

REPUBLIC OF KENYA



COUNTY GOVERNMENT OF KISUMU

**OFFICE OF THE COUNTY EXECUTIVE FINANCE, ECONOMIC PLANNING AND
ICT SERVICES**

BUDGET IMPLEMENTATION REPORT FOR THE

FIRST NINE MONTHS

FY 2024/2025

EXECUTIVE SUMMARY

This report presents Kisumu County's budget implementation performance for the first nine months of FY 2024/2025. It highlights both revenue and expenditure trends, reflecting the county's efforts toward transparency and effective use of public resources.

The county collected Kshs 6.9 billion, representing 45 percent of the annual revenue target of Kshs 15.3 billion. This includes equitable share transfers, conditional grants, and own source revenue. Expenditure during the period amounted to Kshs 6.8 billion, translating to an absorption rate of 44 percent. Recurrent spending accounted for the bulk of this amount, while development spending remained low due to delays in procurement and project execution.

Challenges faced included late disbursements from the national government, weak revenue performance in some streams, inadequate interdepartmental coordination, and disruptions caused by heavy rains. The report recommends fast-tracking project implementation, improving revenue collection, strengthening technical capacity, and adopting performance-based budgeting to improve service delivery.

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PLANNING AND ICT SERVICES**

Table of Contents

EXECUTIVE SUMMARY	2
LIST OF TABLES	4
LIST OF FIGURES	5
CHAPTER 1: BUDGET OVERVIEW	6
INTRODUCTION.....	6
FISCAL PERFORMANCE	7
Revenue Analysis	7
Own Source Revenue.....	9
EXPENDITURE ANALYSIS	11
5.0 CHALLENGES, LESSONS LEARNT AND RECOMMENDATIONS	15
5.1 Challenges.....	15
5.3 Recommendations.....	16

LIST OF TABLES

Table 1:Overall Revenue Performance for the first nine months FY 2024-2025.....	8
Table 3: Acumulated revenues per stream.....	9
Table 4:Expenditure by Economic Classification in the First Half of FY 2024/2025	12
Table 6:Expenditure by Economic Classification per Department for the first nine months of FY 2024/2025.....	13

LIST OF FIGURES

Figure 1:Kisumu County Projected revenue sources in FY 2023/2024	7
Figure 2:Comparative analysis of OSR in the First Half of FY 2022/2023 and FY 2023/2024	9

CHAPTER 1: BUDGET OVERVIEW

INTRODUCTION

The budget for the Financial Year 2024-2025 adheres to the provisions outlined in the Public Finance Management Act, 2012, specifically under Part IV Section 104 (b) and (c). According to these statutory guidelines, the county is obligated to develop an annual budget, coordinate revenue and expenditure estimates, and oversee the implementation of the budgetary allocations.

This comprehensive report offers a detailed analysis of revenue generation and expenditure patterns by the County Government during the specified financial period. Revenue sources are meticulously categorized, while expenditures are systematically evaluated based on economic classifications. Furthermore, the report illuminates the diverse activities undertaken by the County Government throughout the review period.

Its primary objective is to provide an impartial assessment of budget execution, shedding light on revenue performance, transfers received from the National Government, and the actual expenditure incurred by the County. By identifying key challenges that impede budget implementation, the report aims to furnish actionable recommendations aimed at enhancing the efficiency and effectiveness of budget execution processes within the county.

FISCAL PERFORMANCE

Overview

The FY 2024/25 Approved Budget Estimates amounted to Kshs 15,301,595,492, comprising the County Executive allocation of Kshs. 14,292,975,836 (93 percent) and County Assembly allocation of Kshs. 1,008,619,656 (seven percent). The budgetary allocation for recurrent amounts to Kshs 10,272,065,659, while for development amounts to Kshs 5,029,529,833, representing ratios of 67 and 37 percent, respectively.

