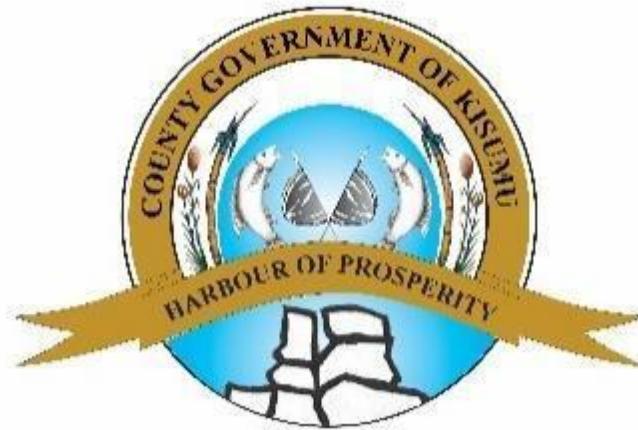


REPUBLIC OF KENYA



COUNTY GOVERNMENT OF KISUMU

OFFICE OF THE COUNTY EXECUTIVE FINANCE,

ECONOMIC PLANNING AND ICT SERVICES

BUDGET IMPLEMENTATION REPORT

FIRST QUARTER

FY 2024/2025

FOREWORD

As we present the Kisumu County Budget Implementation Report for the first quarter of FY 2024/2025, we acknowledge the critical role that effective fiscal management plays in achieving our development goals and enhancing the welfare of our citizens. This report outlines the county's revenue collection performance, expenditure patterns, and the challenges faced in securing anticipated funding, particularly from grants.

In the face of these challenges, our commitment to transparency and accountability remains unwavering. The report reveals that while we achieved Ksh. 1.655 billion in total revenue, representing 11% of our annual target of Ksh. 15.3 billion, the underperformance in grant disbursements—particularly conditional grants—underscores the need for strategic improvements in our engagement with external funding partners.

This quarter has highlighted not only the potential within our own-source revenue streams but also the pressing need to address the barriers that hinder our access to grants. By enhancing our revenue mobilization strategies and ensuring efficient fund utilization, we can better position Kisumu County to meet the aspirations of its residents.

As we move forward, it is imperative that we take proactive steps to improve our financial performance, optimize our budgetary processes, and foster partnerships that will lead to more timely and adequate funding. We remain dedicated to fostering a vibrant, inclusive, and prosperous community, and we look forward to working collaboratively with all stakeholders to achieve our shared vision for Kisumu County.

Thank you for your continued support and commitment to our collective progress.



GEORGE OMONDI OKONG'O

CECM-FINANCE, ECONOMIC PLANNING AND ICT SERVICES



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FISCAL PERFORMANCE

In the first quarter of FY 2024/2025 Out of the anticipated annual revenue of Ksh. 15.3 billion, Kisumu County only achieved Ksh. 1.655 billion in the first quarter, representing an 11% performance.. The equitable share generated Ksh. 710.75 million out of the annual Ksh. 8.68 billion, achieving 8%, while conditional grants were underperformed at 1%, with only Ksh. 11 million received out of Ksh. 2.15 billion. Own-source revenue for the quarter stood at Ksh. 263.9 million, reflecting 7% of the annual target of Ksh. 3.8 billion. On the expenditure side, total spending was Ksh. 1.64 billion (11% of the annual budget), with compensation of employees amounting to Ksh. 1.1 billion (20% of the target), operations and maintenance at Ksh. 433.8 million (9%), and development expenditure notably low at Ksh. 105.35 million (2%). Sectoral performances varied, with Finance, Economic Planning & ICT achieving 10% on recurrent expenditure and 5% on development, while Medical Services met only 5% on recurrent and 0% on development. Significant contributors to own-source revenue included medical services at Ksh. 151.8 million and trade licenses and market fees at Ksh. 26.36 million. Challenges such as delayed grant disbursements and low own-source revenue collection were observed, highlighting the need for strengthened collection strategies, enhanced budget execution, and timely disbursement of funds to improve performance.

