality Strategic Plan Revision	Enhance effective land use zoning within Kitui Municipality to ensure conformity in various land uses.	2,500,000
		To have Sustainable urban management and utilization of resources	Review of existing Integrated Sustainable Urban Development Plan (ISUDP), Data collection, Validation workshop, Approval and official launch	Enhance effective land use zoning within Kitui Municipality to ensure conformity in various land uses.	4,000,000
	Construction of Civil Works	To have conducive working environment	Installed, Reinstated & Maintained Street/Security lights in Municipality , (Township Back street, Kalundu Market Flood Lights, Savani, Shopping Centre of Wards Towns Bordering Municipality )	Improved security and safe working environment	13,500,000
		To have improved transport infrastructure	Upgrading Roads to Bitumen Standard, Potters Church-Premier Resort Gate C-0.55KM	Improved transport infrastructure	20,000,000
		To have improved Mobility and walkability	Construction of pedestrian walkways from Kalundu Best Mart Supermarket to Kalundu River Bridge-0.25KM	Improved own source revenue and walkability	5,000,000
		To have improved transport infrastructure	Construction of a Box Culvert along Access Road from Kitui Resort to Lower Site Area-1no.	Improved mobility and connectivity	3,800,000
		To have improved transport	Road Opening from Delta to Seku Town	Improved mobility and	6,500,000

County Ministry/Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for FY 2025/2026	Expected Outcome	Budget Estimate
		infrastructure	Campus with Drift Construction	connectivity	
		To have improved transport infrastructure	Construction of Car parking area from Jubilee College to Club Waves LHS-525M2	Improved own source revenue and walkability	2,300,000
		To have improved transport infrastructure	Drainage Works at Slaughter House-0.11km	Improved Accessibility and connectivity	800,000
		To have improved transport infrastructure	Improvement of access road from Kalundu dump site 300m	Improved Accessibility and connectivity	2,500,000
		To have improved transport infrastructure	Land Banking for Market, Bus Park and Slaughter	Improved mobility and Revenue Collection	6,500,000
	Sustainable waste management	To enhance Sustainable waste management	Drilling and Casing of Borehole at Kitui Slaughter House	Enhanced waste management and Service Delivery	3,500,000
	Specialized Tools and Equipment	To enhance waste collection and disposal	Purchase of PPEs for cleaners- dust coats, overalls, gum boots and rain coats	Enhance waste collection and disposal	1,500,000
		To enhance waste collection and disposal	Purchase of Assorted Working tools and equipment (Wheel barrows, Clumps, spades, rakes, brooms, Jembes, forked jembes slashers and slashers)	Enhanced waste collection and disposal	1,700,000
		To enhance waste collection and disposal	Fabricate 9 (Number) skip bins (@ Ksh. 500,000)	Enhanced waste collection and disposal	4,500,000
	Finance and Revenue Assurance	To enhance GIS data collection & inspection Gadgets	Updating and review of GIS Data for mapped Business Premises	Enhanced and updated GIS Data Records	1,200,000
<b>TOTAL PE</b>					<b>35,508,829</b>
<b>TOTAL O&amp;M</b>					<b>46,559,814</b>
<b>TOTAL RECCURRENT</b>					<b>82,068,643</b>
<b>TOTAL DEVELOPMENT</b>					<b>85,461,711</b>
<b>GRANT TOTAL</b>					<b>167,530,354</b>

#### 4.1.14 MWINGI TOWN ADMINISTRATION

County Ministry/ Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for FY 2023/2024	Expected Outcomes	Budget Estimate (Kshs)
MWINGI MUNICIPALITY	General administration and support services	To create enabling environment for an inclusive and safe work place through effective	P.E	Improved service delivery and clean environment	33,853,847
		administration and corporate services	O & M -Town public fora. -Office equipment and ICT Infrastructure -Assorted cleansing tools and equipment -General office Expences	Improved service delivery and clean environment	33,056,869
	Construction of Non- residential Buildings	To improve security, ensure extended business hours as well as provision of aesthetics	Street light repairs, rehabilitation and maintenance	Improved security hence reduced criminal activities as well as aesthetic value	1,500,000
		To improve security, ensure extended business hours as well as provision of aesthetics	Installation of one ‘Mulika Mwizi’ near Sammy Ithoka Building	Improved security hence reduced criminal activities	4,000,000
		To improve on county own source revenue collection as well as dustless environment	Cabro paving works along nzeluni road	Designated parking slots hence increased county revenue collection as well as enhanced health	6,500,000
		To refurbish municipality offices	General repairs and maintenance of municipality offices and other non- residential buildings	Improved work environment and enhanced government image	876,021
	Construction of Civil Works	To have a conducive business environment and improve accessibility to residential areas.	Construction of open storm water drains along Postbank-Huruma Waterpoint- Chomazone Building road	Increased connectivity, commercial activities and efficient mobility within the town and its environs.	3,000,000
		To upgrade road for connectivity and accessibility to residential areas.	Construction of open storm water drains along Musila Gardens - Delwash road	Increased connectivity, commercial activities and efficient mobility within the	2,000,000

