THE COUNTY TREASURY

GARISSA COUNTY BUDGET REVIEW AND OUTLOOK PAPER (CBROP)

CBROP - 2025

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FOREWORD

The Garissa County Budget Review and Outlook Paper (CBROP) 2025 is developed in line with Section 118 of the Public Finance Management Act, 2012. This key document reviews the budget performance for the fiscal year (FY) 2024/25 and outlines the development outlook for FY 2026/27. It also provides up-to-date economic and financial projections, offering critical insights to inform the preparation of budget proposals for the upcoming fiscal year.

The CBROP offers a comprehensive analysis of the county's actual fiscal performance for FY 2024/25, comparing it with the initial budget appropriations. It further examines the performance of county expenditure during the review period, highlighting any deviations from the planned budget. Additionally, the document incorporates updated economic and financial forecasts, detailing any adjustments made since the projections outlined in the most recent County Fiscal Strategy Paper (CFSP). It also sets indicative ceilings for different sectors, providing guidance for sectoral discussions and aiding in the preparation of budget proposals.

As a vital document linking policy, planning, and budgeting, the CBROP continues to play a pivotal role in the preparation of county budgets and the management of public resources. It emphasizes key strategies aimed at enhancing the county's own-source revenue, such as automating all revenue streams, establishing valuation rolls, formulating revenue enhancement policies, and setting sectoral targets for revenue mobilization. These strategies, along with broader fiscal parameters, are designed to improve resource mobilization and ensure the county can effectively meet its financial obligations.

The 2025 CBROP, focusing on fiscal discipline and responsibility, aims to strengthen Garissa County's financial management framework as mandated by the Public Finance Management (PFM) Act. It is expected to contribute to more efficient resource allocation, improved revenue collection, and the overall enhancement of the county's financial health, ensuring that public resources are managed with transparency and accountability. The document will guide the county in prioritizing key programs and projects, balancing the need for development with sustainable fiscal management practices.



Hon Abass Ismail Khaar,
County Executive Committee Member,
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ACKNOWLEDGEMENT

The development of the County Budget Review and Outlook Paper (CBROP) 2025 was made possible through the collaborative efforts of various county departments, all of whom contributed valuable and credible information to be incorporated into the paper. Their input played a critical role in ensuring that the CBROP serves as a solid foundation for the county's financial planning. We acknowledge and greatly appreciate their contributions to this important process, which is a key step in preparing for the forthcoming County Fiscal Strategy Paper (CFSP) 2026 and, subsequently, the budget estimates for FY 2026/27.

The preparation of this document was led by a dedicated team from the Directorate of Finance, Economic Planning, and Revenue Management, under the direction and guidance of the County Executive Member for Finance. A core group from the budget and planning unit devoted a significant amount of time, often working beyond regular hours, to compile and refine the contents of this document, ensuring that it met the high standards required for effective financial management.

In addition, we extend our heartfelt gratitude to all stakeholders involved, including technical officers and other contributors, for their invaluable insights and input. Their collaborative spirit and commitment to the process have been crucial to the successful completion of the CBROP 2025. We would like to emphasize that their efforts and hard work have not gone unnoticed, and we remain committed to fostering even stronger collaboration and teamwork as we move forward into the next phase of planning and budgeting. Their contributions will continue to play a pivotal role in shaping Garissa County's financial future, ensuring that the budgeting process aligns with our county's developmental goals and fiscal responsibilities.



Hafsa Mohamud Abdulla
Chief Officer Budget and Economic Planning

ABBREVIATIONS AND ACRONYMS

ATC	Agricultural Training Centre
CA	County Assembly
CBROP	County Budget Review and Outlook Paper
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
CPI	Consumer Price Index
FY	Financial Year
GDP	Gross Domestic Product
IFMIS	Integrated Financial Management Information System
MTEF	Medium Term Expenditure Framework
PGH	Provincial General Hospital
PFMA	Public Finance Management Act

PREAMBLE

Legal Background

The Garissa County Budget Review and Outlook Paper was prepared in accordance with section118 of the Public Finance Management Act, 2012 which states that the county shall:

1. Prepare a County Budget Review and Outlook Paper (CBROP) in respect of the county for each financial year; and submit the paper to County executive committee for approval by 30th September of that year. The CBROP shall include:
   - The details of actual fiscal performance in the previous financial year compared to the budget appropriation for that year;
   - The updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper (CFSP);
   - Information on any changes in the forecasts compared with the CFSP or 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
   - The reasons for any deviation from the financial objectives in the CFSP together with proposals to address the deviations and the time estimated for doing so.
2. The County Executive Committee shall consider the CBROP with a view to approving it, with or without amendments, within fourteen days after its submission.
3. Not later than seven days after the CBROP has been approved by County Executive Committee, the County Treasury shall:
   a. Arrange for the CBROP to be laid before the County Assembly; and
   b. Publish and publicize the paper as soon as practicable.

Fiscal Responsibility Principles in the Public Financial Management Act

Section 107 of the Public Finance Management (PFM) Act 2012 sets out the fiscal responsibility principles to ensure prudent and transparent management of county resources. The PFM Act states that:

i) The county government's recurrent expenditure shall not exceed the county government'stotal revenue;

ii) Over the medium term a minimum of thirty per cent of the county government's budget shallbe allocated to the development expenditure;

iii) The county government's expenditures on wages and benefits shall not exceed apercentage of the county government's total revenue as prescribed by the County Executive Member for finance in regulations approved by the County Assembly;

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

v) The county debt shall be maintained at a sustainable level as approved by the CountyAssembly (CA);

vi) Fiscal risks shall be managed prudently; and

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

1. INTRODUCTION

Background

The 2025 County Budget Review and Outlook Paper (CBROP) provides an in-depth review of Garissa County's fiscal performance for the FY 2024/2025. It examines the extent to which the County adhered to the fiscal objectives and principles outlined in the 2024 County Fiscal Strategy Paper (CFSP) and the Public Finance Management (PFM) Act, 2012. This analysis lays the groundwork for revising the current budget and strengthening financial policies that underpin the County's medium-term development framework.

In addition, the 2025 CBROP acts as a critical reference point for the preparation of the 2026 CFSP, guiding the identification, prioritization, and planning of flagship projects and sectoral initiatives to be executed under the 2025/2026 budget cycle.

