REPUBLIC OF KENYA

COUNTY GOVERNMENT OF NYERI

DEPARTMENT OF FINANCE, ECONOMIC PLANNING AND ICT

COUNTY BUDGET REVIEW AND OUTLOOK PAPER

2025

SEPTEMBER 2025

To obtain a copy of the document, please contact:

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FOREWORD

The 2025 County Budget Review and Outlook Paper (CBROP) has been formulated in light of a stable global and domestic economic outlook. Kenya's economy has continued to perform strongly, maintaining a stable macroeconomic environment supportive of growth. This optimistic outlook is underpinned by a strong agricultural and manufacturing sector, favourable weather conditions enhancing agricultural productivity, a robust service industry, macroeconomic stability, ongoing public investment, and high business confidence. However, the economic outlook is not without its challenges, as Kenya faced both external and domestic risks. On the global stage, trade tensions, financial market volatility, and geopolitical conflicts may lead to reduced exports, tourism, and remittances, as well as increased costs of essential commodities. Domestically, extreme weather conditions could impact agriculture, infrastructure, and food security.

From a financial perspective, it is important to understand that any internal or external factors that negatively impact the economic and financial trends at the national level will have a ripple effect on the county government's expenditure trends and economic agenda. The manifestation of these risks will significantly impact economic planning, budgeting, and the subsequent delivery of projects and services. Consequently, the county will diligently monitor these risks, including climate-related hazards, and make necessary adjustments to plans and budgets to ensure their successful realization.

Despite these difficulties, the Government policy will continue to support the Government's Bottom-Up Economic Transformation Agenda (BETA). This will be achieved through the ongoing implementation of a growth-responsive fiscal consolidation plan, aimed at slowing the growth of public debt without compromising the delivery of services. Given the expected limited resources available in the current economic context, it will be essential for government agencies to prioritize and align their programs within the available resource envelope.

The County Treasury is dedicated to strengthening fiscal policy at the county level to reduce the risk of budget deficits and achieve the fiscal projections and priorities outlined in the CFSP 2025. This objective will be achieved through the enhancement of revenue mobilization, broadening of the revenue base, conducting a revenue potential study, and addressing unproductive expenditures and revenue leakages during the medium-term period.

However, the implementation of the FY 2024/2025 budget faced several challenges, primarily due to delayed fund disbursements from the National Treasury. This was compounded by the delay in approval of the revised Division of Revenue Bill and subsequent County Allocation of Revenue Act, 2024 which hampered the process of fund release to the county and thereby adversely affecting basic operations and service delivery. The delayed enactment of the revised County Government Additional Allocation Act that gives the clear amount of conditional loans and grants further delayed the release of funds which resulted in slow and limited absorption of funds. By June 30, 2025, the total revenue received amounted to Kshs. 8,445,971,272 comprising Kshs. 7,037,436,120 in equitable shares, Kshs. 512,629,259 in additional conditional allocations from the National Government and development partners, unspent balances from FY 2023/2024 of Kshs. 213,168,593 while Kshs. 682,737,300 was raised as the County's own source revenue, which was below the target of Kshs. 800,000,000. However, local revenue grew by 2.34% as compared to the previous financial year, and the County is committed to enhancing revenue mobilization by enhancing the efficiency of the revenue system to seal possible loopholes and other leakages.

To strengthen public resource management, the County is slowly transitioning from cash to accrual accounting to improve cash management and enhance financial and fiscal reporting and is in the process of adopting the end-to-end e-procurement system whose aim is to maximize value for money and increase transparency in procurement. The County is also ingrained in adopting a Zero-Based Budgeting approach in preparing the FY 2026/27 budget.

The budget allocations for the financial year 2025/2026 will significantly influence expenditure priorities for FY 2026/2027, considering rising wage bills, ongoing projects, high inflation rates, and the constrained fiscal environment. In preparing the County Fiscal Strategy Paper for 2026, fund allocations will be based on alignment with the objectives set forth in the Economic Recovery Strategy, the Annual Development Plan (ADP) for FY 2026/2027, and the CIDP 2023-2027.

I urge all Accounting Officers to strictly follow the schedule of activities and timelines outlined in the Budget Circular previously issued. This will ensure the timely finalization and appropriation of the FY 2026/2027 budget estimates, as well as the successful implementation of the FY 2025/2026 budget.

Robert Thuo Mwangi.
County Executive Committee Member
FINANCE, ECONOMIC PLANNING AND ICT

ACKNOWLEDGEMENT

The County Budget Review and Outlook Paper (CBROP), 2025, has been prepared in accordance with the provisions of the Public Finance Management (PFM) Act, 2012 (CAP 412A), and its Regulations. The document provides the fiscal outturn for FY 2024/2025 and the macroeconomic projections, and it will form the basis for setting the departmental ceilings for FY 2026/2027 and the medium budget.

Additionally, the document reviews how the actual performance in FY 2024/2025 influenced compliance with the fiscal responsibility principles and financial objectives outlined in the PFM Act. It will also support the development of the 2026 County Fiscal Strategy Paper (CFSP), which will set the ceilings and expenditure priorities for FY 2026/27.

As we prepare the FY 2026/2027 medium-term budget, it is crucial to recognize that we are operating under tight resource constraints alongside significant expenditure demands. This necessitates careful prioritization to ensure that our spending targets the most impactful programs with the greatest benefits for Kenyans. I urge all county entities to review their proposals to avoid poor prioritization for FY 2026/2027. It is essential to adhere strictly to established guidelines and deadlines while emphasizing the importance of public participation and consultation with other statutory institutions. Resource allocation will focus on achieving outcome- and result-oriented development to increase household income in our county. The success of any budget implementation relies heavily on its quality, making it imperative to invest time and resources in its preparation.

This document reflects a collaborative effort from all County departments and entities, which provided valuable and credible information for analysis and inclusion. We appreciate their contributions to this important undertaking, a critical step in preparing the county budget for FY 2026/2027. I extend special gratitude to His Excellency the Governor, His Excellency the Deputy Governor, the County Secretary, County Executive Committee Members, Chief Officers, County Directors, and other county authorities for their unwavering support throughout this process.

Special thanks go to the team from the Directorate of Economic Planning, Budgeting, Monitoring and Evaluation who spent valuable time to ensure the success of this statutory requirement. To everyone who made this exercise successful, I thank you and assure your time that was spent for the success of this noble task was not in vain as the document will be of importance to the future planning and budgeting process in the county.

F.A/CPA Mwai S. Mathenge

Ag. CHIEF OFFICER - ECONOMIC PLANNING, BUDGETING, M&E

LEGAL BASIS FOR THE PUBLICATION OF THE COUNTY BUDGET REVIEW AND OUTLOOK PAPER

The Nyeri County Budget Review and Outlook Paper is prepared in accordance with Section 118 of the Public Financial Management Act, 2012 which states that:

1) A County Treasury shall;
    a) prepare a County Budget Review and Outlook Paper (CBROP) in respect of the county for each financial year; and
    b) Submit the paper to the County Executive Committee by 30th September of that year.
2) In preparing the County Budget Review and Outlook Paper, the County Treasury shall specify-
    a) the details of actual fiscal performance in the previous financial year compared to the budget appropriation for that year;
    b) the updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper (CFSP);
    c) information on-
        i) any changes in the forecasts compared with the CFSP or.
        ii) how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles or the financial objectives in the CFSP for that year; and
    d) reasons for any deviation from the financial objectives in the CFSP together with proposals to address the deviation and the time estimated for doing so.
3) The County Executive Committee shall consider the CBROP with a view to approving it, with or without amendments, within fourteen days after its submission.
4) Not later than seven days after the CBROP is approved by County Executive Committee, the County Treasury shall:
    (a) arrange for the CBROP to be laid before the County Assembly; and
    (b) as soon as practicable after having done so, publish and publicize the paper.

FISCAL RESPONSIBILITY PRINCIPLES IN THE PUBLIC FINANCE MANAGEMENT ACT, 2012

Section 107(2) of the Public Financial Management (PFM) Act, 2012, sets out the fiscal responsibility principles to ensure prudence and transparency in the management of county public resources. The PFM Act states that:

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

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

(c) the county government's expenditures on wages and benefits shall not exceed a percentage of the county government's total revenue as prescribed by the County Executive Member for finance in regulations and approved by the County Assembly

(d) over the medium term, the county government's borrowings shall be used only for the purpose for financing development expenditure and not for recurrent expenditure.

(e) the county debt shall be maintained at a sustainable level as approved by the County Assembly.

(f) the fiscal risks shall be managed prudently; and

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

EXECUTIVE SUMMARY

The County Budget Review and Outlook Paper (CBROP), 2025, reviews the budget implementation for FY 2024/2025 and projects the broad outlook for the county's development agenda for FY 2026/2027. It provides a fiscal framework for creating a strong basis for fiscal discipline and public funds accountability. The CBROP reminds us of the need to maintain an ideal balance between government receipts and expenditures. The document provides objectives, the legal basis under which it is prepared, and how the performance of the FY 2024/2025 budget adhered to the fiscal responsibility principles and financial objectives spelt out in the PFM Act, 2012.

The CBROP is a key policy document that will guide the preparation of the CFSP 2026. It shows the macroeconomic projections at the national level, which will significantly impact the country's development performance in the medium term. The CFSP 2026 will highlight the progress in implementing the projects and programs prioritized in the FY 2025/2026 budget while also taking into account the recent macroeconomic developments.

In the review of the fiscal performance in FY 2024/2025, the CBROP provides some of the reasons why there were delays in the implementation of development projects. During the financial year, the exchequer releases to the county were highly inconsistent throughout the period. There was the delayed approval of the revised Division of Revenue Bill and subsequent County Allocation of Revenue Act, 2024 and delayed enactment of the revised County Government Additional Allocation Act that gives the clear amount of conditional loans and grants. This led to slow or insufficient execution of the planned projects and programs, thus leading to delayed payments for that financial year. By the end of the financial year, 93.80 percent of the revenue had been realized, while overall spending stood at 96.94 and 67.98 percent on recurrent and development votes, respectively.

The document also analyzes the county's recent economic development, summarizing all development projects and programs undertaken during the last financial year, 2024/2025, in all sectors. Most of the development resources were spent on infrastructure, as infrastructure is a critical enabler of socioeconomic progression.

The CBROP provides the factors to be considered in allocating resources under the MTEF and budget preparation process. During FY 2024/2025, the County Treasury revised the budget once due to the delayed approval of Division of Revenue Bill (DORB) and County Allocation of Revenue Act (CARA), 2024 further compounded by the delayed enactment of the County Additional Allocation Act, 2024, thus making it difficult to give projections for FY 2026/2027, although the amounts provided in the current FY 2025/2026 budget estimates will generally not be very different.

The county has continued to operate under tight resource constraints, with many unpredictable scenarios. Prudency will be observed at all levels to ensure value for money from the limited resources.

I. INTRODUCTION

A. Background

1. The County Budget Review and Outlook Paper (CBROP) is developed as per the requirements of section 118 of the Public Finance Management Act, 2012 (CAP 412A) which states that every county must prepare a CBROP by 30th September, of every fiscal year, and submit the same to the County Executive Committee (ExCom). The ExCom shall in turn:

a) Within fourteen days after submission, consider the CBROP with a view to approving it, with or without amendments.
b) Not later than seven days after the ExCom has approved the paper, the County Treasury shall.
c) Arrange for the paper to be laid before the County Assembly
d) As soon as practicable after having done so, publish and publicize the Paper.

B. Objectives of CBROP

2. The objective of the County Budget Review and Outlook Paper (CBROP), 2025 is to provide a review of fiscal performance for the FY 2024/25 and how this performance affects the financial objectives and fiscal responsibility principles set out in the PFM Act and outlined in the County Fiscal Strategy Paper (CFSP), 2025. This, together with updated macroeconomic developments and outlook provides a basis for revision of the current budget in the context of Supplementary Estimates and the broad fiscal parameters underpinning the FY 2025/26 and the medium-term budget. Details of the fiscal framework and the medium-term policy priorities will be firmed up in the CFSP, 2026.

3. The CBROP, 2025 is a key policy document that will guide the development of the CFSP, 2026. The CFSP, 2026 will highlight the progress in the implementation of the projects and programmes prioritized in the FY 2025/2026 Budget while also taking into account the recent macroeconomic developments.

4. The own source actual performance during the FY 2024/25 increased slightly by 2.34 percent compared to FY 2023/24. This comprised of all other revenue streams apart from the health sources that are retained in the health service fund. It is imperative to note that the collection from the fund grew from Kshs. 740 million collected in the FY 2023/24 to Kshs 769 million in the FY 2024/25 representing 3.91 percent increase.

5. However, a closer analysis of collections from other revenue streams reveals an insignificant increase in receipts despite concerted efforts employed through a rapid result initiative drive aimed at improving revenue collection. Therefore, there is a need to refocus and identify a more reliable way to enhance own-source revenue to reduce overreliance on external sources.

6. As required by the PFM Act, 2012, the budget process emphasizes the efficiency and effectiveness of public spending and improving revenue collection to stimulate and sustain economic activities. This will, in turn, ensure that the county government is able to settle its commitment and enhance continued fiscal discipline. In order to meet the resource requirements for FY 2025/26, the County Government will continue to apply prudent measures aimed at enhancing local revenue collection and rationalizing expenditures.

