

REPUBLIC OF KENYA



COUNTY GOVERNMENT OF KISUMU

OFFICE OF THE COUNTY EXECUTIVE FINANCE, ECONOMIC PLANNING AND

ICT SERVICES

BUDGET IMPLEMENTATION REPORT

FIRST HALF

FY 2024/2025

FOREWORD

I am pleased to present the Half Year Budget Implementation Report for FY 2024/2025. This report serves to disseminate information regarding budget execution to the public and government entities, showcasing the performance of revenue received from both the National and County Governments. Additionally, it offers an analysis of recurrent and development expenditures at the county level, along with monitoring the implementation of projects and programs during the review period.

The production of this report heavily relies on financial data provided by the County Treasury and information extracted from the Integrated Financial Management Information System (IFMIS). It encompasses an analysis of revenues received from the Exchequer as well as the Own Source Revenue (OSR) collected within Kisumu County's boundaries. Recurrent and development expenditures have been meticulously calculated, and the overall burn rate for the two quarters has been determined.

This report plays a vital role in upholding the principles of transparency and accountability mandated by law, ensuring the responsible management of government resources is communicated effectively to the public.

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**COUNTY EXECUTIVE COMMITTEE MEMBER – FINANCE AND ECONOMIC
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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

The County had a budget of KShs. **15.3** Billion which consisted of KShs **10.3** Billion (67%) for recurrent expenditure and KShs **5.0** Billion (33%) for development expenditure.

This projected revenue consists of KShs **3.8** from Own Sources and KShs **11.5** from other sources, including equitable share from the National government and conditional grants from various development partners.

A graphical presentation of the revenue budget is shown below:

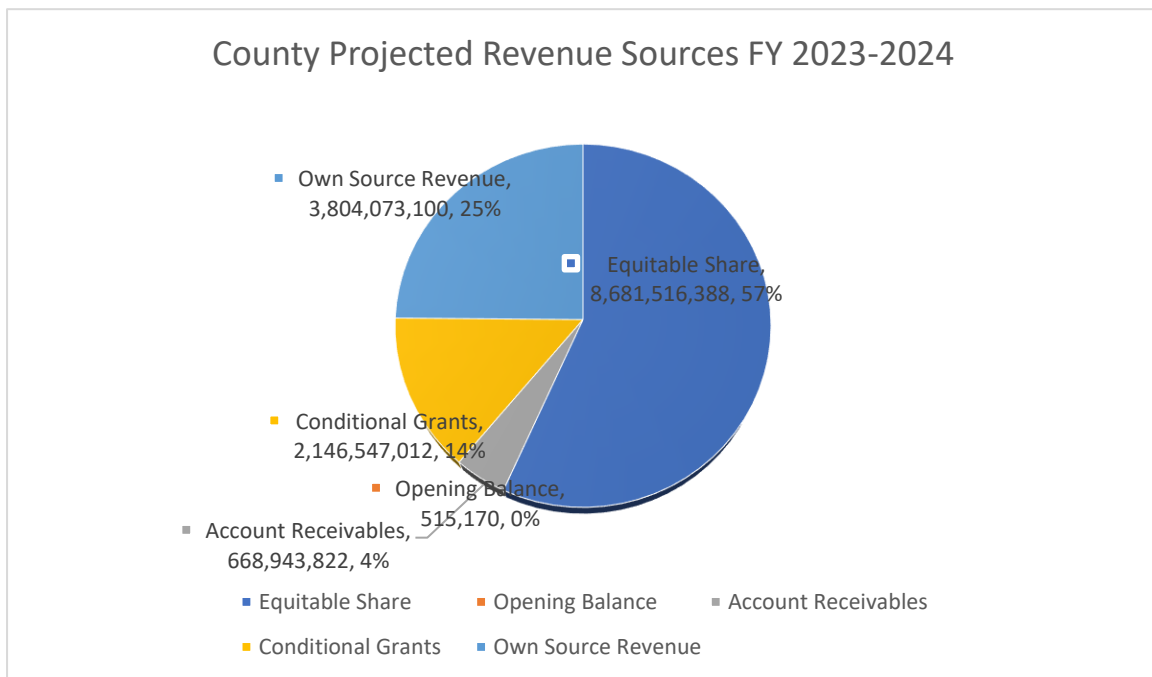


Figure 1: Kisumu County Projected revenue sources in FY 2024/2025

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

Revenue Analysis

During the first half the County achieved a revenue realization of kshs. **4.8** billion which accounts for **32%** of the Annual Revenue Target. This performance was attributable to various factors, including a **40%** realization of the County Allocation through the Exchequer, 18% from internally generated revenues.

