

REPUBLIC OF KENYA



COUNTY GOVERNMENT OF KISUMU

**OFFICE OF THE COUNTY EXECUTIVE FINANCE AND ECONOMIC
PLANNING**

FY 2021/2022 BUDGET IMPLEMENTATION REPORT

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LEGAL BASIS FOR THE BUDGET IMPLEMENTATION REPORT

The Budget Implementation report is published pursuant to Section 166 of the Public Finance Management Act 2012.

- (1) Section 166. (1) An accounting officer for a county government entity shall prepare a report for each quarter of the financial year in respect of the entity.

- (2) In preparing a quarterly report for a county government entity, the accounting officer shall ensure that the report;
 - (a). contains information on the financial and non-financial performance of the entity; and
 - (b). Is in a form determined by the Accounting Standards Board
- (3). Not later than fifteen days after the end of each quarter, the accounting officer shall submit the quarterly report to the County Treasury.
- (4). Not later than one month after the end of each of quarter, the County Treasury shall,
 - (a). Consolidate the quarterly reports and submit them to the county assembly.
 - (b). Deliver copies to the Controller of Budget, National Treasury and the Commission on Revenue Allocation; and
 - (c). publish and publicise them
- (5). In the case of an entity that is a county corporation the accounting officer for the corporation shall also submit a copy of the quarterly report to the County Executive Committee member responsible for the corporation, who, upon approving it shall submit a copy to the County Treasury.

FOREWORD

Pursuant to article 183 of the Constitution, the County Executive Committee is mandated to manage and coordinate the functions of the County administration and its departments and make regular reports to the County Assembly about the county. Additionally, Section 166 of the Public Finance Management Act 2012 requires Accounting Officer to prepare and submit timely quarterly reports which shall be published and shared with the Controller of Budget, the National Treasury and the Commission of Revenue Allocation.

The financial information (expenditure and revenue) is critical for determining the costs and efficiencies of programmes/objectives/activities while non-financial information is equally important for assessing progress towards predetermined service delivery or performance targets. This report indicates budget implementation performance of all the departments for the financial year 2021/2022. The report is based on analysis of financial and non-financial performance submitted to the County Treasury, financial reports generated from the Integrated Financial Management Information System (IFMIS) and financial information analysed from financial receipts from National Treasury. Further, the report highlights the key challenges encountered by the departments during budget implementation and suggested measures to address the challenges. The information on implementation of the budget is presented on aggregate and on individual department. This report also includes performance trends, which is a useful trajectory of revenue and expenditure performance.

The information herein is useful to our stakeholders including; policy makers, County Legislators, analysts, and the general public. While successful budget implementation depends on a number of factors within and outside of government, public participation and effective monitoring of its implementation remain critical principles. It is my hope that this report will generate interest and participation by the public and other stakeholders in monitoring budget implementation by this administration.

I urge all stakeholders to constructively engage the Government in order to improve prudence in utilization of public funds.

GEORGE O. OKONG'O

**COUNTY EXECUTIVE COMMITTEE MEMBER – FINANCE AND
ECONOMIC PLANNING**

ACKNOWLEDGEMENT

I am delighted to present this Fourth Quarter Budget Implementation Report for 2021/2022, which provides detailed information on the allocation of public resources among competing socio-economic needs. These Budget Implementation Reports serve as instruments through which the Departments can be held accountable for the expenditure and revenues they administer, and the realization of objectives of government as elucidated in the Governors manifesto.

The Budget Implementation Report is the product of meticulous analytical work conducted by the Directorate of Budget in collaboration with other departments. I commend the team for their hard work

Lastly, I advise all readers of this Report to continue to display active interest in government's ability to live up to its promises. This will serve as the necessary impetus for the efficient and effective management of government finances.