II. REVIEW OF FISCAL PERFORMANCE IN 2024/2025

A. Overview

7. In the financial year 2024/25, the County Government faced delayed disbursement of funds from the National Treasury, which affected the execution of planned projects and programs due to cash flow challenges. Further, the delay in approval of the revised Division of Revenue Bill and subsequent County Allocation of Revenue Act, 2024 hampered the process of release to the county, which was further compounded by the delayed enactment of the revised County Government Additional Allocation Act that gives the clear amount of conditional loans and grants.

8. During the financial year 2024/25, the County Treasury revised the budget to align it with the County Allocation of Revenue Act, 2024 and address the emerging social needs in line with the prevailing economic trends. The balances accruing from the FY 2023/24 were also appropriated by revising budget estimates to allow for spending and payment of pending bills and commitments. As at the end of the FY 2024/25, the first approved supplementary budget for the financial year amounted to Kshs. 9,004,034,684 comprising of Kshs. 6,101,675,737 for recurrent and Kshs. 2,902,358,947 for development.

B. Fiscal Performance in FY 2024/25

Revenue Performance

9. In the financial year 2024/2025, cumulative revenues received by the County Government from the National Government releases, conditional grants, and unspent balances in FY 2023/2024 amounted to Kshs. 7,763,233,972 while Kshs. 682,737,300 was received from the county's own revenue sources, as shown in **Table 1 below**. It is nevertheless important to note that the own revenue source does not contain the revenue streams from health facility following the creation of Health Service Fund which ring-fences collections for health. The actual collection through the fund amounted to Kshs. 769,201,876.

Table 1: Revenue Performance in Financial Year 2024/25

Revenue Sources and Expenditure	Approved Appropriation (Kshs)	Revised Appropriation (Kshs.)	Actual Performance (Kshs.)	Deviation (Kshs.)	Performance %
Balance B/F	-	213,168,593	213,168,593	-	100
Equitable Share	6,580,025,891	7,037,435,739	7,037,436,120	381	100
Kenya Informal Settlement Programme (KISIP II)	365,603,076	360,603,076	300,603,076	(60,000,000)	83.36
DANIDA	8,336,250	8,336,250	8,336,250	0	100.00
Aggregated Industrial Park Programme	250,000,000	-	-	0	0.00
IDA (World Bank) Credit-National Agricultural Value Chain Development Programme (NAVCDP)	151,515,152	151,515,152	49,768,881	(101,746,271)	32.85
ABDP	19,315,146	19,315,146	-	(19,315,146)	0.00
KABDP	11,918,919	10,918,919	-	(10,918,919)	0.00

Revenue Sources and Expenditure	Approved Appropriation (Kshs)	Revised Appropriation (Kshs.)	Actual Performance (Kshs.)	Deviation (Kshs.)	Performance %
IDA (World Bank) Credit-Financing Locally Led Climate Action (FLLoCA) program- County Climate Institutional Support (CCIS) Grants	11,000,000	11,000,000	11,000,000	0	100.00
IDA (World Bank) Credit-FLLoCA Climate Change Grant Level 2	125,000,000	125,000,000	10,263,053	(114,736,947)	0.00
Road Maintenance Levy Fund (RMLF)	281,534,361	-	100,348,699	100,348,699	35.64
KDSP II (Level I)	37,500,000	37,500,000	-	(37,500,000)	0.00
Community Health Promoters	74,250,000	74,250,000	-	(74,250,000)	0.00
KUSP UIG	35,000,000	35,000,000	32,309,300	(2,690,700)	92.31
KUSP UDG	-	64,819,483	-	(64,819,483)	0.00
Arrears for Health Workers	-	55,172,326	-	(55,172,326)	0.00
Sub-total	**7,950,998,795**	**8,204,034,684**	**7,763,233,972**	**(440,800,712)**	**94.63**
Own Source Revenue	800,000,000	800,000,000	682,737,300	(117,262,700)	85.34
Total Revenue	**8,750,998,795**	**9,004,034,684**	**8,445,971,272**	**(558,063,412)**	**93.80**
Salaries & Wages	4,384,961,720	4,534,694,644	4,492,312,884	(42,381,760)	99.07
Operations & Maintenance (O&M)	1,473,600,831	1,566,981,093	1,422,837,327	(144,143,766)	90.80
Development	2,892,436,244	2,902,358,947	1,973,078,754	(929,280,193)	67.98
Total Expenditure	**8,750,998,795**	**9,004,034,684**	**7,888,228,965**	**(1,115,805,719)**	**87.61**

Source: County Treasury, 2025

10. As of the end of June 2025, some of the targeted revenues had not fully been realized, including own source revenue, Aquaculture Business Development Programme (ABDP), Kenya Agriculture Business Development Programme (KABDP) and Kenya Urban Support Programme Urban Development Grant (KUSP UDG). The unspent cash balances from the financial year 2023/2024 amounted to Kshs. 731,995,077 necessitated the formulation of the first supplementary budget to appropriate the balances and align it to the County Allocation of Revenue Act of 2024.

11. In the financial year 2024/2025, the County Government received Kshs. 7,037,436,120 as equitable share revenue from the National Government, which was inclusive of Kshs. 518,826,484 undisbursed amounts from June 2024. Further, the county received Kshs. 300,603,076 as a grant for the Kenya Informal Settlement Programme (KISIP), Kshs. 8,336,250 from DANIDA, Kshs. 49,768,881 for the National Agriculture Value Chain Development Programme (NAVCDP), Kshs. 32,309,300 for Kenya Urban Support Programme Urban Institutional Grant and Kshs. 21,263,053 from World Bank for Financing Locally Led Climate Action Programme.

12. The County Government collected Kshs. 682,737,300 from its own revenue streams against a target of Kshs. 800,000,000 during the financial year 2024/2025. The performance shows an increase of 2.34% compared with the previous financial year, 2023/2024. However, the amount does not comprise the collection from the health-related sources since they now form part of the allocation directed to the Health Service Fund that retains the finances collected within the fund and utilized for various health-related purposes. The amount collected by the fund in the financial year 2024/2025 amounts to Kshs. 769,201,876.

13. Despite ongoing efforts to enhance own-source revenue, the County Government continues to face several challenges in local revenue mobilization. Key among these are inadequate legal frameworks and outdated legislation, which often lead to conflicts and litigations that delay or hinder revenue collection. Additionally, resistance from taxpayers, poor public awareness, and loopholes in revenue administration systems further contribute to underperformance.

14. Going forward, the County Government will come up with innovative ways of increasing its own revenue collection without necessarily overburdening its citizens. The County Government will ensure that all the necessary legislation to support revenue collection is enacted so as to reduce conflict and litigations that hinder optimal revenue collection. Further, the personnel involved at all levels of revenue mobilization, collection, enforcement, and management will continue to be equipped with requisite skills and capacity building on their core mandate in an endeavor to attain more resources for development initiatives. Increased revenue will also reduce the pending bills and overdependence on equitable share and other external revenue sources.

Table 2: Local Revenue Performance – FY 2024/25

No	Revenue Stream	Annual Targeted Revenue	Revenue Performance in 2024/25	Deviation in Revenue Performance in 2024/25	Percentage Performance 2024/2025
1	Liquor Licence	70,000,000	51,753,636	(18,246,364)	73.93
2	Agricultural Mechanization Station	1,500,000	456,430	(1,043,570)	30.43
3	Wambugu Agricultural Training Centre	8,000,000	7,140,658	(859,342)	89.26
4	Veterinary Charges	7,180,000	6,311,970	(868,030)	87.91
5	Slaughtering Fees & Slaughter House Inspection Fees	2,380,000	943,818	(1,436,182)	39.66
6	Nyeri Slaughter House	500,000	520,000	20,000	104.00
7	Kiganjo Slaughter House	120,000	100,000	(20,000)	83.33
8	Gura Fishing Camp/ Fisheries Revenue	20,400	-	(20,400)	0.00
9	Coffee Permit	400,000	270,900	(129,100)	67.73
10	Market Entrance/ Stalls/ Shop Rents	52,602,000	43,013,075	(9,588,925)	81.77
11	Weights and Measures	4,500,000	5,394,605	894,605	119.88
12	Co-operatives Audit	2,000,000	2,151,100	151,100	107.56
13	Cultural Centre	300,000	55,000	(245,000)	18.33
14	Public Health	17,000,000	15,181,971	(1,818,029)	89.31
15	Burial Fees	135,000	60,300	(74,700)	44.67

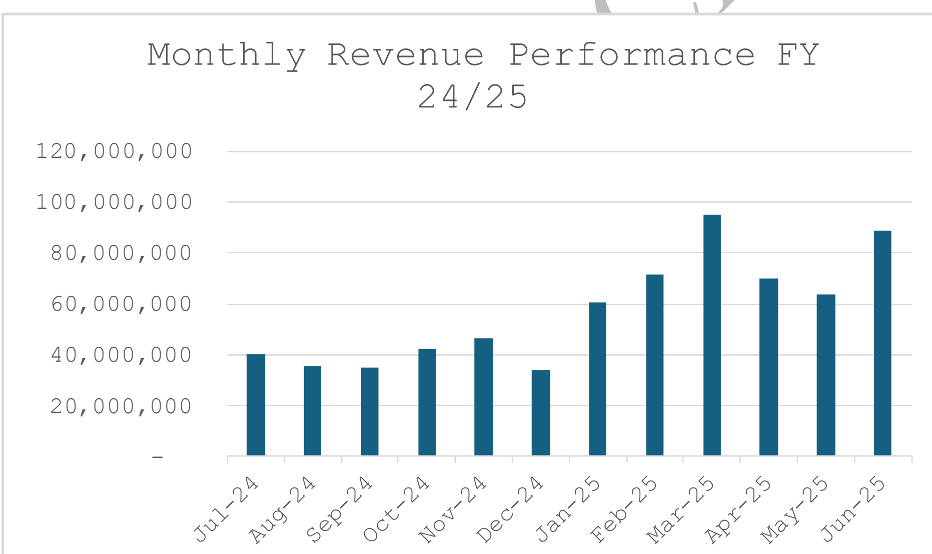
No	Revenue Stream	Annual Targeted Revenue	Revenue Performance in 2024/25	Deviation in Revenue Performance in 2024/25	Percentage Performance 2024/2025
16	Business Permits	130,000,000	125,474,965	(4,525,035)	96.52
17	Commission (3% Agency Fees)	6,228,000	4,416,649	(1,811,351)	70.92
18	Ambulant Hawkers Licence	709,000	420,580	(288,420)	59.32
19	Miscellaneous	93,000	988,445	895,445	1062.84
20	Document Search Fee/ Duplicate Receipts	148,900	197,000	48,100	132.30
21	Impounding Charges/Court Fines, penalties and Forfeitures	4,084,800	4,313,151	228,351	105.59
22	Application Fee	10,048,000	6,587,417	(3,460,583)	65.56
23	Parking Clamping/Penalties/ Offences Fees	2,024,800	896,070	(1,128,730)	44.25
24	Central Kenya Show Annual Permit	250,000	143,341	(106,659)	57.34
25	Sale of Old Office Equipment, Furniture and Motor Vehicles	10,000,000	-	(10,000,000)	0.00
26	Right of way/ Way Leave Fee	5,000,000	4,590,127	(409,873)	91.80
27	Cess (Quarry, Produce, Kaolin etc)	45,000,000	41,649,908	(3,350,092)	92.56
28	Street Parking Fees	47,200,000	47,806,307	606,307	101.28
29	Enclosed Bus Park	81,000,000	86,139,495	5,139,495	106.35
30	Fire Fighting Services	18,000,000	16,053,990	(1,946,010)	89.19
31	Land Rates/ Other Property Charges	75,000,000	48,528,336	(26,471,664)	64.70
32	Ground Rent - Current Year	5,161,000	4,364,793	(796,207)	84.57
33	Ground Rent - Other Years	2,052,000	1,808,301	(243,699)	88.12
34	Plot Transfer Fees/ Business Subletting/ Transfer Fee	1,016,000	905,000	(111,000)	89.07
35	Housing Estates Monthly Rent	30,700,000	25,961,941	(4,738,059)	84.57
36	Approvals	23,311,900	16,924,985	(6,386,915)	72.60
37	Sign Boards & Advertisement Fee	44,302,800	43,736,224	(566,576)	98.72
38	Buildings Plan Approval Fee/ Buildings Inspection Fees	32,000,000	21,633,956	(10,366,044)	67.61
39	Consent to charge Fee/ Property Certification Fee	2,069,500	1,125,900	(943,600)	54.40
40	Sale of Council's Minutes	588,100	470,500	(117,600)	80.00
41	Debts Clearance Certificate Fee	1,588,500	1,412,500	(176,000)	88.92
42	Hire of Grounds	2,000,000	1,201,500	(798,500)	60.08
43	Library Services	500,000	1,079,200	579,200	215.84
44	Food Ration (KRT) Nursery School	400,000	380,450	(19,550)	95.11
45	Food Ration (Kingongo) Nursery School	308,000	166,800	(141,200)	54.16
46	Food Ration (Nyakinyua) Nursery School	434,000	121,700	(312,300)	28.04
47	Stadium Hire	61,000	133,000	72,000	218.03
48	Public Toilets	149,000	93,165	(55,835)	62.53
49	Refuse Collection Fee	50,000,000	38,536,390	(11,463,610)	77.07

No	Revenue Stream	Annual Targeted Revenue	Revenue Performance in 2024/25	Deviation in Revenue Performance in 2024/25	Percentage Performance 2024/2025
50	Polluter of Environment Penalties	50,000	16,000	(34,000)	32.00
51	Private borehole operators	50,000	-	(50,000)	0.00
52	Sale of flowers, Plants, Firewood, Produce etc.	50,000	-	(50,000)	0.00
53	Quarry /mining charges-annual licence fee	100,000	-	(100,000)	0.00
54	Tree cutting permits	20,000	-	(20,000)	0.00
55	Sale of Fertilizer/lime	60,000	-	(60,000)	0.00
56	Noise Regulation/ Pollution	1,604,300	1,105,750	(498,550)	68.92
Total		**800,000,000**	**682,737,300**	**(117,262,700)**	**85.34**

Source: County Treasury, 2025

15. From a monthly review, the county government's performance of local revenue collection sharply rises from the second half of the financial year recording the highest amount, as shown in the figure below. This is because key revenue sources such as Single Business Permits, and land rates have a payment deadline in March before they start attracting fines and penalties and there was an increase in enforcement activities.