Specifically, the 2025 CBROP provides:

i. Reviews fiscal performance against approved budget allocations, including both recurrent and development expenditures.

ii. Updated economic and financial forecasts in relation to changes from the projections in themost recent CFSP;

iii. Details of the actual fiscal performance in the previous year compared to appropriation forthat particular year;

iv. Any changes in the forecasts compared with the CFSP

v. Indication on how the actual fiscal performance for the previous FY may have affected compliance with fiscal responsibility principles or the financial objectives in the CFSP forthat FY; and

vi. Reasons for any deviations from financial objectives in the CFSP together with proposed measures to address the deviation and the time estimated for doing so.

Significance of CBROP

The County Budget Review and Outlook Paper (CBROP) plays a pivotal role in aligning policy, planning, and budgeting processes at the county level. It serves as a critical link between short-term financial planning and long-term strategic goals, ensuring that the county's budgetary allocations and fiscal policies are in harmony with broader developmental frameworks.

In Garissa County, the CBROP is closely tied to Kenya's national development blueprint, Vision 2030, through the implementation of the Fourth Medium-Term Plan (MTP). This integration ensures that county-level economic planning contributes to achieving the overarching national objectives of economic growth, poverty reduction, and improved living standards. Furthermore, the CBROP is embedded within the county's own development agenda through the Third Garissa County Integrated Development Plan (CIDP), which outlines the county's specific priorities and projects over a five-year period.

By linking the CBROP with both the MTP and the CIDP, Garissa County ensures that its financial planning is not only responsive to immediate fiscal realities but also strategically oriented to advance long-term goals like infrastructure development, health improvements, agricultural productivity, and enhanced public service delivery. This process allows for evidence-based decision-making, where the review of past performance informs future budget allocations and corrective fiscal measures.

The CBROP also fosters accountability and transparency, providing stakeholders, including the public, an opportunity to scrutinize the county's financial management and ensure that resources are being effectively utilized to address key challenges such as food insecurity, the porous border with Somalia, and the integration of the refugee population.

This document is thus essential in ensuring that the county's budget is not only aligned with current economic conditions but also supports sustainable development, building a strong foundation for both the short-term and long-term prosperity of Garissa County

2.0: REVIEW OF FISCAL PERFORMANCE IN THE FY 2024/25

A. Fiscal Performance

Overview

The Garissa County Approved Supplementary I Budget for FY 2024/25 was Kshs.12.01 billion. It comprised Kshs.4.66 billion (39 per cent) and Kshs.7.34 billion (61 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Ksh.1.31 billion (12 per cent) from the FY 2023/24 budget, which comprised a development budget of Kshs.4.31 billion and a recurrent budget of Kshs.6.39 billion. The increase in the budget was primarily attributed to several factors: the rise in Equitable Share from Kshs.8.25 billion to Kshs.8.29 billion, the increase in OSR from Kshs.230 million to Kshs.400 million, the increase in Conditional Grants from Kshs.1.48 billion to Kshs.1.59 billion, and the increase in carry forward for two months from Kshs.0.63 billion to Kshs.1.48 billion.

The budget was to be financed from various revenue sources, including the equitable share of revenue raised nation ally, amounting to Kshs.8.29 billion (69 per cent), a cash balance of Kshs.1.83 billion (15 per cent) from FY 2023/24, and Kshs.400 million (3 per cent) generated as own-source revenue. The own-source revenue comprised Kshs.160 million (1 per cent) deposited into the CRF and Kshs.240 million (2 per cent) as Appropriations-in-Aid (A-I-A) spent at source as the Facility Improvement Financing, which is revenue generated by health facilities.

Revenue Performance

The County received Kshs.10.67 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an increase of 17 per cent compared to the amount received in FY 2023/24 of Kshs.9.16 billion. The total revenue consisted of Kshs.8.28 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners, amounting to Kshs.432.14 million, as well as own-source revenue (OSR) collection of Kshs.478.87 million. Additionally, the County had a cash balance of Kshs.1.48 billion from FY 2023/24. The total OSR collection of Kshs.478.87 million included Facilities Improvement Financing (FIF) of Kshs.384.15 million, and Kshs.94.72 million from other OSR sources. The Table below summarises the total revenue available to the County Government during FY 2024/25.

S/No	Revenue Category	Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Bud-get Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,290,447,365	8,276,686,506	100
Sub Total		**8,290,447,365**	**8,276,686,506**	**100**
B	Conditional Grants			
1	Water and Sanitation Development Project (World Bank) WSDP	450,000,000	307,883,056	68
2	Kenya Urban Support Prorgam -KUSP UDG	342,462,888		-
3	Framework for the management of Food System Resilience Project – (FSRP)-IDA FOR FY 2024/2025	173,076,923	70,127,132	41
4	County Aggregation and Industrial Parks (CAIP)	105,263,158	-	-
5	Road Maintenance levy fund (RMLF)	188,410,093	-	-
6	Emergency locust response project, World Bank (ELRP)	142,500,000	-	-
7	Financing locally led climate action program (FLLoCA), County climate Institutional support (CCRI	137,000,000	-	-
8	Kenya Urban Support Programme -KUSP UIG	105,000,000	32,309,300	31
9	Conditional Grant Community Health Promoters (CHPs)	74,520,000		-
10	Kenya Devolution Support Program-II (KDSP II)	37,500,000	0	-
11	Basic Salary Arrears for County Government Health Workers	32,981,339	0	-
12	Financing locally led climate action program (FLLoCA), County climate Institutional support (CCIS), Grant level 1 (World Bank)	11,000,000	11,000,000	100
13	Sweden- Kenya Agricultural Business Development (KAB-DP)	10,918,919	-	-
14	DANIDA Grant-Primary health care in a devolved context	10,822,500	10,822,500	100
15	UN Fund for Population Activities (UNFPA) 10TH Country Programme for FY 2024/25	9,620,000	-	-
Sub-Total		**1,831,075,820**	**432,141,988**	**24**
C	Other Sources of Revenue			
1	Ordinary Own Source Revenue	160,000,000	94,722,928	59

2	Balance b/f from FY2023/24	1,484,282,379	1,484,282,378.85	100
3	Facility Improvement Fund (FIF)	240,000,000	384,147,940	160
Sub Total		**1,884,282,379**	**1,963,153,247**	**104**
Grand Total		**12,005,805,564**	**10,671,981,741**	**89**