County Ministry/ Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for FY 2023/2024	Expected Outcomes	Budget Estimate (Kshs)
				town and its environs.	
		To have conducive business environment and improve accessibility to residential areas.	Construction of open storm water drains along Ideal Hotel	Increased connectivity, commercial activities and efficient mobility within the town and its environs.	2,400,000
		To open town access road	Dozing, Grading, compacting and culvert installation along Huruma water point – ACK Neheema road	Increased connectivity to residential areas and efficient mobility within the town	2,000,000
		To upgrade Mwingi town roads	Grading (5km); Gravelling and Murraming (5km) of town roads	Increased connectivity to residential areas and efficient mobility within the town	2,500,000
	Pending Bills	Payment of Cleared Pending Bills by the committee on pending bills verification	Fildae co.ltd	Settlement of debts	3,900,001
<b>TOTAL PE</b>					<b>33,853,847</b>
<b>TOTAL O&amp;M</b>					<b>33,056,869</b>
<b>TOTAL RECURRENT</b>					<b>66,910,716</b>
<b>TOTAL DEVELOPMENT</b>					<b>28,676,021</b>
<b>GRANT TOTAL</b>					<b>95,586,737</b>

#### 4.1.15 MINISTRY OF AGRICULTURE & LIVESTOCK

County Ministry/ Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for FY 2025/2026	Expected Outcomes	Budget Estimates (Ksh)
	General Administration and support services				
MINISTRY OF	PE	To Provide for staff	Personnel Emoulements	Enhanced service delivery	265,392,850

County Ministry/ Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for FY 2025/2026	Expected Outcomes	Budget Estimates (Ksh)	
AGRICULTURE AND LIVESTOCK		remuneration for service delivery				
	OM	To enhance General	General administration and operational and Maintenance expenses	Enhanced service delivery	107,480,188	
	<b>Sub-Total</b>				<b>372,873,038</b>	
	<b>0102003710 P2: Crop Development and Food Security</b>					
	Climate-Resilient Agriculture	Enhance food security through drought-resistant crops	Promotion of production of drought tolerance crops for seed bulking (45 MTs of seeds procured)	Increased availability of drought-tolerant seeds and improved resilience to climate change	4,000,000	
	Market-Driven Agriculture	Strengthen value chain integration and market access for horticultural products	Promotion of horticulture production through SHEP approach (0.445 MT of seeds)	Increased household incomes and enhanced horticultural productivity	2,000,000	
	Household Nutrition & Food Security	Improve household nutrition through sustainable vegetable production	Promotion of production of nutrient dense vegetables (2,000 kitchen gardens established)	Enhanced dietary diversity and improved nutritional outcomes	1,500,000	
	Fortified Food Production	Boost production of high- nutrient staple crops	Promotion of production of nutrients' fortified foods (16 MT of planting materials procured (8 Mt millet, 8 Mt beans))	Increased availability of nutrient-rich food for improved public health	-	
	Agricultural Value Chain Strengthening	Enhance productivity, processing, and market access for priority agricultural products	National value chain development programme (NAVCDP)	Increased farmer incomes, job creation, and economic growth in the agricultural sector	231,250,000	
Agricultural Value Chain Strengthening	Leverage funding for comprehensive agricultural development	National value chain development programme Counterpart fund	Strengthened agricultural financing, expanded value chain integration, and improved rural livelihoods	5,000,000		
<b>Sub-Total</b>				<b>243,750,000</b>		
<b>0103013710 SP3.1: Agribusiness and Market Development, including land development</b>						
Agricultural Entrepreneurship	Enhance business skills and financial sustainability among smallholder farmers	Promote agri-preneurial skills (support 16 farmers facing SMEs)	Increased farmer-led agribusiness ventures and improved incomes	1,000,000		