Figure 1: Monthly Own Source Revenue Performance in FY 2024/2025



Source: County Treasury, 2025

Expenditure Performance

16. The total expenditure in the financial year 2024/2025 amounted to Kshs. 7,888,228,965 against a budget of Kshs. 9,004,034,684, representing an underperformance of Kshs. 1,115,805,719, as shown in Table 3 below.

17. The expenditure challenges that led to this deviation and shortfall in absorption include the National Government's failure to release the disbursements on time and not having met the local revenue targets. This was compounded by the delay in approval of the revised Division of Revenue Bill and subsequent County Allocation of Revenue Act, 2024 which hampered the process of fund release to the county and thereby adversely affecting basic operations and service delivery. The delayed enactment of the revised County Government Additional Allocation Act that gives the clear amount of conditional loans and grants further delayed the release of funds.

18. Additionally, the long and bureaucratic process of procurement and requisition of funds from the County Revenue Fund exacerbated this issue. Further, some of the allocated donor funds were not disbursed despite being approved in the County Budget, hence the underperformance of the overall budget.

19. As earlier mentioned, the County Government of Nyeri will continuously put in place measures to enhance its own source of revenue thus reducing overreliance on external funding. In addition to these internal efforts, continuous engagement with other Government Agencies such as the National Treasury and the Office of the Controller will be pursued to deal with expenditure bottle necks such as the long procurement and requisition processes as well as timely release of exchequer issues and donor funds.

Table 3: Expenditure Performance in FY 2024/25

Expenditure Classification	Approved Appropriation (Kshs)	Revised Appropriation (Kshs.)	Actual Performance (Kshs.)	Deviation (Kshs.)	Performance %
Salaries & Wages	4,384,961,720	4,534,694,644	4,492,312,884	(42,381,760)	99.07
Operations & Maintenance (O&M)	1,473,600,831	1,566,981,093	1,422,837,327	(144,143,766)	90.80
Total Recurrent	**5,858,562,551**	**6,101,675,737**	**5,915,150,211**	**(186,525,526)**	**96.94**
Development	2,892,436,244	2,902,358,947	1,973,078,754	(929,280,193)	67.98
Total Expenditure	**8,750,998,795**	**9,004,034,684**	**7,888,228,965**	**(1,115,805,719)**	**87.61**

Source: County Treasury, 2025

20. During the financial year 2024/2025, the County Government of Nyeri incurred recurrent expenditure amounting to Kshs. 5,915,150,211 against a proposed budget of Kshs. 6,101,675,737 representing an underperformance of Kshs. 186,525,526. The county spent Kshs. 4,492,312,884 and Kshs. 1,422,837,327 on Personal Emoluments and Operations and Maintenance, respectively.

21. Expenditure on development amounted to Kshs. 1,973,078,754 against a revised estimate of Kshs. 2,902,358,947, representing an underperformance of Kshs. 929,280,193. This can be attributed to delayed disbursement of the exchequer by the National Treasury, shortfall in the county's own source revenue collection as well as no disbursement of some of the allocated donor funds.

Performance by Departments and Other County Units

22. Analysis of the performance by departments and other county units indicates that the Department of Health Services and Public Health had the highest percentage of recurrent expenditures, at 99.81%, while the Office of the County Attorney had the lowest, at 84.78%, as shown in Table 4 below.

Table 4 : Performance of Recurrent Budget in FY 2024/25

Department/Entity	Approved Appropriation (Kshs)	Revised Appropriation (Kshs)	Actual Performance (Kshs)	Deviation (Kshs)	Performance (%)
Executive Office of the Governor and the Deputy Governor	124,289,081	169,351,070	149,131,955	(20,219,115)	88.06
Office of the County Secretary	324,346,491	344,641,054	339,379,852	(5,261,202)	98.47
Finance, Economic Planning and ICT	535,713,381	635,151,076	591,114,897	(44,036,179)	93.07
Lands, Physical Planning and Urban Development	81,471,179	84,880,179	82,766,613	(2,113,566)	97.51
Health Services and Public Health	2,627,212,340	2,732,709,379	2,727,487,558	(5,221,821)	99.81
Gender, Youth, Social Services and Sports	94,117,826	100,572,816	94,984,862	(5,587,954)	94.44
County Public Service and Solid Waste Management	147,161,971	198,534,968	195,926,456	(2,608,512)	98.69
Agriculture, Livestock and Aquaculture Development	238,197,177	246,021,416	244,085,645	(1,935,771)	99.21
Trade, Cooperatives, Culture and Tourism	56,597,890	68,053,631	62,162,674	(5,890,957)	91.34
Education, Training and Devolution	553,543,413	470,692,113	431,223,231	(39,468,882)	91.61
Water, Environment, and Climate Change	76,359,445	78,118,595	74,509,133	(3,609,462)	95.38
County Assembly	805,763,061	741,925,715	708,272,231	(33,653,484)	95.46
County Public Service Board	42,461,734	47,843,913	47,542,369	(301,544)	99.37
Roads, Transport, Public Works, Infrastructure and Energy	92,944,004	99,035,154	95,025,329	(4,009,825)	95.95
County Attorney	46,292,678	48,657,778	41,251,714	(7,406,064)	84.78
Nyeri Municipality	12,090,880	35,486,880	30,285,692	(5,201,188)	85.34
TOTAL	**5,858,562,551**	**6,101,675,737**	**5,915,150,211**	**(186,525,526)**	**96.94**

Source: County Treasury, 2025

23. From the analysis of the Development budget below, the Office of the County Public Service Board had the highest absorption rate of the Development budget at 98.46%, followed by the Office of the County Secretary with 97.31% of the allocated budget. The County Assembly had the lowest absorption rate at 31.73% followed by the Nyeri Municipality with 32.69%. **Table 5** below shows the performance of the departments and units. However, the figures on the tables may change slightly due to year-end adjustments.

Table 5: Performance of the Development Budget in FY 2024/25

Department	Approved Appropriation (Kshs)	Revised Appropriation (Kshs)	Actual Performance (Kshs)	Deviation (Kshs)	Performance (%)
Executive Office of the Governor and the Deputy	45,000,000	43,854,087	38,781,705	(5,072,382)	88.43

Department	Approved Appropriation (Kshs)	Revised Appropriation (Kshs)	Actual Performance (Kshs)	Deviation (Kshs)	Performance (%)
Governor					
Office of the County Secretary	6,500,000	7,011,669	6,823,043	(188,626)	97.31
Finance, Economic Planning and ICT	10,049,590	22,135,334	20,995,324	(1,140,010)	94.85
Lands, Physical Planning and Urban Development	368,403,076	438,337,861	343,948,424	(94,389,437)	78.47
Health Services and Public Health	416,300,000	538,093,812	372,590,727	(165,503,085)	69.24
Gender, Youth, Social Services and Sports	101,300,000	125,929,510	105,789,124	(20,140,386)	84.01
County Public Service and Solid Waste Management	53,000,000	57,420,918	44,764,107	(12,656,811)	77.96
Agriculture, Livestock and Aquaculture Development	270,149,217	306,571,915	156,091,121	(150,480,794)	50.92
Trade, Cooperatives, Culture and Tourism	379,900,000	110,502,269	89,583,108	(20,919,161)	81.07
Education, Training and Devolution	85,100,000	108,687,341	72,099,445	(36,587,896)	66.34
Water, Environment, and Climate Change	264,700,000	376,917,752	162,856,840	(214,060,912)	43.21
County Assembly	150,000,000	54,700,000	17,354,773	(37,345,227)	31.73
County Public Service Board	6,000,000	6,000,000	5,907,387	(92,613)	98.46
Roads, Transport, Public Works, Infrastructure and Energy	651,334,361	526,367,466	476,704,210	(49,663,256)	90.56
County Attorney	0.00	0.00	0.00	0.00	0.00
Nyeri Municipality	84,700,000	179,829,013	58,789,416	(121,039,597)	32.69
TOTAL	**2,892,436,244**	**2,902,358,947**	**1,973,078,754**	**(929,280,193)**	**67.98**

Source: County Treasury, 2025

24. Given that the county budget is program-based**, Table 6** below shows the budget's Performance by Programme and Sub-Programme.

Table 6: Performance of the Budget by Programme and Sub-Programme FY 2024/25

		Approved Budget Estimates		**Actual Expenditure**		**Percentage Performance**	
Program	**Sub-Program**	**Recurrent**	**Development**	**Recurrent**	**Development**	**Recurrent Expenditure**	**Development Expenditure**
Executive Office of the Governor and the Deputy Governor							
Management and Co-ordination of county affairs	Administration, planning and support services	164,696,505.00	43,854,087.00	144,948,463.00	38,781,705.00	88%	88%
	Management of county affairs	4,654,565.00		4,183,492.00		90%	0%
		169,351,070.00	**43,854,087.00**	**149,131,955.00**	**38,781,705.00**	**88%**	**88%**
Office of the County Secretary							

		Approved Budget Estimates		Actual Expenditure		Percentage Performance	
Program	**Sub-Program**	**Recurrent**	**Development**	**Recurrent**	**Development**	**Recurrent Expenditure**	**Development Expenditure**
Coordination of County Functions and Public Service Management	Administration, planning and support services	342,769,321.00	7,011,669.00	337,851,698.00	6,823,043.00	99%	97%
	County publicity campaign	1,871,733.00		1,528,154.00		82%	0%
		344,641,054.00	**7,011,669.00**	**339,379,852.00**	**6,823,043.00**	**98%**	**97%**
Finance, Economic Planning and ICT							
Economic Planning and Policy Formulation	Economic Planning and Policy Formulation	17,640,330.00		15,241,260.00		86%	0%
	Monitoring and Evaluation	3,700,000.00		3,639,420.00		98%	0%
Executive Services	Administration and personnel services	511,697,731.00	22,135,334.00	484,322,976.00	20,995,324.00	95%	95%
ICT Development	ICT Infrastructure Development	5,467,575.00		4,950,943.00		91%	0%
Public Finance Management	Financial Accounting	15,106,200.00		14,428,528.00		96%	0%
	Internal Audit	7,758,700.00		7,315,530.00		94%	0%
	Procurement Compliance and Reporting	17,774,304.00		14,407,549.00		81%	0%
Revenue Mobilization	Revenue Mobilization	56,006,236.00		46,808,691.00		84%	0%
		635,151,076.00	**22,135,334.00**	**591,114,897.00**	**20,995,324.00**	**93%**	**95%**
Lands, Physical Planning and Urban Development							
Housing Development and Human Settlement	Government Building	2,757,600.00		2,563,686.00		93%	0%
Land Policy and Planning	Land Policy Formulation	5,044,443.00		4,348,442.00		86%	0%
Physical planning services	Administration and personnel services	77,078,136.00	438,337,861.00	75,854,485.00	343,948,424.00	98%	78%
		84,880,179.00	**438,337,861.00**	**82,766,613.00**	**343,948,424.00**	**98%**	**78%**
Health Services and Public Health							
Administration, Planning and General Support Services	Administration, Planning and General Support Services	2,714,588,878.00	538,093,812.00	2,709,381,907.00	372,590,727.00	100%	69%
Health Services	Health Services	17,570,501.00		17,570,051.00		100%	0%
	Community health	550,000.00		535,600.00		97%	0%
		2,732,709,379.00	**538,093,812.00**	**2,727,487,558.00**	**372,590,727.00**	**100%**	**69%**

		Approved Budget Estimates		Actual Expenditure		Percentage Performance	
Program	**Sub-Program**	**Recurrent**	**Development**	**Recurrent**	**Development**	**Recurrent Expenditure**	**Development Expenditure**
Gender, Youth, Social Services and Sports							
General Administration and Planning services	Administration and personnel services	78,140,618.00		74,757,725.00		96%	0%
	Administration and planning services		98,297,372.00		87,737,820.00	0%	89%
Library services and Disaster Management	Administration and planning services	14,302,698.00		13,022,273.00		91%	0%
County children's management	County children's home management	3,622,000.00		2,823,888.00		78%	0%
Sports and Talents Development	Recreation and Sporting Services	4,507,500.00	27,632,138.00	4,380,976.00	18,051,304.00	97%	65%
		100,572,816.00	**125,929,510.00**	**94,984,862.00**	**105,789,124.00**	**94%**	**84%**
County Public Service and Solid Waste Management							
Human resources Management	Administration Planning and Support Services	189,446,814.00	10,285,018.00	187,628,663.00	9,002,761.00	99%	88%
Sanitation Management	Administrative Support Services	9,088,154.00	47,135,900.00	8,297,793.00	35,761,346.00	91%	76%
		198,534,968.00	**57,420,918.00**	**195,926,456.00**	**44,764,107.00**	**99%**	**78%**
Agriculture, Livestock and Aquaculture Development							
Agricultural Management	Administration and planning services	232,810,305.00	221,223,496.00	231,902,751.00	86,560,442.00	100%	39%
AMS Narumoru	Development Of Agricultural Land for Crop Production	1,226,000.00	7,030,100.00	1,226,000.00	3,158,355.00	100%	45%
County Extension Services and Aquaculture Development	Administrative Support Services	2,537,734.00	24,076,400.00	1,893,150.00	23,922,419.00	75%	99%
Crop Management	County Agriculture Extension Program	1,597,437.00	30,640,062.00	1,467,219.00	20,895,608.00	92%	68%
	Farm Development	6,630,000.00		6,630,000.00		100%	0%
Livestock Production Management	Provision of Extension Services to Livestock farmers	1,219,940.00	23,601,857.00	966,525.00	21,554,297.00	79%	91%
		246,021,416.00	**306,571,915.00**	**244,085,645.00**	**156,091,121.00**	**99%**	**51%**
Trade, Cooperatives, Culture and Tourism							

