

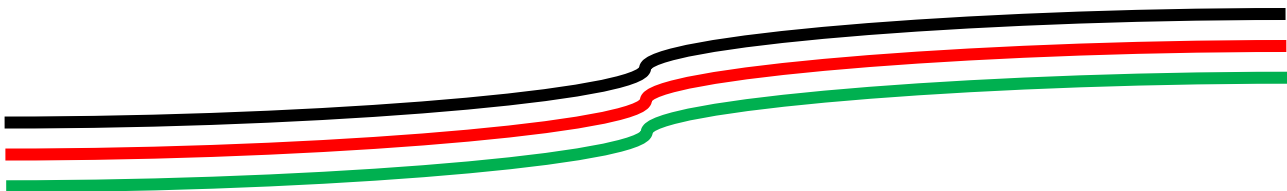


COUNTY GOVERNMENT OF KISUMU

KISUMU COUNTY FISCAL STRATEGY PAPER (KCFSP) FY 2024/2025

THEME: *Towards a peaceful and prosperous county*

KCFSP FY 2024/25



FOREWORD

The Kisumu County Fiscal Strategy Paper (CFSP) Fiscal Year 2024/2025 marks the 2nd year of implementation of the Third County Integrated Development Plan 2023-2027. This policy document serves as a comprehensive blueprint outlining our strategic interventions as spelt out in the County Annual Development Plan 2024/2025 aligned with the National Government Budget Policy Statement 2024/25. The objective of this County Fiscal Strategy Paper is to provide a framework for the preparation of the County budget estimates for the fiscal year 2024/2025, in accordance with the Public Finance Management Act, 2012. It outlines the guiding principles, fiscal parameters, strategic priorities, and policy goals that will shape our budgetary process over the medium term.

At the core of our fiscal strategy lies a commitment to address the multifaceted challenges facing our county while capitalizing on the abundant opportunities within our grasp. Through a concerted effort, we seek to revitalize agriculture, not only to enhance food security but also to stimulate agribusiness and create employment opportunities for our people. Additionally, we prioritize the promotion of a healthy population living in a clean environment, the development of modern physical infrastructure, and the advancement of skills development and innovation across all sectors.

Further, we are committed to providing decent housing in inclusive towns, semi-urban centers, and villages, thereby ensuring that every resident has access to adequate shelter and amenities. Moreover, we recognize the significant role that sports, culture, and the arts play in promoting social cohesion and enhancing the quality of life. As such, we are dedicated to fostering a vibrant cultural scene and supporting initiatives that promote industrialization and a robust service sector, underpinned by sustainable energy sources and information and communication technologies.

Additionally, tourism, driven by our rich cultural heritage and the development of new products, presents a promising avenue for economic growth and job creation. Through strategic investments and partnerships, we aim to position Kisumu County as a premier tourist destination, attracting visitors from far and wide.

We remain steadfast in our commitment to deepening the structures of devolved governance, enhancing revenue generation, and ensuring accountability in the utilization of public funds. We are also firmly committed to the socio-economic empowerment of women, youth, and persons with disabilities, recognizing them as critical agents of change and progress within our society.

Looking ahead, the County Government envisages raising **Kshs. 12,497,828,006.00** in the FY 2024/2025, comprising equitable share and own-source revenue, allocated towards personnel emoluments, development expenditure, and operation and maintenance, reflecting our commitment to balancing fiscal responsibility with strategic investments for growth.

George O. Okong'o
CECM-Finance, Economic Planning and ICT Services.

ACKNOWLEDGEMENT

This County Fiscal Strategy Paper 2024 has been prepared in accordance with Section 117 of the Public Finance Management (PFM) Act, 2012. It outlines the current state of the economy and outlook over the medium term, broad macroeconomic issues and the medium-term fiscal framework, resource envelope and criteria for resource allocation, key strategic priorities and policy goals and a summary of the Government's spending plans as a basis for the FY 2024/25 budget. The CFSP reflects the public's aspirations in the development and implementation of government's programmes.

The preparation of the Kisumu County Fiscal Strategy Paper 2024 was a collaborative effort supported by individuals, government agencies and entities. The County Executive Committee Members played a key role by providing departmental strategic directions that were critical in the finalization of this paper.

I recognise the leadership role provided by CECM for Finance Economic Planning and ICT (e-government) for his guidance in the entire process. I also thank the other county government departments and Agencies for providing necessary information and technical assistance in the preparation of CFSP. We are highly indebted to the County officers for conducting very successful and insightful CFSP public participation forums across the county at the ward level.

I am also very grateful to the core team from the Economic Planning and Budget Directorate for their tireless effort in ensuring the preparation and finalization of the document.

Finally, I thank the Sub County Administrators, ward level technical staff and members of public who prepared the ground, mobilised and participated at all the 35 forums across the county whose views greatly enhanced the County Fiscal Strategy Paper 2024.

Paul Njenga Waweru
CHIEF OFFICER- FINANCE, ECONOMIC PLANNING AND ICT SERVICES

TABLE OF CONTENTS

FOREWORD.....	ii
ACKNOWLEDGEMENT.....	iii
TABLE OF CONTENTS	iv
LIST OF TABLES	vi
LIST OF FIGURES	vii
CHAPTER ONE	1
1.0 FISCAL RESPONSIBILITY PRINCIPLES AND LEGAL BASIS FOR THE CFSP	1
1.1 PREAMBLE.....	2
1.2 LEGAL BASIS FOR THE COUNTY FISCAL STRATEGY PAPER	3
1.3 FISCAL RESPONSIBILITY PRINCIPLES FOR THE NATIONAL AND COUNTY GOVERNMENTS.....	4
1.4 OVERVIEW OF THE COUNTY FISCAL STRATEGY PAPER.....	5
1.4.1 OBJECTIVE OF THE CFSP.....	5
1.5 LINKAGE WITH THE VISION 2030, SDGS AND MTPS.....	6
CHAPTER TWO	7
2.0 DEPARTMENTAL REVIEW FOR THE 2022/23-2023/24 MTEF PERIOD.....	7
AND PRIORITIES FOR THE FY 2024-25.....	7
INTRODUCTION.....	8
2.1 FINANCE, ECONOMIC PLANNING & ICT SERVICES	8
2.2 TRADE, TOURISM, INDUSTRY & MARKETING	11
2.3 INFRASTRUCTURE, ENERGY & PUBLIC WORKS.....	13
2.4 MEDICAL SERVICES, PUBLIC HEALTH & SANITATION.....	14
2.5 WATER, ENVIRONMENT, NATURAL RESOURCES & CLIMATE CHANGE.....	15
2.6 AGRICULTURE, FISHERIES, LIVESTOCK DEVELOPMENT & IRRIGATION.....	16
2.7 EDUCATION, TECHNICAL TRAINING, INNOVATION & SOCIAL SERVICES.....	17
2.8 LANDS, PHYSICAL PLANNING, HOUSING & URBAN DEVELOPMENT.....	19
2.9 PUBLIC SERVICE, COUNTY ADMINISTRATION & PARTICIPATORY DEVELOPMENT, OFFICE OF THE GOVERNOR.....	21
2.10 CITY OF KISUMU.....	23
2.11 COUNTY ASSEMBLY OF KISUMU	24
2.12 COUNTY PUBLIC SERVICE BOARD	24
2.13 SPORTS, CULTURE, GENDER AND YOUTH AFFAIRS.....	26
CHAPTER THREE	27

3.0 RECENT ECONOMIC DEVELOPMENTS AND POLICY OUTLOOK.....	27
3.1 OVERVIEW	28
3.2 RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK	28
3.2.1 GLOBAL AND REGIONAL ECONOMIC DEVELOPMENTS.....	28
3.3 DOMESTIC ECONOMIC DEVELOPMENTS.....	30
3.3.1 QUARTERLY GDP GROWTH OF 2023	30
3.3.2 INFLATION RATE.....	31
3.3.3 KENYA SHILLING EXCHANGE RATE	32
3.4 COUNTY FISCAL PERFORMANCE	32
3.4.1 OWN SOURCE REVENUE PERFORMANCE.....	32
3.4.2 EXPENDITURE PERFORMANCE	35
3.5 KISUMU COUNTY ECONOMIC GROWTH.....	36
3.5.1 PER CAPITA GROSS COUNTY PRODUCT.....	38
CHAPTER FOUR.....	39
4.0 FISCAL POLICY AND BUDGET FRAMEWORK.....	39
4.1 INTRODUCTION.....	40
4.2 FISCAL STRUCTURAL REFORMS	42
4.3 MEDIUM TERM DEBT MANAGEMENT STRATEGY	43
4.3.1 DEBT MANAGEMENT OBJECTIVES AND SCOPE	43
4.4 COUNTY GOVERNMENT OF KISUMU DEBTS.....	44
4.4.1 CATEGORY AND PRINCIPAL RISK ASSOCIATED WITH DEBT.....	44
4.4.2 STRATEGIES OF DEALING WITH DEBT IN THE MEDIUM TERM	45
4.4.3 GENERAL DEBT RISK ANALYSIS	46
4.5 RESOURCE ENVELOPE AND CRITERIA FOR RESOURCE ALLOCATION.....	48
4.5.1 DETERMINATION OF RESOURCE ENVELOPE.....	48
4.5.2 CONDITIONAL GRANTS.....	48
4.5.3 RESOURCE ENVELOPE FOR THE FY 2024/2025	49
4.6 REVENUE PERFORMANCE FOR FIRST AND SECOND QUARTER OF THE FY 2023/2024.....	51
4.6.1 CRITERIA FOR RESOURCE SHARING	52
4.7 EXPENDITURE FOR 1ST HALF OF THE FY 2023/24.....	53
4.8 SUMMARY OF BUDGET ALLOCATIONS FOR THE FY 2024/2025.....	54
Annex 1: Summary of Proposed Interventions to issues Raised during Public Participation.....	56

LIST OF TABLES

Table 1: Overview of the World Economic Outlook Projections	29
Table 2: Own Source Revenue Performance	33
Table 3: Expenditure Performance	35
Table 4: Kisumu County Economic Growth.....	36
Table 5: Per Capita Gross County Product	38
Table 6: Total County Pending bills portfolio	44
Table 7: Category and Principal Risk Associated with Debt.....	44
Table 8: General debt risk analysis table	46
Table 9: Kisumu County Resource Envelope (KES).....	49
Table 10: Locally collected Revenue First and Second Quarter 2023/2024.....	51
Table 11: Expenditure up to December 2023	53
Table 12: Departmental Ceilings	54
Table 13: Proposed departmental Ceilings	55
Table 14: Summary of Proposed Interventions to Issues Raised During Public Participation	56

LIST OF FIGURES

Figure 1: Quarterly GDP Growth.....	31
Figure 2: Inflation Rate.....	31
Figure 3: Kenya Shilling Exchange Rate.....	32
Figure 4: Own Source Performance.....	34
Figure 5: Kisumu County Economic Growth Trends.....	36
Figure 6: Kisumu County GCP Trend.....	37
Figure 7: GCP Contribution per Sector.....	37

CHAPTER ONE

1.0 FISCAL RESPONSIBILITY PRINCIPLES AND LEGAL BASIS FOR THE CFSP

1.1 PREAMBLE

The County Fiscal Strategy Paper (CFSP) is a government policy document that sets out the broad strategic priorities and policy goals to guide the County Government in preparing the budgets for the subsequent Financial Year and over the medium term. In the document, adherence to the fiscal responsibility principles demonstrates prudent and transparent management of public resources in line with the Constitution and the Public Finance Management (PFM) Act, 2012.

The County Treasury pursuant to section 117(1) and (6) of the Public Finance Management Act (PFMA), 2012 is mandated to prepare and submit the Fiscal Strategy Paper to the County Assembly, by 28th February of each year, and subsequently publish and publicize it not later than seven days after it has been submitted to the County Assembly.

In accordance to section 117(2) of PFM Act 2012, the County Treasury has aligned the proposed revenue and expenditure plan to the national financial objectives contained in the National Budget Policy Statement (BPS) for 2024. The Fiscal strategy paper outlines the county's fiscal policies in the context of prevailing macroeconomic policies and outlook while articulating the County's broad strategic priorities and policies for the fiscal year 2024/2025.

The proposed strategic policy priorities for the fiscal year 2024/2025 represent a consultative approach that has taken a keen consideration of the views and opinions of the public, the Commission on Revenue Allocation and other stakeholders within our County. Indeed, ward-based forums were publicized and accorded to all Kisumu citizenry in each of the thirty-five (35) wards and their inputs thereof greatly inform the strategic thrust of this Paper. Details of development priorities have been articulated in the County Integrated Development Plan (2023-2027).

This Fiscal Strategy Paper outlines economic policies and structural reforms as well as sector-based expenditure programmes that the county government intends to implement in the medium term in order to achieve the broader goal of the County government's development agenda. The proposed fiscal framework ensures continued fiscal discipline and provides support for sustained growth, broad-based development that benefits all. The County Fiscal Strategy Paper contains information on:

- Achievements in the last Financial Year 2022/23 and the first half of the current Financial Year 2023/24.
- Broad strategies, priorities and policy goals to be pursued by the County Government (CG) in the next Financial Year 2024/25 and the medium term;
- County outlook on revenues and expenditure projections.
- An assessment of the current state of the economy including macroeconomic forecasts;
- The financial outlook with respect to Government revenue, expenditures and borrowing for the next financial year and over the medium term;
- The proposed expenditure ceilings for the Sectors, including those of the County Assembly.

1.2 LEGAL BASIS FOR THE COUNTY FISCAL STRATEGY PAPER

- i. This Fiscal Strategy Paper is prepared pursuant to Public Finance Management Act, 2012 Section 117 which stipulates that:
- ii. The County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the county assembly, by the 28th February of each year.
- iii. The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.
- iv. In preparing the County Fiscal Strategy Paper, the County Treasury shall specify the broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year and over the medium term.
- v. The County Treasury shall include in its County Fiscal Strategy Paper the financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term.
- vi. In preparing the County Fiscal Strategy Paper, the County Treasury shall seek and take into account the views of —
 - The Commission on Revenue Allocation;
 - The public;
 - Any interested persons or groups; and
 - Any other forum that is established by legislation.
- vii. Not later than fourteen days after submitting the County Fiscal Strategy Paper to the county assembly, the county assembly shall consider and may adopt it with or without amendments.
- viii. The County Treasury shall consider any recommendations made by the county assembly when finalizing the budget proposal for the financial year concerned.
- ix. The County Treasury shall publish and publicize the County Fiscal Strategy Paper within seven days after it has been submitted to the county assembly.

1.3 FISCAL RESPONSIBILITY PRINCIPLES FOR THE NATIONAL AND COUNTY GOVERNMENTS

In line with the Constitution, the Public Finance Management (PFM) Act, 2012, sets out the fiscal responsibility principles to ensure prudent and transparent Management of public resources. The PFM law (Section 107) states that:

- (1) A County Treasury shall manage its public finances in accordance with the principles of fiscal responsibility set out in subsection (2), and shall not exceed the limits stated in the regulations.
- (2) In managing the county government's public finances, the County Treasury shall enforce the following fiscal responsibility principles;
 - a) The county government's recurrent expenditure shall not exceed the county Government's total revenue;
 - b) Over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure;
 - c) The county government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the county government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly;
 - d) Over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;
 - e) The county debt shall be maintained at a sustainable level as approved by county assembly;
 - f) The fiscal risks shall be managed prudently; and
 - g) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.
- (3) For the purposes of subsection (2) (d), short term borrowing shall be restricted to management of cash flows and shall not exceed five percent of the most recent audited county government revenue
- (4) Every county government shall ensure that its level of debt at any particular time does not exceed a percentage of its annual revenue specified in respect of each financial year by a resolution of the county assembly.
- (5) The regulations may add to the list of fiscal responsibility principles set out in subsection (2).

1.4 OVERVIEW OF THE COUNTY FISCAL STRATEGY PAPER

This CFSP outlines interventions geared towards stimulating the growth of the county economy and as well as building community resilience for sustainable development and prosperity in line with ensuring households maintain growth in incomes in spite of the persisting shocks. The interventions are geared towards:

- i. Revitalizing Agriculture for food security and agribusiness
- ii. Ensuring a healthy population living in a clean environment
- iii. Building modern physical infrastructure
- iv. Promoting skills development and innovation
- v. Conserving the environment while opening the Kisumu Lakefront for Business
- vi. Providing decent housing in inclusive towns, semi-urban centres and villages
- vii. Promoting Sports, Culture and Arts
- viii. Promoting industrialization and vibrant service sector, supported by sustainable energy sources and information and Communication technologies.
- ix. Promoting tourism driven by culture and heritage as well as new products
- x. Deepening the structures of devolved governance and strengthen revenue generation and accountability in use of public funds.
- xi. Socio-Economic Empowerment of Women , Youth and PWDs

1.4.1 OBJECTIVE OF THE CFSP

The objective of the 2024 County Fiscal Strategy Paper is to set the framework for the preparation of the County budget estimates for Financial Year 2024/2025 as required under section 117 of the Public Finance Management Act, 2012. This Fiscal Strategy Paper contains the following:

- i. The principles that will guide the 2024/2025 budgetary process;
- ii. The broad fiscal parameters for the 2024/2025 budget and the key strategies and policies for management of revenues and expenditures;
- iii. The broad strategic priorities and policy goals that will guide the preparation of the budget over the medium term;
- iv. A discussion of risks to the budget parameters and budget strategies;
- v. The medium-term outlook for county government revenues and expenditures;
- vi. A discussion of how the Budget Strategies relates to the Medium-Term Fiscal Strategy (MTFS) and County Integrated Development Plan (CIDP); and
- vii. A framework for the preparation of departmental forward budget estimates.