Source: County Treasury

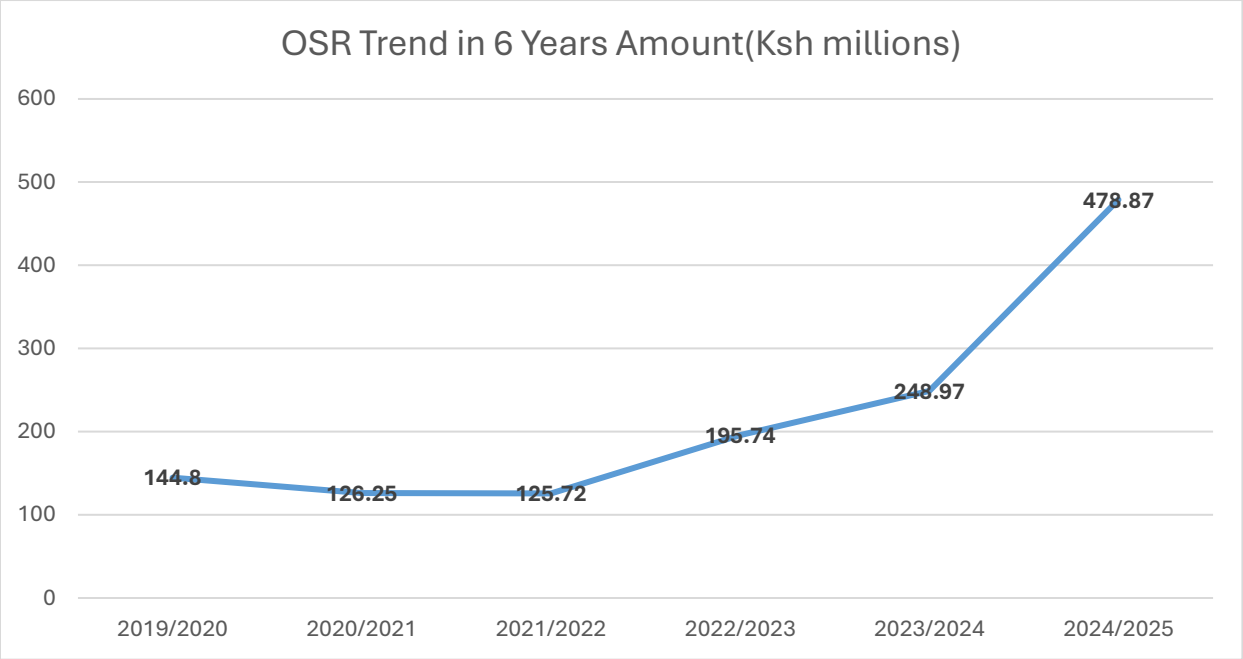
County Own Source Revenue performance

During the Financial Year (FY) 2024/25, Garissa County generated a total of Kshs. 478.87 million from various revenue streams, including the Facility Improvement Fund (FIF). This reflected a substantial growth of 52% compared to the Kshs. 248.97 million realized in FY 2023/24. The revenue performance was notable, achieving 120% of the annual target and representing about 6% of the equitable share of national revenue disbursed to the County during the same period.

This remarkable increase in own-source revenue (OSR) was driven by a series of targeted reforms implemented by the County Government. Chief among these was the enactment and implementation of the FIF Act, which provided a robust framework for regulating and expanding revenue collection from health facilities. In addition, the County enhanced the efficiency of its collection systems by streamlining administrative processes, minimizing revenue leakages and tax evasion, and reinforcing taxpayer compliance. These combined measures significantly strengthened revenue mobilization and advanced fiscal sustainability.

Revenue stream	Targets	Actual	% of Realization
	Kshs	Kshs	Kshs
Cess	55,500,000	34,617,656	62%
Land Rate	24,500,000	4,354,836	18%
Single/Business Permits	23,000,000	18,423,086	80%
Property Rent	5,000,000	1,503,110	30%
Parking Fees	7,000,000	1,255,103	18%
Market Fees	28,350,000	24,765,372	87%
Advertising	3,000,000	3,073,300	102%
Hospital Fees-Facility Improvement Fund (FIF)	225,000,000	379,155,240	169%
Public Health Service Fees	15,000,000	4,992,700	33%
Physical Planning and Development	3,500,000	4,022,423	115%
Hire of County Assets	1,200,000	-	0%

Conservancy Administration Charges	7,200,000	2,198,130	31%
Administration Control Fees and Charges	1,750,000	101,400	6%
Proceeds from sale of assets	0	-	0%
Park Fees	0	-	0%
Other Fines, Penalties, and Forfeiture Fees	0	-	0%
Miscellaneous Receipts	0	-	0%
Total County Own Source Revenue	**400,000,000**	**478,462,356**	**120%**



Local revenue performance

B. Expenditure Performance

During the reporting period, the County utilized Kshs. 9.90 bilulion on development and recurrent programmes, accounting for 98 percent of the funds released. Of this amount, Kshs. 3.13 billion was directed to development programmes, reflecting an absorption rate of 67 percent, while Kshs. 6.77 billion was spent on recurrent programmes, attaining an absorption rate of 92 percent. This indicates stronger performance in managing recurrent expenditure compared to development spending, highlighting the need for improved execution of development projects.

Table: Expenditure performance

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	6,368,497,045	975,235,453	5,901,271,588	872,968,372	93	90
Compensation to Employees	4,317,196,227	643,700,000	3,947,199,797	603,273,057	91	94
Operations and Maintenance	2,051,300,818	331,535,453	1,954,071,791	269,695,315	95	81
Development Expenditure	4,469,073,066	193,000,000	2,974,845,851	155,364,908	67	80
Total	**10,837,570,111**	**1,168,235,453**	**8,876,117,439**	**1,028,333,280**	**82**	**88**

Recurrent Expenditure performance

The recurrent expenditure for the County Executive amounted to Kshs. 5.90 billion, against a budget of Kshs. 6.37 billion. This expenditure was primarily classified into two categories: compensation to employees, which accounted for Kshs. 3.95 billion, and operations and maintenance, which absorbed Kshs. 1.95 billion. The overall absorption rate for recurrent spending in the Executive was 93 percent, indicating strong utilization of allocated funds, though some room remains to optimize budget execution fully.

In comparison, the County Assembly recorded a recurrent expenditure of Kshs. 872.97 million, out of a total budget of Kshs. 975.24 million, translating to an absorption rate of 90 percent. Spending comprised Kshs. 603.27 million on compensation to employees and Kshs. 269.70 million on operations and maintenance. While personnel costs were effectively managed with a 94 percent absorption rate, operations and maintenance reflected a lower absorption rate of 81 percent, suggesting underutilization in this area.

The contrasting absorption rates highlight that, while both arms of government managed their recurrent budgets relatively well, the Executive performed more strongly in overall absorption, particularly in operations and maintenance, whereas the Assembly exhibited efficiency in personnel-related spending but lagged in operational expenditure utilization.