MR. WILSON ABIERO
Ag. CHIEF OFFICER FINANCE

OVERVIEW OF FY 2021/22 BUDGET

The County's Approved budget for FY 2021/2022 was Kshs. **12,146,176,297**, comprising of Kshs. **4,856,943,507** (40 percent) and Kshs. **3,582,366,673** (30 percent) and Kshs. **3,706,866,117** (31 percent) allocation for Personnel Emolument, Operation and Maintenance and Development programmes respectively. However, this was revised to **12,177,852,473** in the Supplementary Budget following an injection of **31,676,176** from EU-IDEAS. In terms of Economic Classification, the adjustments were made as follows; Personnel Emolument **5,187,615,327** (43%), Operation and Maintenance **3,263,435,853** (37%), and Development **3,726,801,293** (31%) To finance the budget, the County expected to receive Kshs. **8,026,139,240** as the equitable share of revenue raised nationally, Kshs. **1,448,213,910** as total conditional grants, generate **1,984,000,003** from own sources of revenue, and a cash balance of **719,499,320** FY 2020/2021

FISCAL PERFORMANCE FOR THE YEAR 2021/2022

REVENUE ANALYSIS

The overall revenue performance for FY 2021/22 was 73 Per cent (Kshs 8,945,860,255) out of the total budgeted revenues of Kshs 12,177,852,473.

Table 1; Analysis of FY 2021/22 Revenue Performance

Revenue Source	Annual Revenue Allocation (in Kshs)	Actual Receipts	Budget Balance	Performance (%)
Equitable share	8,026,139,240	6,664,548,778	-1,361,590,462	83%
Conditional Grants	1,448,213,910	362,667,126	-1,085,546,784	25%
Sub total	9,474,353,150	7,027,215,904	-2,447,137,246	74%
Own Source Revenue	1,984,000,003	1,199,145,031	-784,854,972	60%
Sub Total	1,984,000,003.00	1,199,145,031.25	-784,854,971.75	60%
FY 2020/21				
Reallocation Funds	719,499,320	719,499,320	0	100%
Total Revenues	12,177,852,473	8,945,860,255	-3,231,992,218	73%

Source of data; County Treasury

EQUITABLE SHARE, CONDITIONAL ALLOCATIONS, LOANS AND GRANTS

Table 2; Analysis of FY 2021/22 Exchequer releases

	Annual Budget Allocation (in Kshs)	Actual Receipts	Budget Balance	Performance
Opening balance from CRF A/C	719,499,320	719,499,320	-	100%
Equitable Share	8,026,139,240	6,664,548,778	(1,361,590,462)	83%
DANIDA	15,147,000	7,573,500	(7,573,500)	50%
KDSP (WORLD BANK)	108,555,555	82,682,844	(25,872,711)	76%
IDA (World Bank)-Kenya Climate Smart Agriculture Project (KCSAP)	389,664,699	160,534,810	(229,129,889)	41%
Sweden-Agricultural Sector Development Support Programs (ASDP)+Balance	49,829,918	25,298,410	(24,531,508)	51%
World Bank Grant for transforming health system	134,815,014	51,445,866	(83,369,148)	38%
EU-Ideas	66,778,340	31,676,176	(35,102,164)	47%
KISIP	300,000,000	-	(300,000,000)	0%
Conditional Allocations- Development of Youth Polytechnics	16,358,192	-	(16,358,192)	0%
IDA (World Bank) Kusp (UDG)	135,397,875	-	(135,397,875)	0%

IDA (World Bank) Kusp (urban Institutional Grant)	579,241	-	(579,241)	0%
SEACAP	7,128,450	3,455,520	(3,672,930)	48%
Conditional allocations for Rmlf	127,624,662	-	(127,624,662)	0%
Level 5 conditional Grant	96,334,964	-	(96,334,964)	0%
Total Share of National Revenue	10,193,852,470	7,746,715,224	(2,447,137,246)	76%

Source of data; County Treasury

LOCAL REVENUE COLLECTIONS

At the end of the financial year, the total own source revenues collected amounted to Kshs. 1,199,145,031 against a target of Kshs. 1,984,000,003 representing 60% performance. The Own source revenue performance registered a fall by 4% from Kshs 1,248,063,960 recorded in FY 2020/21, to Kshs 1,199,145,031 in financial year 2021/22. The fall was attributed to the tense political temperatures, business flight and Covid 19 variant waves in the country which disrupted economic activities in the county.