1.5 LINKAGE WITH THE VISION 2030, SDGS AND MTPS

This County Fiscal Strategy Paper is closely linked to the Vision 2030, Sustainable Development Goals (SDGs), and the African Agenda 2063.

Vision 2030 being a long-term development blueprint that outlines the country's aspirations and goals for the next 30 years and beyond. The County Fiscal Strategy Paper aligns with Vision 2030 by providing the necessary resources and funding to support the implementation of the various initiatives and projects outlined in the blueprint. For example, the County Fiscal Strategy Paper allocate funding for infrastructure development, education, and healthcare, which are key priorities under Vision 2030.

The SDGs are a set of 17 goals adopted by the United Nations in 2015 to end poverty, protect the planet, and ensure peace and prosperity for all. Kisumu County Government has committed to achieving these goals and the County Fiscal Strategy Paper plays a critical role in supporting their attainment. For example, the County Fiscal Strategy Paper allocate funding for initiatives aimed at reducing poverty, improving access to education and healthcare, and protecting the environment, which are all in line with the SDGs.

The African Agenda 2063 is a strategic framework for the socio-economic transformation of the African continent over the next 50 years. Kenya is a member of the African Union and the County Fiscal Strategy Paper is aligned with the African Agenda 2063 by supporting the implementation of initiatives aimed at promoting economic growth and development, improving governance, and strengthening regional integration, among other things.

In conclusion, the Kisumu County Fiscal Strategy Paper is closely linked to the Vision 2030, SDGs, and the African Agenda 2063, as it provides the necessary resources and funding to support the implementation of initiatives and projects aimed at promoting sustainable development and economic growth in the country. The County Government will leverage on its comparative advantage in resource availability within the framework of the BLUE ECONOMY to enhance the productive sector and promote export while promoting growth in the service industry. An environment of fiscal discipline will be necessary if the County is to navigate through the global and domestic challenges in and order to sustain and improve the resilience of the county economy.

CHAPTER TWO

2.0 DEPARTMENTAL REVIEW FOR THE 2022/23-2023/24 MTEF PERIOD

AND PRIORITIES FOR THE FY 2024-25

INTRODUCTION

This chapter provides departments' development performance and achievements in the 2022/2023-24 MTEF period as well as broad strategic priorities and policy goals that will guide the County Government in preparing the budget for the Financial Year 2024/25 and over the Medium-Term.

2.1 FINANCE, ECONOMIC PLANNING & ICT SERVICES

This department draws its mandate from Section 104 of the Public Finance Management Act (PFMA) 2012, the County Government Act, 2012 Sections 104 and 105 as well as regulations and policy guidelines issued by the National Treasury from time to time. In the fiscal year 2022/2023, the department continued to pursue its goals of ensuring prudence in financial management and planning for sustainable development along its strategic objectives, which included: Ensure prudence in the management of public finances; strengthening planning and policy formulation within the County; strengthening linkages between planning, policy formulation and budgeting within the County; improving tracking of implementation of development policies, strategies and programmes; promoting equitable distribution of resources; and proposing laws and regulations necessary for effective fiscal administration and accountability in the use of public resources.

In the fiscal year 2022/23, under the financial management programme, the department demonstrated noteworthy achievements across its various sub-programmes. Specifically, the department successfully raised Ksh. 1,153,464,305, exhibiting a commendable effort, albeit falling short of the ambitious target of Kshs. 2,118,837,525. Under the budget coordination and management sub-programme, the department made several milestones including the preparation of 2023/24 annual budget estimates, County Budget Review and Outlook Paper 2021/2022, Appropriation bill 2023/24, four quarterly budget implementation progress reports, and the finance bill 2022/23. The department further into the first half of current financial developed County Budget Review and Outlook Paper 2022/23, Finance bill 2023/2024, first and second quarter budget implementation reports among other achievements. Accordingly, under the planning and policy formulation programme, the department successfully prepared the Annual Development Plan for 2023/24, the County Fiscal Strategy Paper 2023/2024, and published and launched the 3rd generation County Integrated Development Plan. Additionally, the initiation of the preparation of the County Statistical Abstract in the third quarter of the current financial year reflects the department's commitment to data-driven decision-making and comprehensive planning. These achievements underscore the department's commitment to strategic planning, policy formulation, and the establishment of a robust foundation for sustainable development in the region. Overall, the accomplishments in both programmes and their respective sub-programmes reflect a comprehensive and well-coordinated approach to financial management, planning, and policy formulation, contributing positively to the fiscal health and strategic development goals of the County.

During the period FY2022/23-2023/24, the directorate of ICT purchased a number of ICT Equipment including laptops, desktop computers and printers; maintained and repaired the two County Digital screens; renewed subscriptions for Video Conferencing system (Zoom) and Web hosting services; improved Internet Access in a number of sites within the County including City Hall (50Mbps), Prosperity Building HQ (300Mbps), JOOTRH (100Mbps), KCRH (30Mbps), Public Works (20Mbps), Rotary (20Mbps), Kombewa Hospital (20Mbps), Sub-County Offices- (Ahero, Holo, Kosawo Hall, Katito, Chemelil) 10Mbps each, Public Service Board (20Mbps) and Mama Grace Onyango Hall (10Mbps), through the ongoing (KCINI pilot project); deployed Electronic Documents Management System (EDMS) for tracking of payments processes at the

Finance department; drafted the Kisumu County ICT Policy which is awaiting public participation and cabinet approval.

In addition the directorate implemented five sub programmes which resulted to remarkable achievements that include; Increase in Internet access bandwidth from 350Mbps in 2020 to 1200Mbps in 2022; the number of deployed systems and services increased from 6 in 2020 to 12 in 2022; the number of youths trained through the Digital literacy training programme increased from 700 in 2020 to 1150 in 2022.

The County established the Monitoring and Evaluation Directorate to assist in the actualization of “Development Results”, through tracking and/or reviewing the county government’s programs and/or projects. The Directorate’s objectives are; to guide the formulation of County M&E Policy; to support departments in development of monitoring and evaluation tools for “development results”; to support departments in developing Sector specific monitoring and evaluation standards for reporting; to provide technical field support to County monitoring and evaluation Units and Committees; to support the development of Sector’s Specific Performance Indicators; to support the development of County Specific monitoring and evaluation Framework, among others.

Achievement realized in 2022/23 were; development of county programs and projects quarterly reports; development and publication of County Monitoring and Evaluation Standards, and County Monitoring and Evaluation Framework documents; provided technical field support at the Sub-County; Ward and Village levels; backstopping at the Sub-County and Ward levels worked toward the implementation and/or actualization of monitoring and evaluation committees.

Supply Chain Management awarded contracts amounting to Ksh.397, 488,174.93 (equivalent to 25%) in the period of July 2023 to December 2023 to the preference and reservation schemes. In addition, the directorate managed to submit statutory reports to relevant institutions on the given timeframe; Preparation and Consolidation of Procurement Plan; Prequalification of registered groups undertaken; Conducted trainings for Youth, Women and PWDs on public finance, requirements for accessing government opportunities and on the specific opportunities available

During the year under review the Economic Planning and Budget Directorate has steadily been working with other departments to strengthen monitoring and evaluation capacities across the County through training workshops and one on work discussions with M&E focal persons and other officials from departments on matters monitoring and evaluation, including and not limited to; review of data and reports developed from the departments and finalization of quarterly reports. The formation of monitoring and evaluation committees at the County, Sub-County, Ward and Village levels are underway, with the Directorate mounting sensitization and training on the requirement of the committees across the county.

Departmental Priorities

The department will continue to pursue its strategic priorities in the 2024/25 fiscal year, which will encompass improving public finance management and policy planning, budgeting and M &E and enhancing service delivery through digitization and automation of government services. In the fiscal year 2024/25, the department seeks to reduce pending bills and improve debt management, improve financial reporting, strengthen procurement services, and increase own source revenue.

Accordingly, towards improving policy planning, budgeting and M &E, the department will implement four key sub programmes including budget coordination and management, policy planning and budgeting, county statistical system and M&E. Particularly, the department will prepare four quarterly budget and expenditure reports, annual budget and expenditure reports.

Similarly, under policy planning and budgeting sub programme, the department will develop planning and budgeting statutory documents including ADP 2025/2026, CBROP 2023/2024, CFSP 2025/2026, budget estimates 2025/2026, Finance bill 2025/2026. The department will also update the County assets register.

ICT directorate intend to implement the following Sub-programmes to achieve key strategic interventions as highlighted; Digitization and automation of government services; Enhancement of ICT resource utilization environment through purchase and acquisition of more ICT resources; Increased Access to dedicated Internet services; Deployment of Kisumu County Integrated Network Infrastructure (KCINI) and Digital literacy training for youths and disadvantaged County populace. The draft ICT Policy will also be presented to the public for scrutiny in the next Financial Year.

The Strategies for Monitoring and Evaluation for the next Financial Year are; use of training workshops to enhance human resource capacities in monitoring and evaluation; work closely with appointed departmental M&E Focal Persons to collect data on programs and projects carried out by mother departments; review of data and reports generated by the departments/sectors through the M&E focal person, for clarity purposes; develop quarterly reports by consolidating departmental/sectoral reports, leading to consolidated County Annual Progress Report; support county M&E structures and functions; print and publication of M&E documents; undertake field works to verify work done by departments and Units in the County; and improve on the Monitoring and Evaluation Directorate staffing.

In the next Financial Year, the directorate of Supply Chain Management commits to: Promote local contractors in procurement by allocating and awarding 40% of the total value of procurement budget for goods and services procured locally as provided in the annual procurement plan; Pre-qualify the registered groups as an affirmative action and submit to the relevant entities a summary of the procurement opportunities awarded to target group; Build capacity of the three target groups through training of government procedures, requirements for accessing government opportunities and on the specific opportunities available in the County Government of Kisumu.

Highlights of Specific Revenue Enhancement Strategies

The department through the County Revenue Board will implement the following strategies in order to enhance OSR.

- i. New valuation roll is under implementation. The treasury expects to exceed last years' rates collection.
- ii. Outdoor Advertisement (ODA): New invoices reflecting values derived from the 2024 ODA Business census have been issued. This will further increase our OSR.
- iii. SBP: The new system has inbuilt QR Code/ GIS system to ensure no duplication and fake licenses. New invoices reflecting correct grades for the business have been sent out.

- iv. Introduction of Unified Business Permits (UBP): This is a one stop shop enabling collection of SBP, ODA, Public Health, Fire Inspection and Rates as one invoice.
- v. Compliance checks; thorough training of compliance officers to ensure enforcement of Finance Act and reduce underpayments.
- vi. *Ushuru Center*; a call center for revenue support.
- vii. Monthly Governor's round-table to bring together the executive and the board to review monthly revenue targets and ensure revenue is prioritized across all departments.
- viii. Creation of Debt Collection Unit; to ensure all debts owed to CGK are collected.
- ix. Third Party Integration; for real time verification of payment, timely reporting and improved KYC.
- x. GIS Mapping of revenue sources and resources to make revenue collection and enforcement easy and more organized and targeted.

2.2 TRADE, TOURISM, INDUSTRY & MARKETING

In line with the department's vision of sustainable and innovative business enterprises and industrial development for the benefit of the residents of Kisumu County, the following were some of key achievements realized during the period under review:

To improve on consumer protection and fair trade practices, the department verified and stamped 1,492 traders weighing and measuring equipment and in the process collecting a revenue of Ksh. 1,038,320. In addition, 50 premises were successfully inspected.

The Department also refurbished the Kit Mikayi Heritage sites front Office and constructed a brand new open air theatre and spectator gallery, a gate house and installed a new gate at the site

The department initiated a periodic Entrepreneurship Clinic program to stimulate and accelerate business growth through partnership and collaboration. The Department hosted Kisumu – Japanese Business Forum to orient the Japanese Business Community on Investment opportunities and Business Ecosystem Summit which was a high level platform bringing counties from the Lake Region Economic Bloc (LREB) region to discuss on the ways to unlock investment potential in the region through partnerships & collaborations.

The department participated in the various exhibitions including Devolution Conference 2023, where 12 local entrepreneurs had an opportunity to attend, Kisumu Tourism Week at Sports Ground, Africa Climate Summit side event in Kisumu, Lake Basin Mall and the 23rd EAC MSMEs Trade Fair in Bujumbura – Burundi, themed '**Connecting East Africa MSMEs to enhance Intra-EAC trade**'. These are important avenues for promotion of local products to enhance market access, transfer of technology, networking and social economic integration.

712 traders comprising of women, youth and PWDs were empowered and capacity built in Kisumu Central and Kisumu East Sub-Counties to address the skill gaps and enhance entrepreneurial capacities.

To mitigate and reduce on the alcoholic drinks and drugs intake and abuse, the department organized two sensitization and education activities namely; *KAA Sober Children & Youth Concert* held on 25th November in Manyatta and *Osiepe* tournament in Nyakach Sub-County on 28th – 30th December 2023 targeting youths.

The department conducted pre-cooperative training to create awareness on cooperative practice in which 15 common interest groups were targeted and 17 trained.

10 cooperative society management officials were targeted and 6 trained on cooperative governance.

In compliance with the Cooperative Societies Act, 10 cooperative societies were targeted, and 7 Annual General Meetings conducted. Additionally, 5 cooperative societies were audited out of a target of 7.

Fish Fiesta; Naam Festival ;Richie Spice Kisumu Concert ;Devolution Conference ;Kisumu Tourism Week - United Nations World Tourism Day ;Tourism Content Packaging and Endorsement ;Destination Marketing through County Tourism Content Packaging and Endorsement of Tourism Experiences; Tourism Marketing and MICE Development through the Magical Kenya Travel Expo (MKTE) and The East Africa Regional Tourism Expo (EARTE);

Tourism Product Development and Destination Marketing Series through the Kenya Tourism Board (KTB) Initiatives; Conference Tourism and MICE Development through MICE Mashinani Initiative, Lake Tourism Development through Revamping of Activities at the Hippo Point Public Beach; Partnerships, Publicity and Marketing.

Departmental Priorities

During the FY 2024/25 and the Medium Term period, the department will implement the following programmes to achieve its key strategic interventions;

The department has prioritized infrastructural development of markets and enhancement of governance to improve business environment. The infrastructural development includes; construction of 3 Modern Markets, 4 livestock yard, stalls, 20 market sheds, modern toilets, ablution blocks, market offices countywide, murraming, fencing, gating and renovations. The department will develop Trade and Market regulation and conduct various trainings to the Market Management Committees to strengthen governance capacities in markets.

Operationalization of the Kisumu County Enterprise Fund providing affordable and flexible credit to Micro, Small and Medium Enterprises.

To continue with the construction of the proposed County Aggregation & Industrial Park to promote value addition, increase employment opportunities and enhance industrial growth. Further, the department intends to Construct and establish more cottage industries under one village and product strategy.

Provision of business accelerator programs like Entrepreneurship Clinic, promotion of local products, incubations, exhibitions, business support services, entrepreneurship skills development and monitoring & evaluation of business growth.

Operationalization of Nyang'oma Treatment & Rehabilitation Center that will serve as the only Government facility in Nyanza and Western Region charged with the mandate of rehabilitating drug and substance addicts; Conduct a research on prevalence of alcohol and drug abuse in the county.

Establishment of the Kisumu County Cooperative Legislative Policy to help revive the societies. It is expected that this policy will provide the needed direction in streamlining and reviving the societies; Capacity building and training of Cooperatives societies and promoting value additions and access to market; Restructuring and strengthening of viable cooperatives and promotion of new cooperative ventures.

To enhance Cooperative Governance and Advisory, the department intends to: Promote commercially viable cooperative enterprises; Ensure compliance with statutory requirements, cooperative audit services; Enhance cooperative extension services; Automate cooperative services; Strengthen cooperative education; Improve monitoring and evaluation.

An E-commerce platform shall be established where all county's products, innovations businesses and markets can be accessed through one digital platform. This is to enhance business performances and ease of doing business; develop a comprehensive data bank of all traders and MSEs within the county.