A graphical presentation of the revenue budget is shown below:

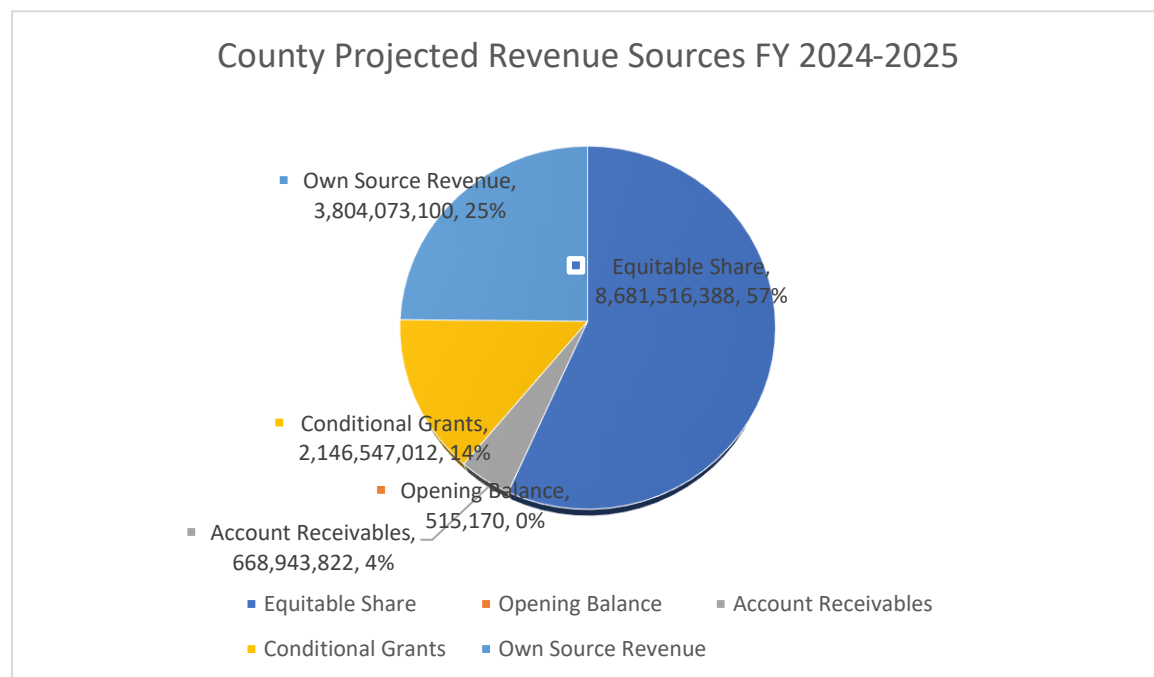


Figure 1: Kisumu County Projected revenue sources in FY 2024/2025

Equitable share from the national government continues to form the largest part of us revenue budget, accounting for 57% of the budget. Our own generated revenues formed 25% of our budget.

Revenue Analysis

The total county revenue target for the year is Kshs 15,301,595,492, which comprises Kshs 8,681,516,388 as the equitable share, Kshs 669,458,992 FY 2023/24 cash balances, Kshs 2,146,547,012 as conditional allocations and grants, and Kshs 3,804,073,100 as the own source revenue target.

The revenue receipts for the first nine months amounted to Kshs 6,922,594,899 representing 45 percent of the total expected revenue, this figure included Kshs 4,875,189,973 equitable share, Kshs 1,364,014,432 own source revenue, and Kshs 13,931,502 in conditional allocations and grants. The own source revenue mobilized included Kshs 745,226,152.50 generated by hospitals as AIA and Kshs 618,788,279.17 from normal streams

Table 1:Overall Revenue Performance for the first nine months FY 2024-2025

Revenue Source	Annual Revenue Allocation (in Kshs)	Actual Receipts 1st Quarter	Actual Receipts 2nd Quarter	Actual Receipts 3rd Quarter	Totals	Overall Performance (%)
Equitable share	8,681,516,388	710,752,810	2,777,558,119	1,386,879,044	4,875,189,973	56%
Conditional Grants	2,146,547,012	11,000,000	2,931,502	-	13,931,502	1%
Sub total	10,828,063,400	721,752,810	2,780,489,621	1,386,879,044	4,889,121,475	45%
Own Source Revenue	3,804,073,100	264,581,975	405,762,386	693,670,071	1,364,014,432	36%
Sub Total	3,804,073,100	264,581,975	405,762,386	693,670,071	1,364,014,432	36%
Account Receivables	515,170	515,170			515,170	100%
Opening Balance	668,943,822	668,943,822			668,943,822	100%
Total Revenues	15,301,595,492	1,655,793,777	3,186,252,007	2,080,549,115	6,922,594,899	45%

Source: County Treasury-IFMIS

Own Source Revenue

The county government had set a revenue collection target of Kshs **3,804,073,100** for the FY 2024/2025. During this period, the total own source revenue generated amounted to Kshs, **1,364,014,432** representing 36% of the budgeted amount, this amount includes Kshs 745,226,153 generated by hospitals as AIA. However, this marked an increase of **292,689,787** compared to the Kshs **1,071,324,644** generated during the corresponding period in the Financial Year 2023-2024. The monthly own source revenue collection for the first nine months of FY 2024/2025 and in a similar period of FY 2023/2024 is shown below.