REVENUE ANALYSIS

In the first quarter of FY 2024/2025, Kisumu County's revenue was below expectations, achieving only Ksh. 1.655 billion out of the projected annual target of Ksh. 15.3 billion, representing an 11% performance rate. The county's primary revenue source, the equitable share from the national government, contributed Ksh. 710.75 million out of the anticipated Ksh. 8.68 billion, equating to an 8% realization. Conditional grants were particularly underwhelming, with only Ksh. 11 million received out of the Ksh. 2.15 billion planned for the year, amounting to just 1%.

Own-source revenue was similarly below target, amounting to Ksh. 263.9 million against the annual target of Ksh. 3.8 billion, reflecting a collection rate of 7%.

Table 1: Actual receipts for the first Quarter FY 2024/2025

Conditional Grants	Annual Revenue Allocation (in Kshs)	Actual Receipts 1st Quarter	Overall Performance (%)
Equitable share	8,681,516,388	710,752,810	8%
Conditional Grants	2,146,547,012	11,000,000	1%

Sub total	10,828,063,400	721,752,810	7%
Own Source Revenue	3,804,073,100	263,897,995	7%
Sub Total	3,804,073,100	263,897,995	7%
Opening Balance	515,170	515,170	100%
Account Receivables	668,943,822	668,943,824	100%
Total Revenues	15,301,595,492	1,655,109,799	11%

Source: County Treasury

Conditional Grants

In the first quarter of FY 2024/2025, Kisumu County received only Ksh. 11 million in conditional grants, representing a disappointing 1% of the budgeted Ksh. 2.15 billion. This significant underperformance in grant receipts highlights critical challenges in securing anticipated funding that is vital for implementing various development projects and programs.

Table 2: Actual Receipts of Conditional Grants for the First Quarter FY 2024/2025

DESCRIPTION	2024/2025	Receipt	Performance
DANIDA Grant	23,123,790		0%
Finance Locally -Led Climate Action Plan (FLLOCA)	490,984,978	11,000,000	2%
KISIP	840,000,000		0%
IDA (World Bank Credit to Finance Agricultural Value Chain Development Project (NAVCDP)	151,515,152		0%
Aquaculture Business Development Project (ABDP)	15,407,244		0%
PRACTICE	37,227,907		0%
Conditional Grant for Aggregated Industrial Parks Programme	150,000,000		0%
Allocation for Court Fines	66,912		0%
KDSP	38,156,709		0%
Community Health Promoters	70,459,609		0%
Transfer of Museum Function	6,350,388		0%
RMFLF	196,615,319		0%
Change Maker	30,000,000		0%
KABDP	21,918,919		0%
KUSP	36,634,916		0%
Youth Politechnics	7,516,000		0%
Kenya Dairy Enterprise Development	400,391		0%
NAVCDP	6,020,200		0%
Transforming health centre	544,976		0%
Equalization Fund	23,603,602		0%
Totals	2,146,547,012	11,000,000	1%

Source: County Treasury-Exchequer Management Unit

Own Source Revenue

The county targeted Ksh. 3,804,073,100 in OSR for the full year, collecting Ksh. 263,897,995 in the first quarter, equating to 7% of the target. While there is room for improvement, certain departments showed promising signs of revenue collection:

- Lands, Physical Planning, Housing, and Urban Development: Ksh. 5,999,565 was collected, mainly from plan approvals and billboards.
- Medical Services and Public Health: The highest contributor, generating Ksh. 161,808,965, driven by medical service fees and public health-related revenue.
- Trade, Tourism, Industry, and Marketing: Collected Ksh. 13,349,421 from trade licenses and market fees.