Development Expenditure performance

The County Executive was allocated Kshs. 4.47 billion for development expenditure during the reporting period, out of which it spent Kshs. 2.97 billion, translating to an absorption rate of 67 percent. In comparison, the County Assembly received a development budget of Kshs. 193 million and utilized Kshs. 155.36 million, achieving an absorption rate of 80 percent. Despite its smaller allocation, the Assembly demonstrated stronger absorption efficiency than the Executive.

In the review period, the County reported total spending of Kshs. 3.13 billion on development programmes, representing an increase of 62 percent compared to FY 2023/24, when development expenditure stood at Kshs. 1.93 billion. The growth in expenditure was largely attributed to the County's prioritization of ongoing and carry-forward projects from the previous financial year. While this reflects a stronger commitment to implementing development initiatives, it also underscores the need to improve timely project planning and execution to minimize backlogs in subsequent years.

Sectoral expenditure performance

This section provides a review of the **FY 2024/2025 fiscal performance**, examining trends in budget allocation and expenditure, and presenting a summary of sectoral performance for the year under review.

Table: County Sector Expenditure Performance

	Revised Budget Allocation (Kshs.M)		**Exchequer Issues (Kshs. Millions)**		**Expenditure (Kshs.Mil-lions)**		**Expenditure to Exchequer Issues (%)**		**Absorption rate (%)**	
Department	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock and Pastoral	150.66	444.1	148.63	130.92	138.6	130.92	93	100	92	29
Culture, Gender, Youth and Sports	68.26	102	63.86	99.77	62.77	99.77	98	100	92	98
Roads, Transport and Public Works	84.82	618.61	77.02	364.91	77.02	364.91	100	100	91	59
Education, Information and ICT	413.51	106.8	413.4	10.39	403.58	10.39	98	100	98	10
Lands, Physical Planning and Urban Development	438.93	396.86	420.25	45.92	420.25	45.92	100	100	96	12
Finance and Economic Planning	1,075.73	200	1,032.43	49.48	993.76	49.48	96	100	92	25
Health and Sanitation	3,116.70	457.9	2,906.43	389.22	2,906.43	389.22	100	100	93	85
Trade, Investments and Enterprise Development	95.31	449.8	87.9	312	87.9	312	100	100	92	69
Water, Environment and Natural Resources	212.29	1,663.40	211.99	1,545.30	208.89	1,545.30	99	100	98	93

County Affairs, Public Service and Intergov-ernmental Relations	658.53	12.6	651.28	12	550.42	12	85	100	84	95
County Public Service Board	53.74	17	53.74	14.93	51.66	14.93	96	100	96	88
County Assembly	975.24	193	872.95	155.36	872.97	155.36	100	100	90	80
Total	7,343.73	4,662.07	6,939.88	3,130.21	6,774.24	3,130.21	98	100	92	67

In the analysis of departmental expenditures for the fiscal year, the County registered strong performance in recurrent spending across most departments, with absorption rates averaging above 90 percent. The Health and Sanitation sector emerged as the largest spender, recording 93 percent recurrent and 85 percent development absorption. Similarly, Water, Environment and Natural Resources performed well with 98 percent recurrent and 93 percent development utilization. Other entities such as the County Assembly, Public Service Board, and the Department of Culture, Gender, Youth and Sports also demonstrated effective budget management, reflecting high levels of efficiency in meeting recurrent obligations and sustaining core operations.

However, development expenditure presented mixed outcomes, with several key departments underperforming despite adequate recurrent performance. The Roads, Transport and Public Works department absorbed 91 percent of its recurrent allocation but only 59 percent of its development budget. Finance and Economic Planning posted a recurrent absorption of 92 percent against a weak 25 percent development rate. Similarly, Agriculture (92% recurrent, 29% development), Lands (96% recurrent, 12% development), and Education (98% recurrent, 10% development) recorded significant shortfalls in capital project implementation. These disparities suggest systemic challenges in project execution, procurement bottlenecks, and possible delays in disbursement or implementation planning.

In total, the County spent Kshs. 3.13 billion on development programmes, representing a 62 percent increase from FY 2023/24, when expenditure stood at Kshs. 1.93 billion. This growth was largely driven by the prioritization of ongoing and carry-forward projects from the previous fiscal year. Nonetheless, with development absorption at 67 percent overall, the County needs to strengthen planning, monitoring, and execution mechanisms to ensure full and timely utilization of allocated funds for tangible development outcomes.

This analysis highlights the disparity in expenditure among various departments, showcasing both the successful management of resources in key sectors and the need for improvement in others.

3.0. RECENT ECONOMIC DEVELOPMENT

A. World Economic Outlook

Global economic growth is projected to pick up slightly to 3.1 percent in 2026 compared to 3.0 percent in 2025 as shown in the Table below. This reflects the positive impact of further casing of monetary policy as inflationary pressures subside, stronger domestic demand in emerging markets and developing economies, and a gradual recovery in global trade. This modest improvement is expected to offset the effects of a slowdown in advanced economies, where tighter financial conditions and demographic headwinds continue to weigh on growth. Overall, the outlook suggests a cautiously optimistic rebound, though risks from geopolitical tensions. debt vulnerabilities, and climate-related shocks remain significant.

In advanced economies, growth will remain modest at 1.5 percent in 2025 and 1.6 percent in 2026. Growth in the USA is projected to expand by 1.9 percent in 2025 and 2.0 percent in 2026, supported by resilient consumption and an expected easing of financial conditions, while the Euro Area is forecast to grow by 1.0 percent in 2025 and 1.2 percent in 2026, reflecting gains from lower inflation and improving real incomes but constrained by structural and geopolitical challenges.

Emerging Market and Developing Economies are projected to grow moderately at 4.1 percent in 2025 and 4.0 percent in 2026. This growth is supported by stronger performance in South Asia and Sub-Saharan Africa, steady growth in Middle East and Central Asia, but slower momentum in China and Latin America. At the regional level, Sub-Saharan Africa is projected to grow steadily at 4.0 percent in 2025 and improve to 4.3 percent in 2026, reflecting gradual recovery across the region. The growth is supported by robust growth in non-resource-rich countries, increased private consumption, improving investments, and a decline in inflation.

However, the outlook remains constrained by high debt levels, climate vulnerabilities, external risks from global trade tensions, commodity price fuctuations, and structural constraints.