		Approved Budget Estimates		Actual Expenditure		Percentage Performance	
Program	**Sub-Program**	**Recurrent**	**Development**	**Recurrent**	**Development**	**Recurrent Expenditure**	**Development Expenditure**
Co-operatives Management	Cooperative Development and Management	4,039,389.00	2,933,000.00	3,661,341.00	2,794,510.00	91%	95%
Tourism Development	Cultural Management		1,000,000.00		990,250.00	0%	99%
	Promotion of Tourism	4,650,000.00	5,000,000.00	3,896,114.00	4,979,115.00	84%	100%
Trade Development	Trade Promotion	59,364,242.00	101,569,269.00	54,605,219.00	80,819,233.00	92%	80%
		68,053,631.00	**110,502,269.00**	**62,162,674.00**	**89,583,108.00**	**91%**	**81%**
Education, Training and Devolution							
General administration and policy Development and implementation	Administrative Support Services	416,141,147.00	78,371,924.00	415,211,712.00	44,722,663.00	100%	57%
	ECDE Management	5,562,252.00		4,542,965.00		82%	0%
Kenya Devolution Support Program	Promote Effective Result Based Management & administration	45,500,000.00		8,317,880.00		18%	0%
Youth Training and Development	Youth Training and Development	3,488,714.00	30,315,417.00	3,150,674.00	27,376,782.00	90%	90%
		470,692,113.00	**108,687,341.00**	**431,223,231.00**	**72,099,445.00**	**92%**	**66%**
Water, Environment, and Climate Change							
Environment and Climate Change	Environment Conservation, Protection and Management	12,847,368.00	350,727,657.00	11,702,938.00	146,778,743.00	91%	42%
Water Management	Administrative Support Services	65,271,227.00		62,806,195.00		96%	0%
	Water Services		26,190,095.00		16,078,097.00	0%	61%
		78,118,595.00	**376,917,752.00**	**74,509,133.00**	**162,856,840.00**	**95%**	**43%**
County Assembly							
General administration, Policy Development and implementation	Administration and planning services	741,925,715.00	54,700,000.00	708,272,231.00	17,354,773.00	95%	32%
		741,925,715.00	**54,700,000.00**	**708,272,231.00**	**17,354,773.00**	**95%**	**32%**
County Public Service Board							

		Approved Budget Estimates		Actual Expenditure		Percentage Performance	
Program	**Sub-Program**	**Recurrent**	**Development**	**Recurrent**	**Development**	**Recurrent Expenditure**	**Development Expenditure**
General administration, Policy Development and implementation	Administration and personnel services	47,843,913.00	6,000,000.00	47,542,369.00	5,907,387.00	99%	98%
		47,843,913.00	**6,000,000.00**	**47,542,369.00**	**5,907,387.00**	**99%**	**98%**
Roads, Transport, Public Works, Infrastructure and Energy							
Energy Sector development	Street Lighting		257,859,915.00		217,514,269.00	0%	84%
	Street lighting programme	19,713,160.00		16,841,850.00		85%	0%
General Administration and Planning services	Administration, planning and support services	79,321,994.00		78,183,479.00		99%	0%
	County access and feeder roads improvement		268,507,551.00		259,189,941.00	0%	97%
		99,035,154.00	**526,367,466.00**	**95,025,329.00**	**476,704,210.00**	**96%**	**91%**
County Attorney							
General Administration and Planning services	Management of county affairs	48,657,778.00		41,251,714.00		85%	0%
		48,657,778.00		**41,251,714.00**		**85%**	**0%**
Nyeri Municipality							
Municipal Administration	Municipal Administration	35,486,880.00	179,829,013.00	30,285,692.00	58,789,416.00	85%	33%
		35,486,880.00	**179,829,013.00**	**30,285,692.00**	**58,789,416.00**	**85%**	**33%**
Grand Total		**6,101,675,737.00**	**2,902,358,947.00**	**5,915,150,211.00**	**1,973,078,754**	**97%**	**68%**

Source: County Treasury, 2025

C. Fiscal performance of the FY 2024/2025 in relation to fiscal responsibility principles and financial objectives

25. In line with the Constitution, the PFM Act, 2012, the PFM Regulations, objectives as outlined in the CFSP 2025, and in line with the principles of prudent and transparent management of public resources, the county government has largely adhered to the fiscal responsibility principles as set out in the statute as follows:

26. Compared to the financial year 2023/2024, the projected own source revenue increased by 2.34% from Kshs 667,120,608 to Kshs. 682,737,300 in the FY 2024/25. This is attributed to enhanced enforcement and awareness creation among the Nyeri people. Additionally, the county received Kshs 7,763,233,972 out of the expected 8,204,034,684 from the exchequer.

27. By the end of the fourth quarter of FY 2024/25, the expenditure on development was Kshs. 1,973,078,754, while Kshs. 5,915,150,211 was spent on recurrent expenditure, representing a 67.98% and 96.94% absorption rate of the development and recurrent budget, respectively. The recurrent expenditure was within the limit and in line with section 107 (2) (a) of the PFM Act, 2012. On the other hand, the low absorption of development funds is attributed to the delay by the National Treasury in releasing the exchequer, which subsequently hampered the execution of planned activities due to cash flow challenges.

28. According to the County Allocation of Revenue Act (CARA 2025), the amount of expected revenue in the form of equitable share in FY 2025/26 is Kshs 6,518,609,255, which is a 0.93% decrease as compared to the amount in FY 2024/25. In addition, the target for Own Source Revenue in FY 2025/26 is Kshs. 800,000,000 for all the revenue streams apart from health sources, which will be maintained in the Health Fund created by the Nyeri Health Service Act, 2021. The actual contribution of local revenues has remained below 10 percent of the projected total county revenues in FY 2025/2026. The actual contribution of local revenue to the total county budget in FY 2024/25 amounted to only 7.58 percent.

29. The County Government's revenue from its own sources in FY 2024/25 demonstrated a notable increase compared to FY 2023/24. This growth was primarily attributed to higher collections from impounding fees, parking fees, library services and stadium hires. Specifically, revenue from health-related sources amounted to Ksh. 769.2 million in FY 2024/25, with a set target of 836.3 million, translating to a 91.98 percent achievement rate. Furthermore, the upsurge in other revenue streams can be ascribed to improved enforcement and greater acceptance of levies and charges by the public.

30. However, despite the challenges experienced, revenue collection is expected to increase, and efforts will be made for further improvement. This will include expanding the county's revenue base, strengthening existing revenue streams, and reducing litigation by engaging all stakeholders in formulating related legislation. The enforcement and inspectorate units will continue being facilitated through capacity building to be more effective in revenue mobilization. These efforts towards enhancing own source revenue collection will significantly reduce overreliance on exchequer releases from the National Government. Consequently, this will enhance the prudent management of fiscal risks by ensuring that budget estimates align with actual outcomes as envisaged by section 107 (2) (f) of the PFM Act, 2012.

31. For the FY 2025/26 budget, adjustments will be introduced on fiscal aggregates as provided under section 108 (2) of the PFM Act, 2012; CARA, 2025, and the unspent balances as of 30th June 2025. The pending bills and ongoing works accruing from the FY 2024/2025 totaled to approximately Kshs 340 million. These will partly be paid as the first charge in respective departmental votes, and the remaining amount will be provided for during a supplementary budget from the amount brought forward from the 2024/25 financial year.

32. In accordance with section 25(1) (b) of the PFM (County Governments) Regulations, the county government is required not to spend more than 35 percent of its aggregate revenue on salaries and wages. However, since the dawn of devolution, pressure has been rising for countries to adhere to this provision on wage bill ceiling despite the fact that the rise is triggered mainly by external factors. These include the increase in salaries of staff as well as the signing of CBAs nationally and the effects being imposed on counties to execute without the provision of additional resources, e.g., the CBA for nurses and doctors, which has continued to strain the county's resource basket.

33. The County's allocation on salaries and wages in FY 2024/25 stood at Kshs. 4,534,694,644, representing 50.36 percent of the total county budget. The incessant recruitment of staff without consideration of its effect on the budget has further deepened pressure on the already strained budget leaving very little for operations and maintenance. Further, the demand for promotions from workers, whenever they are due, has also contributed significantly to the continued rise in the wage bill.

34. By the end of FY 2024/25, the County Government expenditure on wages and salaries was Kshs. 4,492,312,884 which translated to 56.95 percent of the county's total actual expenditure. Despite the fact that expenditure on wages and salaries was beyond the required threshold of 35% as per the PFM regulations, the county government has continued to explore ways of reducing the wage bill to release funds to development activities. These activities include conducting staff audits and headcounts, analysing workloads, and introducing voluntary early retirement programmes. There is a need for the county government to prioritize addressing the issue of the alarming wage bill pressure and explore sustainable ways to avoid ending up with a budget that can only settle salaries and leave nothing for operations.

35. In the financial year 2024/2025, the amount allocated for development expenditure was 32.23 percent of the total county budget, which was within the legal requirement in line with the PFM Act 2012, which requires the county government to allocate at least 30% of its annual budget towards development expenditure over the medium term. By the end of this period, only Kshs. 1,973,078,754 of the development budgets had been spent, translating to 25.01 percent of the total county expenditure.

36. Notably, during FY 2024/25, the County Government did not borrow to finance its development or recurrent expenditure. However, eligible pending bills debts will be catered for through an allocation in the supplementary budget. This will ensure that the county debt is maintained at a sustainable level in accordance with the fiscal responsibility principles outlined in the PFM Act, 2012. The cash balances carried forward to FY 2024/25 amounted to Kshs. 731,995,077, consisting mainly of the last tranche for FY 2023/2024 and donor/conditional grants. This necessitated appropriation through a supplementary budget to enable the funds to be utilized.

37. The County Government also ensured the implementation of projects and programs aligned with the third-generation County Integrated Development Plan that guides the development agenda over the medium term. The CIDP is aligned to the Sustainable Development Goals, Kenya's Vision 2030, and National Government Agenda for the current administration as well as other necessary policies that impact positively on the development of the county in the plan period.

III. RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

38. The County's development agenda over the medium term is heavily linked to national and international aspirations, as outlined in Kenya's Vision 2030 and its medium-term plans, as well as other regional and international plans and agreements. Consequently, global and national economic indicators have a significant impact on the economic outlook at the county level. It is, therefore, crucial to track these occurrences to make appropriate local adjustments.

39. From a financial perspective, it is important to understand that any internal or external factors that negatively impact the economic and financial trends at the national level will have a ripple effect on the county government's expenditure trends and economic agenda.

40. Global economic indicators show a fragile resilience amid ongoing uncertainty. The growth forecast is 3.0% for 2025 and 3.1% for 2026. Compared to the April 2025 World Economic Outlook reference forecast, the 2025 forecast is 0.2 percentage points higher, and the 2026 forecast is 0.1 percentage points higher. This is due to stronger-than-expected front-loading in response to expected higher tariffs, lower average effective US tariff rates than announced in April, improved financial conditions partly due to a weaker US dollar, and fiscal expansion in major countries.

41. At the regional level, growth in Sub-Saharan Africa is expected at 4.0% in 2025 and 4.3% in 2026 from 4.0% in 2024. On the other hand, Global inflation is expected to fall to 4.2 percent in 2025 and 3.6 percent in 2026, a path similar to the one projected in April. Nevertheless, the overall outlook hides notable cross-country differences.

42. Given the above global economic situation, economic policies should support the projected growth prospects while ensuring adequate measures are taken to mitigate the potential risks. If these risks materialize, policymakers should implement measures that enhance the fiscal buffers and targeted support to the vulnerable.

A. Recent National Economic Developments

43. Kenya's economy has continued to perform strongly, maintaining a stable macroeconomic environment supportive of growth. In the first quarter of 2025, the economy registered an average growth rate of 4.9%, similar to the same period in 2024. This broad-based growth reflects positive performance across all sectors. Agriculture, a key driver of Kenya's economy, expanded by 6.0%, compared to 5.6% in Q1 2024, largely due to favorable weather conditions across much of the country.

44. Inflation has moderated significantly, settling at 4.1% in July 2025, a decline from 4.3% in July 2024 and well below the peak of 9.6% in October 2022. The easing is attributed to declining energy prices and a slowdown in food price increases. From November 2023 to July 2025, both food and energy costs decreased, with energy costs experiencing the most significant decline. This decline has supported household consumption and relieved cost pressures on businesses

45. The Central Bank of Kenya (CBK) has gradually eased monetary policy to stimulate economic recovery. The Central Bank Rate (CBR) was reduced from 13% in July 2024 to 9.5% in August 2025. Consequently, lending rates, which peaked at 17.2% in November 2024, declined to 15.3% in July 2025. Similarly, the interbank rate fell to 9.6% in July 2025 from 13.2% a year earlier, while the 91-day Treasury Bill rate dropped from 16.0% to 8.1% over the same period.