County Ministry/ Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for FY 2025/2026	Expected Outcomes	Budget Estimates (Ksh)
	Sustainable Land Management	Improve soil fertility and water retention for enhanced agricultural productivity	Promote soil and water conservation (40 Levelling Kits procured and distributed)	Reduced soil degradation and improved farm yields	190,000
	Mechanized Agriculture	Increase land under cultivation through affordable mechanization	Subsidized tractor ploughing/Ripping (14,000 acres ripped/ploughed)	Enhanced farm productivity and reduced manual labor burden	5,000,000
	Post-Harvest Management	Reduce post-harvest losses and improve grain processing efficiency	Procure 10 threshers	Increased grain quality, reduced losses, and higher market value	950,000
	Conservation Agriculture	Promote minimum tillage for sustainable land use	Procure 3 rippers	Enhanced soil conservation and improved farm productivity	1,800,000
	Value Addition & Quality Enhancement	Improve grain quality for better market competitiveness	Procure 2 Destoning and cleaning machines	Higher-quality produce, increased farmer earnings, and improved food safety	-
	Sub-Total				8,940,000
<b>0103023710 SP 3.2 Agricultural Information Management (Agricultural Extension services)</b>					
	Agricultural Capacity Building	Improve farmers' knowledge on modern agricultural techniques	Agricultural Extension and Advisory services programme (168,000 farmers and 80 extension officers trained on good agriculture practices)	Enhanced agricultural productivity and food security	32,000,000
	Agricultural Service Infrastructure	Enhance accessibility and efficiency of agricultural services	Construction of Offices (Kitui South-Mutomo, Kitui East Office –phase 2)	Improved service delivery to farmers	5,000,000
	Institutional Strengthening	Improve working environment for agricultural officers	Renovation and fencing of Mwingi Central Sub county Agriculture office block	Enhanced efficiency and coordination of agricultural services	500,000
	Agribusiness Promotion	Provide a platform for knowledge exchange, networking, and market access	Hosting of Kitui Agricultural show and trade fair	Increased farmer-market linkages and adoption of new technologies	45,000,000



County Ministry/ Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for FY 2025/2026	Expected Outcomes	Budget Estimates (Ksh)
	Agricultural Training & Research	Strengthen the capacity of the Agricultural Training Centre (ATC) to support farmers	Construct phase I of a 24 rooms hostel, Construct a zero grazing unit for 10 dairy cows, 5,000 tissue culture banana plantlets, 10 kg assorted fruit trees and vegetable seeds for ATC nursery, 20,000 packets of polybag tubes/sleeves, Establishing 2 acres of pasture and fodder crops, Borehole drilling and solarization	Improved agricultural training, increased access to quality planting materials, and enhanced livestock productivity	7,357,900
	<b>Sub-Total</b>				<b>89,857,900</b>
<b>0105003710 P5: Fisheries Development and Management</b>					
	Sustainable Fisheries & Aquaculture	Promote climate-smart fish farming for increased fish production	Aquaculture Development (12 ponds-climate smart.)	Enhanced fish productivity, improved food security, and income generation	600,000
	Inland Fisheries Development	Boost fish production through strategic dam stocking	Dam stocking (12 dams)	Increased fish availability, enhanced livelihoods, and improved nutrition	700,000
	<b>Sub-Total</b>				<b>1,300,000</b>
<b>Total Agriculture &amp; Fisheries</b>					<b>343,847,900</b>
<b>0106013710 SP 6.1 Livestock Production and Management</b>					
	Livestock Capacity Building	Enhance knowledge and skills in modern livestock farming practices	Livestock Extension and Advisory services programme (4,000 farmers and 20 livestock extension officers trained on Good livestock production practices)	Improved livestock productivity and farmer incomes	8,000,000
	Genetic Improvement	Enhance poultry productivity and resilience through superior breeds	Poultry breed improvement (Procure and distribute 4,000 improved cocks)	Increased poultry meat and egg production	2,000,000
	Small Ruminant Development	Strengthen genetic potential for higher milk and meat yields	Goat breeds improvement (Procure and distribute 400 galla bucks)	Improved quality and quantity of goat production	2,800,000
	Dairy Sector Enhancement	Improve dairy cattle genetics for higher milk production	Dairy cattle breeds improvement (4,000 doses of semen 4,000 liters of liquid nitrogen)	Increased milk yield and enhanced dairy farming viability	2,200,000