	Growth (%)			
	Actual		Projections	
Economy	**2023**	**2024**	**2025**	**2026**
World	3.5	3.3	3.0	3.1
Advance Economies	1.8	1.8	1.5	1.6
of which: USA	2.9	2.8	1.9	2.0
:Euro Area	0.5	0.9	1.0	1.2
:Japan	1.4	0.2	0.7	0.5
Emerging and Developing Economies	4.7	4.3	4.1	4.0
of which: China	5.4	5.0	4.8	4.2
:India	9.2	6.5	6.4	6.4
Sub-Saharan Africa	3.6	4.0	4.0	4.3
of which: South Africa	0.8	0.5	1.0	1.3
:Nigeria	2.9	3.4	3.4	3.2

Source:IMF World Economic Outlook July 2025

B. Kenya's Economic Performance and Outlook

Kenya's economy has remained resilient, growing by 4.7 percent in 2024 and 4.9 percent in Q1 2025, outperforming global and regional averages. Growth was broad-based, with the primary sector expanding by 6.2 percent, driven by strong agriculture and a recovery in mining. Agriculture benefited from good weather, higher sugarcane, milk, coffee, and horticultural exports, though tea output declined. Mining rebounded strongly, posting 10.0 percent growth after a sharp contraction in 2024.

The industry sector grew by 2.6 percent, supported by manufacturing (2.1%), electricity and water supply (3.6%), and construction (3.0%). Manufacturing benefited from both food and non-food processing, while energy gains were mainly from solar and wind generation. Construction growth reflected higher use of cement and steel, though lower bitumen imports hinted at weaker road works.

The services sector expanded by 4.8 percent, slower than 6.8 percent in 2024. Transport and storage grew steadily (3.8%), while hospitality slowed sharply (4.1% vs. 38.1% in 2024) due to weaker growth in visitor arrivals. ICT (5.8%) and finance (5.1%) also moderated but remained robust, supported by strong domestic transactions and improved credit conditions.

Looking ahead, performance in 2025 is expected to strengthen, anchored on agriculture, ICT, finance, tourism recovery, and renewed momentum in construction from housing projects and major public works.

C. County Outlook

Garissa County's economic outlook for 2025 reflects cautious optimism amid persistent global and domestic challenges, including slower global growth, rising domestic interest rates, and increasing food prices. These factors are expected to affect household disposable incomes and business performance across key sectors.

The County Government is pursuing a strategic approach to mitigate these challenges and foster sustainable growth. Priority will be given to scaling up investments in agriculture, livestock development, and water infrastructure to strengthen food security and build resilience against climate shocks. Investments in health, education, and social protection programs will also remain central in safeguarding livelihoods and enhancing human capital.

Ongoing reforms in public finance management, coupled with strengthened partnerships between the County Government and development partners, are expected to improve efficiency in service delivery and unlock new economic opportunities. Additionally, the County will focus on leveraging digital innovations, promoting youth empowerment, and supporting small and medium enterprises (SMEs) to drive inclusive growth.

Overall, the outlook for 2025 is one of steady recovery and resilience, anchored on prudent resource management, external partnerships, and a commitment to inclusive and sustainable development.

Key Drivers and Strategies for Growth

Agriculture: Agriculture continues to be the backbone of Garissa County's economy, providing livelihoods for the majority of households and contributing significantly to food security. The County is prioritizing the transformation of agriculture into a profitable and sustainable venture through the promotion of agribusiness, value addition, and active youth participation. Embracing climate-smart agricultural practices will be key to enhancing productivity and building resilience against climate change. Special focus is being placed on the promotion of orphan crops such as millet, sorghum, and cassava, which are more drought-tolerant and therefore critical for addressing recurring food security challenges in the region.

In addition, the County is diversifying agricultural activities by promoting apiculture, dairy, fish, and poultry farming, not only to create employment and generate household income but also to improve nutrition outcomes. Strengthening value chains through cooperatives and producer groups will further support market access, enhance competitiveness, and ensure that rural farmers derive greater benefits from their produce. These initiatives collectively aim to reposition agriculture as a driver of inclusive economic growth and rural transformation in Garissa County.

Infrastructure Development: Investment in infrastructure will remain a catalyst for Garissa County's economic transformation, with greater focus on sustainability, inclusivity, and resilience. The County plans to intensify the upgrading of strategic roads and rural access routes to improve market connectivity, facilitate trade, and support service delivery. Priority will also be given to expanding water and sanitation infrastructure in both urban and rural areas to enhance public health and resilience against climate shocks.

On the social front, investments will target the modernization of ECDE centres, TVET institutions, and health facilities to align with growing population needs and human capital development. High-speed internet connectivity will continue to be expanded, with emphasis on linking schools, health centres, and government offices to digital platforms for efficiency and innovation.

Water and Environmental Sustainability: Garissa County plans to intensify investment in water and environmental management as part of its sustainable development agenda. Key priorities include enhancing water production, extending pipelines, constructing sewerage systems, and expanding household connections to clean and safe water. These initiatives are aimed at improving public health, reducing waterborne diseases, and supporting both domestic and productive uses.

To safeguard the environment and strengthen climate resilience, the County will continue efforts to increase tree cover through the establishment of conservancies, promotion of bamboo and fruit tree planting at the household level, and restoration of degraded landscapes. In addition, irrigation development and water harvesting technologies will be scaled up to improve food production and enhance household food security.

Collectively, these initiatives are expected to promote sustainable livelihoods, improve resilience against drought and climate change, and contribute to the County's long-term vision of a greener and food-secure economy.

Trade and Enterprise: To promote trade and support small businesses, the County is focusing on developing cottage industries and enhancing access to finance through revolving funds for small and medium enterprises (SMEs). Additionally, installing solar lighting in markets aims to extend business hours, supporting a 24-hour economy. Market infrastructure and sanitation improvements are also part of this initiative to boost local trade.

Health Services: Improving health services remains a central priority for Garissa County. The County will focus on strengthening ambulance services, maternal and child healthcare, and expanding health infrastructure across all sub-counties. Supply of essential drugs, upgrading of existing facilities, and construction of new health centers are planned to improve access, especially in remote and underserved areas. These efforts are expected to reduce maternal and infant mortality while enhancing overall service delivery.

In alignment with the national agenda, the County will scale up the implementation of Universal Health Coverage (UHC) by promoting widespread registration and uptake of the

Social Health Authority (SHA) scheme. This initiative will shield households from catastrophic medical expenses and ensure access to affordable, quality care.

Additionally, the County will prioritize preventive and promotive health services, including mental health programs to address rising psychosocial challenges, and nutrition interventions to combat malnutrition, particularly among children and expectant mothers. Expanded immunization, disease surveillance, and community health strategies will further strengthen the health system.