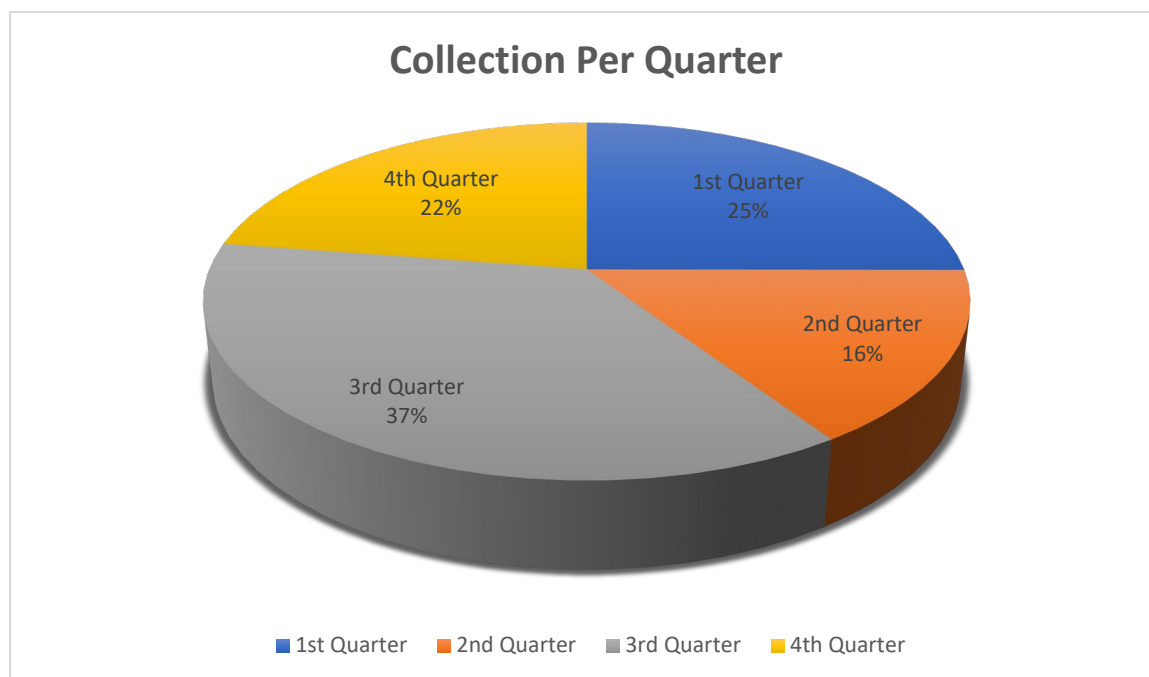
Table 3; Quarterly Own Source Revenue Collection

Locally collected Revenue	Q1	Q2	Q3	Q4	TOTAL
Revenue Streams					
Main Revenue Streams					
Land Rates	6,372,563	5,105,553	76,615,236	9,228,809	97,322,161
Rents	3,953,703	3,042,213	6,220,719	4,959,542	18,176,177
Trade license fees	14,681,052	5,367,036	117,416,837	36,562,496	174,027,421
Bus Park Fees	23,604,930	20,210,700	20,697,350	20,111,533	84,624,513
Parking Fees	12,464,920	8,879,970	7,638,132	9,207,294	38,190,316
Reserved slot	122,000	-	5,600,000	900,000	6,622,000
Monthly Stickers	7,418,020	6,852,260	9,206,992	6,904,590	30,381,862
Clamping Fees	46,000	51,500	57,501	63,000	218,001