County Ministry/ Spending Entity	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for FY 2025/2026	Expected Outcomes	Budget Estimates (Ksh)
	Fodder Production	Enhance livestock feed availability and quality	Establish 3,000 acres of pasture	Reduced feed shortages and improved animal nutrition	3,000,000
	Apiculture Development	Promote modern beekeeping for increased honey production	Procure and distribute 400 box hives & accessories	Improved honey yields and farmer incomes	2,500,000
	Alternative Livestock Farming	Diversify livestock farming opportunities	Procure 2,000 rabbits	Increased household incomes from rabbit farming	500,000
	Animal Health and Disease Control	Prevent and control livestock diseases to reduce mortality and economic losses	Procurement of vaccination services (Procure 20,000 FMD, 100,000 LSD, 1,000,000 NCD, 50,000 Anti rabies, Vaccinate 750,000 assorted livestock)	Healthier livestock and increased productivity	2,800,000
	Veterinary Services	Strengthen disease diagnostics and livestock health monitoring	Construction and equipping phase II of satellite diagnostic laboratory	Improved disease surveillance and timely intervention	3,000,000
	Extension Services Mobility	Enhance mobility of extension officers for better service delivery	Procurement of 8 motorcycles	Increased reach and efficiency of livestock advisory services	1,200,000
	<b>Sub-Total</b>				<b>28,000,000</b>
	<b>Total Livestock and Apiculture</b>				<b>28,000,000</b>
<i>O&amp;M</i>				<i>148,480,188</i>	
<i>P.E</i>				<i>265,392,850</i>	
<b>TOTAL RECURRENT</b>				<b>413,873,038</b>	
<b>TOTAL DEVELOPMENT</b>				<b>330,847,900</b>	
<b>GRANT TOTAL</b>				<b>744,720,938</b>	

#### 4.1.16 MINISTRY OF LANDS, HOUSING AND URBAN DEVELOPMENT

Department	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for FY 2025/2026	Expected Outcomes	Budget Estimates
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Department	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for FY 2025/2026	Expected Outcomes	Budget Estimates
MINISTRY OF LANDS, HOUSING & URBAN DEVELOPMENT	<b>General Administration</b>				
	PE	To enhance General Administration, Planning and support services	Enhanced service delivery	Enhanced service delivery	60,819,750
	O & M	To operationalize other general service expenses	Enhanced service delivery	Enhanced service delivery	50,592,194
	<b>SUB-TOTAL</b>				<b>111,411,944</b>
	<b>Urban Development</b>				
	Street Identification/ Mapping of the streets	Accessibility and easy identification of streets within the urban areas	Preparation of Street addressing system.	Addressed urban streets.	1,000,000
	Dustless Urban Areas	To enhance urban mobility and provide a more conducive environment in urban areas	Dustless Programme (Tarmacking and cabro paving)	Improved mobility and walkability	65,000,000
	Improving solid waste disposal	To promote Urban environmental cleanliness, health and sanitation.	Construction of solid waste Disposal sites.	Improved solid waste disposal	3,000,000
	Improving security and safe working environment	Enhance Urban security Lighting of our urban areas and promoting 24 our economy hence increased income and enhanced revenue collection.	Installation /Repair of Street/security lights along the roads urban areas.	Improved security and safe working environment	30,000,000
	Situational analysis, documentation	To ensure well managed urban areas, hence notable service delivery	To Elevate urban areas to market centres, Towns and Municipalities	well managed urban areas, hence notable service delivery	500,000
	Improved drainage channels in upcoming Urban areas	To have Conducive business environment and improve accessibility to residential areas.	Construction of Storm water drainage channels in the upcoming areas.	Increased connectivity, commercial activities and efficient mobility.	6,000,000
Kenya Urban Support Programme (UIG)		Kenya Urban Support		28,400,000	