46. Lower interest rates have gradually revived private sector credit. Growth in credit to the private sector improved from -2.9% in January 2025 to 3.3% in July 2025. This recovery reflects improved demand for credit, underpinned by declining lending rates and the appreciation of the shilling, which eased the burden of foreign-currency-denominated loans.

47. Kenya's external sector has remained resilient. The current account deficit held steady at 1.5% of GDP by June 2025, unchanged from June 2024. This stability was driven by robust goods exports (up 7.7%, led by horticulture and coffee), strong growth in services receipts (up 24.4%, mainly transport and travel services), and rising diaspora remittances (up 12.1% to US$5.08 billion). On the import side, goods imports increased by 9.9%, reflecting higher demand for intermediate and capital goods.

48. Official foreign exchange reserves strengthened to USD 11.9 billion (5.2 months of import cover) in June 2025, up from USD 8.5 billion (3.8 months) in June 2024. The Kenyan shilling has stabilized significantly, trading in the Kshs 128–130 per dollar range since January 2024, appreciating from Kshs 160.8 in January 2024 to Kshs 129.2 in July 2025.

49. Improved macroeconomic stability and a stable exchange rate have boosted investor confidence, spurring foreign direct investment (FDI) inflows and stronger activity at the Nairobi Securities Exchange (NSE). The NSE Index surged by 53.2%, rising to 2,559 points in July 2025 from 1,670 points in July 2024. Similarly, market capitalization rose by 52.8%, reaching Ksh 2.52 trillion in July 2025 from Ksh 1.65 trillion in July 2024

B. County Recent Economic Developments

50. This section highlights the major achievements realized by the County Government over the 2024/2025 financial year. It outlines progress made across key sectors including health, agriculture, infrastructure, education, and trade, among others. These accomplishments reflect the County's commitment to improving service delivery, promoting inclusive growth, and enhancing the well-being of its residents through effective implementation of planned programs and projects.

51. The Financial Year 2024/25 commenced on a positive note despite facing significant financial constraints, primarily caused by delays in disbursement of funds from the National Treasury. These delays impacted the timely implementation of various planned county projects and programs. Nonetheless, the county demonstrated resilience and managed to execute most of its scheduled activities, albeit with some adjustments to timelines.

52. Through the office of the Governor, the County recorded notable achievements across governance, infrastructure, and citizen engagement. The construction of the Governor's official residence was completed in line with SRC requirements, with an expenditure of Ksh. 37.5 million. Renovation works at the Governor's Office commenced and is now ongoing. To enhance communication and transparency, the county procured modern communication equipment worth Ksh. 2.6 million. Additionally, 349 citizen engagement forums were held to deepen public participation in governance. The Performance Management Unit also evaluated performance contracts across 11 departments, reinforcing accountability and service delivery.

53. In FY 2024/25, the Office of the County Secretary successfully implemented several projects aimed at improving administrative infrastructure and public engagement. Phase II of the boundary fencing at Karatina Sub-County Office was completed at 100%, with an actual expenditure of Ksh. 4.24 million. Five ward offices; Rugi, Mahiga, Wamagana, Iriaini, and Mugunda, were fully equipped to enhance service delivery at the grassroots level. The County Secretary's Boardroom was also refurbished at full completion, costing Ksh. 765,670. The county now operates eight sub-county and five ward offices. To promote transparency and civic inclusion, 30 civic education forums and 115 public participation sessions were conducted during the year

54. In FY 2024/25, the Department of Finance achieved full compliance in financial reporting by submitting all four required reports on time and preparing key statutory documents, including the Finance Bill 2024, Annual Development Plan FY 2025/26, CBROP 2024, and CFSP 2024, in accordance with the Public Finance Management Act. The department also submitted four audit reports to the Audit Committee as planned. In economic planning, all targets were met with the production of eight planning and policy documents and timely submission of budget and M&E reports. Additionally, two offices were renovated to improve the work environment, and staff motivation was supported through the procurement of laptops and office equipment.

55. In the ICT unit, key milestones included a successful server upgrade and full implementation of countywide internet connectivity. Additionally, under revenue mobilization, the department coordinated the collection of Ksh. 684 million, achieving approximately 86% of the Ksh. 800 million targets. There were also planned staff support activities were fully implemented, including the procurement of computers and office equipment, as well as renovation of seven offices to improve functionality and service delivery.

56. During the year under review, the county, through the Department of Lands, achieved major milestones in land management, planning, housing, and informal settlement upgrading. Key among these was the ongoing development of the Electronic Development Application and Approval System (e-DAMS) and the County Land Information Management System (CLIMS), both at 50% completion.

57. The department prepared Local Physical and Land Use Development Plans for informal and colonial settlements, including fieldwork and stakeholder consultations in Gathahithi, Mathaithi, Munungaini, and Muthathini. Draft plans for Ndumanu and Gitunduti were completed and are pending approval. Additionally, 10 draft plans were prepared for historic colonial villages to support tenure regularization.

58. Affordable housing initiatives were advanced through redevelopment plans for Mukurweini County Estate and development of the Wamagana land parcel in partnership with the State Department of Housing. The department also completed the Nyeri County Slum Upgrading and Prevention Strategy 2025–2035 under KISIP II.

59. Infrastructure upgrades under KISIP II reached 50% completion in five informal settlements, with works including road tarmacking, water and sewer connections, installation of high masts, and provision of skip bins. Survey works for nine informal settlements were completed and approved by the Director of Surveys, enabling titling processes. Additionally, 43 title deeds were registered and issued for Ihwagi settlement.

60. Nyeri County's health infrastructure comprises a total of 131 health facilities distributed across various levels of care. These include 1 Level 5 Hospital, which serves as the county's referral facility, 6 Level 4 Hospitals providing sub-county hospital services, 23 Level 3 Health Centres, and 101 Level 2 Dispensaries, which form the backbone of primary healthcare delivery at the community level. This network enables the county to offer a broad range of preventive, curative, and specialized services to its population.

61. During the FY 2024/25, the County Government of Nyeri made significant investments in health infrastructure to enhance service delivery across the county. Three health centres benefited from ongoing construction and renovation works, including the septic tank at Ngorano Health Centre (Phase II), completion of the male ward at Endarasha Health Centre, and the perimeter wall at Nyeri Town Health Centre (Phase I). Additionally, 28 dispensaries were either constructed or renovated across various wards, with notable projects such as new laboratory blocks, toilet and ablution facilities, fencing, and full structural upgrades. Key examples include the construction of Miiri and Honi Dispensaries (Phase III and II respectively), renovation works at Gatitu, Ruthagati, and Kiamathaga Dispensaries, and fencing and paving works at Zaina Dispensary.

62. The county also implemented major projects in hospitals, including refurbishment of non-residential buildings at Karatina and Mukurweini Hospitals, roof repairs and oncology unit improvements at the County Referral Hospital, and advancement of the Karatina Accident & Emergency Block (Phase II). Other notable milestones include the construction of Wamagana Level IV Hospital (Phase I), the OPD block at Mukurwe-ini Hospital, and ongoing works at Othaya Sub-County Hospital. The supply of medical drugs, non-pharmaceuticals, and the undertaking of environmental impact assessments further strengthened the healthcare system's operational readiness.

63. In FY 2024/25, the County Government of Nyeri significantly enhanced the capacity of its health facilities through the procurement of a wide range of major and specialized medical equipment. This included essential mobility aids such as 20 walking frames and 20 wheelchairs, as well as 33 adjustable double crank patient beds and 30 bedside lockers to improve inpatient care. Advanced diagnostic and treatment equipment was also acquired, including 3 patient vital signs monitors, 2 anaesthetic machines, a biochemistry analyzer, and a gastroscope tube for specialized procedures. The county also equipped its facilities with electric and manual delivery beds, orthopaedic traction beds, and various surgical instrument sets such as myomectomy, hysterectomy, and D&C kits.

64. To support maternal and child health, nebulizers, oxygen concentrators, tens machines, IUCD insertion sets, and speculums were procured, alongside KEPI fridges for vaccine storage. Infection control and safety were boosted with fire extinguishers, sterilizing drums, and biohazard bins. Additionally, basic clinical tools such as examination couches, thermometers, examination lamps, and instrument trolleys were distributed to various facilities. This investment has not only improved service readiness but also strengthened specialized care capacity across the county's health facilities

65. The County, through the Department of Gender, under County Directorate of Disaster Management actively responded to various emergency situations, including 306 fire incidents, 10 road traffic accidents, 4 drowning cases, and several other emergencies such as exhumations, landslides, suicides, and rescue operations from boreholes and toilets. To support affected households, the department procured and distributed iron sheets for rebuilding. Additionally, in partnership with St John's Ambulance, fire officers and other personnel received basic first aid training to enhance first response capacity. Officers also participated in fire and rescue training in Tharaka Nithi and a Basic Fire Fighting Course, strengthening their practical skills. The directorate conducted fire drills and disaster sensitization at institutions including the Governor's Office, Central Bank of Kenya, schools, and Mukurweini Judiciary. County-wide community awareness campaigns were also held during International Firefighters Day and national celebrations. Two stakeholder forums were organized to foster collaboration in disaster preparedness and response.

66. The Directorate of Sports organized and participated in several key sporting events throughout the year. These included the Nyeri Mega National Volleyball Tournament (August 2024), the Governor Mwalimu Kahiga Volleyball Championships (October–November 2024), and the World AIDS Day Skating and Road Race held in collaboration with the Department of Health (December 2024). Other notable events included the Athletics Kenya Central Region Cross Country Championships in February 2025, participation in the Kenya Youth Inter-County Sports Association (KYISA) Games in April 2025 in Homa Bay County, and the County Staff Sports Wellness Day held at Ruring'u Stadium in June 2025.

67. To enhance community engagement and social development, the county constructed and renovated various social halls during the reporting period. Key projects included the construction of Kiawamururu Social Hall in Mukurweini West, Gaikundo Social Hall, renovation of YMCA Social Hall in Tambaya, and roofing of the Ihururu Youth Empowerment Centre.

68. In regards to sports and stadia facilities, significant progress was also made in upgrading infrastructure across the county. Renovation works included the construction of ablution blocks at Gichira Stadium and Karindi Sports Field, a toilet block at Mathaithi Stadium, and a basketball/volleyball pitch at Gichira Stadium. Additionally, portable handball, netball, and volleyball goalposts were installed at Kamukunji Stadium Grounds, and chain link fencing was completed at Gikumbo Stadium, improving safety and usability of the sports facilities.

69. Additionally, the County Government implemented a comprehensive Youth, Women, and PWDs Empowerment Programme across various wards. The initiative supported over 150 groups and teams with tools and equipment aimed at enhancing livelihoods and promoting self-reliance. Items distributed included tents, plastic chairs, carwash machines, public address systems, computers, incubators, sports gear, and agro-processing equipment. Distribution events were held in different locations including Gatitu Dispensary, Mwiyogo Chief's Camp, and Kiawara AP Camp. This programme reflects the county's commitment to inclusive economic development and complements broader efforts to strengthen grassroots enterprise, particularly among marginalized groups.

70. During the reporting period, the Department of County Public Service Management (CPSM) continued to play a strategic role in leading human resource management, staff welfare, and institutional development across the County Government of Nyeri. Notable achievements included the prompt processing of pension and gratuity payments, ensuring smooth retirement transitions and strengthening compliance with pension schemes. The County also consistently paid personal emoluments on time, with no salary arrears recorded by June 2025, enhancing staff morale and productivity.

71. Infrastructure improvements were prioritized, with the renovation of Block 'C' and the construction of a lift at the County Headquarters to promote inclusivity, safety, and accessibility. Other enhancements included modern CCTV installation, improved drainage, and upgraded internet connectivity. The County's internship programme supported youth empowerment, onboarding 179 interns and offering them monthly stipends based on qualification level, thereby bridging the gap between training and practical experience.

72. In support of institutional efficiency, the department established a dedicated archive, acquired ICT equipment for records management, and conducted staff training programs targeting both new recruits and specific cadres. Employee welfare was enhanced through medical and group life insurance coverage, merit-based promotions, and active engagement through the County Human Resource Advisory Committee (CHRAC).

73. The department also implemented key wage management and staff rationalization strategies. These included regular HR and payroll audits, freezing non-essential recruitment, adherence to the approved staff establishment, harmonization of salaries in line with SRC guidelines, and outsourcing of non-core services. Additionally, full integration of all employees into the Human Resource Information System (HRIS-Kenya) improved payroll accuracy and accountability. The development of a formal staff establishment framework in collaboration with the County Public Service Board further supported structured recruitment, succession planning, and budget control.

74. As of June 30, 2025, the County's total workforce stood at 3,831, comprising 3,190 permanent and 641 contractual staff. Of these, 2,484 were female and 1,347 males, with 834 employees aged between 18–35 years. The County maintains an inclusive workforce with 45 persons living with disabilities.

75. During the period, the County through the Department of Solid Waste Management implemented key infrastructure and operational projects aimed at improving waste handling, promoting environmental sustainability, and enhancing efficiency. Major completed projects included the construction of a perimeter wall and a carwash facility at the Gikeu dumpsite, procurement of skip bins, fuel, safety gear, and working tools. Ongoing works include construction of a stormwater drainage system and an ablution block at the dumpsite. These efforts significantly improved site safety, operational efficiency, and compliance with environmental and accessibility standards.