Market Fees	15,242,925	15,099,440	14,817,275	14,553,270	59,712,910
Stock Ring	403,360	1,100,790	1,080,360	1,120,390	3,704,900
CESS	1,863,875	1,673,098	3,425,618	1,459,236	8,421,827
Building Plans	1,317,450	1,152,610	858,800	532,250	3,861,110
Sign Board promotion etc	15,972,591	12,190,738	64,298,077	31,192,926	123,654,332
Sundry revenue	1,694,132	846,345	4,913,555	1,379,900	8,833,932
Public Health and Others	852,300	797,650	1,422,830	1,198,850	4,271,630
Sub-Total	106,009,821	82,369,903	334,269,282	139,374,086	662,023,092
Revenue from Departments					
Health	172,035,377	90,394,537	88,839,704	100,783,067	452,052,685
Agriculture, Livestock and Fisheries	1,311,620	2,091,633	1,210,217	1,099,949	5,713,419
Commerce, Tourism, Trade and Heritage	585,580	315,800	380,950	93,940	1,376,270
Water	-	-	-	-	-
Lands, Housing and Physical Planning	4,928,950	2,885,600	7,155,309	8,010,221	22,980,080
Education, Youth, Culture and Sports	5,660	4,934	40,570	111,040	162,204
Industrialization and Enterprise Dev.	-	-	-	-	-
Liquor Licence	4,625,001	4,625,001	4,625,001	4,625,001	18,500,004
Energy & Mining	-	-	-	-	-
Environment	276,050	136,040	907,000	4,500	1,323,590
Roads, Transport and Public Works	535,800	117,600	252,800	-	906,200
Governance and Administration	4,800	-	-	-	4,800

Revenue from Payroll	10,016,776	5,006,919	2,512,065	16,566,928	34,102,687
Sub-Total	194,325,614	105,578,064	105,923,616	131,294,646	537,121,939
Total	300,335,435	187,947,967	440,192,898	270,668,732	1,199,145,031