Awareness creation through sensitization of both the public and traders; Sensitization of the public on accurate use of weighing and measuring equipment and promotion of trade fairs & exhibitions to enhance fair trade and customer services.

In line with the Department's strategic objectives, the following priorities have been identified for tourism development; Tourism Signage development in strategic locations; development of Hippo point; Mapping and Updating of Tourism Facilities; Branding of the Airport; Tourism Information Centers; Tourism Strategic Plan development; development of County Tourism Policy ;Equator Crossing Operationalization ; development 3D Kisumu Signages;Purchase of Fiber Boat. The Department will also organize 3 annual signature activities of Fish Fiesta April, Kisumu Tourism Week and Lolwe Summer Fest.

2.3 INFRASTRUCTURE, ENERGY & PUBLIC WORKS

During the year under review, the department upgraded Namba Kapiyo – Lolwe Road - 4.6 km from gravel to Bitumen standards under County Revenue Fund; completion rate of 97% of all contracted roads projects achieving 67km under County Revenue Fund; opened 23km, new roads, graded 67km and gravelled 26km spread across all the wards in the county through Machine based program; contracted Roads 7 Box culverts ;acquired one Excavator and one Vibrating Compactor; Deployed well-resourced Technical team to the construction of Governors Official residence. The progress of work has been tremendous at 30% within the 2 months; Refurbished key construction Equipment; Dozer GKA 082Y, Lorry 42CG 077A, Backhoe and Motor Grader 42CG 231A which boosted the machine-based program; Installed 14 High Mast Floodlights and streetlights across the County; Maintained the existing High Mast Floodlights and streetlights.

Departmental Priorities

The sub-sector's priority during the FY 2024/2025 is to continue with opening of access roads, routine roads maintenance, and supervision of construction works and provision of mechanical services. Emphasis will be put more on the Machine based road construction and maintenance and reduction on the number of contracted works. This will be achieved through efficient supervision and strengthening of monitoring and evaluation.

The department has proposed to construct Mechanical Workshop fully equipped with required tools for repair of the whole County Government of Kisumu plant and equipment/vehicles. Workshop will assist in managing, complete activities of inventory control, spare part management, job card creation.

In addition, the following programs and activities have been earmarked for implementation by the department: Construction of new gravel roads; Rehabilitation and routine maintenance of existing earth/gravel roads; Improvement of selected county roads to Bitumen standards; Construction and maintenance of proper drainage structures; Improved design of Green and sustainable Buildings in Kisumu County; Supervision of construction of public buildings; Construction of foot bridges; Acquisition of roads Construction machinery for roads opening new roads and maintenance of existing roads; Maintenance of Heavy Plant equipment and utility vehicles; Rehabilitation of stalled road construction Heavy Plant Equipment and Utility Vehicles; Development of Transport Regulation for Transport Act 2020 which had been gazetted; Construction and maintenance of High mast Floodlighting and Street lighting; Coordination of Rural Electrification as well as Energy Audit.

2.4 MEDICAL SERVICES, PUBLIC HEALTH & SANITATION

In the FY 2022/2023-2023 the recurrent budget financed the expenditures of 8 programs namely: General Administration and Human Resource Management; Health Policy; Mental Health; Primary Health Care; Reproductive Maternal and Child Health; Jaramogi Oginga Odinga Teaching and Referral Hospital; Kisumu County Referral Hospital and County and Sub County Hospitals. These programs resulted in the treatment of 1,882,240 clients in the outpatient department, performed 7,098 major surgeries and operated caesarian sections (surgical births) on 4,766 women. Over 8,000 routine and specialized laboratory services were done and 16,099 ultrasounds and 47,000 specialized diagnostic imaging were performed. A total of 131,736 inpatient admissions were done totaling to 1,240,288 inpatient occupied bed days. The reproductive maternal and child health performance was such that the first and the fourth antenatal clinic coverage were at 88% and 60% respectively. The fully immunized children at 1-year coverage was 87%. The Sector mapped out Primary Health Care Networks in the 7 Sub counties, has embarked on the revitalization of the hubs and spokes and continued with digitization of its processes.

Departmental Priorities

In the FY 2024/2025 the County Health Sector will prioritize the implementation of the development agenda in the Governor's Manifesto in addition to the commitment to progressively implement the Primary Health Care for Universal Health Coverage.

The priorities are: Renovations, branding and equipping the 35 sub hubs in the County of which each Ward is earmarked to benefit; Operationalize the Primary Health Care Network by revitalizing the 7 county hospitals with rationalized staff, equipment and commodity supply; Continued digitization Project to all level 2 & 3 – dispensaries and health Centres to progressively realize a centralized, dashboard-able database system for decision making, planning and response.

In addition, the department will continue with the insurance of coverage agenda of the county government by providing partial insurance subsidies to informal sector and indigents in line with the Social Health Insurance Act, 2023; complete the digitization process of the remaining level 4 (county and sub county hospitals); re-vitalize and mainstream sanitation agenda for clean, safe and healthy environment by working together with stakeholders and related agencies in the medium and long term. The priority will be sanitation for the poor in the urban and rural areas of the County.

Furthermore, the department intends to continue with financing advocacy, reforms and resource mobilization internally and externally to finance the mandate and functions of the health sector and prioritize the equipping of health sector including the equipping two County Hospitals with X-ray Machines and other diagnostic equipment, training of staff on sonography, strategic equipment and plant maintenance.

Finally, to smoothly transition to self-reliance according to the United States Government's Country's Cooperative Development Strategy, the department will seek for financial resources to absorb over 2,000 current complement of staff in the HIV Programming in the County.

2.5 WATER, ENVIRONMENT, NATURAL RESOURCES & CLIMATE CHANGE

During the period FY 2022/2023, the sector realized the following achievements; for the water directorate: 13 boreholes were drilled, 1 training manual for small scale water service providers was developed through WASH partners. In addition, approximately 17000 beneficiaries were reached with safe water supply through rehabilitation of 14 water projects and construction of 9 new water infrastructures.

In the same year the directorate of climate change successfully conducted Participatory Climate Risk Assessment (PCRA) community engagement in all 35 the wards , developed the county climate change action plan and presented it to the assembly for adoption. 35 ward climate change planning committees were also and gazetted as well as climate change steering committees. 1 biogas demonstration plant was installed at Tiengre Primary School.

The directorate of Environment and Natural Resources, planted 70,000 seedlings across selected institutions within the county and gazzeted forests. 10 Ha of Kajulu Forest were adopted by Family Bank and a Community Forest Association Formed. Furthermore, 120,000 tons of waste were evacuated from markets in the seven sub counties and 1 material recovery centre constructed at Otonglo.

Departmental Priorities

The key priority areas of the department in the next financial year will be: Drilling and equipping with solar hybrid pumps 58 no. Boreholes across the county; Pipeline extensions and water up scaling of 56 no. water facilities; Rehabilitation of 17 no. water facilities under the directorate of water services.

Under climate change, the sub-sector has prioritized the following key strategic priorities: Strengthening of climate change institutions; Implementation of Kenya Climate Smart Agriculture project (KCSAP) 2023-2027 mitigation and adaptation projects; Implementation of Finance Locally -Led Climate Action Plan (FLLOCA) community driven projects; Equipping of County Climate Change Resource Centre and completion of matching fund flagship projects.

The directorate of Environment will emphasize: Construction of 3 solid waste transfer and material recovery stations; Provision of 1 tractor driven skip loader; Improvement of Kasere County Waste site including drainages, cells and excavation all to increase waste management efficiency. In addition, the department has prioritized production of over 200,000 seedlings in 35 wards; opening and maintenance of 7 drainages in major towns and residential areas and de-silting, and erosion control of 8 rivers in flood prone areas.

2.6 AGRICULTURE, FISHERIES, LIVESTOCK DEVELOPMENT & IRRIGATION

In FY2022/23-2023/24, the sector realized notable achievements that include: Development of Kisumu Agriculture Sector Steering Coordinating Mechanism (KASSCOM) and agricultural sector Facility Improvement Financing (FIF) bills; Completion and launching of Kisumu County Youths in Agribusiness strategy, Agri-nutrition Implementation Strategy and Food system strategy; Completion of Gem Rae in North Nyakach, Awach Kano in East Kano Wawidhi, Chiga in Kolwa East and Siany CC3 irrigation schemes' projects; 192 farmer groups in West Nyakach, Central Nyakach, North Nyakach, East Kano Wawidhi, Awasi Onjiko, and Kolwa East wards facilitated with micro-project grants worth KES 66,672,797 along cassava, sorghum and chicken value chains; 36,000 farmers reached with modern farming technologies; 3.2 tonnes of high value traditional vegetable, cotton and rice certified seeds procured and distributed to farmers; Completion of installation of a multi-stage rice mill at National Irrigation Authority, Ahero; Procurement and distribution of 16 in-calf dairy cows and 7,500 improved kienyeji chicks in Central Kisumu ward; Operationalization of Kisumu Dairy Development Centre (KDDC); 76,000 doses of assorted animal vaccines procured; 869 fish ponds rehabilitated and 179 ponds constructed across the county; 816,000 fingerlings distributed to BMUs and farmers to mitigate fish kills in L. Victoria and to promote aquaculture; Fish slabs constructed in Obunga and Jubilee fish markets; Desiltation of 13 streams and irrigation canals in Ombeyi, Miwani, Ahero, Kolwa East and West Seme wards as a flood mitigation measure in farm lands; 179, 737 farmers across the county profiled and captured in the national database.

The department has made significant gains in increasing productivity and production of crop, livestock and fisheries sub sectors in the period under review FY2022/23-2023/24; Improved access to quality farm inputs by 25% through linkage and provision of quality clean planting materials, fertilizers and fingerlings; increase in irrigable land area by 2025 acres through irrigation infrastructure development and rehabilitation; 1,500 acres of land put under cotton through diction of 3 tonnes of certified BT cotton seeds to farmers; 6% genetic improvement of dairy cattle herd achieved through gene importation and artificial insemination; 5% reduction in post-harvest losses of landed fish from fish handling infrastructure development: upscaling of rice processing in the county through procurement of a multi-stage rice mill and; reduced disease and pest incidence load through vaccination of animals against foot and mouth disease, lumpy skin disease and rabies. It is also worth noting that recruitment of 101 extension staff was approved and initiated.

Departmental Priorities

In the FY 2024/25 and the medium-term period, the sector will prioritize implementation of the following programmes:

Departmental planning and administration services: Development and or domestication of sector policies, regulations and strategies; Implementation of facility improvement financing mechanisms; Implementation of IDA (World Bank Credit to Finance Agricultural Value Chain Development Project(NAVCDP) and Aquaculture Business Development Project (ABDP) donor funded projects; Purchase of vehicles and motorcycles for extension services; Construction and equipping of Sub-County offices; Building capacity of staff to improve service delivery and for career progression.

Promotion of sustainable land use: Laying of soil and water conservation structures; Promotion of agroforestry through planting of fruit tree seedlings and fodder trees; Promotion of organic and regenerative agriculture; Development, rehabilitation and maintenance of irrigation schemes;

Strengthening of water irrigation water user's associations; Dissemination of urban and peri-urban agricultural technologies.

Agricultural productivity and output improvement: Enhance extension service delivery through, farm visits, demos, Field days, Exhibitions; Promotion of modern cropping technologies through procurement and distribution of assorted to certified seeds; Promotion of farm enterprise diversification; Livestock genetic improvement through procurement and distribution of animals to farmers; Promotion of climate smart agricultural technologies; Promotion of economic livestock farming; Procurement and distribution of fish feeds, cages, Fingerlings countywide; Construction and rehabilitation of fish ponds; Enhance access to subsidized farm mechanization; Purchase of farm machinery; Procurement of vaccines, acaricides and insecticides; Conducting animal vaccination programs; Construction of livestock cattle dips; Enhance surveillance and early warning systems.

Agriculture input and credit Access: Capacity building of agricultural value chain actors in entrepreneurship skills and knowledge; Strengthening of producer organizations and farmers' cooperatives; Enhance access to A.I services; Development and or implementation of an e-voucher subsidy program; Development and maintenance of farm input bulking/multiplication infrastructure.

Promotion of agricultural market access and product development: Renovation of Maseno ATC; Training of youths in agribusiness; Construction of livestock sale yards; Capacity building of value chain actors in value addition; Development of value addition infrastructure; Development of fisheries and fresh produce cold chains; Construction and renovation of livestock slaughter facilities; Development of fish handling facilities; Strengthening of BMUs.

2.7 EDUCATION, TECHNICAL TRAINING, INNOVATION & SOCIAL SERVICES

During the period 2022/23-2023/2024, the Department completed and delivered 14 projects and 3 programs respectively, three were ongoing while four were not done due to contractual challenges in the FY 2022/2023.

In the current financial year the following projects have been awarded and are on course: Equipping of Bar Mathonye VTC; Construction of lecture room at Sianda VTC; Rehabilitation of Sianda VTC; Construction of workshop at Masogo-Waware VTC; Fencing and Construction of Classroom at Withur VTC; Completion of Lunga VTC; Fencing and gating of Kochogo VTC and completion of twin Workshop at Obwolo VTC are on course. Supplementary budget is awaited to factor Pap Othany VTC in the FY 2023/2024.

Under capitation programmes the department disbursed 45 Million for VTC Capitation in FY 2022/2023 and in the 2nd Quarter of FY 2023/24 the department has disbursed 35.8 Million being first tranche.

To strengthen governance of the VTCs, 9 institutional Boards of Management were inaugurated and 75 members inducted following the main inauguration of BOGs that had been done in the previous FY. The 28 Centre Managers were also capacity built on procurement and financial Management.

The following projects were undertaken under the ECDE sub-sector to completion:

Floor tiling of Buoye ECDE; Completion of Alara ECDE; Completion of Ombaka ECDE; Completion of Ulalo ECDE; Completion of Obiayo ECDE classroom; Completion of Kudho ECD; Construction of ECDE at Nyamkebe Primary School; Supply of ECD Chairs in North Seme; Construction of Dago Thim ECDE; Completion of Obugi ECDE; Completion of Nyamasao ECDE; Construction of Maliera ECDE; Completion of Anywang' 2 ECD classrooms.

Foodstuff consisting of rice worth Ksh 14m was distributed to feed over 50,000 ECD learners in public ECD centres. In the same period Learning materials worth Ksh.20m were distributed to all our ECD centres. These consisted of erasers, textbooks, exercise books and pencils.

Construction of Obwolo model ECDE at a cost of Ksh. 9,000,000 with the support of partner-Play Action International.

Kisumu county ECDE Act 2023 was also enacted to streamline activities in ECDE with special focus on child care. This cost shared between the County and partners Unicef and Uthabiti at a total cost of Ksh.500, 000.

The sub sector organized the UN PWD day and is in the process of finalizing the Kisumu Child Protection Policy, refurbishment and branding of Kit Mikayi & Kiboswa social hall, completion of Alendu, Kanyakwar, Siany, Siany PWD & Kisian social halls, stone fencing of Dago & Kanyakwar halls and construction of Uhuru resource center.

In addition, in FY 2022/2023 the department through the Kisumu County Education Fund allocation of KES 205 Million which was programmed to provide secondary education scholarship to 1400 students and bursaries to 29,966 students drawn from all the 35 civic wards in Kisumu County as was presented by the various Ward Bursary and Scholarship committees. Ward Scholarship was pegged on 10 students per class thus making a total of 40 students per ward. Of the 29,966 students under bursary, 23,540 are in Secondary Schools with the remaining 6,426 in Vocational Training Centers, Colleges and Universities. The department had earmarked 70 students for Marine training courses at the Kisumu Marine School. In the first half of FY 2023-24, the sector has disbursed 16.3 Million towards Form Four students and Marine school Trainees scholarship respectively.

Departmental Priorities

During the FY 2024/25 and the Medium Term period, the sector will implement the following Programmes to achieve key strategic interventions as highlighted

Under VTC, the department intends to procure new Tools and Equipment for Vocational Training Centres; Recruit at least 84 trainers to bridge the current 189 staff shortage in the technical training institutions for quality training; construct new workshops and complete existing workshops as well as secure institutional land.

Under social services the department intends to complete and equip Huma resource center; Fence and equip Bright light hall; Equip Kasawino hall; Renovate Kisumu County & Koru libraries and upgrade library management system. In addition the Library being a devolved function would require funding for domestication Library Legal and regulatory frameworks. The Social Amenities Act and Accompanying regulations will also be the department's focus in the next financial year.

In addition, the department is considering improved efficiency in administration of Kisumu County Education Fund by establishing a bursary and scholarships management system.

The sub-sector is also intending to Recruit 150 ECDE teachers, Recruit QASO/ Sub County Coordinators (8 for ECD); Capacity Build staff; Build and equip new classrooms; Provide learning materials, toilets, play equipment, Integration of Digital Learning in ECDE; Undertake Sustainable Feeding program.