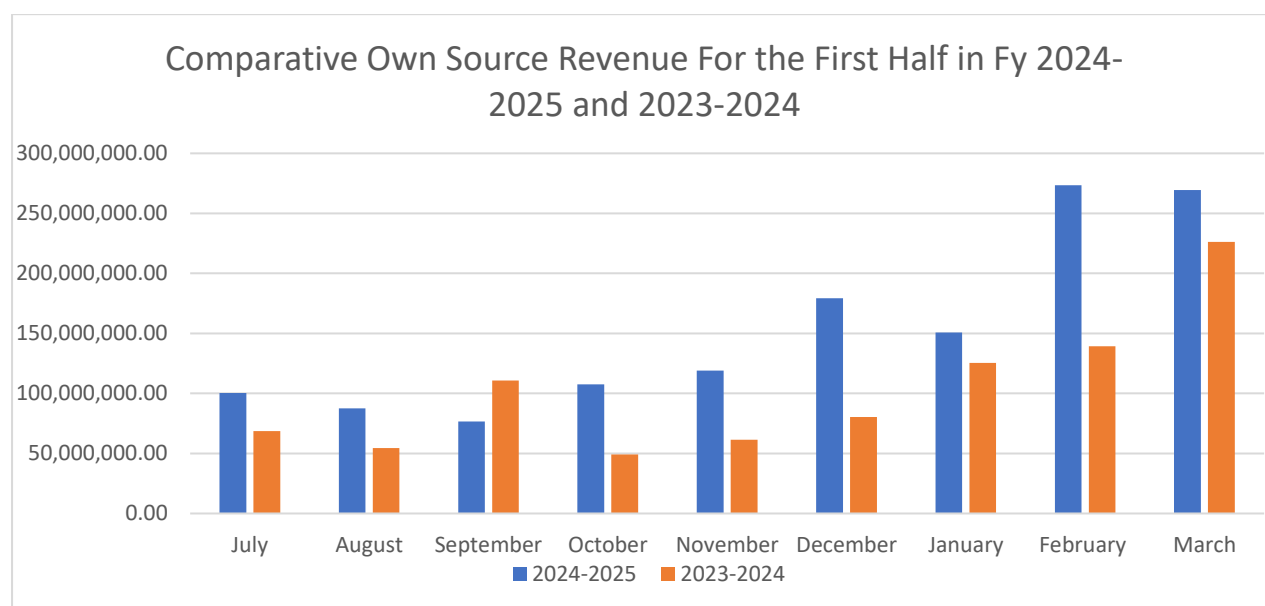


Figure 2: Comparative analysis of OSR in the First Half of FY 2024/2025 and FY 2023/2024

The table below shows a summary of accumulated revenues per stream as at 31st March 2025

CONSOLIDATED REVENUE COLLECTION REPORT FOR THE FY 2024-2025

Table 2: Accumulated revenues per stream

KISUMU COUNTY REVENUE BOARD				
OWN SOURCE REVENUE REPORT				
FOR THE PERIOD JULY 2024 TO DECEMBER 2024				
Revenue Streams	Quarter 1	Quarter 2	Quarter 3	TOTAL
Locally collected Revenue				
LANDS, PHYSICAL PLANNING, HOUSING AND URBAN DEVELOPMENT				
Plan Approvals	5,578,265	7,347,550	10,498,824	23,424,639.45