To support these ambitions, the County intends to leverage digital health technologies for health records and data management, while deepening partnerships with development partners. This collaborative approach will not only improve service delivery but also build a more resilient and sustainable healthcare system.

D. Medium Term Fiscal Framework

Garissa County's 2025 medium-term fiscal framework emphasizes inclusive growth, fiscal discipline, and resilience to emerging economic shocks. The County aims to enhance revenue mobilization by expanding the tax base, strengthening compliance, and deepening digitization of revenue systems. Greater efficiency in expenditure management will be pursued through prioritization of high-impact projects and strict monitoring of budget implementation.

The framework also focuses on scaling up investments in water, health, and education to improve service delivery and foster equitable development. In addition, Garissa will leverage partnerships with the national government and development partners to finance infrastructure, climate adaptation, and social protection programs. Risk mitigation measures will include enhanced public financial accountability and proactive responses to external shocks such as droughts, flooding, and fluctuating resource inflows.

Expenditure Prioritization

The framework emphasizes the completion of ongoing development projects, with a particular focus on infrastructure, health, agriculture, and education. Priority will be given to investments in climate-smart agriculture, water and sanitation systems, and

healthcare infrastructure. These interventions are aimed at enhancing food security, improving public health, and raising overall living standards. While recurrent expenditures on personnel and operations remain necessary, the County plans to streamline these costs to maximize efficiency and ensure value for money, without compromising service delivery.

Public Financial Management Reforms

The County Government of Garissa will continue to strengthen public financial management by deepening the automation of financial systems and enhancing institutional capacity across departments. These interventions are designed to promote efficiency in project implementation, ensure adherence to fiscal discipline, and uphold the principles of transparency and accountability. In doing so, the County seeks to guarantee the prudent and effective utilization of public resources in support of sustainable development.

Sustainable Development and Risk Mitigation

Garissa County Government remains committed to a development strategy anchored on the Sustainable Development Goals (SDGs). While agriculture, social protection, and water infrastructure remain central pillars of inclusive growth, the County also recognizes the importance of expanding its focus to other cross-cutting sectors that are critical to sustainable development.

The County's key priorities will include:

- **Climate-smart agriculture and value addition:** Continued investment in irrigation, adoption of modern farming techniques, and development of agro-processing industries to improve productivity, strengthen food security, and create sustainable employment.
- **Water, sanitation, and hygiene (WASH):** Expansion of water supply networks, rehabilitation of boreholes, construction of sewerage systems, and promotion of rainwater harvesting and conservation practices to ensure access to safe and reliable water for households, institutions, and businesses.
- **Social protection and inclusion:** Scaling up of bursary allocations for students, provision of targeted support to vulnerable and marginalized groups, and establishment of safety nets to cushion households against inflationary pressures and adverse socio-economic conditions.
- **Health and well-being:** Expansion of healthcare infrastructure, provision of essential drugs, strengthening of ambulance and referral services, and implementation of maternal and child health programs to improve public health outcomes and reduce preventable deaths.

- **Education and skills development:** Investment in early childhood education, upgrading of learning facilities, teacher training, and promotion of technical and vocational education to equip youth with relevant skills for the labor market.
- **Infrastructure development:** Completion and expansion of ongoing road, energy, and ICT projects to enhance connectivity, improve market access, and support economic transformation.
- **Climate action and environmental management:** Integration of climate change adaptation and mitigation measures into all sectors, including afforestation, renewable energy initiatives, and disaster risk reduction strategies to build resilience against droughts, floods, and other environmental shocks.
- **Governance and institutional capacity:** Strengthening of public financial management systems, enhanced accountability, and greater citizen participation in planning and budgeting processes to promote inclusivity and trust in governance.

Through this strategic planning, efficient spending, and enhanced financial management, Garissa aims to achieve sustainable development and improve the quality of life for its residents.

E. Risks to the Economic Outlook

Garissa County's economic growth faces several challenges that could affect the realization of its development objectives.

Key risks include:

- **Climate-related shocks:** Recurrent droughts, occasional flooding, and erratic rainfall patterns threaten agriculture, livestock production, and food security.
- **Rising cost of living:** Increases in food, fuel, and essential commodity prices may reduce household purchasing power and heighten demand for social support programs.
- **Limited local revenue base:** Dependence on national government transfers and underdeveloped local taxation may constrain funding for priority projects.
- **Infrastructure deficits:** Gaps in roads, water supply, and energy infrastructure may hinder trade, service delivery, and investment.
- **Low budget absorption and high poverty rates:** Inefficient utilization of allocated development funds and widespread poverty may limit the impact of development interventions.
- **External shocks:** National policy changes, global market fluctuations, and climatic events may adversely affect revenue and livelihoods.

To mitigate these risks and maintain a positive economic trajectory, Garissa County will adopt strategic risk management approaches, including:

i. Addressing Food Security and Agricultural Productivity

One of the biggest risks to Garissa's economic outlook is the rising cost of food, driven by poor production of key staples like maize, wheat, and rice. To mitigate this risk, the County must focus on improving agricultural productivity and food security. This can be achieved through:

- **Promoting Climate-Resilient Agriculture**: By embracing SMART agricultural practices, the County can reduce reliance on rainfall and improve yields through technologies like drip irrigation, greenhouses, and drought-resistant crops. Investing in farming of orphan crops such as millet, sorghum, and cassava will provide alternative food sources, reduce dependence on imports, and enhance food security.
- **Agribusiness and Value Addition**: Encouraging agribusiness and value addition can increase farmers' incomes and reduce vulnerability to market fluctuations. By supporting cooperative structures and linking farmers to markets, the County can create a more resilient agricultural sector that withstands economic shocks.

ii. Adapting to Climate Change

As a semi-arid region, Garissa is highly vulnerable to climate change, which could negatively impact agriculture, water supply, and infrastructure. To manage this risk, the County should:

- **Invest in Climate Adaptation**: Initiatives such as expanding irrigation schemes, promoting afforestation, and protecting water sources can help mitigate the adverse effects of climate change. The County's focus on increasing tree cover and promoting indigenous bamboo and fruit trees will also aid environmental conservation.
- **Disaster Preparedness**: Implementing early warning systems for droughts and floods, as well as improving the County's disaster response capacity, will help protect livelihoods and reduce the economic impact of extreme weather events.

iii. Mitigating High Cost of Living

The rising cost of living presents a major risk, reducing disposable income and potentially stagnating business performance. To mitigate this, Garissa County can:

- **Support Vulnerable Groups**: Expanding social support programs, such as bursaries, scholarships, and social safety nets, will help cushion vulnerable populations from the effects of inflation. The County's shelter improvement programs and expansion of health services will also improve the quality of life for its residents.
- **Promote Trade and Enterprise**: By enhancing the development of cottage industries, providing trade loans to SMEs, and improving market infrastructure, the County can stimulate economic activity and support local businesses. Encouraging a 24-hour economy through solar lighting in markets will further boost economic resilience.