Formulation of ECDE Policy and regulations to operationalize the Act; Domestication and Operationalization of National Policy for Learners with Disability, identification and assessment of Children with Disability (CWD); Establish County Education Information Management System (CEIMS); Monitoring of Curriculum Implementation, Capacity Building for teachers on CBC; Improve ECDEC Health and Hygiene.

The department will further focus on more partnerships and collaborations with the sector stakeholders to support funding gaps.

2.8 LANDS, PHYSICAL PLANNING, HOUSING & URBAN DEVELOPMENT

During the period FY2022/23-2023/24, the Sector realized the following achievements:

County Urban Institutional Development Strategy (CUIDS): The department developed the CUIDS document as a mandatory requirement for Kisumu County to qualify for KUSP II. Once approved by the cabinet, Kisumu City and Ahero-Awasi Municipality stands a chance of qualifying for over 1 billion KUSP grant.

Kenya Informal Settlement Improvement Program (KISIP): KISIP II programme intends to improve infrastructure in various informal settlements in Kisumu city and Muhoroni. The department completed documentation and tendering for the infrastructure projects and works have commenced.

Setting up of Municipalities: The department has completed the setting up of five municipalities. The new municipalities of Ahero-Awasi, Kombewa-Bodi, Muhoroni-Chemelil, Katito-Pap Onditi and Maseno-Holo shall devolve services closer to the people as envisioned in the UACA 2011.

Affordable Housing: In line with the governor's manifesto of delivering affordable housing for residents of Kisumu. The department has negotiated with National Government to construct 480 units at Lumumba. Further negotiations on National Housing Corporation over debt swap to free Ondiek estate for development of more affordable housing units are ongoing.

Implementation of Valuation Roll: The Directorate has successfully implemented the Valuation Roll, ensuring accurate and up-to-date property valuations. This initiative enhances transparency in property assessment and contributes to fair taxation and effective land management.

Market Planning Across Sub-counties: Strategic planning for markets in all sub counties has been a priority. The Directorate has formulated comprehensive plans to enhance market infrastructure, promoting organized and efficient trade activities. This facilitates economic growth and development at the local level.

GIS Lab Establishment: The establishment of a GIS Lab is a significant accomplishment, providing advanced spatial analysis capabilities. This technology aids in effective decision-making, mapping, and monitoring, enhancing the overall efficiency of land and physical planning processes.

County Spatial Plan in Collaboration with FAO: Collaboration with the Food and Agriculture Organization (FAO) to develop the County Spatial Plan demonstrates a commitment to sustainable land use. This initiative aligns with global best practices, fostering environmental conservation and resilient urban development.

Land Banking Program: The Directorate has successfully processed and purchased land for various purposes under the Land Banking Program. This program ensures strategic land reserves for future development projects, contributing to the county's long-term planning and growth.

Operationalizing Land Regulation Committee: The operationalization of the Land Regulation Committee strengthens regulatory frameworks. This ensures adherence to land use policies and regulations, promoting responsible and sustainable development practices across the county.

Increase in Development Application Approvals: Efforts to streamline and expedite development application processes have resulted in a notable increase in approvals. This achievement reflects a responsive and efficient system, encouraging investment and fostering a conducive environment for development.

Completion and Implementation of Kisumu City Integrated Development Plan: The successful completion and implementation of the Kisumu City Integrated Development Plan mark a crucial milestone. This comprehensive plan guides the city's growth, infrastructure development, and service delivery, ensuring a holistic and sustainable approach to urban development.

Departmental Priorities

During the FY 2024/25 and the Medium Term period, the department will focus on implementing the following key programmes and activities: Construction of Katito – Pap Onditi, Maseno – Holo, Kombewa – Bodi Municipal Headquarters; Renovation of Ahero – Awasi, Muhoroni – Chemelil Municipal Offices; Delineation of Ahero – Awasi, Katito – Pap Onditi, Muhoroni – Chemelil, Maseno – Holo, Delineation of Kombewa – Bodi Municipal Boundaries.

Preparation of Ahero – Awasi, Katito – Pap Onditi, Muhoroni – Chemelil, Maseno - Holo, Kombewa - Bodi Municipal Integrated Development Plans.

Erection of Katito and Muhoroni town Street lights; Construction of storm water drainage channels in Katito, Muhoroni, Maseno and Kombewa; Construction of public ablution blocks in Muhoroni, Awasi, Katito, Maseno, Kombewa and Holo;

Construction of temporary solid waste holding sites in Ahero, Muhoroni, Katito, Awasi, Holo, Maseno and Kombewa;

Development of County Housing Integrated Management Information System; Landscape Beautification and NMT for Ahero Town, Awasi, Muhoroni; Renovation of Maseno Housing Estates; Fencing of Tamu Estate

2.9 PUBLIC SERVICE, COUNTY ADMINISTRATION & PARTICIPATORY DEVELOPMENT, OFFICE OF THE GOVERNOR

During the period FY2022/23-2023/24, the department realized key achievements in various programs and activities notably: publishing county bi-annual magazine; ran county annual documentaries; aired 15 weekly, radio programs; held 7 county service weeks; developed one county website; trained four legal and support staffs; developed and operationalized 6 feedback collection and management tools; produced public participation policy; oversaw 6 public participation forums on county planning and budgeting processes construction of deputy governor's official residence, Completion of 3 ward offices in Ombei, Seme East and Obambo ward offices, Establishment and installation of GIS Lab; Construction of the Governor's residence which is at 70% completion, held 2 security caucus forums, procured 200 sets of uniforms for the inspectorate, Conducted staff establishment activity; Human resource management and development; carried out staff appraisal, reviewed staff promotional terms as well as staff recruitment, Oversaw staff conversion from contract to permanent and pensionable state.

Coordinated State of County Address, oversaw departmental performance contracting and cascading, oversaw the annual performance evaluation, trained 100 security officers on road and traffic management in collaboration police; held 4 security caucus forums; successfully coordinated both county and national holidays; successfully coordinated all Governors hospitality activities and itinerary i.e the visit by Queen of Netherlands, EU/America/French/India Ambassadors; Opened of 40 KMs of water channels as a way of mitigating flooding; reactivated the Sub County Disaster Management Committees to coordinate the DRM issues in the sub counties; reactivated the County Disaster Management Committee to carry out regular multi-agency and multi-disciplinary Disaster Risk; management coordination meetings; responded to emergencies by delivering food and non-food items to the affected especially Nyando and Nyakach;

Coordinated the Kisumu County participation in Africa Mayoral Leadership Initiative (AMALI) City Leadership Programme in Cape Town, South Africa. The program offers significant support for sustainable development of cities across Africa. It also provides city leaders with exclusive, tailored support to hone their visions for their cities. The African Mayoral Leadership Initiative (AMALI) has unveiled its plans to catalyze the transformation of cities across Africa; coordinated the signing of a collaboration treaty to officially ratify the Greening programme. Coordinated Kisumu County submission of a comprehensive list of planned SDG projects and programs to UNASDG;

Coordinated the signing of an agreement between National Irrigation Authority and Kisumu County to implement operationalization of the new Ahero Rice Mill recently purchased by the county government; coordinated the signing of a collaboration agreement in November 2023 with Fortis Healthcare Limited and Hospitals in Delhi, India to strengthen sickle cell management in Kisumu. The collaboration will see Fortis help in setting up a Bone Marrow Department at Jaramogi Oginga Odinga Hospital in Kisumu; train Nurses and Doctors for the Bone Marrow Transplant Unit and guide the county in formatting of the supporting departments; Dissemination of county activities information to the public, Press conferences and press releases/ Media Briefings made radio and TV appearances, Produced the County brand manual, Develop County Communication Policy, Preparation of Staff offices Successful planning and delivery of the 2023 State of the County Address. Delivery of a 6-page Newspaper supplement on the County's Development Status. Production of a 15 minutes Documentary on the State of development in the

County. Compilation of reports to be published in the 2023 State of the County Report. Execution of elaborate media Coverage during the State of the County Address 2023.

Departmental Priorities

In the FY 2024/2025 and in line with our vision as a leading enabler for accountable, accessible and sustainable quality service delivery in Kisumu County, the sub-sector will focus on the following programs and activities:

Establishment of a Disaster Risk Management legal framework; Operationalize 42 disaster management units; Create County disaster risks profile; Developing Disaster Risk Management policy, Development of 3 evacuation centers in 3 wards namely Ahero, Kobura and Kabonyo Kanyagwal, Fire disaster risk management (procure 2 light fire engine), procuring and installations of 5 water hydrants in the 5 Municipalities, Rehabilitation of 3 evacuation centers; Conduct Annual state of the County Address; procurement and installation of information management systems; Enhance Media Relations; Communication Infrastructure improvement;

Develop Communication Policy; Develop policy making framework, Develop Service delivery policy; Develop a performance management frame work; Develop Performance Appraisal system; Conduct Citizen Scorecard; Performance contacting and evaluation, Project and programmes monitoring and evaluation, create a pool for all county vehicles for transport and logistical support to all departments; carry out hospitality activities for the county, Supplies and services; undertake specialized Protocol training and bench-marking; carry out protocol image branding development; Enhance mobility through purchase of 2 motor vehicle; formulation of investment policy guidelines, carry out feasibility study on investment opportunity and mapping of priority sectors, promoting investment opportunities in the international and local forums, develop website and publication of county investment handbook, Promote diaspora engagement; human resource plans; conducting HR audits; develop and maintain HR Information management system, acquire staff biometric system; coordinate County Trainings; Review HR Policy; Develop job description and evaluation manual;

Develop Career progression guidelines; draft Enforcement HR policy, in collaboration the Attorney's office, draft county regulations and legislation; Establishing working office infrastructure with requisite equipment, Acquisition of general Uniforms for 245 officers, enhancing operations mobility by acquiring at least 2 Vehicles for the Directorate, Conduct monthly multi-sectoral security caucus forums, specialized training for 245 county enforcement officers(Both the recently converted and the old officers Recruitment of 180 new inspectorate officers; develop a registry of all properties of the county, draft policy regulations and legislation, draft an omnibus of existing county by laws, Build capacity of legal practitioners in the county; Public service accountability structures and feedback management;

Operationalizing of GIS system; decentralize and capacity build devolved units to the lowest levels, Operationalization and training of 42 Sub County & Ward Committees, and village & ward administration officers,; Establishment and training of Village Council Members and Appointment of Village Administrators; Construction of 8 Sub county office; acquisition of office furniture, equipment and general office supplies, coordinate national collaborations carry out field supervisory visits, provision of cleaning services and office maintenance; reparation of County Annual Public Participation Report (CAPPR);

Dissemination of Kisumu County Public Participation Policy; coordination of annual statutory Public Participation under the PFM Act on County Planning and Budget; strengthening Citizen's Participation in government policies, plans, and development agenda; decentralize devolved units to the lowest level and build the capacity of devolved committees; sensitization on Public Participation Regulations; review of public participation guidelines and Standard Operating Procedures; preparation of Participatory Development Handbook; strengthen citizen participation and feedback mechanisms for effective public service delivery; scaling up Civic Education to the Devolved Administrative Units;

2.10 CITY OF KISUMU

The City department is mandated to provide residents with quality services that contribute to an improved quality of life, attract investment, and create a conducive business environment.

Towards achieving its mission of providing unequalled quality services matched by superior solutions, that result in creating an enabling environment for investment, with the aim of improving the quality of life of the residents of Kisumu, the City department made tremendous achievement in the financial year 2022/2023, including: Infrastructure Development whereby, upgrading and maintenance of streetlights from electricity to solar power for improved energy efficiency and environmental sustainability was undertaken. Likewise, the City department installed and unblocked storm water drainages to mitigate flooding and ensure public safety. Similarly, on waste solid waste management within the city there was improved waste management efficiency through the purchase of waste bins and skips, promoting a cleaner city environment. Moreover, on community wellbeing, there was enhanced recreational facilities by improving social halls and other centers, fostering social cohesion and community engagement. In addition, the City department created a more favorable business environment by upgrading markets and business centers, stimulating economic activity and job creation.

Departmental Priorities

In the Fiscal Year 2024/2025, the City of Kisumu has outlined strategic priorities aimed at addressing key areas of concern. Firstly, on public safety and security, the City aims to bolster security measures by deploying surveillance cameras to deter criminal activities and ensure the safety of its residents.

Secondly, infrastructure modernization is a focal point, with plans to enhance the city's drainage systems, install traffic lights for improved traffic flow, and develop non-motorized transport infrastructure to encourage sustainable and healthy mobility options. Urban renewal and management constitute another priority, involving the reclamation, improvement, and management of illegally acquired city properties, alongside the design and development of the Dunga Waterfront and Marina to rejuvenate the city's waterfront and attract tourism. Additionally, satellite bus parks are slated for construction to alleviate traffic congestion and enhance public transportation efficiency.

Community amenities and services will see the modernization of three social facilities, maintenance of the Rotary Business Innovation Centre, rehabilitation of Mama Ngina Children's Home, and the implementation of a city beautification program.

On economic development and market modernization are also key areas, encompassing the modernization of markets, construction of sanitation facilities, and securing land for the relocation of affected institutions to facilitate infrastructure projects. Informal settlements and environmental sustainability will involve opening roads and developing public infrastructure in informal

settlements, implementing a solid waste management system, renovating the Mamboleo slaughterhouse, improvement of Mamboleo cemetery, and improving water, sanitation, and hygiene services.

Similarly, the City will ensure sustainability and green spaces are addressed through tree planting initiatives. Thus, these set of priorities aims to address key challenges, unlock economic opportunities, and enhance the overall quality of life for Kisumu City residents.

2.11 COUNTY ASSEMBLY OF KISUMU

During the period under review, the sub-sector initiated construction of the Speaker's residence which is almost done. In addition, the Ultra-Modern County Modern Assembly was initiated and is also nearing completion.

Departmental Priorities

In the Financial Year 2024/25, the Assembly has prioritized completion of the Ultra-Modern Assembly head offices. Upon completion and commissioning the Assembly intends to occupy the offices immediately.

The Assembly further prioritizes capacity building for staff and members on related skills, responsibilities, duties and mandate.

2.12 COUNTY PUBLIC SERVICE BOARD

During the period FY2022/23-2023/24, the Department realized the following achievements:

The Board through its Recruitment Selection & Capacity Development Committee recruited 130 staff to fill vacant positions in the County Public Service, following requests from various county departments.

The Board through its Human Resource Audit & Performance Management Committee promoted 989 County staff to higher job groups.

Seventy-two (72) CIHEB staff were transitioned to the county payroll on three (3) years contract based on a memorandum of understanding between County Government of Kisumu and CIHEB.

The Board conducted suitability interviews for six hundred and forty-four (644) officers and placed them on permanent and pensionable terms of employment. Additionally, the Board renewed contracts for 238 officers from various departments. The Board also processed and participated in numerous disciplinary matters.

Another 57 County staff were re-designated to relevant job positions. The Board was also able to comply with the requirements of preparing and submitting regular reports on promotion of National Values and principles, as the Annual Report for the County Public Service Board the years 2022 and 2023 were completed and shared with the County Assembly.

The Discipline, Ethics & Governance Committee that is tasked with handling disciplinary issues also reviewed and concluded various cases, while still deliberating on others.

In line with its strategic objective of promoting operational efficiency of the board, the Board procured goods and services necessary for its office operations such as communication equipment and services, office furniture, fuel and lubricants, general office supplies and other utilities during the year under review. The budget provision also enabled the Board members and staff to

participate in various trainings, seminars and conferences relevant to their areas of specialization, for capacity building and continuous professional development.

Departmental Priorities

During the FY 2024/25, the County Public Service Board will construct a modern administration block for the staff and board members and procure office equipment, office supplies, utilities and services necessary for a conducive working environment, as well as a motor vehicle. The Board will procure a Human Resource Information Management System aimed at enhancing staff recruitment and other human resource management functions. The Board will also continue to recruit staff for the various county departments, in line with their staffing needs.

Furthermore, the board intends to conduct a comprehensive staff audit, so as to have an accurate database of all the existing staff of the County Government of Kisumu. This will help with planning and decision making in matters of staffing, as well as coming up with an accurate staff establishment and an integrated county human resource plan, also staff promotions and re-designations.

The board also plans to develop and revise various policies and procedure manuals/documents, such as Board operations manual & Service Charter, anticorruption policy, discipline procedure manual, strategic plan for 2025-2028, national values & principals implementation guidelines, code of ethics for public service, succession plan, records management policy, communication strategy, human resource procedure manual, recruitment and Selection policy and procedure manual, casual employment management strategy amongst other documents.

This sub-sector will continue to build capacity of the board members as well as the staff, to ensure familiarization with current best practices in their various professions.