	Billboards	13,474,087	18,310,628	76,340,321	108,125,035.59
	Rent - House	2,023,376	1,777,220	1,819,150	5,619,746.45
	-Ground	-	-	14,100	14,100.00
	-Plot	478,209	348,556	163,408	990,173.00
	Rates	5,492,088	31,241,820	60,849,782	97,583,689.71
	Survey	196,220	49,000	208,700	453,920.00
TRADE, TOURISM, INDUSTRY AND MARKETING					
	Trade Licence	13,597,275	4,374,052	162,415,244	180,386,571.00
	Markets	14,915,205	14,902,610	12,173,163	41,990,978.00
	Stock Rings	780,210	1,064,720	789,160	2,634,090.00
	Cess	10,683,263	7,089,497	7,394,155	25,166,914.97
	Weights and Measures	584,400	278,680	276,970	1,140,050.00
	Liquor Licence	2,875,442	4,237,002	10,524,523	17,636,967.00
	SACCO Charges	26,250	-	-	26,250.00
	Park Fees	532,550	802,800	1,093,850	2,429,200.00
INFRASTRUCTURE, ENERGY AND PUBLIC WORKS					
	Bus Park	11,977,740	15,050,860	13,582,400	40,611,000.00
	Town Parking	12,383,667	13,376,303	15,507,080	41,267,050.00
	Reserved Slots	200,000	-	5,600,000	5,800,000.00
	Monthly Stickers	45,000	637,000	140,500	822,500.00
	Clamping Fees	1,500	7,500	4,500	13,500.00
WATER, ENVIROMENT, NATURAL RESOURCES AND CLIMATE CHANGE					
	Conservancy fees	3,000,000	3,000,000	2,000,000	8,000,000.00
	Noise	59,400	-	-	59,400.00
	Fire	27,215	57,900	2,799,460	2,884,575.00
	Tree Cutting	19,800	-	-	19,800.00
AGRICULTURE, LIVESTOCK, FOOD AND FISHERIES					
	Hire of Assets Charges	728,602	398,405	1,018,916	2,145,923.00
	Livestock Movement Permit	8,650	9,831	10,300	28,781.00
TRADE, TOURISM, INDUSTRY AND MARKETING					

	Hire of Stadium	739,600	-	320,000	1,059,600.00
	Betting	271,000	253,750	74,250	599,000.00
EDUCATION, TECHNICAL, TRAINING INOVATION AND SOCIAL SERVICES					
	Library Charges	56,125		26,120	82,245.00
	Hire of Halls	12,000	6,000	-	18,000.00
PUBLIC SERVICE, COUNTY ADMINISTRATION& PARTICIPATORY DEVELOPMENT					
	Payroll Charges	27,012	-	89,350	116,362.00
	Other Fines Penalties and Impounding's	28,000	72,602	657,870	758,472.00
MEDICAL SERVICES, PUBLIC HEALTH AND SANITATION					
	Public Health	1,950,859	1,746,076	3,182,811	6,879,746.00
	Medical Service	161,808,965	279,322,024	304,095,164	745,226,152.50
		-	-		-
	GRAND TOTAL	264,581,975	405,762,386	693,670,071	1,364,014,432

Source: County Treasury-Revenue Directorate

EXPENDITURE ANALYSIS

The total expenditure was Kshs.**4,815,538,420**, representing an absorption rate of 31 per cent of the total annual Budgets. Recurrent expenditure was Kshs.**4,257,795,904** representing **41**

per cent of the annual recurrent budget. Development expenditure amounted to Kshs.557,742,516 representing an absorption rate of 11 percent.

The analysis of expenditure by economic classification in the first half of FY 2024/2025 is provided in Tables below.

Table 3:Expenditure by Economic Classification in the First Half of FY 2024/2025

Economic Classification	Revised Budget	Actual Expenditure	Performance
Recurrent	10,272,065,659	5,944,999,565	39%
Development	5,029,529,833	842,293,619	6%
TOTAL	15,301,595,492	6,787,293,184	44%

Source: County Treasury-IFMIS

Table 4: Expenditure by Economic Classification per Department for the first nine months of FY 2024/2025