Department	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for FY 2025/2026	Expected Outcomes	Budget Estimates
			Programme (UIG)		
	Keeping public areas clean and free of human disposal	Improving Sanitation in Urban Areas	Construction of Public toilets in 8 upcoming urban areas.	Improved Urban area sanitation	3,600,000
	Improved installation of waste disposal bins	Enhance cleanliness in Urban areas	Installation solid waste management centers	Improved solid waste disposal	2,000,000
	Planting of trees along the urban roads and urban open spaces in the 6 Urban areas.	Increased vegetation cover and enhanced town aesthetics.	Town greening/ beautification	Increased vegetation cover and enhanced town aesthetics.	1,500,000
	Street parking and outdoor advertising policy formulation	Improved street parking	Street parking and outdoor advertising policy formulation	Improved street parking	1,000,000
	To capture changes in rate able properties to maximize on revenue from Property Rates	Enhanced own source revenue sources from property Rates	Preparation Draft Supplementary Valuation Roll for the Year 2025/2026	Enhanced own source revenue sources from property Rates	5,000,000
	<b>SUB-TOTAL</b>				<b>147,000,000</b>
	<b>Lands</b>				
	Land Banking	Land acquisition	Land Banking	Purchased land	2,000,000
	Improved Land use plan and resource allocation	Ensure effective land use and resource allocation	Preparation of County spatial plan (CSP)	Improved land use plans and proper resource allocation	25,000,000
	Enhance Data Collection, Mapping & GIS Development, Stakeholder Consultation, Final stakeholder forums, Approvals, printing and documentation.	Approved LPLUDPs.	Preparation of Local physical land use development plan	Approved LPLUDPs.	8,000,000
	Public participation Land Demarcation, Identification of parcel boundaries and registration, Land survey. Support land title Issuance.	Increased Land title deeds Issued	Support land adjudication and provision of title deeds.	Land title deeds Issued	5,500,000
	Promote Policy concept note. Review and approval. Review and	Approving Policy documents	Formulation and implementation of land	Approved Policy documents	1,000,000

Department	Broad Priorities	Broad Strategic Objectives	Proposed Projects and Programmes for FY 2025/2026	Expected Outcomes	Budget Estimates
	approval.Dissemination. Review and approval.		policies.		
	Geo-referencing of market layouts	Approved market layout	Preparation and geo-referencing of market layouts.	Approved and gazzetted market layouts	4,500,000
	Improved awareness on Land matters	Effective public baraza land on information	Land clinics	Informed public on land matters	2,500,000
	Formulation of dispute resolution tribunal. Site visits to the disputed grounds ,Responding on appealed cases in court.	Improved dispute resolution	Land disputes resolution	Dispute resolution	912,127
	SUB-TOTAL				49,412,127
<b>TOTAL PE</b>					<b>60,819,750</b>
<b>TOTAL O&amp;M</b>					<b>53,504,321</b>
<b>TOTAL RECCURENT</b>					<b>114,324,071</b>
<b>TOTAL DEVELOPMENT</b>					<b>193,500,000</b>
<b>GRANT TOTAL</b>					<b>307,824,071</b>

**ANNEX I: LIST OF WARD LEVEL PROJECTS PROPOSED DURING THE CIDP 2023-2027 PUBLIC FORUMS ON 3<sup>RD</sup> NOVEMBER, 2022**

Open the link below: -

**1. CIDP II WARD LEVEL PROPOSED PROJECT (2023-2027)-**

[CIDP III PROPOSED PROJECTS. pdf](#)



KITUI CIDP 2023 -  
2027 WARD LEVEL PR

**ANNEX III: PUBLIC PARTICIPATION FORUM REPORT FOR THE COUNTY  
FISCAL STRATEGY PAPER 2025/2026**

# COUNTY GOVERNMENT OF KITUI

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P.O. BOX 33 – 90200  
KITUI

## MINISTRY OF FINANCE, ECONOMIC PLANNING AND REVENUE MANAGEMENT

### INVITATION TO PUBLIC PARTICIPATION FORUM ON THE FY 2025/2026 KITUI COUNTY FISCAL STRATEGY PAPER (CFSP) AND THE KITUI COUNTY MEDIUM- TERM DEBT STRATEGY PAPER, 2025

#### 1. The Kitui County Fiscal Strategy Paper (CFSP), FY 2025/26

The County Fiscal Strategy Paper is prepared in line with Section 117(1) of the Public Finance Management Act, 2012. The CFSP 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.

#### 2. The Kitui County Medium-Term Debt Strategy Paper, 2025

The Medium-Term Debt Strategy Paper is prepared in accordance with Section Sections 123(1) of the Public Finance Management Act, 2012. The debt strategy paper guides on debt management practices of the county government which includes the total stock of debt as at the date of the statement; the sources of loans made to the county government; the principal risks associated with those loans; the assumptions underlying the debt management strategy; and an analysis of the sustainability of the amount of debt, both actual and potential.