Table 1: Overall Revenue Performance for the First Half FY 2024-2025

Revenue Source	Annual Revenue Allocation (in Kshs)	Actual Receipts 1st Quarter	Actual Receipts 2nd Quarter	Totals	Budget Balance	Overall Performance (%)
Equitable share	8,681,516,388	710,752,810	2,777,558,119	3,488,310,929	(5,193,205,459)	40%
Conditional Grants	2,146,547,012	11,000,000	2,931,502	13,931,502	(2,132,615,510)	1%
Sub total	10,828,063,400	721,752,810	2,780,489,621	3,502,242,431	(7,325,820,969)	32%
Own Source Revenue	3,804,073,100	264,581,975	405,795,252	670,377,227	(3,133,695,873)	18%
Sub Total	3,804,073,100	264,581,975	405,795,252	670,377,227	(3,133,695,873)	18%
Account Receivables	668,943,822	668,943,822		668,943,822	0	
Opening Balance	515,170	515,170	-	515,170	0	100%
Total Revenues	15,301,595,492	1,655,793,777	3,186,284,873	4,842,078,650	(10,459,516,842)	32%

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, **670,377,227** representing 18% of the budgeted amount. However, this marked an increase of **123,393,561** compared to the Kshs **546,983,666** generated during the corresponding period in the Financial Year 2023-2024. The monthly own source revenue collection in the first half of FY 2024/2025 and in a similar period of FY 2023/2024 is shown below.

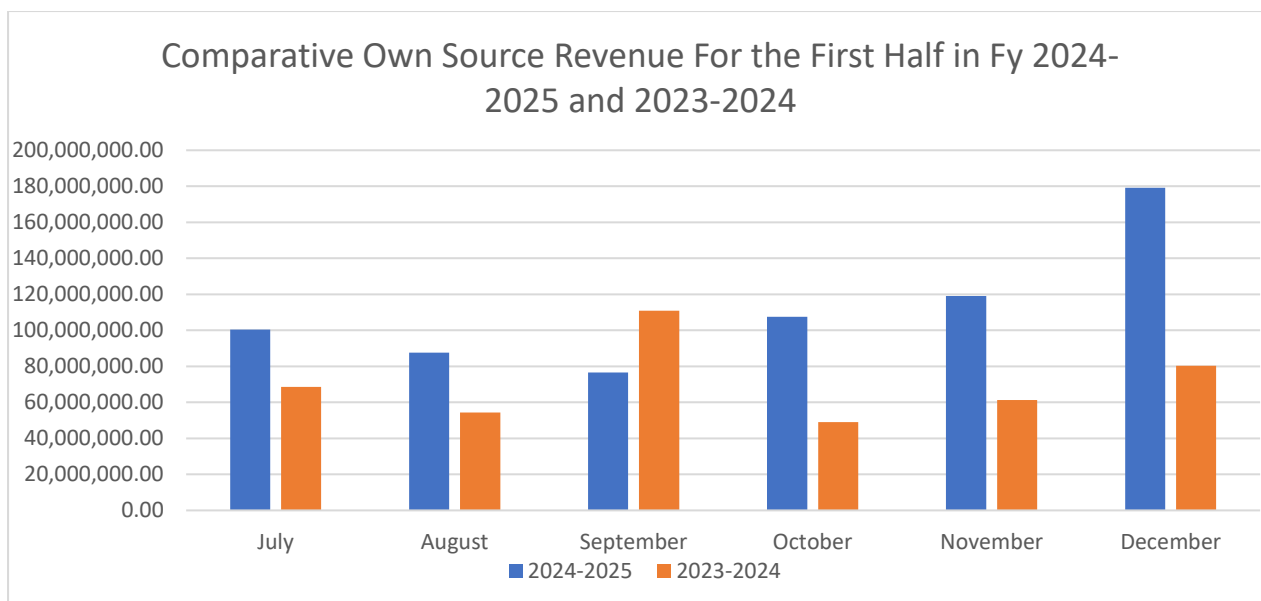


Figure 2: Comparative analysis of OSR in the First Half of FY 2024/2025 and FY 2023/2024