4.0: RESOURCE ALLOCATION FRAMEWORK

A. Implementation of the FY 2025/26 Budget

The successful implementation of the FY 2025/26 budget will be guided by strategic priorities, fiscal discipline, and strengthened public financial management. Garissa County aims to ensure timely and efficient execution of both development and recurrent programs while optimizing the use of available resources to achieve intended outcomes.

Key measures to support effective budget implementation include:

- **Revenue Mobilization:** Expanding the local revenue base, improving compliance, and deepening digitization of revenue collection to enhance fiscal space.

- **Efficient Expenditure Management:** Prioritizing high-impact projects, monitoring budget absorption rates, and ensuring value for money in all allocations.

- **Capacity Building:** Strengthening institutional and human capacity within County departments to enhance planning, execution, and reporting.

- **Transparency and Accountability:** Continuing automation of financial systems, improving reporting mechanisms, and promoting citizen engagement in budget implementation.

- **Monitoring and Evaluation:** Regular tracking of project performance and fiscal outcomes to inform corrective actions and ensure alignment with County development objectives.

Through these measures, Garissa County seeks to achieve effective budget execution, accelerate development outcomes, and deliver quality services to its residents in line with its medium-term fiscal framework and SDG-aligned priorities.

Emergency Preparedness

Given its history of climate-related challenges such as floods and droughts, Garissa County may also revise its budget to increase allocations to the **emergency fund** or **contingency kitty**. This adjustment would enhance the County's preparedness to respond to unexpected emergencies that have previously strained resources and hindered development efforts.

- **Floods**: Heavy rains often result in flooding that damages infrastructure, including roads, schools, and water systems. By bolstering the emergency fund, the County can respond swiftly to repair and rehabilitate affected areas.
- **Drought**: Garissa frequently experiences drought, impacting water availability, food security, and livelihoods. Increasing the emergency budget would enable the County to address drought conditions effectively, providing relief through water supply, food aid, and livestock support to affected communities.

B. Fiscal Policy for FY 2026/27 and Medium-Term Budget

The fiscal policy for FY 2026/27 and the medium term is designed to support the priority programs of the County Government as outlined in the **County Integrated Development Plan (CIDP)** and the **Annual Development Plan (ADP)**, focusing on projects with a significant impact on economic growth. The County will prioritize key development projects as part of its fiscal consolidation efforts.

To bolster fiscal consolidation, the County will enhance its own-source revenue through the automation of revenue collection, which aims to prevent revenue loss. Additionally, there will be a rationalization and reprioritization of expenditures to protect essential government programs and social spending. Emphasis will be placed on improving revenue mobilization.

A significant initiative includes the rollout of an **end-to-end e-procurement system**, which aims to maximize value for money and increase transparency in the procurement process.

To strengthen the management of public resources further, the County is transitioning from a cash-based to an **accrual accounting** system. This change will improve cash management and enhance financial and fiscal reporting by allowing the County to account for all assets and liabilities.

Moreover, the County Government will adopt a **Zero-Based Budgeting** approach for preparing the FY 2026/27 budget and future budgets. This approach will utilize standardized costing methodologies to streamline the calculation of budget baselines, ensuring a credible foundation for budget estimates and prioritization. Through these measures, Garissa County aims to

achieve greater efficiency, transparency, and accountability in its financial management.

Revenue projections

The medium-term revenue projections for Garissa County (FY 2025/26 to FY 2027/28) indicate steady growth across its key revenue streams: **equitable share**, **local resources**, and **conditional grants**.

1) **Equitable Share:** The equitable share remains the primary source of county revenue. It is projected to increase from Ksh 8.88 billion in FY 2025/26 to Ksh 9.90 billion by FY 2027/28. This represents an average annual growth rate of about 5.6 percent. The equitable share provides the largest portion of the County's funding and is vital for supporting both recurrent and development expenditure.
2) **Local Resources:** Own-source revenue is expected to expand significantly, rising from Ksh 450 million in FY 2025/26 to Ksh 543.38 million by FY 2027/28. This translates to a compound annual growth rate of 9.9 percent, underscoring the County's continued efforts to strengthen local resource mobilization through enhanced tax collection, revenue automation, and diversification of the tax base. Increasing local resources is critical for reducing dependency on national transfers.
3) **Conditional Grants:** Conditional grants are projected to grow moderately from Ksh 1.33 billion in FY 2025/26 to Ksh 1.46 billion by FY 2027/28. This reflects an average annual growth rate of 5 percent. However, the allocation of conditional grants remains somewhat uncertain, as it depends on national government policies, donor support, and specific sectoral priorities.

The following are the key issues to note in the revenue budget:

- **Equitable Share**: While equitable share remains the cornerstone of the County's revenue, its moderate growth rate suggests that Garissa must focus on increasing its **own-source revenue** to ensure fiscal sustainability.

- **Local Revenue Growth**: The significant projected growth in local resources reflects efforts to enhance local revenue collection and reduce reliance on national transfers.
- **Conditional Grants**: Conditional grants remain a volatile revenue source, but steady growth is expected over the medium term. Managing this volatility will be key for sector-specific investments.

Table: Fiscal Revenues for 2023/2024-2027/28 MTEF period

	FY 2023-2024	Actual	Actual	Budget	FY 2026/2027	FY 2027/2028
REVENUE	**Revised Budget**	**2023/2024 budget**	**2024-2025**	**FY 2025/2026**	**Projections**	**Projections**
Equitable Share	8,248.00	7,588.00	8,555.00	8,877.78	9,431.89	9,903.48
Local Resources	230.00	248.00	300.00	450.00	517.50	543.38
Conditional Grant	1,244.00	684.00	1,006.00	1,325.82	1,392.11	1,461.72
Total Revenue	**9,722.00**	**8,520.00**	**9,861.00**	**10,653.60**	**11,341.50**	**11,908.57**

Own Source Revenue Mobilization

Garissa County recorded significant improvement in own-source revenue during the 2024/2025 financial year, largely attributed to the Facility Improvement Fund (FIF) surpassing its target. This positive momentum is expected to continue into the 2025/2026 financial year and beyond. However, the County has in previous years fallen short of its revenue targets, necessitating budget revisions. To address these challenges, the County intends to prioritize local revenue mobilization, beginning with the automation of revenue collection systems. Additional strategies will also be implemented to enhance revenue collection across other streams.