	Department	Recurrent Expenditure			Development Expenditure		
		Budgeted	Actual	Performance	Budgeted	Actual	Performance
5067	Physical Planning, Lands, Housing and Urban Development	151,018,059	51,695,245	34%	943,300,000	39,400,000	4%
5068	Agriculture, Livestock, Food and Fisheries	81,857,527	22,976,259	28%	291,199,910	36,255,443	12%
5072	City of Kisumu	195,100,000	89,223,354	46%	476,700,000	-	0%
5073	County Assembly of Kisumu	1,008,619,656	679,915,153	67%	100,000,000	26,897,782	27%
5075	County Public Service Board	48,319,347	25,210,832	52%	-		-
5081	Education, Technical Training, Innovation & Social Service	325,000,000	29,731,508	9%	213,716,000	90,525,000	42%
5082	Infrastructure, Energy and Public Works	112,000,000	30,041,307	27%	989,226,000	837,113	0%
5083	Finance, Economic Planning & ICT Services	1,032,552,709	533,644,534	52%	1,023,603,602	576,039,598	56%
5084	Trade, Tourism, Industry and Marketing	53,983,343	7,696,102	14%	174,200,000	-	0%
5085	Medical Services, Public Health and Sanitation	1,212,713,749	226,042,893	19%	123,650,000	-	0%
5086	Sports, Culture, Gender and Youth Affairs	93,380,452	45,887,437	49%	43,500,000	-	0%
5087	Water, Environment, Natural Resources & Climate Change	83,984,139	33,567,106	40%	615,434,321	72,338,683	12%

5088	Public Service, County Administration& Participatory Development	5,873,536,678	4,169,367,835	71%	35,000,000	-	0%
	TOTALS	10,272,065,659	5,944,999,565	58%	5,029,529,833	842,293,619	17%

Source: County Treasury-IFMIS

5.0 CHALLENGES, LESSONS LEARNT AND RECOMMENDATIONS

5.1 Challenges

The county faced various challenges in implementation of FY 2024/25 budget during the period under review. These are;

a) Delayed equitable share, loans and grants releases

The County received a disbursement equivalent to 4,875,189,973 instead of Kshs **6,511,137,291** anticipated for nine months, as outlined in the National equitable share distribution schedule for the FY 2024/25. The delays in anticipated **Equitable Share** increases fiscal pressure and leads to slow implementation of programs and projects

b) Delayed finalization of Project designs

There were delays in undertaking project designs and feasibility studies. This led to delay in implementation of projects and finalized within the period under review. However, most of the projects have been procured and are at inception level.

c) Inadequate Inter-Departmental coordination

A siloed approach to service delivery which limit inter-departmental collaboration, reducing overall efficiency and availability of technical personnel whenever needed by other departments for technical support. The County has however taken measures towards filling of the critical technical areas in collaboration with the County Public Service Board and enhanced one government approach in project implementation

d) Increased Vandalism of projects

Increased vandalism of County projects has resulted to severe negative consequences, including financial losses, delays in project completion leading to higher labour costs and delayed service delivery

e) Budget Constraints.

Inadequate budget estimates as a result of under allocation of projects **and unexpected Equitable Share** reductions increases fiscal pressure and leads to rescoping of projects. This affected pre-planned programmes such as implementation of school feeding programme and employment, capacity building.

f) Protracted Heavy Rains

Extreme weather conditions have affected implementation plan schedules, project timelines, and the overall feasibility of certain initiatives. Destruction of infrastructure projects by

flooding and breaching of earth dams led to a rise in displacements and destruction of the dams. This led to shifting of efforts towards disaster response delaying implementation of projects

5.3 Recommendations

For effective and efficient budget implementation, County Departments are entities should;

- i. **Fast Track Project Implementation:** Ensure timely execution of procurement preceding activities including feasibility studies, project designs, site identification, verification and cabinet paper preparation. Ensure strict adherence to work plans for the ongoing projects. These measures will minimize the extension of projects into subsequent financial years.
- ii. **Human Resource Planning and Capacity Building** -continue collaborative efforts with the County Public Service Board to address inadequate human resources in key technical areas. Prioritize capacity building for existing staff to enhance efficiency and productivity.
- iii. **Designing of Climate-Resilient Project:** Develop and implement strategies for climate resilient projects. Consider the potential impact of extreme weather conditions on construction schedules and project feasibility, and plan accordingly.
- iv. **Resource Mobilization Collaboration:** Encourage collaborative efforts among all county government departments/entities to enhance resource mobilization. Joint endeavours, grants and partnerships can contribute to the successful delivery of socio-economic transformation projects.
- v. **Implementation of Performance-Based Budgeting:** Consider adopting a performance-based budgeting approach, linking funding to specific project goals and outcomes. This can enhance accountability and align financial resources with the desired results.