76. The County collected approximately 33,205 tonnes of solid waste during the year. Operational capacity was boosted through the procurement of over 490 tools and equipment including wheelbarrows, jembes, pangas, and rakes, which enhanced daily collection and maintenance tasks.

77. To reduce the cost burden and promote sustainability, the department established three Public-Private Partnerships (PPPs) through signed MoUs with Chania Hort Flora, Tetra G Arts, and Fair and Sustainable Insects' Farms Kenya, focusing on organic waste management. Community involvement was promoted through quarterly clean-up exercises and public awareness campaigns on proper waste segregation.

78. The department also initiated the review of the Solid Waste Management Act, 2021 and drafted a new policy to address illegal dumping and improve waste handling practices. Regular activities such as sweeping, collection, transportation, and disposal of waste continued, playing a critical role in maintaining public health and environmental safety. The directorate currently has 173 staff (152 permanent and 21 contract), and to manage the wage bill, the County continued leveraging private partnerships to reduce operational and personnel costs.

79. In FY 2024/2025, the Department of Agriculture, Livestock, and Fisheries in the County implemented several key initiatives to enhance agricultural productivity. To boost crop yields and improve soil health, 6.7 tons of certified maize seeds and 310 tons of goat manure were distributed to thousands of farmers, while 4.2 tons of certified sunflower seeds worth Ksh. 3 million were procured to support oil crop production. During the period, maize output saw a remarkable surge, reaching 44.784 million kgs, up from 15.4 million kgs in 2022-23. Bean and Irish potato production also rose notably, reaching 8.684 million kgs and 35.86 million kgs, respectively. Although specific data for avocado production wasn't available for previous years, 22,900 million kgs (or units) were recorded for the fiscal period 2024-25.

80. In livestock development, dairy and poultry farmers across various wards benefited from the distribution of milk cans, farm equipment, feed mixers, raw materials, and over 40,000 improved indigenous chickens. Additionally, the Department procured and administered 41,281 vaccine doses, covering diseases like lumpy skin disease, anthrax, FMD, rabies, and various poxes across cattle, dogs, cats, goats, and sheep. About 10,388 artificial inseminations were performed using stored semen and liquid nitrogen to improve livestock genetics.

81. For infrastructure, the department-initiated construction of a modern zero-grazing unit and borehole equipping at Wambugu Agricultural Training Centre. Additionally, efforts to improve livestock breeds included a Ksh. 8.9 million Artificial Insemination (AI) program benefiting over 10,000 animals. Disease control measures were also strengthened through the procurement of vaccines and equipment worth Ksh. 8.2 million, enhancing animal health across the county.

82. The fish farming sub-sector recorded 2,538 fish farmers managing 3,546 ponds, with 200,000 fingerlings distributed. Total fish production amounted to 34,485 kg, valued at approximately Ksh. 27.5 million.

83. Mechanization services included hay baling (623 bales), ploughing (12 acres new land, 16 acres old land), harrowing (23.5 acres), and hay mowing (64.5 acres). Transport services covering a combined 270 km helped support field operations. These services generated Ksh. 453,830 in revenue for the county.

84. The Department of Agriculture also successfully reached and trained approximately 25,000 farmers through various extension and capacity-building approaches. These included individual farm visits, group training sessions, public barazas, field days, agricultural demonstrations, exhibitions, and implementation of soil and water conservation measures. These efforts aimed at enhancing farmers' knowledge, adoption of best practices, and boosting agricultural productivity across the county.

85. In the reporting period, the County benefited significantly from donor-funded agricultural programs. Under the National Agricultural Value Chain Development Project (NAVCDP), six coffee cooperative societies received Enterprise Development Grants totaling Ksh. 30.3 million to improve processing and post-harvest handling through infrastructure upgrades like solar dryers, eco-pulpers, and milling machines. Additionally, Inclusion Grants worth Ksh. 15.1 million supported 14 coffee and dairy cooperatives and 16 ward agri-based SACCOs, enabling member mobilization, formation of Farmer Producer Organizations (FPOs), and basic ICT infrastructure enhancement.

86. Additionally, the Aquaculture Business Development Programme (ABDP) supported 1,622 fish farmers, distributing 678,000 fingerlings, stocking 674 ponds, and providing essential items such as pond liners, nets, and 5,640 bags of fish feed. The project also established 32 Aquaculture Field Schools, supported 8 aquaculture enterprises, and constructed a school pond stocked with 1,000 fingerlings, strengthening fish farming as a viable income-generating activity in the county.

87. In the year, the Department of Trade Development undertook various infrastructure and service enhancement projects aimed at improving the business environment and promoting fair trade across Nyeri County. Key among them was the construction of the County Aggregation and Industrial Park (CAIP) at AMS Narumoru, a flagship project intended to boost value addition and industrialization. Additional projects included the construction of ablution blocks at Ihururu Business Park and Ithekahuno Market, machine house and animal feeds warehouse at Ihwagi, and a departmental store at Ruring'u Office. Market infrastructure was further improved through the installation of individual pre-paid meters at Karatina Market Hub (Phase I), construction of market shades at Nairutia, and walkways at Batian Market and New Market Extension. Mudavadi market was also renovated. To promote regulatory compliance, the County enhanced weights and measures enforcement and installed a new signboard at Chaka Market, supporting organized, accessible, and fair-trading spaces for small-scale traders and entrepreneurs.

88. The County Enterprise Development Fund (EDF), established on 29th March 2018 under the Nyeri County Enterprises Development Act, 2018, aims to promote enterprise development by offering affordable financing to SMEs. Since its inception, the Fund has disbursed a total of Ksh 93,836,376 in loans to 277 beneficiaries. As of 30th June 2025, the outstanding loan portfolio stands at Ksh 28,729,594, which is actively being serviced by the borrowers. This reflects the Fund's continued impact in supporting business growth and economic empowerment within Nyeri County.

89. The County in the period made significant strides in promoting tourism and cultural development. The Department successfully organized the 6th Annual Nyeri Tourism and Cultural Festival at Dedan Kimathi Kamukunji Grounds, attracting over 4,000 attendees from within and outside the county. The two-day event featured cultural dances, theatre, comedy, film, exhibitions, elocution, and a beauty pageant with 26 contestants. Over 150 exhibitors showcased their work, promoting innovation and creativity across various demographics including youth, women, men, and persons living with disabilities (PLWDs).

90. Additionally, the County marked World Tourism Day under the theme "Tourism and Peace." The event featured a town procession led by the Deputy Governor and included participation from county departments and tourism students from Nyeri National Polytechnic. A tour to local tourism sites such as the Dedan Kimathi Capture Site (Kahigaini, Tetu) and Kahuru Falls and Caves (Iria-ini, Mathira East) was conducted to raise community awareness and promote domestic tourism for economic empowerment.

91. Infrastructure development was also a key focus during the period. The County completed the Dedan Kimathi Mau Mau Memorial Park in Kahigaini, including construction of an ablution block, gazebo, and walkway. Further, at Ndomboche Falls, guardrails were installed to enhance tourist safety. These developments are already attracting domestic tourists, contributing to heritage preservation and economic growth through tourism.

92. Nyeri County made significant strides in strengthening the cooperative sector through governance, capacity building, and financial oversight. A total of 500 cooperative leaders and staff were trained in governance and financial literacy, enhancing transparency, accountability, and leadership. The County also successfully coordinated the Annual Ushirika Day, promoting unity and showcasing the county's role in socio-economic development. Regulatory oversight was enhanced through routine inspections and statutory audits, with 78 cooperative audits conducted, generating Ksh 2.2 million in revenue. Additionally, 16 new cooperative societies were registered, expanding economic opportunities and promoting collective growth. To promote sustainability and environmental conservation, the County supported four cooperatives in establishing tree nurseries using polytubes. These achievements have collectively strengthened the cooperative movement as a driver of inclusive economic growth in Nyeri.

93. On the culture and arts front, the County made notable progress in promoting talent, creativity, and youth empowerment. The department conducted 8 days of talent search auditions across all sub-counties, attracting over 1,000 performances across various genres and 60 innovations in visual arts. These auditions also served as a platform to identify contestants for the Nyeri Beauty Pageant, with adjudication handled by a panel of 8 judges. Winners advanced to the county-level competitions showcased during the Nyeri Annual Tourism and Cultural Festival.

94. Additionally, the department trained 65 youth filmmakers in film production, skills development, and monetization, equipping them with the tools and knowledge necessary to succeed in the creative economy. These initiatives contributed to nurturing local talent, enhancing cultural expression, and fostering economic opportunities within the arts sector.

95. The County Government remains to uphold her commitment to transforming education from the ground up investing in infrastructure, personnel, and direct student support. The impact of these interventions extends beyond the classroom, contributing to learner and youth empowerment, reduced poverty levels, and long-term socio-economic development.

96. In the Financial Year 2024/2025, the County Government of Nyeri made substantial investments in the education aimed at promoting inclusive, equitable, and quality learning opportunities for all. Through the Elimu Fund, a total of Ksh 11,724,789 was disbursed to support 360 needy students across all sub-counties. This financial assistance significantly reduced the burden of school fees on vulnerable households, thereby promoting continuity in education and helping reduce school dropout rates, particularly among marginalized learners.

97. At the foundational education level, the county continued to prioritize Early Childhood Development Education (ECDE) by maintaining 428 ECDE centres with a combined enrolment of 20,746 learners (10,574 boys and 10,172 girls). These centres serve as the critical first step in the education ladder, laying the cognitive, emotional, and social foundations necessary for lifelong learning. In addition, the county supported 27 Vocational Training Centres (VTCs), which enrolled 2,205 trainees (1,179 boys and 1,026 girls), playing a vital role in equipping youth with employable technical and artisan skills, thus addressing unemployment and promoting self-reliance.

98. To support learning quality, the county maintained the employed 797 ECDE teachers (majority being female, at 782) and 85 VTC instructors (47 male and 38 female), ensuring that learners received proper guidance and mentorship. This ensured presence of trained instructors which is crucial to achieving desired learning outcomes, particularly in technical and early childhood education where teacher-student engagement is pivotal.

99. The county also made infrastructural improvements to create safe and conducive learning environments. Twenty-three (23) new ECDE classrooms were constructed and 13 existing ones renovated, expanding capacity and addressing overcrowding. The construction of 17 ECDE toilet facilities and 1 kitchen contributed to improved hygiene and nutrition, which are essential components of child development and school retention. Additionally, 2 ECDE centres were fenced, improving safety and reducing unauthorized access to school compounds. Importantly, all 428 ECDE centres were equipped with essential teaching and learning materials, greatly enhancing instructional quality and learner engagement.

100. For VTCs, although no new workshops were constructed, 2 existing workshops were renovated and 1 fence erected, enhancing the safety and usability of these centres. Furthermore, 10 VTCs were equipped with tools and machinery, directly improving the practical training experience. This investment is critical for producing industry-ready graduates and fostering innovation among youth.

101. In FY 2024/25, the County Government continued to enhance access to clean water and promote irrigation for improved livelihoods. Over 84,000 households benefited from clean water services, while 700 households were supported with irrigation on 75 acres. Key infrastructure developments included the construction of a water intake, extension of 76.7 km of water pipeline, and rehabilitation of three water tanks. These efforts reflect the county's ongoing commitment to water security and agricultural productivity.

102. To increase access to domestic water, the county constructed elevated steel stands and installed four 10,000-litre plastic tanks to support boreholes in Kiboya and Gikondi. A common water intake was constructed in Magutu Ward to serve four water projects across Magutu and Karatina Wards. Additionally, three masonry tanks under the Ndathi, Mbiriri, and Kinaini projects were rehabilitated. To improve water efficiency, solar pumps were installed for boreholes in Mapema and Karicheni, and solarization was completed for the Itiati borehole. The rehabilitation of the Muruguru intake was also successfully carried out, and a high-capacity borehole camera, capable of inspecting depths of up to 300 meters, was procured to support borehole monitoring and management.

103. To further enhance rural water access, the county improved and extended MAWASCO and OMWASCO water supply systems, benefiting rural communities. In addition, 70 plastic water tanks (30 of 10,000 litres and 40 of 5,000 litres) were procured and distributed across various sub-counties. To support last-mile connectivity, 275 individual water meters were procured and supplied to OMWASCO. The county also constructed and protected seven springs across Mathira, Tetu, Kieni East, and Mukurweini sub-counties and completed the rehabilitation of Kagati Dam in Ruguru Ward. Several community water projects also benefited from the supply of pipes and fittings to improve water distribution.

104. To further support agriculture through donor funds, the county constructed two solar dryers at Gachuiro and Kiamariga coffee factories to support post-harvest value addition. It also procured and distributed 69,696 improved poultry and 283 improved dairy goats to farmers, contributing to enhanced food security and income generation.

105. The county in support of environmental conservation, conducted 33 Environmental Impact Assessments (EIAs) for various development projects and procured tools such as brush cutters to support bush management activities. Agroforestry efforts were strengthened through the distribution of 14,200 fruit tree seedlings, while capacity building was carried out for Community Forest Associations (CFAs) and Water Resource Users Associations (WRUAs) on environmental sustainability and natural resource management. These achievements reflect the County Government's continued efforts to improve service delivery, promote climate-smart agriculture, and strengthen environmental governance for sustainable development.

106. The County Public Service Board undertook several key initiatives aligned with the CIDP 2023–2027 and ADP 2024/25. These included the construction of new board offices at a cost of Ksh. 6 million to improve operational efficiency. The Board also initiated a review of the county's staff establishment, laying the foundation for optimal and future oriented staffing across departments.