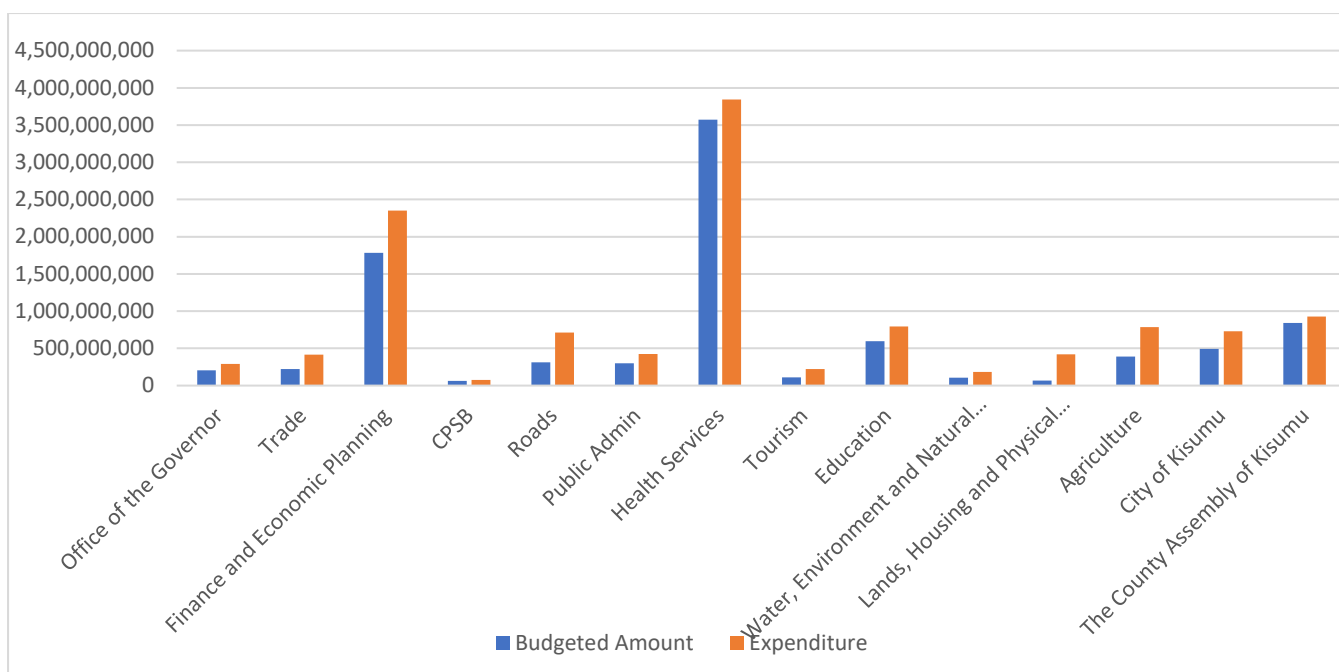
Source of data; County Treasury



Source of data; County Treasury

EXPENDITURE ANALYSIS

The total budget for the year under review was KSh. **12,177,852,473** The total Executive budget amounted to KSh. **11,248,535,017** while the County Assembly budget amounted to KSh **929,317,456**



Source of data; County Treasury

Table 4; Analysis of FY 2021/22 Departmental Expenditures

No.	Department	Economic Classification	Revised Budget Amount	Actual Expenditure	Vote Balance	Performance
1	Office of the Governor	PE	72,000,000	71,678,131	321,869	100%
		O&M	218,749,502	135,296,508	83,452,994	62%
		DEV	0	0	0	0%
		TOTAL	290,749,502	206,974,639	83,774,863	71%
2	Trade	PE	88,709,823	88,092,166	617,657	99%
		O&M	22,467,117	9,594,579	12,872,538	43%
		DEV	304,478,340	126,298,166	178,180,174	41%
		TOTAL	415,655,280	223,984,911	191,670,369	54%

3	Finance and Economic Planning	PE	333,501,711	333,501,711	0	100%
		O&M	1,089,870,880	863,914,917	225,955,963	79%
		DEV	927,749,190	586,160,066	341,589,124	63%
		TOTAL	2,351,121,781	1,783,576,694	567,545,087	76%
4	CPSB	PE	36,057,841	35,102,870	954,971	97%
		O&M	38,973,622	28,689,608	0	74%
		DEV	0	-	-	0%
		TOTAL	75,031,463	63,792,478	954,971	85%
5	Roads	PE	63,339,173	63,339,173	0	100%
		O&M	143,878,052	130,375,221	13,502,831	91%
		DEV	505,424,662	120,709,725	384,714,937	24%
		TOTAL	712,641,887	314,424,119	398,217,768	44%
6	Public Admin	PE	243,767,623	235,699,317	8,068,306	97%
		O&M	164,688,504	62,412,943	102,275,561	38%
		DEV	15,000,000	2,274,070	12,725,930	15%
		TOTAL	423,456,127	300,386,330	123069797	71%
7	Health Services	PE	3,058,295,156	3,051,364,542	6,930,614	100%
		O&M	642,237,465	478,744,178	163,493,287	75%
		DEV	144,200,000	41,034,579	103,165,421	28%
		TOTAL	3,844,732,621	3,571,143,299	273,589,322	93%
8	Tourism	PE	28,955,852	27,409,204	1,546,648	95%
		O&M	44,521,111	22,015,388	22,505,723	49%
		DEV	146,550,000	60,325,278	86,224,722	41%
		TOTAL	220,026,963	109,749,870	110,277,093	50%