The Board also plans to conduct sensitization sessions on the policy documents that will be developed. It will also conduct sensitization sessions on the roles of the Board, national values and principals of public service, pre-retirement trainings, pension policy, change management/work culture and performance appraisal processes.

Comprehensive ethics risk assessment has also been prioritized. This will point out areas that need enhanced sensitization on ethics as well as monitoring (risk management). It will also inform a county integrity conference, specific to the integrity issues in the County Government of Kisumu.

In conclusion, the Board will develop networking and partnership engagement guidelines, conduct partnership mapping and hold networking and partnership forums, with an aim of getting financial support to supplement the budget allocation for the department.

2.13 SPORTS, CULTURE, GENDER AND YOUTH AFFAIRS

During the period 2022/23-2023/24 FY, the Department realized the following achievements ;Construction of the Moi Stadium Boundary wall, Ticketing booths and cabro paving .This project is however not complete as it is a phased project. The Department also completed Dago Social Hall which has now been availed for community usage.

During the same review period, the Department implemented the following programs; under women empowerment, the Department coordinated a County wide training program where over 600 women benefited; to mainstream Gender, and ensure equal opportunities, the Department instituted 2 programs involving the County Departments; the Department also facilitated domestication of international treaties by coordinating the marking of 2 International Days.

To ensure Sports, Talent development, the Department in collaboration with different Sports Federations continued to coordinate Grassroots Sports activities aimed at tapping and nurturing talent as well as coordinating training and capacity building for Coaches and referees.

To ensure film talent development and to position Kisumu County as a film destination of choice, the Department facilitated training for 150 young Film makers .The Department also coordinated the annual Kenya Music and Cultural Festival both at the County level as well as facilitated the County's participation at the National Festival. The Department also coordinated the inaugural countywide wide performing Arts talent scouting and exhibition across all the 7 Sub Counties and crowned it with a County exhibition which was a show case of the best emerging talent in the County. The Department also realized the following achievements in its tourism development initiatives;

Departmental Priorities

During the FY 2024/25 and the Medium Term period, the department will implement the following programs to achieve its key strategic interventions; Equipping and Fencing of Sigoti Cultural Center; Refurbishment of Kisumu Museum; Establishment of a Kisumu Hall of Fame; Construction of the 4th Phase of Moi Stadium; rehabilitation of Obunga Football pitch; completion of Pap Kadundo Football pitch; completion of Ogada Football Pitch; Completion of Nanga Football pitch; construction of rescue center at Ahero Sub County Hospital; construction of GBVC at Sigoti Health Center; fencing and equipping of Tiengre Safe House.

CHAPTER THREE
3.0 RECENT ECONOMIC DEVELOPMENTS AND POLICY OUTLOOK

3.1 OVERVIEW

Kenya's economic performance improved in 2023 despite ongoing challenges, as evidenced by an estimated 5% increase in real GDP growth from 4.8% in 2022 to 2023, which is attributed to enhanced development. This provides the context for the preparation of the County Fiscal Strategy Paper (CFSP) 2024/2025. In 2023, the agriculture sector experienced a robust recovery following a protracted and severe drought, which contributed to the sector's performance. Additionally, the services sector witnessed a moderate expansion. In conjunction with monetary policy tightening, the agricultural recovery has reduced inflationary pressures and increased food availability. It is anticipated that manufacturing activity will increase in 2023 as a result of the anticipated growth in the agro-processing sector and the sustained expansion of tourism and government credit. However, higher fiscal and external vulnerabilities, as evidenced by the high cost of living, exchange rate pressures, global economic uncertainties, and constrained global financial conditions, continue to present challenges for the economy in its quest to maintain its growth momentum. Similarly, debt related vulnerabilities persist, and rising debt costs constrain government's ability to address development challenges. As a result, reflecting the projected expenditure and revenues, the fiscal deficit (including grants) is projected at Ksh. 704.0 billion (3.9% of GDP) in the fiscal year 2024/25 compared to the projected fiscal deficit of Ksh. 814.8 billion (5.1% of GDP) in fiscal year 2023/24.

3.2 RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

3.2.1 GLOBAL AND REGIONAL ECONOMIC DEVELOPMENTS

The global growth was at 3.1% in 2023 and compared to 2.9 in 2022, moreover the upward trend is expected to stabilize in 2024 and 2025 after which it will gradually increase. However, the projected global growth rate for 2024 and 2025 is lower than the historical annual average of 3.8 percent from 2000 to 2019. This is due to the implementation of restrictive monetary policies and the cessation of fiscal support, in addition to the lackluster growth in underlying productivity. It is anticipated that advanced economies will experience a modest contraction in growth in 2024, followed by a subsequent ascent in 2025. The euro area is projected to rebound from its period of sluggish growth in 2023, while the United States will witness a moderation in growth. With regional variations, emerging market and developing economies are anticipated to experience sustained growth through 2024 and 2025. It is anticipated that increasing trade distortions and geo-economics fragmentation will continue to have a negative impact on global trade. In 2023, countries imposed approximately 3,000, up from approximately 1,100 in 2019, according to data from Global Trade Alert. On inflation, the global headline declined 8.9% in 2022 to an estimated 6.8% in 2023 and is expected to continue declining in 2024 and 2025. The table below shows the overview of the World Economic outlook projections.

Table 1: Overview of the World Economic Outlook Projections

	Estimate		Projections		Difference from October 2023		Q4 over Q4 2/		
	2022	2023	2024	2025	WEO Projections 1/		Estimate 2023	Projections	
					2024	2025		2024	2025
World Output	3.5	3.1	3.1	3.2	0.2	0.0	3.1	3.1	3.1
Advanced Economies	2.6	1.6	1.5	1.8	0.1	0.0	1.6	1.6	1.7
United States	1.9	2.5	2.1	1.7	0.6 –	–0.1	2.9	1.5	1.9
Euro Area	3.4	0.5	0.9	1.7	0.3		0.2	1.5	1.6
Germany	1.8	–0.3	0.5	1.6		–0.1	–0.1	1.1	1.9
France	2.5	0.8	1.0	1.7	–0.4	–0.4	0.6	1.4	1.8
Italy	3.7	0.7	0.7	1.1	–0.3	–0.1	0.2	1.3	1.0
Spain	5.8	2.4	1.5	2.1	0.0 –	0.1	1.5	1.8	2.1
Japan	1.0	1.9	0.9	0.8	0.2	0.0	1.4	1.6	0.5
United Kingdom	4.3	0.5	0.6	1.6		0.2	0.9	0.6	1.8
Canada	3.8	1.1	1.4	2.3	–0.1	–0.4	1.1	1.9	2.2
Other Advanced Economies 3/	2.7	1.7	2.1	2.5	0.0 –		1.5	2.6	2.0
Emerging Market and Developing Economies	4.1	4.1	4.1	4.2	0.2	–0.1	4.3	4.3	4.1
Emerging and Developing Asia	4.5	5.4	5.2	4.8	–0.1	0.2	5.2	5.5	4.7
China	3.0	5.2	4.6	4.1	0.1	–0.1	5.4	4.4	4.0
India 4/	7.2	6.7	6.5	6.5	0.4	0.0	5.0	7.8	6.7
Emerging and Developing Europe	1.2	2.7	2.8	2.5	0.4	0.2	4.1	2.0	2.9
Russia	–1.2	3.0	2.6	1.1	0.2	0.0	4.4	1.4	1.0
Latin America and the Caribbean	4.2	2.5	1.9	2.5	0.6	0.1	2.2	1.7	2.6
Brazil	3.0	3.1	1.7	1.9	1.5	0.1	2.3	2.6	1.4
Mexico	3.9	3.4	2.7	1.5	–0.4	0.0	3.4	1.9	1.4
Middle East and Central Asia	5.5	2.0	2.9	4.2	0.2	0.0	...	...	...
Saudi Arabia	8.7	–1.1	2.7	5.5	0.6 –	0.3	–4.5	2.8	5.4
Sub-Saharan Africa	4.0	3.3	3.8	4.1	0.5	1.3	...	...	...
Nigeria	3.3	2.8	3.0	3.1		0.0	2.7	3.3	2.9
South Africa	1.9	0.6	1.0	1.3	–1.3	0.0	1.0	1.2	1.3
<i>Memorandum</i>					–0.2	–0.3			
World Growth Based on Market Exchange Rates	3.0	2.7	2.6	2.7	–0.1		2.7	2.5	2.6
European Union	3.6	0.6	1.2	1.9	–0.8	0.0	0.7	1.4	2.3
ASEAN-5 5/	5.5	4.2	4.7	4.4		–0.2	4.1	5.2	3.5
Middle East and North Africa	5.6	2.0	2.9	4.2	0.2	–0.1	...	...	...
Emerging Market and Middle-Income Economies	4.0	4.2	4.0	4.0	–0.3	0.3	4.3	4.3	4.1
Low-Income Developing Countries	5.2	4.0	5.0	5.6	0.2	0.0	...	...	...
World Trade Volume (goods and services) 6/	5.2	0.4	3.3	3.6	–0.5	0.0	...	...	...
Advanced Economies	6.1	0.3	2.6	3.2	0.1 –		...	...	...
Emerging Market and Developing Economies	3.7	0.6	4.5	4.4	0.1	–0.1	...	...	...
Commodity Prices					–0.2				
Oil 7/	39.2	–16.0	–2.3	–4.8	–0.4	0.0	–2.8	–6.1	–4.9
Nonfuel (average based on world commodity import	7.9	–6.1	–0.9	–0.4	0.2		–2.0	1.5	0.2
World Consumer Prices 8/	8.7	6.8	5.8	4.4		0.1	6.0	5.3	3.8
Advanced Economies 9/	7.3	4.6	2.6	2.0	–1.6	–0.3	3.1	2.3	2.0
Emerging Market and Developing Economies 8/	9.8	8.4	8.1	6.0	1.8	–0.2	8.4	7.7	5.2
					0.0	–0.2			
					–0.4	–0.2			
					0.3				

Source: IMF estimates

3.3 DOMESTIC ECONOMIC DEVELOPMENTS

3.3.1 QUARTERLY GDP GROWTH OF 2023

Most macroeconomic indicators improved in Q1. Major food and energy price increases drove inflation from 5.34% in the first quarter of 2022 to 9.13% in the first quarter of 2023. Compared to 2022, the Kenyan Shilling fell against most major foreign currencies in Q1 2023. During the quarter, the Kenyan Shilling fell 11.1%, 6.1%, and 0.5% against the US Dollar, Euro, and Pound Sterling. Over the Q1, the Kenyan currency strengthened against the Japanese Yen, South African Rand, Ugandan Shilling, and Tanzanian Shilling. Central Bank Rate (CBR) rose from 8.75% in February 2023 to 9.50% in March 2023 from 7% in the first quarter of 2022. Broad money supply increased 10.4% from March 2022 to March 2023, from 4,707.6 billion to 5,197.7 billion. The NSE share index fell from 1,847.0 in March 2022 to 1,622.0 in March 2023. By 39.0%, the current account deficit fell from KSh 139.3 billion in the first quarter of 2022 to KSh 84.9 billion.

The second quarter of 2023 saw 5.4% economic growth, up from 5.2 percent in 2022. Agriculture rebounded 7.7% over the period, driving growth. Financial and Insurance (13.5%), Accommodation and Food Service (12.2%), and Information and Communication (6.4%), all supported growth. In June 2023, Central Bank Rate (CBR) was raised to 10.5% from 9.5% in April and May and 7.5% in the second quarter of 2022. Food and energy prices drove inflation from 7.15% in the second quarter of 2022 to 7.94 percent in 2023. Kenyan Shilling fell against most major foreign currencies in the second quarter of 2023 compared to 2022. In Q2 2023, the Kenyan Shilling fell 20.2 percent against the Euro, 18.0% against the US Dollar, and 17.0% against the Pound Sterling. In the second quarter of 2023, the Kenyan shilling fell against the Ugandan and Tanzanian.

In the third quarter of 2023, the country's real GDP grew 5.9%, up from 4.3% in 2022. Agriculture rebounded after declining in 2022, driving this growth. In the review quarter, Agriculture, Forestry, and Fishing activities' Gross Value Added rose by 6.7% compared to a 1.3% contraction in the third quarter of 2022 due to favorable weather in 2023. The rise was also driven by Financial and Insurance (14.7%), Information and Communication (7.3%), and Accommodation & Food Service (26.0%). More visitors came to the country due to the expansion in accommodation and food activities. Due to rising petroleum fuel prices, Transportation and Storage GVA fell from 5.1% in the third quarter of 2022 to 2.8% during the review period.

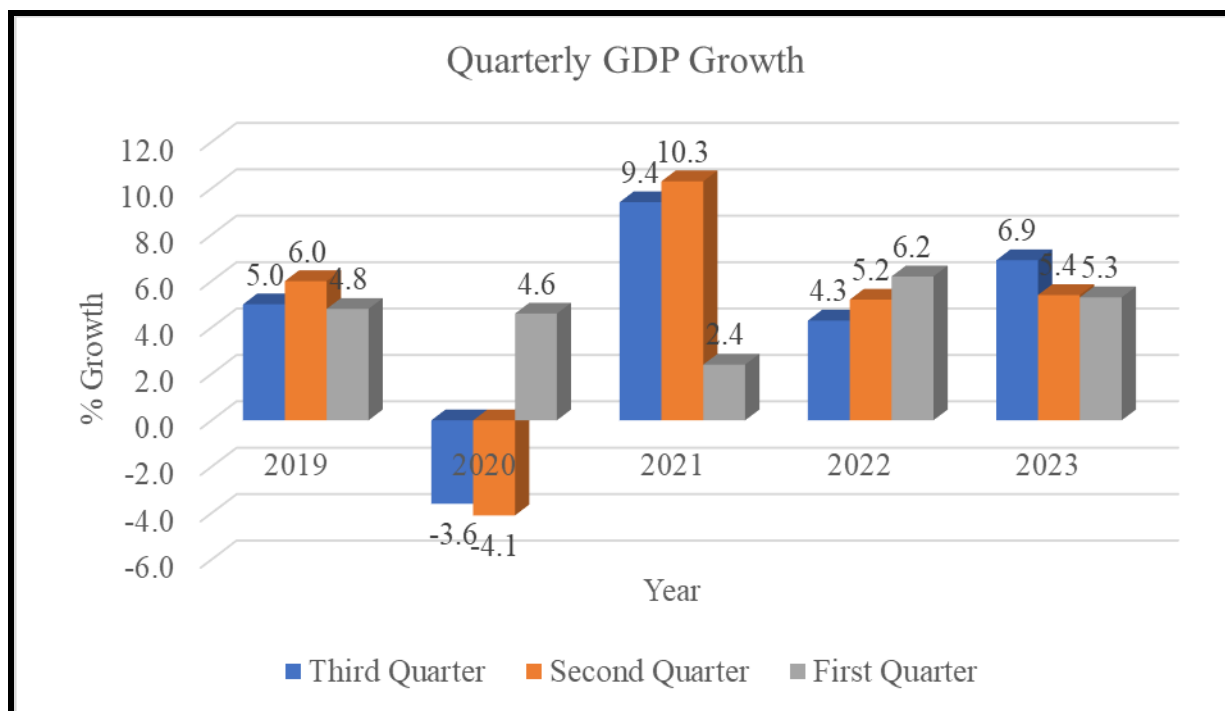


Figure 1: Quarterly GDP Growth

3.3.2 INFLATION RATE

In 2023, inflation remained elevated above the 5 ± 2.7 Central Bank target. As observed from the figure below, both annual average inflation and 12-month inflation averaged 8.4% and 7.7% respectively. Mainly, driven by prices fuel, food & non-alcoholic beverages; transportation and housing & utilities.