a. **Broadening the Revenue Base**: Identifying and tapping into new revenue sources such as parking fees, advertising levies, land rates, quarry levies, and market charges. This helps reduce over-reliance on just a few sources like FIF.

b. **Capacity Building for Revenue Staff:** Training revenue officers in customer service, technology use, and compliance procedures. Skilled staff reduce errors, minimize corruption, and improve efficiency in revenue collection.

c. **Operationalization of the valuation roll**: In order to increase collection from land and property rates the county will Operationalize the valuation roll and sensitize stakeholders on the valuation roll as well as capture all plots in the current revenue automation system to encourage payments.

d. **Implementation of the revenue administration and enhancement policy**: The strategy is geared towards sealing gaps that have been bedeviling revenue collection in the past and enhance collections.

e. **Establishing of a legal framework and prosecution system:** Revenue collection will be boosted with a prosecution system that will enhance enforcement.

f. Exploiting and investing in sectors with high revenue potential in the county: The government will look into generating more revenue from the county' natural resources such as gypsum, sand and hardcore. by exploiting these resources, we belief we can generate good revenues that can boost our collections.

g. **Reviewing all revenue potential assessment for all streams (structured and unstructured)**: The county will map and asses the revenue potential of all the streams and project the county revenue potential.

h. **Fully automating revenue collection and establish one-stop-shop payment and approval for all licenses:** This is expected to ensure efficient revenue collection as well as curbing pilferages and leakages in the revenue collection structures. Automation of all streams is expected to tremendously improve Own Source Revenues in the county. Implementing cashless modes of payment and self-service portal to reduce leakages will improve own source revenue.

i. **Interlinking the departments in revenue collection.** This will be implemented through the establishment of a committee at the cabinet and directors level involving all the departments who collect revenue.

j. **Establishing a rewarding system to individuals,** markets and wards who have been consistently paying their revenue within set deadlines in each calendar

year. This will be through initiatives like special funding for programs and projects in specific areas as well as recognizing large tax payers.

C. FY 2026/27 and Medium-Term Budget Framework

The county medium-term resource allocation will be within the approved CIDP and the ADP 2025. The priorities highlighted in the ADP 2025 will be discussed further in sector discussion and public participation to further reprioritize. The following will key MTEF priorities in 2026-2027 budget.

i) **Enhanced Access to Universal Healthcare Services**: The County will give priority in financing of healthcare to enable the county's population access universal healthcare. The county will enhance healthcare financing and monitor health indicators to ensure their value for money.
ii) **Universal Water Coverage**: The County will fund priorities to ensure access to safe and reliable water for utilization with an intention to enhancethe multiplier effect of investment in relevant water infrastructure. The water companies will be empowered in order to generate their own revenuepurpose of enhancing sustainable companies.
iii) **Disaster Risk Management and Resilience Building**. Disaster preparedness and adaptation are key activities that will manage the unpredictability of the climatic conditions and disasters. The county will promote building of community disaster preparedness and adaptation mechanisms that will assure sustainability in the county's development framework.
iv) **County bursary fund** –This fund will also be given priority in allocationof resources. The aim is to support the most Vulnerable members in our society.

Criteria for Resource Allocation

Due to fiscal constraints at both the national and county levels, the National Treasury has adopted the Zero Based Budgeting (ZBB) approach to ensure limited resources are allocated effectively. Garissa County will continue applying this approach in the FY 2026/27 and medium-term budgets. All county departments and agencies will be required to re-examine their existing and planned projects and programs, with

emphasis placed on efficiency, effectiveness, and economy in public spending. Low-priority expenditures will be replaced by high-impact, service-oriented programs.

Sector Working Groups (SWGs) will play a central role in eliminating wasteful spending and prioritizing initiatives that safeguard livelihoods, create jobs, support businesses, and stimulate economic growth. For the FY 2026/27 budget, SWGs must ensure that every expenditure is fully justified, with resource allocation guided by the efficiency, necessity, and impact of programs rather than incremental increases over past budgets.

i) Programs that enhance economic value chains, strengthen linkages across sectors, and align with the County Integrated Development Plan (CIDP) and Annual Development Plan (ADP).

ii) Compliance with policy priorities, including Governor's directives and decisions of the County Executive.

iii) Completion of ongoing and stalled projects, alongside timely settlement of verified pending bills, to ensure value for money and avoid resource wastage.

iv) Programs with a demonstrable impact on job creation, enterprise development, and poverty reduction.

v) Initiatives that directly address the core mandates and service delivery responsibilities of County Departments and Agencies.

vi) Interventions that promote equitable access to quality healthcare and advance the goal of universal health coverage.

vii) Climate-smart programs that strengthen resilience, mitigate climate risks, and support adaptation measures in line with national and global commitments.

viii) Programs that demonstrate high cost-effectiveness, efficiency, sustainability, and potential to leverage additional funding (including partnerships with development partners and the private sector).

5.0 CONCLUSION AND NEXT STEPS

The County Budget Review and Outlook Paper (CBROP) is a crucial policy document aimed at promoting financial discipline and ensuring fiscal responsibility within Garissa County's financial management framework. It plays a key role in guiding the county's budget-making process within the Medium-Term Expenditure Framework (MTEF). The document provides a detailed analysis of the previous year's fiscal performance, comparing actual outcomes to the budgeted appropriations, and includes an updated economic and financial forecast. Additionally, it highlights how the county's financial performance in the previous year may have impacted compliance with fiscal responsibility principles.

Looking ahead, all Sector Working Groups (SWGs) are required to align their sector costing with the Zero-Based Budgeting (ZBB) approach, a policy adopted at the national level. SWGs will need to present realistic costs for their programs and activities based on the available resource envelope. This approach ensures that only justified and priority-driven expenditures are funded.

The County Fiscal Strategy Paper (CFSP), due by February 28, 2026, will consolidate these discussions and serve as the baseline for sector allocations. The CFSP will finalize the proposed recurrent and development expenditures for the upcoming financial year, ensuring they are aligned with Garissa County's transformative agenda and strategic priorities as outlined in the County Integrated Development Plan (CIDP), Annual Development Plan (ADP), and individual sector strategies. The budget will also comply with the fiscal responsibility principles outlined in the Public Finance Management (PFM) Act of 2012, ensuring sustainable and responsible use of resources.

This strategic approach will ensure that county expenditures are efficiently managed, contributing to the overall economic growth, social development, and fiscal stability of Garissa County in the coming years.