9	Education	PE	361,167,651	360,840,988	326,663	100%
		O&M	221,827,305	160,276,282	61,551,023	72%
		DEV	210,899,894	75,273,570	135,626,324	36%
		TOTAL	793,894,850	596,390,840	197,504,010	75%
10	Water, Environment and Natural Resources	PE	72,806,433	60,711,579	12,094,854	83%
		O&M	36,137,095	23,289,841	12,847,254	64%
		DEV	74,950,000	20,604,510	54,345,490	27%
		TOTAL	183,893,528	104,605,930	79,287,598	57%
11	Lands, Housing and Physical Planning	PE	44,912,176	39,805,069	5,107,107	89%
		O&M	34,600,000	26,923,810	7,676,190	78%
		DEV	341,100,000	-	341,100,000	0%
		TOTAL	420,612,176	66,728,879	353,883,297	16%
12	Agriculture	PE	174,917,062	174,917,061	1	100%
		O&M	28,572,826	13,267,444	15,305,382	46%
		DEV	581,589,207	201,394,622	380,194,585	35%
		TOTAL	785,079,095	389,579,127	395,499,968	50%
13	City of Kisumu	PE	260,189,166	261,177,762	-988,596	100%
		O&M	146,590,578	80,231,941	66,358,637	55%
		DEV	324,860,000	152,034,808	172,825,192	47%
		TOTAL	731,639,744	493,444,511	238,195,233	67%

14	The County Assembly of Kisumu	PE	348,995,660	333,272,422	15,723,238	95%
		O&M	430,321,796	420,309,346	10,012,450	98%
		DEV	150,000,000	88,429,223	61,570,777	59%
		TOTAL	929,317,456	842,010,991	87,306,465	91%
	GRAND TOTAL		12,177,852,473	9,066,792,618	3,100,775,841	74%

Source of data; County Treasury

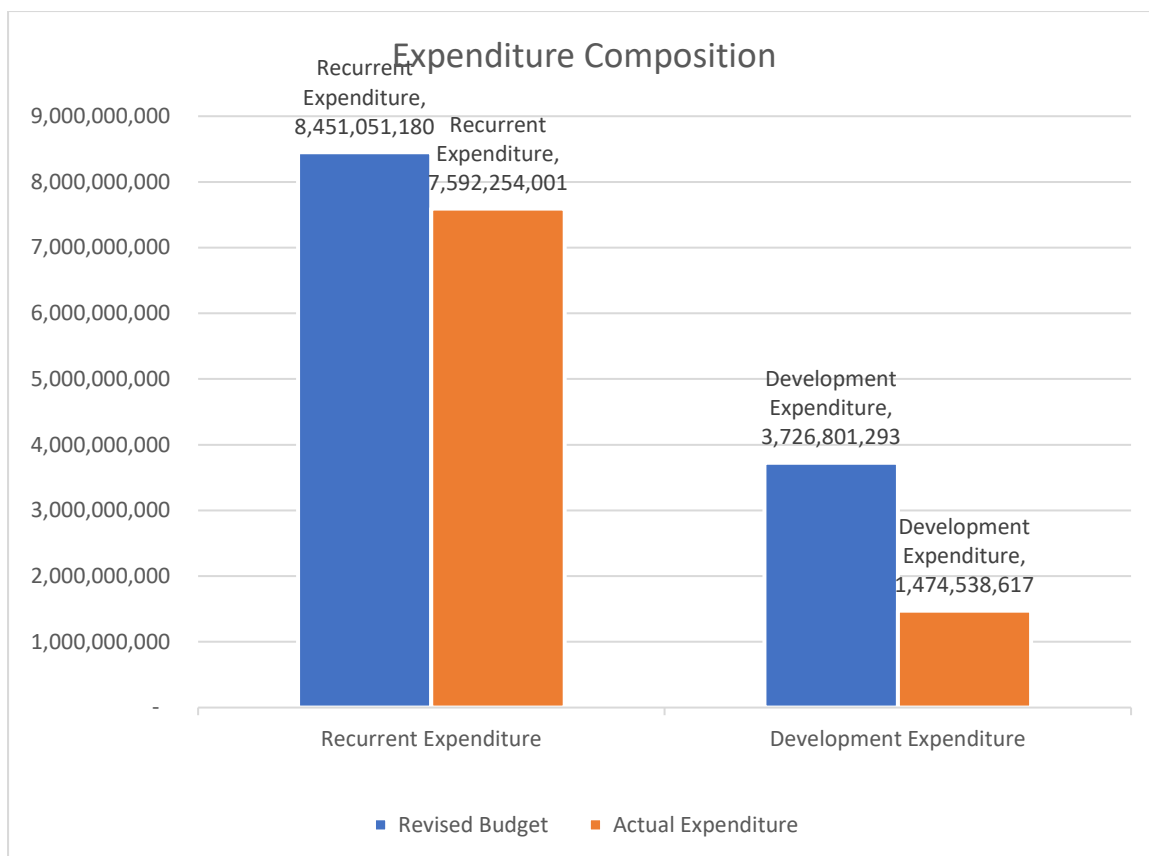
Recurrent expenditure accounted for 84 per cent while development activities accounted for 16 per cent of the total expenditure in the FY 2021/22.