In this regard, the Ministry of Finance, Economic Planning and Revenue Management hereby invites members of the public, civil society groups, private sector, state agencies and all other interested stakeholders to Public Participation Forum for the FY 2025/26 Kitui County Fiscal Strategy Paper and Kitui County Medium-Term Debt Strategy Paper, 2025.

The Public Participation Forum will be held on **Tuesday, 18th February 2025** at **Kefri Centre – Kitui Town** from **10.00am**. The draft FY 2025/2026 County Fiscal Strategy Paper and the Kitui County Medium-Term Debt Strategy Paper 2025 are available on Kitui County Government's website via link [www.kitui.go.ke](http://www.kitui.go.ke). The members of the public, civil society groups, private sector, state agencies and all interested persons or groups are also invited to submit their comments, memoranda and proposals for inclusion in the FY 2025/2026 County Fiscal Strategy Paper at the following offices:

1. Office of the Chief Officer, Economic Planning and Budgeting at the County Treasury.
2. Any of our Sub County or Ward offices.

The public may also submit their views online via the email [planning@kitui.go.ke](mailto:planning@kitui.go.ke) so as to be received on or before **Tuesday, 18th February, 2025**. The members of the public can also follow the proceedings through a link to be posted on Kitui County Government's website i.e., [www.kitui.go.ke](http://www.kitui.go.ke) and the county's official social media platforms.

**County Executive Committee Member**  
**Ministry of Finance, Economic Planning and Revenue Management**



NEWS COUNTIES

PHOTO STORY



Environmental enthusiast Truphena Muthoni, 21, who broke the Guinness World Record for the longest tree-hugging marathon in John Michuki Memorial Park, Nairobi, on Sunday // FRED MUTUNE/KINUA

RESERVES BEING DEPLETED

# State outlines strict regulations to check harvesting of sand

The mining has led to the drying of aquifers, riverbank



GILBERT KOEH @Gokohmor1

It will be illegal to transport sand without a permit from the National Environment Management Authority.

— This is after the government introduced stringent regulations in a bid to control wanton sand harvesting.

Sand mining has led to the drying of aquifers, riverbank and bed erosion, water and air pollution and loss of biodiversity.

— The government has introduced Environmental Management and Coordination (Sand Harvesting) regulations, 2024.

— The application (for permit) shall be accompanied by proof of the Environmental Impact Assessment License showing the source of the sand being transported; personal details of the applicant; details of mode of transportation of the sand; and the fee specified in the Fourth Schedule, part of the regulations says.

— Sand transportation permit processing fee is Shs:600.

— Nema will consider the application within five working days after it is lodged.

Upon approval, Nema will issue the applicant with a permit which will be valid for a period not exceeding three months from the date of issuance.

Where sand is transported in a vehicle, the driver will retain physical custody of the permit while the sand is in transit. The holder of a permit issued under this regulation will present it on demand for the inspection and verification by an environmental inspector, police officer or authorised officer.

— The permit holder will transport sand only between 6 am and 6 pm.

The regulations say any person who contravenes the provisions commits an offence and shall, on conviction, be liable to the penalty provided under section 144 of Environmental Management and Coordination Act, 1999.

— The EMOA Act stipulates that any person who contravenes any of the provisions of regulations, for which no penalty is stipulated, commits an offence and is liable, upon conviction, to a fine not more than Shs350,000 or to imprisonment for a term not exceeding 18 months or to both.

— The proponent shall be responsible for rehabilitation of designated sand harvesting sites and their adjacent environment, where relevant, in accordance with the rehabilitation plan submitted with the Environmental Impact Assessment report.

— UN Environment Programme says sand is the world's second most used commodity, after water.

— UNEP says marine sand is a staple in construction, but the world's reserves are being depleted at rates never seen before.

INSTANT ANALYSIS

In Kenya a sizeable number of people depend on sand harvesting in semi-arid areas to earn a living. Incidences of people losing lives in quarries are on the rise and regulating sand harvesting will help curb illegal harvesting and also provide accountability in the sector.

With the impact of climate change being felt across the globe, the new regulations will help us see the difference.

Sandloaders at Mwitasyano River in Matia, Machakos county // FLE



**COUNTY GOVERNMENT OF KITUI**

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**MINISTRY OF FINANCE, ECONOMIC PLANNING AND REVENUE MANAGEMENT**

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County Executive Committee Member  
Ministry of Finance, Economic Planning and Revenue Management