107. To address service delivery gaps, the Board recruited new staff and undertook promotions of 454 officers (232 within and 222 outside the common cadre). Additionally, 200 interns were recruited in February 2025 for one-year placements to enhance skills and employability.

108. Further, the Board approved training for 39 officers, including postgraduate studies, senior management, and specialized courses like sign language and driver's refresher programs. A total of 167 officers were redesignated and harmonized across various departments to align roles with existing skill sets, promoting efficiency and career progression. These strategic interventions significantly contributed to improved human resource management and service delivery in the county.

109. To address the challenge of a ballooning wage bill that has exceeded the recommended 35% threshold of total revenue, the County has adopted several strategic incentives aimed at enhancing fiscal sustainability while safeguarding service delivery. These include the adoption of technology and automation in key operations such as revenue collection and hospital management to improve efficiency and reduce dependence on manual labor. Regular payroll audits and cleanups are being conducted to verify employee data, eliminate ghost workers, and ensure compliance with HR regulations. Additionally, the County is optimizing workforce utilization by cross-training employees to perform multiple roles and ensuring alignment between job roles and actual tasks. To support these efforts, the County is also strengthening revenue collection and enforcing compliance with regulations to increase own source revenue and reduce over reliance on wage heavy recurrent expenditure.

110. In an effort to improve the business environment and security in the trading and market centers, as well as extend the trading hours, the county achieved several milestones: 2.25 km of street lighting was installed, featuring 45 poles, and an additional 423 standalone streetlight poles were erected. The county also connected 2 new transformers and installed or rehabilitated 9 high mast flood lights. Furthermore, 28 streetlight poles were installed by KPLC, and 10 solar flood lights were set up, contributing to improved safety and lighting in public spaces across Nyeri County.

111. The county remains focused on ensuring accessibility to all areas by opening up roads even to the most remote locations, as well as increasing access to electricity services for households, institutions, and public areas. Nyeri County maintains an estimated total road network of 3,784 km of earth roads, 2,710 km of gravel roads, and 904.04 km of bitumen roads, based on the road register. During the financial year, a total of 338.8 km of roads were graded, with 260 km graded by county machinery and 78.8 km by contractors. Additionally, 0.84 km of roads were concreted, although no new roads were tarmacked during the period.

112. The Office of the County Attorney (OCA) continued to provide critical legal support to the County Government in line with its mandate under the Office of the County Attorney Act, 2020. The office received instructions to handle 25 litigation matters, 15 of which were successfully taken up by internal counsel, demonstrating a strategic shift towards reducing reliance on external legal representation. During the same period, 24 litigation matters were concluded. As at

27th August 2025, pending verified legal dues stood at Ksh. 115,447,775.22. Further, to manage the growing cost burden of litigation, the office recommends a continued increase in the use of internal counsel, adoption of alternative dispute resolution (ADR) mechanisms, and proactive legal advisory services to mitigate legal risks before they escalate into litigation.

113. In its advisory role, the OCA issued 23 legal advisories to various county departments on a broad range of legal matters, including public procurement, employment law, land issues, and constitutional compliance. These advisories played a preventive role by guiding departments on lawful procedures and reducing exposure to legal disputes. The office also played a key role in drafting and reviewing 10 legal contracts, many of which were procurement related, and facilitated the development of 18 Memoranda of Understanding (MOUs) with both public and private stakeholders, six of which were fully executed during the period.

114. In line with its legislative mandate, the office supported the development of key county laws and policies. It participated in drafting of several important legislative instruments, including the Nyeri County Finance Bill, 2025, the County Community Health Services Bill, 2024, and various regulations related to environment, planning, and public finance. In total, 6 Bills and 8 policy documents were prepared or reviewed during the year. The OCA also initiated the review of outdated county legislation, with the review of the Nyeri County Climate Change Act, 2021 already underway. These efforts are aimed at ensuring the county's legal framework remains responsive to evolving governance needs and compliant with national legislation.

115. Finally, the OCA concluded the development of the County's 2023–2027 Strategic Plan. The plan provides a framework to align the office's operations and systems with the County Integrated Development Plan (CIDP), as well as national and county governance standards. Through these initiatives, the Office of the County Attorney continues to strengthen the County Government's legal and institutional capacity, promote good governance, and enhance compliance with the law.

116. In the Financial Year 2024/25, Nyeri Municipality recorded significant progress in infrastructure development. Out of a total of 498.7 km of classified roads, the municipality successfully graveled 6.8 km, graded 7.55 km, and tarmacked 0.675 km. additionally, 10,075 tons of solid waste were collected, enhancing cleanliness and environmental health across urban areas. Despite these achievements, progress was hampered by several challenges, including delayed disbursement of funds, lack of a solid waste management facility, encroachment from informal settlements, rising inflation, and the impacts of climate change. These constraints affected the timely execution and long-term sustainability of key infrastructure projects.

C. Challenges encountered during implementation of projects and programs in FY 2024/25

117. Inadequate Budgetary Allocation

Several departments struggled with limited financial resources, which hampered the implementation of critical projects and programs. This constraint significantly affected service delivery, with some planned activities either scaled down, delayed, or dropped altogether due to insufficient funding.

118. Delayed Disbursement of Funds

The late release of both exchequer and donor funds disrupted planned timelines for project execution. This was particularly evident in externally funded programs like KISIP II, where delays in financing led to stalled infrastructure development and hindered achievement of key milestones.

119. Weak and Delayed Procurement Processes

Delays in the procurement cycle, including slow tendering and awarding of contracts, led to the late commencement of projects. In many cases, contractors had minimal time to mobilize, resulting in incomplete works or compromised project quality within the financial year.

120. Inadequate Equipment and Operational Tools

Many departments faced a shortage of essential machinery, vehicles, and work tools. This affected field operations such as road maintenance, waste collection, and project supervision, ultimately slowing down service delivery and reducing operational efficiency.

121. Inadequate Office Space and Facilities

With a growing workforce in various departments, the lack of adequate office space has become a bottleneck. This could have hindered productivity and undermined efforts to create a conducive work environment for public officers.

122. High Wage Bill vs Development Funding

A disproportionately high allocation to personal emoluments has left limited fiscal space for development projects and capacity building activities. This has restricted investment in infrastructure and innovation, affecting the county's overall development momentum.

123. Low Public Awareness and Engagement

In several sectors, public participation remains low, particularly in areas such as waste segregation, planning processes, and compliance with policies.

124. System and Technological Inefficiencies

Technical disruptions in platforms like IFMIS have interfered with procurement and financial management processes. These system related delays have slowed down service delivery and hindered financial accountability in multiple departments.

125. Inadequate Enforcement of Policies and Regulations

Despite the existence of solid legal frameworks, enforcement remains weak. This has led to issues such as illegal dumping, encroachment on public land, and non-compliance with planning laws, thereby undermining policy effectiveness.

D. Economic Outlook

126. Worldwide, economic growth is forecasted to slow to 3.0% in 2025 and then slightly increase to 3.1% in 2026. The slowdown is mainly due to the front-loading of trade activity in anticipation of higher tariffs, lower-than-expected effective US tariff rates, and easier global financial conditions driven by a weaker US dollar, along with fiscal expansion in some major economies. Additionally, geopolitical tensions pose a further risk by possibly disrupting global supply chains and pushing up commodity prices.

127. Regionally, Sub-Saharan Africa is expected to record a steady growth, rising from 3.8 percent in 2024 to 4.0 percent in 2025 and 4.3 percent in 2026. This gradual recovery is driven by factors such as increased private spending, ongoing public investment in infrastructure, and a slow rebound in the services sector, particularly in tourism.

128. However, several risks could disrupt this growth, including global trade disruptions, declining external demand, and volatile commodity prices due to geopolitical tensions. Additionally, many countries have limited fiscal capacity, which may lead to tighter financing conditions.

129. As a result, Kenya's economy is expected to follow a similar pattern, albeit with improved growth prospects, declining to 4.8% in 2025 and then increasing slightly to 4.9% in 2026. This growth outlook is supported by a strong agricultural and manufacturing sector, favorable weather conditions that boost agricultural productivity, a robust service industry, macroeconomic stability, ongoing public investment, and high business confidence.

130. On the other hand, the Government policy will continue to support the Government's Bottom-Up Economic Transformation Agenda (BETA). This will be achieved through the ongoing implementation of a growth-responsive fiscal consolidation plan, aimed at slowing the growth of public debt without compromising the delivery of services. Given the expected limited resources available in the current economic context, it will be essential for government agencies to prioritize and align their programs within the available resource envelope.

131. The County Treasury is dedicated to strengthening fiscal policy at the county level to reduce the risk of budget deficits and achieve the fiscal projections and priorities outlined in the CFSP 2025. This objective will be achieved through the enhancement of revenue mobilization, broadening of the revenue base, conducting a revenue potential study, and addressing unproductive expenditures and revenue leakages during the medium-term period. Additionally, the County will continue to leverage on the automated revenue management system to improve revenue performance.

E. Monetary Policy Outlook

132. The monetary policy stance aims to ensure that inflation expectations remain within the target range of 5% ± 2.5%. Interest rates are expected to continue declining in line with the monetary policy stance and remain stable over the medium term, supporting enhanced lending and economic activity

F. Risks to the Economic Outlook

133. At the domestic level, extreme weather events pose a serious threat to agricultural performance. Disruptions in food production due to droughts and floods could lead to higher food prices, exacerbating inflation and straining household incomes. Additionally, climate-related damage to infrastructure, such as roads and power systems, could disrupt economic activity and increase government expenditure on disaster response and reconstruction. Furthermore, higher public debt levels and rising debt-service costs could crowd out essential development spending, reducing the fiscal space available for development projects

134. Externally, the rise in costs of fuel and food imports, driven by supply constraints or geopolitical instability, could put upward pressure on inflation, eroding household purchasing power and increasing the cost of doing business. Additionally, uncertainties regarding trade policies and tariffs may hinder economic activity, along with increased financial market volatility and tighter financial conditions

135. At the county level, the manifestation of these risks will significantly impact economic planning, budgeting, and the subsequent delivery of projects and services. A downturn in the economy may adversely affect revenue generation at both the national and county levels, potentially impeding the achievement of optimal fiscal estimates. Consequently, the county will diligently monitor these risks, including climate-related hazards, and make necessary adjustments to plans and budgets to ensure their successful realization.

IV. RESOURCE ALLOCATION FRAMEWORK

A. Implementation of FY 2025/26 Budget

136. The implementation of the FY 2025/26 budget is currently underway; however, it has been affected by delays in the release of exchequer funds due to the late enactment of the Division of Revenue Act. At the national level, the situation is further compounded by emerging revenue shortfalls, which have impacted the timely disbursement of funds to counties. Additionally, the ongoing migration to the e-Government Procurement (e-GP) system has led to delays in procurement processes, slowing down the execution of development projects. These challenges have necessitated expenditure rationalization measures to ensure seamless budget implementation and to safeguard the fiscal consolidation plan championed by the National Treasury.

137. As the impact of the ongoing rationalization measures on the County's FY 2025/26 budget continues to be assessed, it is expected that there will be a reduction in the resources available for implementing planned projects and programs. Once the actual resource allocation is confirmed through the amended County Allocation of Revenue Act, 2025, the County Government will realign its priorities accordingly to support its fiscal consolidation objectives.

138. For the Financial Year 2025/26, total revenues are projected at Ksh 8,515,847,948. This includes Ksh 800 million in local revenue, Ksh 6,518,609,255 in equitable share from the

National Government, and Ksh 1,197,238,693 in conditional grants. Of the total budget, recurrent expenditure is projected at Ksh 5,829,633,973 (68%), while development expenditure is projected at Ksh 2,686,213,975 (32%). This is a balanced budget, and as such, the County Government does not anticipate borrowing to finance its operations.

B. Fiscal Policy for FY 2025/26

139. The fiscal policy stance in the FY 2025/26 and over the medium term aims at supporting the priority programs as outlined in the CADP 2025/26, CIDP 2023-2027, the Bottom-Up Economic Transformation Agenda (BETA), and the MTP IV through a growth-friendly fiscal consolidation plan designed to slow down the annual growth in public debt and implement an effective debt management strategy, without compromising service delivery to citizens. This is expected to boost the county's debt sustainability position and ensure that the county's development agenda honors the principle of equity.

140. Towards this end, emphasis will be placed on enhanced revenue mobilization through a combination of levies and charges and administrative and policy reforms, as outlined in the Finance Bill 2025. Further, there is a continuous effort to reform, automate, and simplify revenue-raising measures and processes to enhance compliance and expand the revenue base. The County will continue to employ technology to curb revenue leakages.

141. Fiscal consolidation will be supported by continued efforts to enhance own source revenue mobilization and collaboration with donors and development partners to bridge the revenue gaps, and reprioritize and rationalize expenditure while safeguarding priority government programs and social spending. Emphasis will be placed on enhanced revenue mobilization through a combination of revenue administration and reforms that include;

- Development and Implementation of a county revenue mobilization and administration strategy
- Strengthening revenue administration to enhance compliance through expansion of the revenue base, minimizing expenditures, leveraging on technology to revolutionize revenue mobilization and management processes, sealing revenue loopholes and enhancing the efficiency of the whole system; and,
- Focus on cost-cutting initiatives that departments, spending units, and other county agencies can employ to facilitate service delivery to the public.

142. On the other hand, the county government will sustain measures to improve efficiency in public spending and thereby guarantee value for money by eliminating non-priority expenditures; rationalizing expenditures; scaling up the use of Public-Private Partnerships in the funding of projects; and enhancing the end-to-end e-procurement system whose aim is to maximize value for money and increase transparency in procurement.