The table below shows a summary of accumulated revenues per stream as at 31st December 2024

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	TOTAL
Locally collected Revenue			
LANDS ,PHYSICAL PLANNING, HOUSING AND URBAN DEVELOPMENT			
Plan Approvals	5,578,265	7,347,550	12,925,815.00
Billboards	13,474,087	18,310,628	31,784,714.59
Rent - House	2,023,376	1,777,220	3,800,596.45
-Ground	-	-	-
-Plot	478,209	348,556	826,765.00
Rates	5,492,088	31,241,820	36,733,907.96
Survey	196,220	49,000	245,220.00
TRADE, TOURISM, INDUSTRY AND MARKETING			
Trade Licence	13,597,275	4,374,052	17,971,327.00
Markets	14,915,205	14,902,610	29,817,815.00

	Stock Rings	780,210	1,064,720	1,844,930.00
	Cess	10,683,263	7,089,497	17,772,759.82
	Weights and Measures	584,400	278,680	863,080.00
	Liquor Licence	2,875,442	4,237,002	7,112,444.00
	SACCO Charges	26,250	-	26,250.00
	Park Fees	532,550	802,800	1,335,350.00
INFRASTRUCTURE, ENERGY AND PUBLIC WORKS				
	Bus Park	11,977,740	15,050,860	27,028,600.00
	Town Parking	12,383,667	13,376,303	25,759,970.00
	Reserved Slots	200,000	-	200,000.00
	Monthly Stickers	45,000	637,000	682,000.00
	Clamping Fees	1,500	7,500	9,000.00
WATER, ENVIROMENT, NATURAL RESOURCES AND CLIMATE CHANGE				
	Conservancy fees	3,000,000	3,000,000	6,000,000.00
	Noise	59,400	-	59,400.00
	Fire	27,215	57,900	85,115.00
	Tree Cutting	19,800	-	19,800.00
AGRICULTURE, FISHERIES, LIVESTOCK, DEVELOPMENT AND IRRIGATION				
	Hire of Assets Charges	728,602	398,405	1,127,007.00
	Livestock Movement Permit	8,650	9,831	18,481.00
SPORTS , CULTURE, GENDER AND YOUTH AFFAIRS				
	Hire of Stadium	739,600	-	739,600.00
	Betting	271,000	253,750	524,750.00
EDUCATION, TECHNICAL, TRAINING INOVATION AND SOCIAL SERVICES				
	Library Charges	56,125	32,866	88,991.00
	Hire of Halls	12,000	6,000	18,000.00
PUBLIC SERVICE,COUNTY ADMINISTRATION AND PARTICIPATORY DEVELOPMENT, OFFICE OF THE GOVERNOR				
	Payroll Charges	27,012	-	27,012.00
	Other Fines Penalties and Impoundings	28,000	72,602	100,602.00
MEDICAL SERVICE, PUBLIC HEALTH AND SANITATION				
	Public Health	1,950,859	1,746,076	3,696,935.00
	Medical Service	161,808,965	279,322,024	441,130,989.00
		-	-	-
	GRAND TOTAL	264,581,975	405,795,252	670,377,227

Source: County Treasury-Revenue Directorate

Recommendations on Improving Our Revenues

The County always continue to explore new and innovative ways of increasing its local revenue collections. Some of the steps that the County has taken towards improving its revenue collections include:

- 1. Capacity building of staff** as regard technical assistance, knowledge exchange and structured learning.
- 2. Ensuring a well-coordinated approach in terms of monitoring and supervision** in all departments including strengthening the inspectorate unit.
- 3. Revenue collection targets** to be set for each Sub County, departments and revenue streams down to individual collector to enhance performance and also award the best performing collector and sub county. The targets also need to be realistic and this can be achieved by use of OSR data of previous financial years which informs on the trends of the revenue streams.
- 4. Monthly reviews and analysis of the revenue targets** should be undertaken by the revenue leads and or supervisors, director and the chief officer to discuss the challenges faced and realization of the targets, to make sure our revenue maintains an upward trajectory.
- 5. Key performance contracts to be set** on the revenue collectors, revenue leads/supervisors and the director to measure performance and productivity of staff directly involved in revenue collection.
- 6. Budget allocation-** The county needs to provide adequate budget allocation to departments which bring in own source revenue to improve its service delivery such as the Revenue, Trade, Lands and Environment directorates. This will Improve the staff working environment, mobility and facilitate them with enough accountable documents for Revenue collection and reporting.
- 7. The County through the economic planning unit is undertaking statistical abstract on Own Source Revenue** in all the revenue streams to keep track of all the revenue payers which will boost Own Source Revenue maximization and reduce leakages.
- 8. Leverage on technology and automation** to optimize revenue collection. Implement digital payment systems, automate billing processes, utilize data analytics for insights, and deploy Customer Relations Management for improved customer interactions. These measures enhance efficiency, reduce errors, and ensure compliance, ultimately accelerating and maximizing own-source revenue collection.

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
Reccurent	10,272,065,659	4,257,795,904	41%
Development	5,029,529,833	557,742,516	11%
TOTAL	15,301,595,492	4,815,538,420	31%

Source: County Treasury-IFMIS

Table 4: Expenditure by Economic Classification per Department in the First Half of FY 2024/2025

Vote	Department	Recurrent Expenditure			Development Expenditure		
		Budgeted	Actual	Performance	Budgeted	Actual	Performance
5067	Physical Planning, Lands, Housing and Urban Development	151,018,059	22,866,983	15%	943,300,000	30,250,000	3%
5068	Agriculture, Livestock, Food and Fisheries	81,857,527	9,337,944	11%	291,199,910	29,936,492	10%
5072	City of Kisumu	195,100,000	64,223,782	33%	476,700,000	-	0%
5073	County Assembly of Kisumu	1,008,619,656	421,718,115	42%	100,000,000	-	0%
5075	County Public Service Board	48,319,347	14,316,546	30%	-	-	-
5081	Education, Technical Training, Innovation & Social Service	325,000,000	118,877,026	37%	213,716,000	22,631,250	11%
5082	Infrastructure , Energy and Public Works	112,000,000	28,859,759	26%	989,226,000	837,113	0%
5083	Finance, Economic Planning & ICT Services	1,032,552,709	324,380,422	31%	1,023,603,602	459,748,161	45%
5084	Trade, Tourism, Industry and Marketing	53,983,343	6,098,889	11%	174,200,000	-	0%
5085	Medical Services, Public Health and Sanitation	1,212,713,749	103,069,365	8%	123,650,000	-	0%
5086	Sports, Culture, Gender and Youth Affairs	93,380,452	38,683,611	41%	43,500,000	-	0%
5087	Water, Environment, Natural Resources & Climate Change	83,984,139	16,233,608	19%	615,434,321	14,339,500	2%
5088	Public Service, County Administration & Participatory Development	5,873,536,678	3,089,129,854	53%	35,000,000	-	0%
	TOTALS	10,272,065,659	4,257,795,904	41%	5,029,529,833	557,742,516	11%

Source: County Treasury-IFMIS

Key Challenges Contributing to Low Absorption Rates

- 1. Late Release of Funds from the National Treasury** – The delayed disbursement of funds affects the county's ability to implement projects on time, leading to lower absorption rates.
- 2. Slow Procurement Processes** – Compliance with stringent public procurement regulations prolongs the process of awarding contracts and initiating development projects, slowing down expenditure.
- 3. Bureaucratic Bottlenecks and Pending Approvals** – Multi-level approval requirements create administrative delays, preventing timely execution of planned programs and projects.
- 4. Limited Technical Capacity in Project Implementation** – Some departments face challenges in efficiently executing projects due to inadequate expertise and resources, affecting budget absorption.
- 5. Political and Administrative Shifts** – Changes in leadership, governance priorities, and policy directions disrupt planned activities, delaying spending on key programs.
- 6. Revenue Collection Deficits** – A shortfall in projected revenue generation limits the county's ability to fund budgeted expenditures, restricting overall absorption.