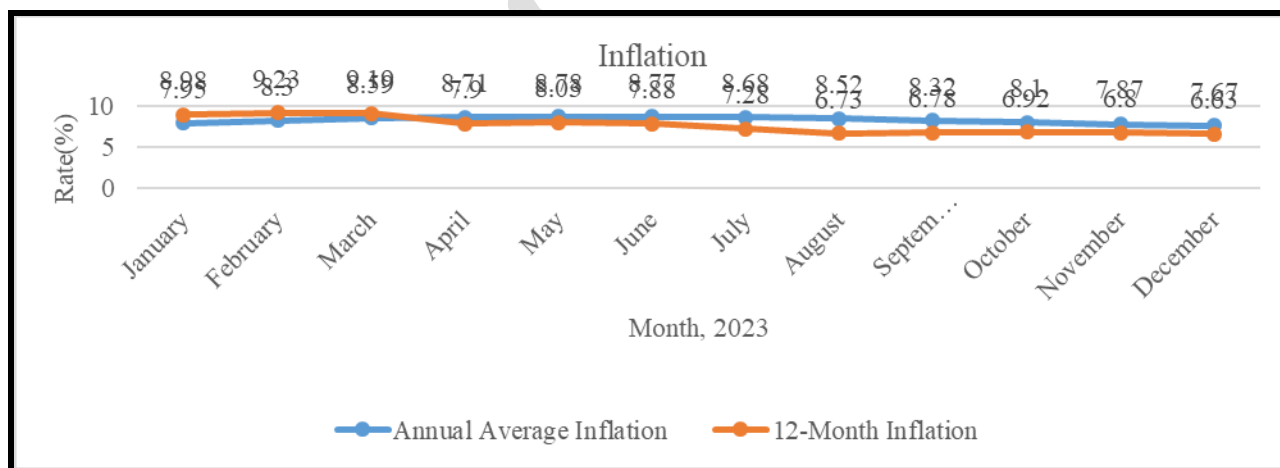


Figure 2: Inflation Rate

3.3.3 KENYA SHILLING EXCHANGE RATE

Despite the tight global financial conditions brought on by the FED monetary policies especially the rise in FED rate and geopolitics, particularly the Russian-Ukrainian war, the currency market has mostly remained stable. Due to the strong dollar, the value of all world currencies has fallen, with the Kenyan shilling trading at Ksh 156.46 in December 2023 as opposed to Ksh 123.37 in December 2022, as a result, the shillings shed approximately 26% of its value against the dollar in 2023. The Kenyan shilling likewise lost value when compared to the Euro, declining from 133.93 to 173.78 between January and December, 2023. The Kenyan Shilling lost in value in comparison to the British Pound from Ksh.148.47 in December 2022 to Ksh.199.8 in December 2023.

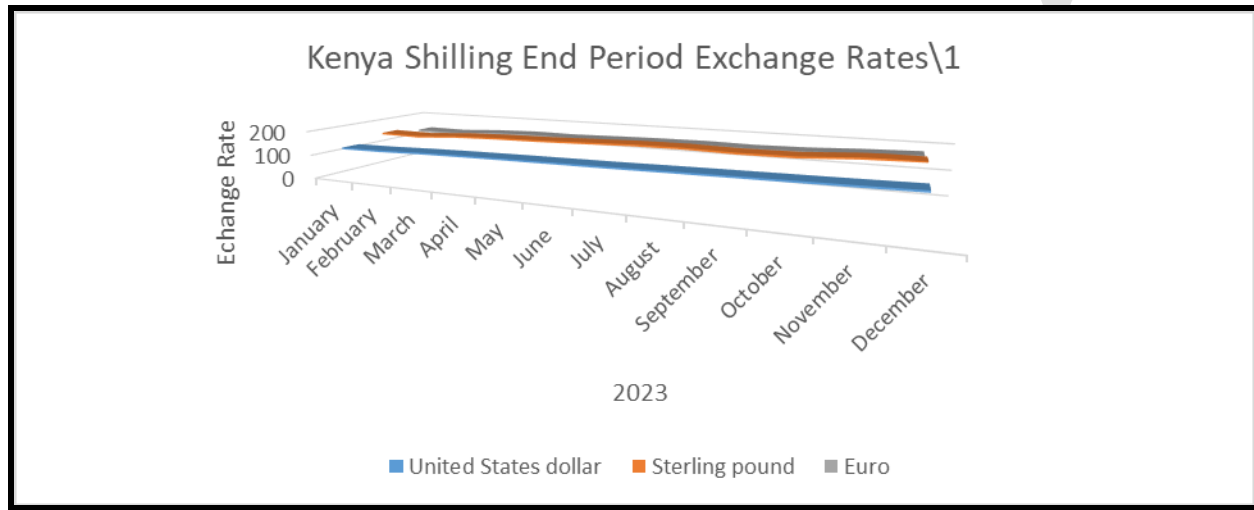


Figure 3: Kenya Shilling Exchange Rate

3.4 COUNTY FISCAL PERFORMANCE

3.4.1 OWN SOURCE REVENUE PERFORMANCE

The table presents data on County Own Source Revenue Performance. It compares the budget estimate of revenue items against the actual collection and calculates the difference between the two. The funding level is represented as a percentage of the actual collection against the budget estimate. The revenue items are divided into two main categories: main revenue streams and revenue from other sources.

During the year 2022/2023 the County Revenue generated from own source collection was **Kshs. 1,153,464,305** against a target of **Kshs. 2,118,837,525**. This resulted in a negative variance of Kshs. 965,373,220 of the annual local revenue targets.

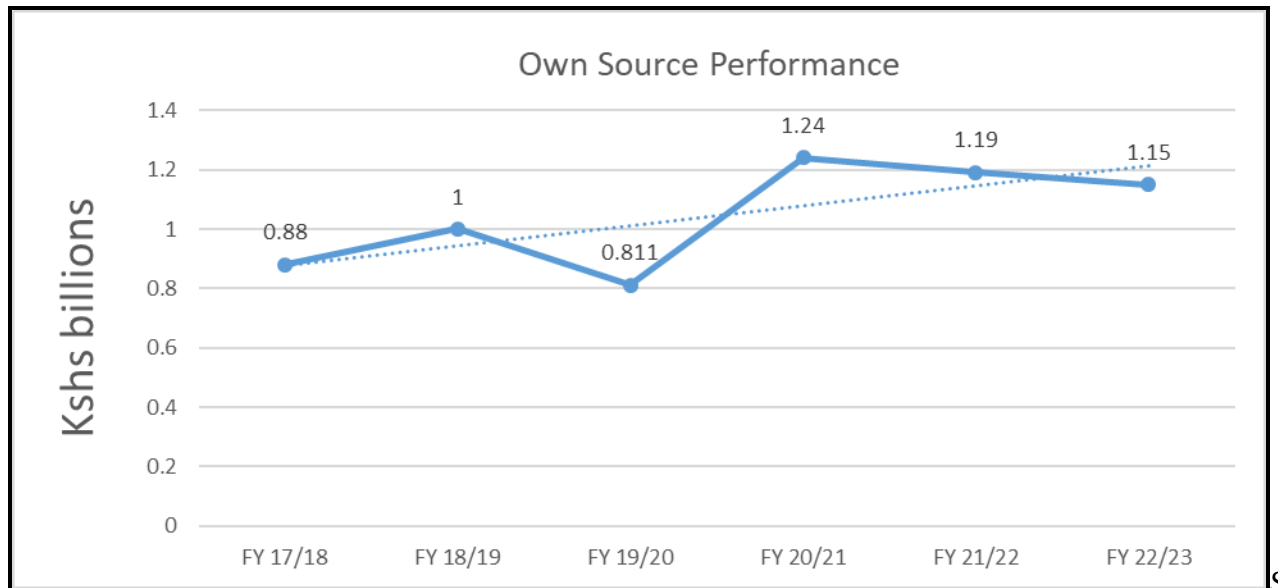
The Department of Health Services contributed the highest revenue collection overall amounting to **Ksh. 422,015,272**. Trade license fees generated the highest revenue collection from main revenue stream with a total of **Ksh. 164,156,629**. It is good to note that Sundry revenue, Public Health and Others and Department of Commerce, Tourism, Trade and Heritage surpassed their annual targets.

Table 2: Own Source Revenue Performance

Revenue Streams	A	B	B-A	Funding Level
	Budget Estimate	Actual Collection	Difference	%
	(Kshs.)	(Kshs.)	(Kshs.)	
Land Rates	278,083,466	149,897,898	(128,185,568)	54%
Rents	63,844,894	20,039,683	(43,805,211)	31%
Trade license fees	253,953,452	164,156,629	(89,796,823)	65%
Bus Park Fees	164,844,132	51,504,963	(113,339,169)	31%
Parking Fees	109,953,404	21,416,191	(88,537,213)	19%
Reserved slot	19,379,747	5,851,300	(13,528,447)	30%
Monthly Stickers	46,251,150	20,645,100	(25,606,050)	45%
Clamping Fees	384,038	27,500	(356,538)	7%
Market Fees	143,026,826	48,956,664	(94,070,162)	34%
Stock Ring	5,079,726	2,681,910	(2,397,816)	53%
CESS	27,139,013	14,036,005	(13,103,008)	52%
Building Plans	31,598,866	907,250	(30,691,616)	3%
Sign Board promotion etc	179,590,717	148,608,083	(30,982,634)	83%
Sundry revenue	12,678,750	26,764,620	14,085,870	211%
Public Health and Others	3,150,278	4,810,842	1,660,564	153%
Sub-Total	1,338,958,459	680,304,638	(658,653,821)	51%
Revenue from Departments				
Health Medical Services	600,000,000	422,015,272	(177,984,728)	70%
Agriculture, Livestock and Fisheries	8,220,606	3,711,768	(4,508,838)	45%
Commerce, Tourism, Trade and Heritage	1,452,466	1,782,940	330,474	123%
Lands, Housing and Physical Planning	119,944,340	30,935,996	(89,008,344)	26%
Education, Youth, Culture and Sports	6,502,391	763,900	(5,738,491)	12%
Liquor Licence	38,453,328	13,363,790	(25,089,538)	35%
Energy & Mining	3,144,309	586,001	(2,558,308)	19%
Governance and Administration	2,161,626	-	(2,161,626)	0%
Sub-Total	779,879,066	473,159,667	(306,719,399)	61%
Total	2,118,837,525	1,153,464,305	(965,373,220)	54%

Source: County Treasury

The County own source indicates a common trend characterized by continued missing of the annual collection target. As observed from the below, for the two fiscal year the OSR collection has been declining. For the last fiscal year, the county realized about Ksh. 1.15 billion from the OSR missing the target by approximately Ksh. 0.96 billion translating to about 54% performance.



Source: County Treasury

Figure 4: Own Source Performance

3.4.2 EXPENDITURE PERFORMANCE

Table below shows the county's total expenditure for FY 2022/2023 of Kshs. 9,304,926,301 against a target of Kshs 12,045,283,582. It can be observed that the average performance of all the departments is 77%. Similarly, departments like County Assembly of Kisumu have performed well with 93% actual expenditure compared to the revised budget, while others like Lands, Housing and Physical Planning have performed poorly with only 42% actual expenditure compared to the revised budget.

Table 3: Expenditure Performance

S/No.	Department	Revised budget (Kshs)	Actual Expenditure (Kshs.)	Performance
		A	B	B/A (%)
1	Agriculture, Irrigation, Livestock and Fisheries.	488,531,829	425,768,217	87.15
2	County Assembly of Kisumu	933,886,220	869,794,309	93.14
3	City of Kisumu	576,700,138	359,238,749	62.29
4	Roads, Transport and Public Works	504,619,347	359,480,580	71.24
5	Kisumu County Public Service Board	88,833,775	50,079,647	56.37
6	Education, Human Resource Development and ICT	725,287,392	640,082,576	88.25
7	Office of the Governor	344,829,608	250,303,412	72.59
8	Health Services	3,574,975,464	2,898,986,689	81.09
9	Public Service Administration & Devolution	450,491,737	416,453,802	92.44
10	Tourism, Culture, Arts and Sports.	143,595,082	65,374,521	45.53
11	Lands, Housing and Physical Planning	663,169,597	282,692,415	42.63
12	Trade, Energy and Industry	219,673,880	113,748,962	51.78
13	Finance and Economic Planning	3,126,752,888	2,468,890,687	78.96
14	Water, Environment and Natural Resources	203,936,625	104,031,735	51.01
	TOTAL	12,045,283,582	9,304,926,301	77.25

Source: County Treasury

3.5 KISUMU COUNTY ECONOMIC GROWTH

This table shows the Kisumu County Gross County Product (GCP) and the corresponding growth rate for the years 2018 to 2022. In 2018, the GCP value is listed at Ksh. 217,084,000 representing 11.6% growth as compared to 2017 gross county product. As observed from the table, there was a sharp drop in the GCP from 2019 and 2020 attributed to the containment measures during the pandemic. Similarly, as depicted from the county economy began its recovery in 2021 with a growth rate of 10.1%. Moreover, in 2022, the county continued to show resilience despite the poor macroeconomic environment with the economy growing at 14.8%. In 2023, the county economy was boosted by enough rains leading to bumper harvest furthering the growth. Going into 2024 the stable macroeconomic environment, high investor confidence, and a robust services sector will contribute to the county's growth.

Table 4: Kisumu County Economic Growth

Year	GCP at Current Prices, 2018-2022 '000'	Growth
2018	217,084	11.6%
2019	235,001	8.3%
2020	247,324	5.2%
2021	272,238	10.1%
2022	312,651	14.8%

Source: KNBS

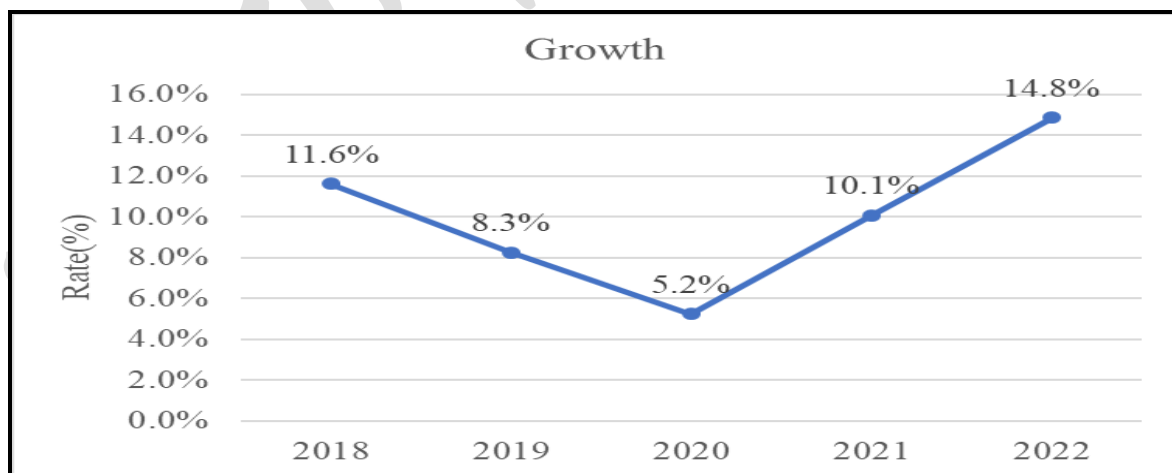


Figure 5: Kisumu County Economic Growth Trends

Source: KNBS

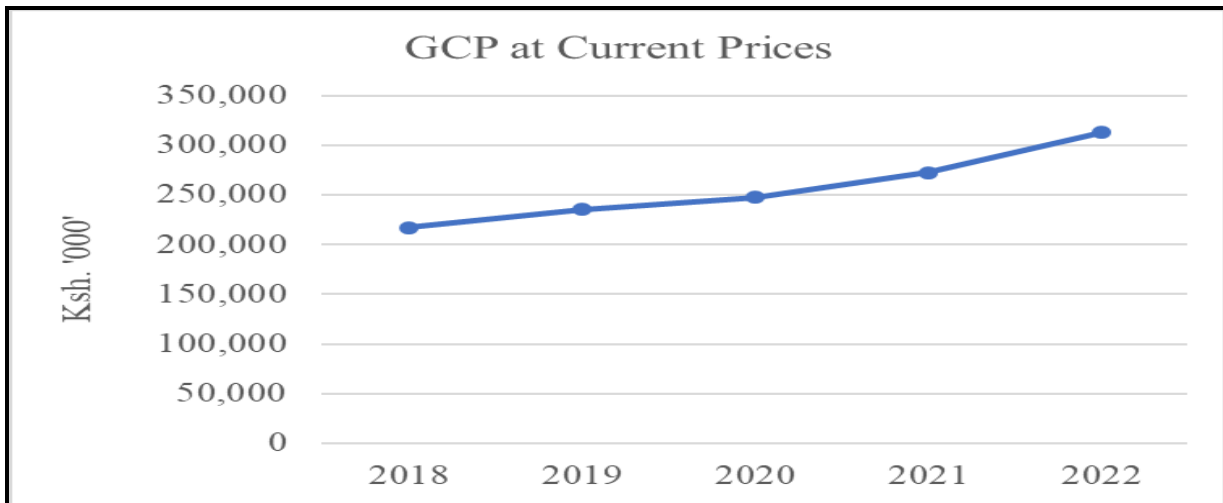


Figure 6: Kisumu County GCP Trend

Source: KNBS

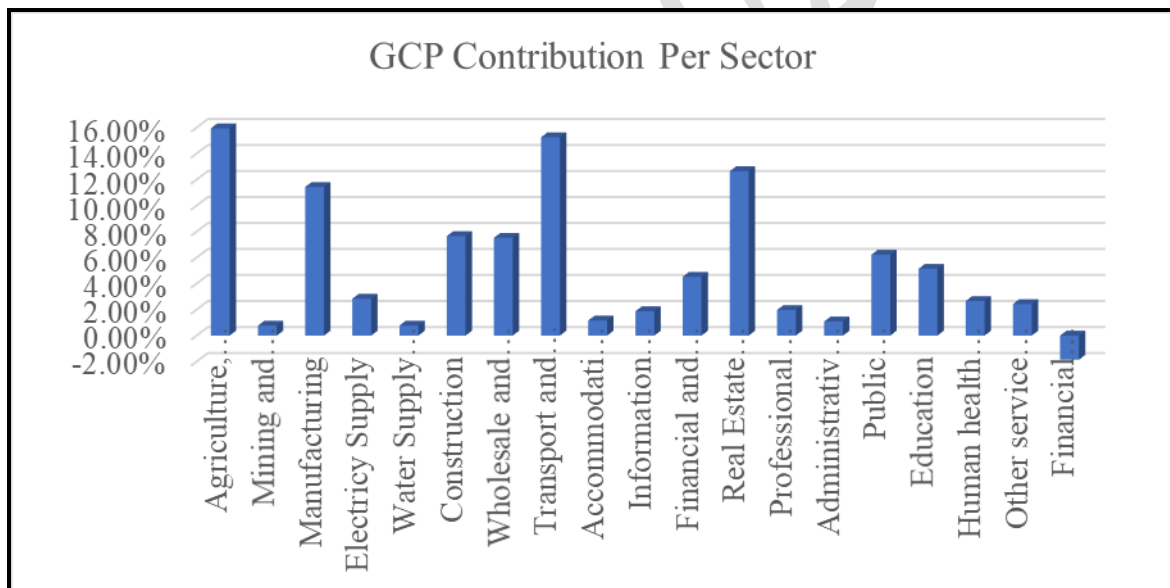


Figure 7: GCP Contribution per Sector

Source: KNBS

Agriculture, forestry, and fishing make up the highest percentage of the Kisumu GCP contributing about 15.94%, followed closely by transport and storage, real estate activities and manufacturing at 15.25%, 12.65%, and 11.43%, respectively. The County's plan to revitalize agriculture through wetlands rehabilitation and expansion of irrigation system which intend to boost agricultural output. The GCP is anticipated to rise as a result in 2024.