Expenditure Composition Recurrent and Development

Table 5; Expenditure Composition Recurrent and Development

Expenditure Composition	Revised Budget	Actual Expenditure	Performance
Recurrent	8,451,051,180	7,592,254,001	90%
Development	3,726,801,293	1,474,538,617	40%
Totals	12,177,852,473	9,066,792,618	74%

Source of data; County Treasury



Source of data; County Treasury

Recurrent expenditure for FY 2021/22 amounted to KSh. 7,592,254,001 representing an absorption rate of 90 per cent and a development expenditure of KSh. 1,474,538,617 representing 40 per cent absorption rate. The overall absorption rate for the FY 2021/22 stood at 74 per cent.

Expenditure By Economic Classification

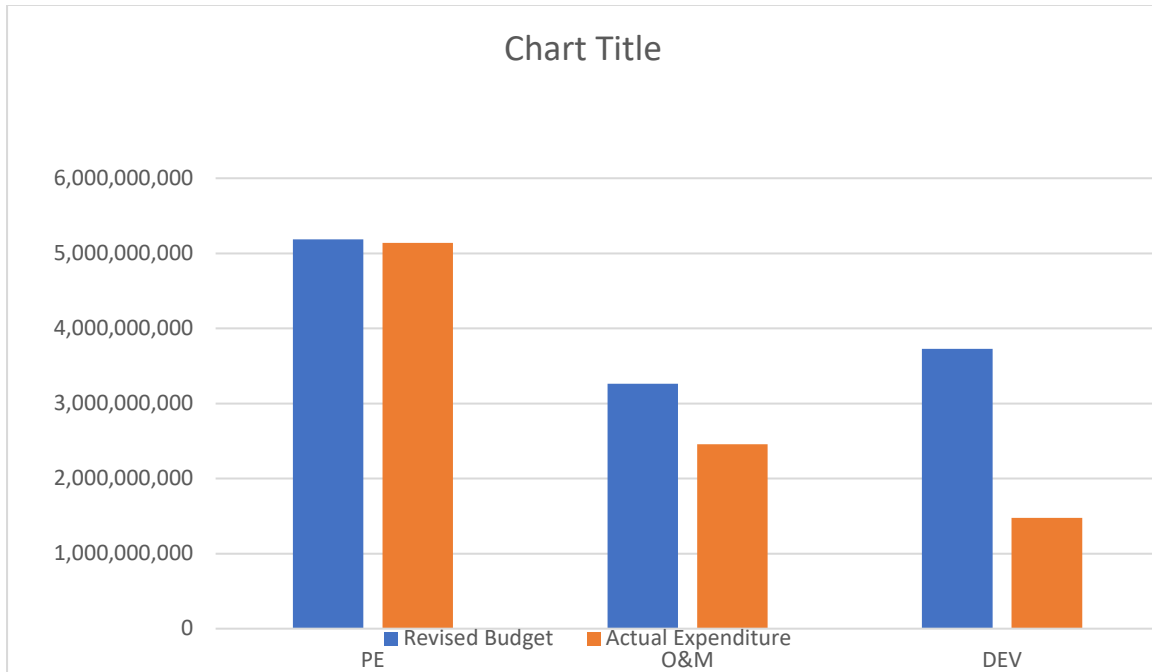
By 30th June 2022, the County had spent 99 per cent of the budgeted personnel emoluments budget. The operations and maintenance budget and development budget posted a 75 percent and 40 per cent absorption rate respectively.