143. To further strengthen the management of public resources, the county government has transitioned from cash to an accrual basis to improve cash management and enhance financial and fiscal reporting in line with the guidelines of the National Treasury. The accrual accounting will enable both the National and County Governments to account for all assets and liabilities, including all Government assets.

144. The County Government will also entrench the adopted Zero-Based Budgeting approach in preparing the FY 2026/27 and future budgets. To guide the implementation of Zero-Based Budgeting, the National Treasury has developed the Budget Costing Tool in the IFMIS Budget Module, which has incorporated standardized costing methodologies to streamline the calculation of budget baselines and prioritization to give a credible base for the preparation of budget estimates. Further, the National Treasury will soon be operationalizing the Assets and Inventory Management Modules in the IFMIS which the County Government will be required to adopt. This will allow the County Government to have full visibility of all assets and inventory, facilitate optimal asset utilization, and ensure idle and unserviceable assets are disposed of in conformity with the existing legal requirements.

C. Medium Term Fiscal Projections

145. The medium-term fiscal projections presented in the CBROP 2025 reflect updated planning assumptions in light of the actual fiscal performance for FY 2025/26. Specifically, projections for donor-funded programs will be guided by the approved Conditional Allocations Act, 2025. Additionally, emerging challenges such as delayed exchequer disbursements, national expenditure rationalization, and the ongoing migration to the e-GP procurement platform are expected to impact the County's revenue and expenditure planning. As a result, adjustments to the FY 2025/26 budget will be made through supplementary appropriations once the amended County Allocation of Revenue Act, 2025, is enacted.

146. Over the medium term, the County Government's total revenue is projected to rise from Kshs. 8.52 billion in FY 2025/26 to Kshs. 9.86 billion in FY 2028/29. Of the total revenue, the equitable share is projected to rise from Kshs 6.518 in FY 2025/26 to Kshs 7.546 in FY 2028/29, while the conditional allocation is expected to rise from Kshs. 1.197 billion in FY 2025/26 to Kshs. 1.385 billion in the FY 2028/29. However, since the own source revenue still has not been achieved and there is still some fiscal space, the projection will remain at Kshs. 800 million over the medium term.

Table 7: Government Fiscal Projections, Ksh (000')

	FY 2023/24	FY 2024/25		FY 2025/26		FY 2026/27	FY 2027/28	FY 2028/29
	Kshs. (000')	**Original Budget**	**Supplementary Estimates**	**CFSP 2025**	**Approved Original Budget**	**Revenue Projection**	**Revenue Projection**	**Revenue Projection**
		Kshs. (000')	**Kshs. (000')**	**Kshs. (000')**	**Kshs. (000')**	**Kshs. (000')**	**Kshs. (000')**	**Kshs. (000')**
Total Revenue	**8,982.40**	**8,751.00**	**9,004.04**	**8,515.85**	**8,515.85**	**8,941.64**	**9,388.72**	**9,858.16**
Balance Brought Forward	1,103.93	-	564.25	-	-	-	-	-
Equitable Share	6,509.91	6,580.03	6,518.61	6,518.61	6,518.61	6,844.54	7,186.77	7,546.11
Conditional Loans and Grants	568.55	1,370.97	1,121.18	1,197.24	1,197.24	1,257.10	1,319.96	1,385.95
Own Source Revenue (OSR)	800	800.00	800.00	800.00	800.00	840.00	882.00	926.10
Total Expenditure	**8,982.40**	**8,751.00**	**9,004.04**	**8,515.85**	**8,515.85**	**8,941.64**	**9,388.72**	**9,858.16**
Recurrent	6,196.98	5,858.56	6,101.68	5,829.63	5,829.63	6,121.11	6,427.17	6,748.53
Development	2,785.43	2,892.44	2,902.36	2,686.21	2,686.21	2,820.52	2,961.55	3,109.62

D. FY 2026/27 and Medium-Term Expenditure Framework (MTEF)

147. The FY 2026/27 and the Medium-Term Framework will direct its effort on the execution of the county broad strategic objectives as outlined in the CIDP 2023-2027 and Bottom-up Economic Transformation Agenda (BETA) as prioritized in the Medium-Term Plan (MTP) IV.

148. The county's broad strategic objectives are improvement of productivity in agriculture and overall food and nutrition security; promotion of shared economic growth and job creation; enhancement of good governance and active citizenry; enhancement of basic infrastructure for effective service delivery; promotion of climate action, environmental protection, and sustainable use of natural resources; improvement of financial sustainability and resilience; provision of accessible, affordable, and quality health care services; scaling up of institutional development, transformation, and innovation; promotion of access to quality and affordable housing; and enhancement of the use of information and communications technology (ICT) and other innovations.

E. Criteria for Resource Allocation

149. The County Government is faced with a shrinking fiscal space against competing and ever-increasing needs. Consequently, the County Government will therefore adopt a Zero-Based Budgeting Approach to guide the prioritization and allocation of limited resources to the planned Projects and Programmes. The County Departments, Spending Units, and Agencies will, therefore, be required to align the planned projects and programs to be funded in the FY 2026/27 and over the Medium Budget.

150. In this regard, the principles of efficiency, effectiveness, and economy of public spending shall strictly be enforced by ensuring fiscal consolidation of low-priority expenditures to give way for high-priority service delivery programs. The departments and sector working groups should, therefore, curtail uneconomical expenditures and pursue priorities that aim to improve livelihoods, create jobs, revive businesses, and promote economic recovery.

151. The departments and spending units are also expected to ensure that all expenditure items in the FY 2026/27 Budget are justified, and that emphasis is placed on allocating limited resources based on program efficiency and requirements rather than incremental budgeting which was based in historical allocations.

The following will therefore serve as the criteria to guide the prioritization and final allocation of resources:

i. Projects and Programmes identified in the Annual Development Plan 2026/2027 and CIDP 2023-2027 that are aligned with BETA priorities and Medium-Term Plan IV of Vision 2030.
ii. Governor's Directives and ExCom Decisions.
iii. Completion of ongoing projects, stalled projects, and payment of verified eligible pending bills;
iv. Degree to which a program addresses job creation and poverty reduction;
v. Degree to which a program addresses the core mandate of the County Departments and Units.
vi. Programmes that support mitigation and adaptation of climate change.
vii. Cost-effectiveness, efficiency, and sustainability of the program; and
viii. Requirements for furtherance and implementation of the Constitution.

Based on the above broad guidelines, county departments and units are expected to develop and document sector-specific criteria for prioritization and resource allocation within the available resources. To facilitate the finalization and approval of the 2025 CBROP and other policy documents within the stipulated timelines, the county departments and units are required to strictly undertake the activities outlined in the Budget Calendar within the set timeframes.

F. MTEF Budget Ceilings

152. Reflecting on the above medium-term expenditure framework, **Table 8** below provides the Approved Supplementary Estimates for the FY 2024/2025. The table also provides the FY 2025/26 budget as approved and the projected ceilings for FY 2026/2027, FY 2027/2028, and FY 2028/2029

Table 8: MTEF Ceilings by Department

Department/Spending Unit	FY 2024/2025			FY 2025/2026			FY 2026/2027			FY 2027/28			FY 2028/29		
	Recurrent	Development	Total	Recurrent	Development	Total	Recurrent	Development	Total	Recurrent	Development	Total	Recurrent	Development	Total
Executive Office of the Governor and the Deputy Governor	169,351,070	43,854,087	213,205,157	117,289,081	27,000,000	144,289,081	123,153,535	28,350,000	151,503,535	129,311,212	29,767,500	159,078,712	135,776,772	31,255,875	167,032,647
Office of the County Secretary	344,641,054	7,011,669	351,652,723	381,346,491	3,500,000	384,846,491	400,413,816	3,675,000	404,088,816	420,434,506	3,858,750	424,293,256	441,456,232	4,051,688	445,507,919
Finance, Economic Planning and ICT	635,151,076	22,135,334	657,286,410	535,713,381	20,049,590	555,762,971	562,499,050	21,052,070	583,551,120	590,624,003	22,104,673	612,728,676	620,155,203	23,209,907	643,365,109
Lands, Physical Planning and Urban Development	84,880,179	438,337,861	523,218,040	81,471,179	17,500,000	98,971,179	85,544,738	18,375,000	103,919,738	89,821,975	19,293,750	109,115,725	94,313,074	20,258,438	114,571,511
Health Services and Public Health	2,732,709,379	538,093,812	3,270,803,191	2,627,933,340	286,500,000	2,914,433,340	2,759,330,007	300,825,000	3,060,155,007	2,897,296,507	315,866,250	3,213,162,757	3,042,161,333	331,659,563	3,373,820,895
Gender, Youth, Social Services and Sports	100,572,816	125,929,510	226,502,326	94,117,826	166,750,000	260,867,826	98,823,717	175,087,500	273,911,217	103,764,903	183,841,875	287,606,778	108,953,148	193,033,969	301,987,117
County Public Service and Solid Waste Management	198,534,968	57,420,918	255,955,886	150,161,971	44,800,000	194,961,971	157,670,070	47,040,000	204,710,070	165,553,573	49,392,000	214,945,573	173,831,252	51,861,600	225,692,852
Agriculture, Livestock and Aquaculture Development	246,021,416	306,571,915	552,593,331	239,197,177	360,365,255	599,562,432	251,157,036	378,383,518	629,540,554	263,714,888	397,302,694	661,017,581	276,900,632	417,167,828	694,068,460
Trade, Cooperatives, Culture and Tourism	68,053,631	110,502,269	178,555,900	57,597,890	361,500,000	419,097,890	60,477,785	379,575,000	440,052,785	63,501,674	398,553,750	462,055,424	66,676,757	418,481,438	485,158,195
Education, Training and Devolution	470,692,113	108,687,341	579,379,454	560,043,413	498,150,000	1,058,193,413	588,045,584	523,057,500	1,111,103,084	617,447,863	549,210,375	1,166,658,238	648,320,256	576,670,894	1,224,991,150
Water, Environment, and Climate Change	78,118,595	376,917,752	455,036,347	77,249,855	226,887,888	304,137,743	81,112,348	238,232,282	319,344,630	85,167,965	250,143,897	335,311,862	89,426,363	262,651,091	352,077,455
County Assembly	741,925,715	54,700,000	796,625,715	710,551,514	30,000,000	740,551,514	746,079,090	31,500,000	777,579,090	783,383,044	33,075,000	816,458,044	822,552,196	34,728,750	857,280,946
County Public Service Board	47,843,913	6,000,000	53,843,913	46,461,734	6,000,000	52,461,734	48,784,821	6,300,000	55,084,821	51,224,062	6,615,000	57,839,062	53,785,265	6,945,750	60,731,015
Roads, Transport, Public Works, Infrastructure and Energy	99,035,154	526,367,466	625,402,620	92,944,004	498,936,242	591,880,246	97,591,204	523,883,054	621,474,258	102,470,764	550,077,207	652,547,971	107,594,303	577,581,067	685,175,370
County Attorney	48,657,778	-	48,657,778	23,564,237		23,564,237	24,742,449	-	24,742,449	25,979,571	-	25,979,571	27,278,550	-	27,278,550
Nyeri Municipality	35,486,880	179,829,013	215,315,893	33,990,880	138,275,000	172,265,880	35,690,424	145,188,750	180,879,174	37,474,945	152,448,188	189,923,133	39,348,692	160,070,597	199,419,289
TOTAL	**6,101,675,737**	**2,902,358,947**	**9,004,034,684**	**5,829,633,973**	**2,686,213,975**	**8,515,847,948**	**6,121,115,672**	**2,820,524,674**	**8,941,640,345**	**6,427,171,455**	**2,961,550,907**	**9,388,722,363**	**6,748,530,028**	**3,109,628,453**	**9,858,158,481**

Source: County Treasury, 2025

V. CONCLUSION

153. The global economy is forecasted to slow to 3.0 % in 2025 and then slightly increase to 3.1% in 2026. The slowdown is due to the front-loading of trade activities in anticipation of higher tariffs, lower than expected effective US tariff rates and easier global financial conditions driven by a weaker US dollar. The Kenyan economy has continued to perform strongly, maintaining a stable macroeconomic environment supportive of growth. In the first quarter of 2025, the economy registered an average growth rate of 4.9%, similar to the same period in 2024. This broad-based growth reflects positive performance across all sectors. Agriculture, a key driver of Kenya's economy, expanded by 6.0%, compared to 5.6% in Q1 2024, largely due to favorable weather conditions across much of the country.

154. The 2025 CBROP forms the basis for the development of the CFSP 2026 and will detail the progress in the implementation of the priority policies and strategies as outlined in the CIDP 2023-2027, the CADP 2026/27 and the medium-term budget that will be guided by the Budget Calendar. The Budget calendar for FY 2026/27 is guided by the timelines provided in the PFM Act, 2012. Taking into account the constrained fiscal environment, the County Government has adopted Zero Based Budgeting Approach to guide the prioritization and allocation of scarce resources to projects and programs in FY 2026/27.

155. Sectors, Departments, and units will, therefore, be required to re-evaluate all the existing/planned activities, projects, and programs to be funded in the FY 2026/27 and medium-term budget. The focus should be aimed at eliminating wasteful expenditures and pursuing priorities that are aimed at safeguarding livelihoods, creating jobs, reviving businesses, and economic recovery. The sector ceilings provided for the FY 2026/27 budget and the Medium Term will form inputs into the County Fiscal Strategy Paper, 2026. The resource envelope and ceilings that will be provided in the County Fiscal Strategy Paper for each department/ entity will be the only available resources for which to budget.