3.5.1 PER CAPITA GROSS COUNTY PRODUCT

Table 5: Per Capita Gross County Product

2018	2019	2020	2021	2022
195,737	203,508	208,508	225,562	254,663

Source: KNBS

County's per capita gross product measures the county's economic production distributed equally among its population. It serves as approximate indicator of the county's standard of living. Using 2016 real and current prices, the GCP rose by Ksh. 58,726 between 2018 and 2022, representing 30% growth.

CHAPTER FOUR
4.0 FISCAL POLICY AND BUDGET FRAMEWORK

4.1 INTRODUCTION

While consolidating earlier gains, the 2023/2024 Medium-Term Fiscal Policy will primarily focus on priority programs aimed at economic recovery and achieving the socio-economic transformation agenda envisaged under the third generation County integrated development plan 2023-2027, annual development plan 2024/2025 and focusing on boosting private sector activity; Policy, legislation, and institutional reforms; Strengthening County government's preparedness and response to pandemic and disasters; Enhancing ICT capacity for business continuity; and Human capital development. The policy thrust for the FY 2024-2025 has been highly influenced by the Kisumu County Governor Manifesto 2022-2027 and the Framework provided for in the Budget Policy Statement on Economic recovery Agenda to promote inclusive growth and thrive to achieve the overall long-term objective of 'increased household income for sustainable livelihoods' while at the same time enable residents of the County recover and build resilience from lingering effects of the constrained macro environment and climate change related supply chain disruptions. This includes a determination by the County Government to settle debts owed to suppliers in pending bills amounting to approximately Kshs. 1 Billion.

The priorities notwithstanding, the County Government will strive to ensure that public spending leads to high-quality outcomes within a sustainable and affordable framework. The Kisumu economy continues to be confronted by various constraints such as recurrent drought affecting agricultural productivity; declining manufacturing productivity; skewed access to finance for business and development; rigidities in the business regulatory framework; governance challenges; and fiscal risks including pension's liabilities, stalled projects, payment arrears; and high debt service that has hindered the economy from achieving its full potential.

The need to address these constraints and bolster resilience forms the basis of the government's agenda. The agenda is geared towards an economic turnaround and inclusive growth and aims to increase investments in at least five sectors envisaged to have an immense impact and linkages to the economy and household welfare. These include: Revitalize Agriculture for food security and agribusiness; ensure a healthy population living in a clean environment; Building of modern physical infrastructure; Promoting skills development and innovation; conserving the environment while opening the Kisumu Lakefront for Business; and deepening the structures of devolved governance and strengthen revenue generation and accountability in use of public funds. Providing decent housing in inclusive towns, semi-urban centres and villages; Promoting industrialization and a vibrant service sector, supported by sustainable energy sources and information and communication technologies. Particular focus will be placed on key strategic areas of high impact, and more equitable distribution of resources, while also expanding the own source tax revenue base.

The implementation of these interventions is expected to stimulate economic recovery and restore the County on upward development trajectory. In this regard, spending will be directed towards the County's most critical sectors to achieve quality outputs and outcomes with a current or lower level of resources, particularly implementing priority projects and programs around sectors development issues with higher economic and social impacts, payment of pending bills, and gratuity. Furthermore, the County Government will dedicate resources to building an ultra-modern office complex for improved efficiency in service delivery to the people. The County Government has projected to raise Kshs.12.3B comprising both equitable share and own source revenue in the FY 2024/2025 to finance its programs. The funds will be allocated as categorized below:

- a) Personnel Emoluments will be **43%** (This includes gratuity and pensions)
- b) Development Expenditure will be at **30%**
- c) Operation and Maintenance Expenditure will be **25%**

In; addition, the County Government will;

- Increase engagement with the donor community to fund some programmes and also fast track development of PPP implementation guidelines.
- Engage in prudent fiscal risk management. The government will continuously make reference to the national macro-economic forecasts and projections to gauge its implications to the budget
- Strictly adhere to the CRA, SRC and Controller of budget guidelines

4.2 FISCAL STRUCTURAL REFORMS

This policy aims at increasing allocation of more resources to development expenditure as it continues with the following programmes –

- Enhancing revenue mobilization; by finalizing revenue automation project through system integration, networking and acquisition of relevant equipment. Finally enhancing enforcement mechanisms, identification and mapping of new revenue streams and improvement of service delivery.
- The County Government intends to collect land rates arrears and implementation of the new valuation roll.
- The County Plans to invest in mechanical workshops in three Vocational Training Centres (Rotary, Ahero and Akado) in order to reduce motor vehicle maintenance costs.
- Expenditure efficiency and effective implementation of budget programs; Continuous implementation of e-procurement, embrace internet banking and preparation of budget through IFMIS. Training, roll out and use of financial operations process manual.
- Implementation of expenditure containment and rationalization to ensure efficiency in resource allocation and expenditure.
- Realizing Value-for-Money in County development programmes by Strengthening
- Monitoring and Evaluation (M&E) and Performance Management.
- Improving the quality of government strategy and policy by enlisting high-level advisory services. i.e., Timely Cabinet resolutions and other established Committees on Human Resource advisory.
- Settling pending bills and arrears in staff welfare/pensions remittance to LAPTRUST and LAPFUND.

4.3 MEDIUM TERM DEBT MANAGEMENT STRATEGY

4.3.1 DEBT MANAGEMENT OBJECTIVES AND SCOPE

Debt management has significant repercussions on future spending levels, both in the mid- term period and long - term. Debt management objectives determine the long term aims of debt management and should cover all County government liabilities including contingent liabilities.

Objective as per PFM Act, 2012

- The principal objective of the County government debt management is to meet its financing requirements at the least cost possible with a prudent degree of minimal risk.
- The secondary objective is to enable the government to deal with the existing debt portfolio to release resources to service delivery.

The 2023 MTDS will guide the County Government operations in FY2023/2024 - FY2024/2025. The strategy seeks to balance cost and risk of public debt while considering the financing needs of the county and to develop initiatives for new funding sources.

4.4 COUNTY GOVERNMENT OF KISUMU DEBTS

The County's debt portfolio stands at **Kshs 5,105,504,762.23**. This is a decrease of Kshs **245,304,163.71** from the amount of **Kshs 5,350,808,925.94** reported in the 2022-2023 Debt Management Strategy Paper.

Table 6: Total County Pending bills portfolio

Description	(DMSP 2024) Kshs	% of Total debt	(DMSP 2023)	% of Total Debt
			Kshs.	
Recurrent (Suppliers)	766,501,201.62	15.01%	447,941,874.73	8.37%
Development (Contractors)	1,271,780,351.81	24.91%	1,605,322,184.98	30.00%
NSSF	459,294,940.00	9.00%	459,294,940.00	8.58%
Gratuity	410,780,920.00	8.05%	630,092,577.00	11.78%
Medallion	0	0.00%	11,010,000.00	0.21%
LAPFUND	544,127,480.91	10.66%	544,127,480.91	10.17%
Legal fees and Court Decrees	317,259,897.00	6.21%	317,259,897.43	5.93%
LAPTRUST	135,759,970.89	2.66%	135,759,970.89	2.54%
National Housing Corporation	1,200,000,000.00	23.50%	1,200,000,000.00	22.43%
Total	5,105,504,762.23	100.00%	5,350,808,925.94	100.00%

Source: County Treasury

These are some of the factors that have led to accumulation of debts;

- **Unmet local revenue projections** - over the years the county has fallen short of its budgeted revenue projections. This is witnessed in the local revenue where the collection realized has been less half of the projection. Given that the budget is shared on the basis of projection and AIE holders begin committing on that basis, it follows that with collection below the target commitment translates to pending bills.
- **Non- implementation of Debt Management policy paper** –failure to implement mitigation measures in previous DMSP 2023 on steps/ways to reduce to public debt portfolio has led to continuous accumulation of these debts.

4.4.1 CATEGORY AND PRINCIPAL RISK ASSOCIATED WITH DEBT

Table 7: Category and Principal Risk Associated with Debt

Debt category	Nature of risk	Level of risk	Step taken to mitigate against the risk identified
317,259,897	Legal and financial risks resulting in penalties and accrued interest. Taxing of outstanding legal fees resulting in higher fees. Instituting legal proceedings against the County government.	High	Negotiation with various law firms and decree holders for an extended repayment period. Budgetary allocations to cater for settlement of the awards and fees.

Contractors and Suppliers of goods and services	Legal risk through court proceedings to recover owed sums. Reputation risk. Financial risk in the event interest clause in the contracts are triggered.	High	Recurrent pending bills amount to Kshs.766 million to be processed as first charge by the departments 1b has been set towards settling the Development pending bills with the hope of additional allocation in the supplementary budget 2023-2024
Statutory deductions (NSSF & LAPFUND& LAPTRUST) Kshs. 1,139,182,391.80	Compliance Risk. Reputational Risk Financial Risk from resultant penalties from non-compliance.	High	Negotiating with these institutions with a view of staggering payments. Includes verification and reconciliation and finally a viable repayment plan. Possibility of asset swap also under consideration.
National Housing Corporation Kshs. 1,200,000,000.00	Reputation risk. Legal Risk Financial Risk.	High	Includes verification and reconciliation and finally a viable repayment plan. Equity in development of housing estate. Loan from commercial bank to repay outstanding debt.

4.4.2 STRATEGIES OF DEALING WITH DEBT IN THE MEDIUM TERM

The current debt portfolio shows that all the debts are already overdue as most are owed to suppliers, contractors and statutory institutions. Strategies to deal with the existing debt portfolio include:

- i. **Enhancing Revenue Collection:** One of the reasons why pending bills are increasing is due to the County's failure to meet its annual local revenue targets. The County has already embarked on enhancing local revenue collection in order to liquidate debts and to improve liquidity by scaling up automation of local revenue collection.
- ii. **Debt rescheduling or renegotiation:** County may seek to reschedule amounts owed to statutory institutions (KRA, NSSF, LAPFUND, LAP TRUST etc.) with a view of getting better or favorable terms.i.e. An enhanced or longer repayment period. This will go a long way in easing pressure on cash flows and thereby free the cash resources to service delivery.
- iii. **Enforcing prioritization of Recurrent pending bills and budgetary allocation for payment of development pending bills:** The department should prioritize payment recurrent pending bills as first charge in their respective budgets before procuring any new items. In addition, adequate budgetary allocation should be made for payment of development pending bills.

- iv. **Debt/assets tradeoffs:** This strategy may be applied in instances where the County owes various statutory institutions such as NHIF, NSSF, NHC and utility firms such as Kenya Power and Lighting Company, while at the same time, these institutions also owe the County in terms of outstanding rates, rent etc. The County may enter into negotiations with such institutions or creditors with a view to trade off debts with the County.
- v. **Debt write offs:** The County may enter into negotiations with the National Government (e.g. debt owed the National Housing Corporation) with a view to writing off long outstanding debts that it guaranteed in order to clean the balance sheet and improve credit worthiness.
- vi. **Improving cash flow management:** Good cash flow management will ensure that liquidity is available to meet payments obligations as they fall due e.g. issuance of strict AIE to the departments.
- vii. **Realistic budgetary estimates and targets:** One of the most effective ways of addressing persistent pending bills problem is to ensure implementation of realistic budgets based on reasonable and realizable forecasts. Internally generated revenue forecasts and targets should be realistic and achievable.
- viii. **Strengthening internal control systems:** Strengthening systems of controls will ensure that the County does not initiate expenditure or procurement without ensuring availability of funds and cash to support the expenditure. IFMIS will continue to be used as an expenditure control tool by using the Vote Book Management System.
- ix. Debt Management Strategy Paper will be reviewed annually. Current strategy shall be reviewed to accommodate changing debt status to the current economic trends in internal, external and remote environment in which the county continues to operate.
- x. **Other strategies:** Developing a procedure manual and other regulatory framework that will define payment terms, reporting requirements, controls at budget authorization, commitment and payment stages and sanctions associated with any breach of those provisions.

4.4.3 GENERAL DEBT RISK ANALYSIS

This table outlines the county general debt risk analysis, with a focus on the different categories of debt and the corresponding nature, level of risk and mitigation action. Overall, the table serves as a useful tool for identifying and mitigating the different types of debt risks faced by the county.

Table 8: General debt risk analysis table

Debt category	Nature of risk	Level of risk	Mitigation action
Employee pension Schemes	Compliance risk	Highly critical	Ensure compliance with the laws and legislation.
Other Employee Benefits	Reputation risk.	High	Increase tangible benefits to employees.
Court Awards/ Fees	Legal risks Financial risk	High	Ensure strict compliance with court rulings and decrees. Prompt payment of legal fees.

Other Suppliers and Service Providers	Reputation risks Legal Risk	High	Adhere to customer service charter.
Contractors	Legal risks	Highly critical	Timely payment to contractors through the Vote book management system.

Employee Pension Schemes, is deemed to have a highly critical Compliance risk. To mitigate this risk, the county will ensure strict compliance with the laws and legislation governing pension schemes.

Other Employee Benefits, has a high Reputation risk. The county is addressing this risk by increasing the tangible benefits offered to employees.

Court Awards/Fees, has both Legal and Financial risks that are rated as high. To mitigate these risks, the county is ensuring strict compliance with court rulings and decrees, as well as prompt payment of legal fees.

Other Suppliers and Service Providers, has a high Reputation risk and a Legal risk. To mitigate this risk, the county is striving to adhere to the customer service charter.

Contractors, which has a highly critical Legal risk. To mitigate this risk, the county striving to ensure timely payment to contractors through the Vote book management system.

4.5 RESOURCE ENVELOPE AND CRITERIA FOR RESOURCE ALLOCATION

4.5.1 DETERMINATION OF RESOURCE ENVELOPE

The Kisumu County resource envelope consists of the following items:

- i. Share of National Revenue, which finances over **85 per cent** of the budgeted expenditure; consists of equitable share and conditional grants.
- ii. Locally Collected revenue including property rates, entertainment taxes, levies, fees and charges.

The County's share of the National revenue, which includes equitable share and conditional loans and grants from the National government, is projected at **Kshs. 10,014,983,312.00** in FY 2024/2025 while the total revenue is projected at **Kshs. 12,497,828,006.00** in FY 2024/2025. The total revenue includes the County's share of national revenue as well as locally collected revenue, which is projected, to **Kshs. 2,482,844,694.00** in the FY 2024/2025.

4.5.2 CONDITIONAL GRANTS

In FY 2024/25, the National Treasury proposes to allocate Kshs. **19.06 Billion** as additional allocations to County Governments from the National Government share of revenue raised nationally and **36.66 Billion** conditional allocations from proceeds of external loans and grants. The additional conditional allocations are meant to support specific national policy objectives to be implemented by County Governments.

The legal instrument that will be used to allocate and disburse additional allocations to the county governments is the County Governments Additional Allocations Act. The Act provides the mechanisms for disbursing, accounting and oversight for the additional conditional allocations to the County Governments.