Table 6; Expenditure by Economic Classification

Economic Classification	Revised Budget	Actual Expenditure	Performance
PE	5,187,615,327	5,136,911,995	99%
O&M	3,263,435,853	2,455,342,006	75%
DEV	3,726,801,293	1,474,538,617	40%

TOTAL	12,177,852,473	9,066,792,618	74%
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Source of data; County Treasury



Source of data; County Treasury

CHALLENGES, LESSONS LEARN'T AND RECOMMENDATIONS

CHALLENGES

The following were challenges experienced during the implementation of FY 2021/22 Budget.

1. **Delay in processing and disbursement of funds** from National treasury thus hindering timely implementation of legal frameworks and projects hence contributing to a build-up of pending bills
2. **Human resource capacity gaps:** Understaffing, Inadequate succession management planning compounded by restrictions on new recruitment and natural attrition has resulted to shrinking workforce, shortage of skills thus translating to high workloads.
3. **Lack of deliberate intra and inter synergies by the Sector Actors** in projects planning and implementation. Absence of inter-departmental relations have been unable to create synergy towards faster project implementation and realization of results.
4. **Poor mainstreaming climate change issues across the sectors has hindered effectiveness creating resilience.** The effect of climate change is having a toll on the gains made by the county government across the sectors. Some of the notable effects are

unpredictable weather conditions such as inadequate rains leading to drought which negatively affected agricultural production and water supply, increase in pests and diseases incidences leading to low yield production.

5. **Weak implementation of policies and regulations.** Various county sectors have developed numerous policies, regulations and legal framework which have slowly being implemented so as to guide various sectoral activities, however there some important regulations which are yet to be passed and implemented in order to guide and enhance implementation of the sectoral functions.
6. **Emerging diseases** such as COVID 19 which has negatively impacted the efficient delivery of Government services. Slow/delayed program implementation as well and affected working mechanisms.

CONCLUSION

1. **Citizen engagement** through dialogue platforms for joint planning, monitoring and evaluating is critical for ownership of projects and promoting accountability and delivery of results hence it improves efficiency in prioritization and implementation of project activities.
2. **Strong inter-departmental relations** are necessary to create synergy towards faster project implementation and realization of results. This can be achieved through capacity building the sector working group members and insuring proper involvement and inclusion across the sectors. The sectorial plans should be guiding the identification of the development priorities within the county priorities. All county stakeholders and interested parties should be part of the multi-sectoral teams to ensure the implementation of a shared vision.
3. Enhanced resource mobilization and public private partnerships are key in addressing diminishing resources for the sector priorities.
4. **Readjustments in line with COVID -19 challenges:** There is a need to adjust to the prevailing conditions to ensure the proper delivery of government services.
5. **Effect of Climate Change:** Climate change-related interventions should be mainstreamed in all government projects/programs to ensure resilience, enhance productivity and mitigate any negative effects.

RECOMMENDATIONS

1. The multi-sectorial approach in project planning, budgeting, and implementation in Government is the only logical way to enhance synergies and cross-linkages for the relevant institutions/ departments.
2. Timely release of funds for efficient implementation of planned programs; it is important to ensure that disbursement of the exchequer is in line with the approved cash flow plans to minimize disruptions and delays in implementation of projects and programmes.
3. Develop and implement human resource management and development plan to align staffing needs and levels to core functions and mandate of the Public Service.
4. Designs of projects should guide during resource allocation to solve the problem of underfunding of projects as well funding of projects that are not feasible.
5. There is a need to strengthen collaboration and networking with relevant stakeholders as a way of improving performance.
6. Proper Planning and Budgeting: The Strategic plans, procurement plans and work plans will enable achieve the departmental targets as they provided a roadmap for the sectors. There is need for harmonization of work plans across the various partners working within a sector to avoid duplication of efforts.
7. The County Government needs to address gaps in policy and legislative frameworks to facilitate the attainment of sectoral objectives.