Table 3: Own Source Revenue Collection for the First Quarter FY 2024/2025

		July	August	Sept.
	Revenue Streams			
LANDS ,PHYSICAL PLANNING, HOUSING AND URBAN DEVELOPMENT				
	Plan Approvals	1,340,900	2,392,765	1,844,600
	Billboards	5,473,167	5,268,821	2,334,121
	Rent - House	945,900	797,600	279,876
	-Ground		-	-
	-Plot	15,404	30,203	432,602
	Rates	1,734,791	1,365,286	2,363,286
	Survey	63,000	118,220	15,000
	Sub Total	9,573,162	9,972,895	7,269,485
TRADE, TOURISM, INDUSTRY AND MARKETING				
	Trade Licence	5,422,994	4,200,332	3,726,949
	Markets	4,406,015	5,212,040	5,297,150
	Stock Rings	254,490	267,640	258,080
	Cess	4,698,522	4,126,890	1,857,851
	Weights and Measures	185,900	317,660	80,840
	Liquor Licence	483,010	1,941,890	450,000
	SACCO Charges	26,250	-	-
	Park Fees		100	532,450
	Sub Total	15,477,181	16,066,552	12,203,320
INFRASTRUCTURE, ENERGY AND PUBLIC WORKS				
	Bus Park	3,284,830	3,837,500	4,855,410
	Town Parking	4,002,220	4,100,007	4,281,440
	Reserved Slots	100,000	100,000	-
	Monthly Stickers	8,000	9,000	28,000
	Clamping Fees		-	1,500
	Sub Total	7,395,050	8,046,507	9,166,350
WATER,ENVIROMENT,NATURAL RESOURCES AND CLIMATE CHANGE				
	Conservancy fees	1,000,000	1,000,000	1,000,000

		26,400	26,400	6,600
		2,000	15,000	10,215
	Tree Cutting	10,000	5,600	4,200
	Sub Total	1,038,400	1,047,000	1,021,015
AGRICULTURE, FISHERIES, LIVESTOCK, DEVELOPMENT AND IRRIGATION				
	Hire of Assets Charges	268,277	264,776	195,549
	Livestock Movement Permit	3,100	3,250	2,300
	Sub Total	271,377	268,026	197,849
SPORTS , CULTURE, GENDER AND YOUTH AFFAIRS				
	Hire of Stadium		200,000	539,600
	Betting	188,250	59,000	23,750
	Sub Total	188,250	259,000	563,350
EDUCATION, TECHNICAL TRAINING, INOVATION AND SOCIAL SERVICES				
	Library Charges	15,360	31,030	-
	Hire of Halls	10,000	2,000	-
	Sub Total	25,360	33,030	-
PUBLIC SERVICE, COUNTY ADMINISTRATION AND PARTICIPATORY DEVELOPEMENT, OFFICE OF THE GOVERNOR				
	Payroll Charges	27,012	-	-
	Other Fines, Penalties and Impoundings	9,000	4,500	14,500
	Sub Total	36,012	4,500	14,500
MEDICAL SERVICES AND PUBLIC HEALTH AND SANITATION				
	Public Health	702,070	656,280	592,509
	Medical Services	65,664,142	51,275,875	44,868,948
	Sub Total	66,366,212	51,932,155	45,461,457
	Totals	100,371,004	87,629,664	75,897,327
	Grand Total	263,897,995		

Source: Kisumu County Revenue Board

EXPENDITURE ANALYSIS

Total expenditure in the first quarter amounted to Ksh. 1,640,137,654, which is 11% of the Ksh. 15,301,595,492 budgeted for the fiscal year. This section breaks down the expenditure performance by classification:

Recurrent Expenditure

The total recurrent expenditure stood at Ksh. 1,534,789,887, translating to 15% of the budgeted Ksh. 10,272,065,659. Notable areas of recurrent expenditure include:

Compensation of Employees: Ksh. 1,100,974,084 (20% of the target), reflecting regular salary and wage disbursements.

Use of Goods and Services: Ksh. 359,073,605 (12% of the target), covering operational costs such as office supplies, utilities, and maintenance.

Development Expenditure:

Development expenditure recorded a low absorption of only Ksh. 105,347,767, or 2% of the Ksh. 5,029,529,833 allocated. This is indicative of delays in project initiation and funding challenges.