The proposed additional conditional allocation shall be distributed based on its objectives, criteria for selecting beneficiary Counties and distribution mechanisms determined in the Project Appraisal Documents and respective financing agreements.

4.5.3 RESOURCE ENVELOPE FOR THE FY 2024/2025

The table shows the total amount of funds and revenue generated for each financial year, as well as the grand total for both years. The table provides a clear overview of the county's budget and funding sources. The County projects to have **Kshs. 12,497,828,006.00** finance its programs in the financial 2024/2025.

Table 9: Kisumu County Resource Envelope (KES)

	A	B	
ITEM	Supplementary 2023/2024	Proposed 2024/2025	Variance (B-A)
Equitable share	8,361,797,770	8,485,665,357	123,867,587
Danida Grant	36,380,926	10,530,000	(25,850,926)
Africities	40,000,000	-	(40,000,000)
Finance Locally -Led Climate Action Plan (FLLOCA)	148,500,000	148,500,000	-
KISIP	600,000,000	830,000,000	230,000,000
Climate Smart Agriculture Project (KCSAP)	139,274,117	-	(139,274,117)
IDA (World Bank Credit to Finance Agricultural Value Chain Development Project(NAVCDP)	250,000,000	151,515,152	(98,484,848)
ASDSP II	5,367,707	-	(5,367,707)
Aquaculture Business Development Project (ABDP)	15,407,244	15,407,244	-
PRACTICE	28,269,703	28,269,703	-
Allocation for Court Fines	233,000	66,912	(166,088)
Conditional Grant for Aggregated Industrial Parks Programme	-	-	-
Conditional Grant for Provision of Fertilizer Subsidy Programme	120,042,858	-	(120,042,858)
Livestock Value Chain Support	14,323,680	-	(14,323,680)
THS	10,699,473	-	(10,699,473)
TVET	8,332,281	-	(8,332,281)
IDEAS	3,898,833	-	(3,898,833)
Climate Change	17,950,658	-	(17,950,658)
KDSP	12,742,939	37,500,000	24,757,061
Community Health Promoters	0	70,459,609	70,459,609
Transfer of Museum Function	0	6,350,388	6,350,388
RMFLF	0	195,718,947	195,718,947
KUSP	2,339,915	35,000,000	32,660,085
KRB	896,372	-	(896,372)
Commonwealth of Learning Credit Information	2,111,500	-	(2,111,500)
Total Share of National Revenue	9,818,568,976	10,014,983,312	196,414,336
Own Source Revenue(Total)		2,482,844,694	
Total Revenue		12,497,828,006	

Source: County Treasury

Assumptions on the resource envelope:

- i. Factoring of opening balances has been deferred to the time of actual budgeting.
- ii. It is assumed that the grants and loans will not grow at the same rate as equitable share from the National Government.
- iii. Other items of loans and grants which are usually budgeted for but never disbursed to the Counties have not been factored in the projections.
- iv. All conditional grants previously disbursed separately have been made to form part of sharable revenue.

4.6 REVENUE PERFORMANCE FOR FIRST AND SECOND QUARTER OF THE FY 2023/2024.

This table shows the own source revenue performance for the first and second quarter of the FY 2023/2024 for Kisumu County government. The table provides the quarter totals for each revenue source, including land rates, rents, trade license fees, bus park fees, parking fees, reserved slot, monthly stickers, clamping fees, market fees, stock ring, Cess, building plans, sign board promotion, boda boda, sundry revenue, and public health and others.

Table 10: Locally collected Revenue First and Second Quarter 2023/2024

REVENUE SOURCE	1st Quarter	2nd Quarter	TOTAL
Land Rates	27,879,558	4,725,607	32,605,165
Rents	3,413,547	3,246,860	6,660,407
Trade license fees	12,041,846	4,515,862	16,557,708
Bus Park Fees	12,786,492	15,057,833	27,844,325
Parking Fees	6,832,148	5,900,306	12,732,454
Reserved slot	1,500,000	-	1,500,000
Monthly Stickers	4,668,440	3,197,570	7,866,010
Clamping Fees	-	-	-
Market Fees	10,915,033	14,756,905	25,671,938
Stock Ring	342,510	351,058	693,568
CESS	1,791,684	1,745,427	3,537,111
Building Plans	351,000	271,500	622,500
Sign Board promotion	26,766,902	12,057,438	38,824,340
Sundry revenue	-	-	-
Public Health and Others	1,193,460	134,615	1,328,075
Sub-Total	1,186,480	1,173,613	2,360,093
Revenue from Departments			
Health, Medical Services	107,885,791	111,067,885	218,953,676
Agriculture, Livestock and Fisheries	759,976	835,023	1,594,999
Commerce, Tourism, Trade and Heritage	643,140	626,720	1,269,860
Water	-	2,000,000	2,000,000
Lands, Housing and Physical Planning	9,650,240	7,530,650	17,180,890
Education, Youth, Culture and Sports	270,000	303,080	573,080
Industrialization and Enterprise Dev.	47,950	-	47,950
Liquor Licence	2,816,023	1,120,000	3,936,023
Environment		96,200	96,200
SUB-TOTAL	122,073,120	123,579,558	245,652,678
TOTAL	233,742,220	190,714,152	424,456,372

Source: County Treasury

The sub-total revenue from all these sources for the first quarter is KES **233,742,220**, and for the second quarter, it is KES **190,714,152**. The total revenue generated from these sources in both quarters is KES **424,456,372**.

Similarly, the table provides the revenue generated from different departments of the county government, including Health Medical Services, Agriculture, Livestock and Fisheries, Commerce, Tourism, Trade and Heritage, Lands, Housing and Physical Planning, Education, Youth, Culture and Sports, Industrialization and Enterprise Dev, Liquor License, Energy & Mining, Environment, Roads, Transport and Public Works, Governance and Administration, and Revenue from Payroll. The sub-total revenue generated from these departments in the first quarter is KES **122,073,120**, and for the second quarter, it is KES **123,579,558**. The total revenue generated from these departments in both quarters is KES **245,652,678**.

4.6.1 CRITERIA FOR RESOURCE SHARING

The county government in the financial year 2024/2025 will use the following resource sharing criteria:

- i. Linkage of the programmes with objectives of the ADP 2024/25, and CIDP III (2023-2027)
- ii. Degree to which a Programme addresses job creation and poverty reduction.
- iii. Degree to which the Programme addresses the core mandates of the departments that is expected outputs and outcomes of the specific programmes
- iv. Cost effectiveness and sustainability of the programmes as demonstrated in the programmes 'concepts.
- v. Extent to which the Programme seeks to address viable incomplete/stalled projects and verified pending bills.
- vi. The spending levels of current programmes
- vii. Current donor commitments through grants and loans

Consequently, the County government will look out for additional resources to boost the resource envelope that will be directed towards funding the county strategic priorities that shall have been allocated resources.

The development expenditures have been allocated on the basis of need assessment as represented by stakeholders and people of Kisumu during the public participation, CIDP III priority areas.

4.7 EXPENDITURE FOR 1ST HALF OF THE FY 2023/24

The table shows the expenditure for the first half (1st July-31st December, 2023) of THE Financial Year 2023/2024 for various departments in Kisumu County. The table provides: department, PE (Personnel Emolument), O&M (Operations and Maintenance), Development, and totals expenditure for each county department.

Table 11: Expenditure up to December 2023

DEPARTMENT	PE	O&M	DEVELOPMENT	TOTAL
Agriculture, Livestock, Fisheries and Marketing	95,476,244	23,501,370	87,634,656	206,612,270
County Assembly of Kisumu	96,281,156	322,883,851	735,000	419,900,007
City of Kisumu	142,412,518	71,932,889	146,564,841	360,910,248
Kisumu County Public Service Board	26,450,090	14,627,255	0	41,077,345
Education, Gender, Youth, Human Resource Development, ICT and Social Services	146,014,331	76,521,170	94,666,525	317,202,026
Public Service, County Administration & Participatory Public Service, County Administration & Participatory Development, Office of the Governor.	192,834,072	236,470,411	0	429,304,483
Medical Service, Public Health and Sanitation	1,354,165,695	269,935,283	102,553,450	1,726,654,428
Water, Environment and Natural Resources	37,946,218	23,343,551	180,650,000	241,939,769
Trade, Tourism, Industry & Marketing	34,408,667	18,638,503	85,267,983	138,315,153
Infrastructure, Energy and Public Works	31,788,879	64,575,916	235,350,070	331,714,865
Lands, Housing and Physical Planning	38,743,196	17,892,900	23,000,000	79,636,096
Sports, Culture, Gender & Youth Affairs	31,499,775	49,607,422	0	81,107,197
Finance and Economic Planning	272,567,776	341,426,083	560,548,304	1,174,542,163
TOTAL	2,500,588,617	1,531,356,604	1,516,970,829	5,548,916,050

Source: County Treasury

4.8 SUMMARY OF BUDGET ALLOCATIONS FOR THE FY 2024/2025.

This section provides departmental ceilings (in millions) based on the priorities outlined in the ADP FY 2024/25. Similarly, the allocations include grants. Moreover, an analysis of the departmental ceilings shows that the department of Medical Services, Public Health and Sanitation has the highest allocation percentage of **28.78%**, while the Kisumu County Public Service Board has the lowest allocation percentage of **0.83%**.

Table 12: Departmental Ceilings

Department	Personnel Emolument	Ops & Maintenance	Development	Total	Percentages
Agriculture, Fisheries, Livestock Development & Irrigation	206,161,353	66,857,527	221,922,396	494,941,276	3.96%
County Assembly of Kisumu	336,490,356	481,033,766	0	817,524,122	6.54%
City of Kisumu	297,416,334	141,100,000	160,000,000	598,516,334	4.79%
Infrastructure, Energy & Public Works.	108,461,493	170,000,000	448,426,006	726,887,499	5.82%
Kisumu County Public Service Board	54,938,744	48,319,347	0	103,258,091	0.83%
Education, Technical Training, Innovation & Social Services	459,828,762	295,000,000	200,000,000	954,828,762	7.64%
Medical Services, Public Health & Sanitation	2,728,154,740	703,530,000	165,000,000	3,596,684,740	28.78%
Public Service, County Administration & Participatory Development, Office of the Governor.	385,798,526	455,209,588	60,000,000	901,008,114	7.21%
Sports, Culture, Gender & Youth Affairs	63,910,746	78,080,452	175,000,000	316,991,198	2.54%
Lands, Physical Planning, Housing & Urban Development	78,897,853	76,018,059	915,000,000	1,069,915,912	8.56%
Trade, Tourism, Industry & Marketing	69,198,766	40,983,343	220,000,000	330,182,109	2.64%
Finance, Economic Planning & ICT Services	546,203,139	557,811,679	1,000,000,000	2,104,014,818	16.84%
Water, Environment, Natural Resources & Climate Change	88,041,550	71,033,481	324,000,000	483,075,031	3.87%
TOTALS	5,423,502,362	3,184,977,242	3,889,348,402	12,497,828,006	100%

Source: County Treasury.

Moving forward, and in order to enhance efficiency and effectiveness in the management of Personnel Emoluments, the County intends to consolidate all departmental Personnel Emoluments, with the exception of the County Assembly of Kisumu, in the department of Public Service, County Administration, and Participatory Development in the next Financial Year, as tabulated below

Table 13: Proposed departmental Ceilings

Department	Personnel Emolument	Ops & Maintenance	Development	Total	Percentages
Agriculture, Fisheries, Livestock Development & Irrigation	0	66,857,527	221,922,396	288,779,923	2.31%
County Assembly of Kisumu	336,490,356	481,033,766	0	817,524,122	6.54%
City of Kisumu	0	141,100,000	160,000,000	301,100,000	2.41%
Infrastructure, Energy & Public Works.	0	170,000,000	448,426,006	618,426,006	4.95%
Kisumu County Public Service Board	0	48,319,347	0	48,319,347	0.39%
Education, Technical Training, Innovation & Social Services	0	295,000,000	200,000,000	495,000,000	3.96%
Medical Services, Public Health & Sanitation	0	703,530,000	165,000,000	868,530,000	6.95%
Public Service, County Administration & Participatory Development, Office of the Governor.	5,087,012,006	455,209,588	60,000,000	5,602,221,594	44.83%
Sports, Culture, Gender & Youth Affairs	0	78,080,452	175,000,000	253,080,452	2.02%
Lands, Physical Planning, Housing & Urban Development	0	76,018,059	915,000,000	991,018,059	7.93%
Trade, Tourism, Industry & Marketing	0	40,983,343	220,000,000	260,983,343	2.09%
Finance, Economic Planning & ICT Services	0	557,811,679	1,000,000,000	1,557,811,679	12.46%
Water, Environment, Natural Resources & Climate Change	0	71,033,481	324,000,000	395,033,481	3.16%
TOTALS	5,423,502,362	3,184,977,242	3,889,348,402	12,497,828,006	100%

Source: County Treasury

Annex 1: Summary of Proposed Interventions to issues Raised during Public Participation.

Table 14: Summary of Proposed Interventions to Issues Raised During Public Participation

S/No.	SECTOR	PROPOSED INTERVENTIONS
1.	Finance, Economic Planning ICT Services	- Construct ICT hubs and establishment of public hotspots. - Digitize county records and services. - Review land rates in the entire county. - Strengthen Monitoring and Reporting to track pending Bills. - Develop Pending Bills Policy. - Develop clear guidelines for resource allocation to ensure impartial resource allocation to departments. - Operationalization of <i>Ushuru Centre</i> for revenue support. - Strengthen Debt Collection unit in the County to enhance Debt servicing. - Explore public-private partnerships to expand revenue streams. - Empower whistle blowers on tax evaders - Work in collaboration with the KRA to seal revenue loopholes in the county.
2.	Public Service, County Administration and Participatory Development ,Office of the Governor	- Conduct civic education and citizen engagements. - Construct and equip rehabilitation centers. - Establish a centralized communication platform to disseminate information to all stakeholders in time.
3.	Agriculture,Fisheries,Livestock Development and Irrigation	- Train and capacity build farmers on the new technologies. - Adopt new farming techniques. - Promote value addition. - Provide extension services. - Cultivate drought resistance crops. - Complete ongoing irrigation projects. - Support agricultural incubation hubs. - Provide adequate and subsidized farm tractors. - Timely distribution of certified seeds and fertilizers before planting season.
4.	Water,Environment,Natural Resources and Climate Change	- Solid waste management - Construct sewer line in urban centers with no sewer coverage. - Drill and operationalize more boreholes - Supply clean and safe water to all county

		residents • Laying of pipes and maintenance of existing ones • Promote rain water harvesting
5.	Medical Services, Public Health and Sanitation	• Supply adequate medicines drugs and equipment in all health facilities. • Upgrade existing health facilities • Renovate existing facilities • Empower community health workers. • Invest in healthcare infrastructure and human resources to improve access to quality health services. • Construct incinerators in Sub-county hospitals.
6.	Education, Technical Training, Innovation and Social Services	• Construct and equip social halls • Increase bursary allocation and distribute it fairly to all needy students • Implement school feeding programs in ECDEs • Renovate, equip and expand existing VCTs and ECDEs • Construct resource centers • Erect memorial monuments to honor Luo Legends. • Preserve cultural heritage and hold cultural events
7.	Sports, Tourism, Culture, Gender and Youth Affairs	• Talent search and nurturing • Undertake youth mentorship programme • Conduct youth training on entrepreneurial and life skills • Construct stadiums and play fields • Conduct sporting activities • Establish funds for disability sports
8.	Trade, Cooperatives, Industry and Marketing	• Construct and upgrading of markets • Construct modern markets, kiosks and bodaboda shades • Promote access to affordable credit facilities • Crackdown of bars and illicit breweries. • Formulating policies on cottage industry to create informal employment (e.g. Agribusiness) • Sensitize public on effects of alcohol, drugs and substance abuse. • Promoting the local VTCs to supply procurable items such as supply of desks, culverts; Repair of motor vehicles and

		machineries.
9.	Lands, Physical Planning, Housing and Urban Development	• Reclaim all grabbed public lands • Timely issuance of building approvals • Full digitization of land registry
10.	Infrastructure, Energy and Public Works	• Construction and maintenance of county roads, bridges and bus parks. • Installation of street lights • Adopt public-private partnership on street lighting. • Conduct inventory of all the floodlights and streetlights to identify their status. • Develop a structure for road maintenance • Carrying out proper designs of the roads detailing scope of work. • Embrace Green Energy.
11.	City Of Kisumu	• Establish a framework for markets Management • Develop Markets allotment regulation/framework
12.	Kisumu County Public Service Board.	• Adhere to departmental staff establishment frameworks.
13.	County Assembly of Kisumu	• Develop a clear stakeholder engagement strategy to ensure inclusivity and representation of diverse groups.