Table 4: Expenditure category by Economic classification

	Expenditure Classification	Target	Actuals	Performance
	Compensation to employees	5,469,295,446	1,100,974,084	20%
	Operation and Maintenance	4,802,770,213	433,815,803.00	9%
	Development	5,029,529,833	105,347,767.00	2%
	Totals	15,301,595,492	1,640,137,654	11%

Source: County Treasury

		Target	Actuals	Performance
2100000	Compensation Of Employees	5,469,295,446	1,100,974,084.00	20%
2200000	Use Of Goods And Services	2,886,356,106	359,073,605.00	12%
2600000	Grants And Other Transfers	3,176,443,288	70,732,405.00	2%
2700000	Social Benefits	130,571,464	16,939,442.00	13%
3100000	Acquisition Of Non Financial Assets	3,638,929,188	92,418,118.00	3%
	Totals	15,301,595,492	1,640,137,654.00	11%

Source: County Treasury

Expenditure analysis per Department for the First Quarter FY 2024/2025

Vote No	Vote Title	Recurrent Expenditure 2023/2024			Development Expenditure 2023/2024		
		Budgeted	Actual Expenditure	Performance	Budgeted	Actual Expenditure	Performance
5067	Lands,Physical Planning,Housing and Urban Development	151,018,059	8,641,016	6%	943,300,000	21,000,000	2%
5068	Agriculture,Livestock,Food and Fisheries	81,857,527	6,068,375	7%	291,199,910	29,936,492	10%
5072	City of Kisumu	195,100,000	10,164,849	5%	476,700,000	0	0%
5073	County Assembly of Kisumu	1,008,619,656	202,258,041	20%	100,000,000	0	0%
5075	County Public Service Board	48,319,347	9,562,480	20%	0	0	0%
5081	Education,Technical Training,Innovation & Social Service	325,000,000	5,007,966	2%	213,716,000	0	0%
5082	Infrastructure,Energy and Public Works	112,000,000	13,185,957	12%	989,226,000	0	0%
5083	Finance,Economic Planning & ICT Services	1,032,552,709	103,943,844	10%	1,023,603,602	53,890,475	5%
5084	Trade,Tourism,Industry and Marketing	53,983,343	2,000,000	4%	174,200,000	0	0%
5085	Medical Services,Public Health and Sanitation	1,212,713,749	59,172,355	5%	123,650,000	0	0%
5086	Sports,Culture,Gender and Youth Affairs	93,380,452	8,978,450	10%	43,500,000	0	0%
5087	Water,Environment,Natural Resouces & Climate Change	83,984,139	7,715,512	9%	615,434,321	520,800	0%
5088	Public Service,County Administration& Participatory Development	5,873,536,678	1,098,091,042	19%	35,000,000	0	0%
		10,272,065,659	1,534,789,887	15%	5,029,529,833	105,347,767	2%

Source: County Treasury

KEY OBSERVATIONS, RECOMMENDATIONS, CONCLUSION

Key Observations:

Revenue Challenges: OSR performance, at 7%, needs strategic interventions. Strengthening tax administration and expanding the revenue base are critical.

Conditional Grant Utilization: Conditional grants were poorly absorbed, impacting program funding.

Low Development Absorption: With only 2% spent on development projects, there is an urgent need to fast-track project planning and execution.

Recommendations:

Enhance Revenue Collection Mechanisms: Invest in digital platforms for efficient and transparent collection.

Accelerate Development Projects: Streamline the approval and funding processes to ensure timely project implementation.

Capacity Building: Strengthen administrative capacity to manage grants and enhance absorption rates.

Community Engagement: Foster public participation to increase compliance and awareness in tax and fee obligations.

Conclusion:

The first quarter of FY 2024/2025 has highlighted gaps in both revenue collection and expenditure. Although recurrent expenditure showed progress, development expenditure fell short, signaling a need for improved planning and execution. The county must adopt a proactive approach to optimize revenue streams and enhance budget absorption to achieve fiscal sustainability and development goals.