COUNTY GOVERNMENT OF KISII

FINANCE, ECONOMIC PLANNING AND ICT DEPARTMENT

COUNTY BUDGET REVIEW AND OUTLOOK PAPER

FINANCIAL YEAR 2023/2024

SEPTEMBER, 2024

FOREWORD

The County Budget Review and Outlook Paper (CBROP) is one of the budget policy documents prepared by the County Government with the aim of enhancing financial discipline and fiscal responsibilities within the county's financial management framework as provided for in the Public Finance Management Act (PFM) Act 2012.

This CBROP reviews fiscal performance of the County for the 2023/24 financial year with comparisons of the budget appropriation for the same year. In addition, it provides information on how the previous financial year's actual financial performance may have affected compliance with the fiscal responsibility principles and the county financial objectives for the year. It also highlights reasons for any deviation from the county financial objectives captured in the county fiscal strategy paper and offers proposals to address the deviations.

The County's development entities are expected to work towards improving the county residents' livelihoods by instituting mechanisms that enhances financial discipline through financial efficiency and growth of the county economy. The county Government is committed towards maintenance of economic growth and development trends to the expectations of residents. Towards this end, the county will always strive to ensure that there is transparency and accountability by providing feedback on the county's performance indicators as required by the Constitution and the Public Finance Management Act.

The updated economic and financial outlook presented in this paper will set out the broad fiscal parameters in preparation for the next budget cycle of 2025/2026. In particular, the provisional ceilings presented will act as guide to the Sector Working Groups in preparing their budgets. It is, therefore, expected that this policy paper will proof useful in enhancing the fiscal discipline and responsibilities outlined in section 107 of the PFM Act 2012, which facilitates the implementation of county government objectives. It is therefore, our sincere hope that the Kisii County Residents and other stakeholders will interact with this document and provide feedback.

KENNEDY OKEMWA ABINCHA

COUNTY EXECUTIVE COMMITTEE MEMBER FOR FINANCE, ECONOMIC PLANNING AND ICT SERVICES

ACKNOWLEDGENT

The County Budget Review and Outlook Paper (CBROP) has been prepared in line with Section 118 of the Public Finance Management (PFM)Act, 2012.The document provides the fiscal outturn for the Financial Year 2023/ 2024, the recent economic developments and sets the indicative ceilings for the FY 2025/2026 and the Medium Term Budget.

In the preparation of this CBROP, consideration has been given to the prevailing global and local economic conditions as well as the CIDP for 2023-2027 and the priorities under the Governor's Manifesto. It is, therefore, my firm belief that this CBROP will achieve its intended objective of guiding various county entities in the revision of the 2024/2025 budget and the preparation of the 2025/2026 budgets respectively.

This County Budget Review and Outlook Paper (CBROP) was prepared with the support and generous contribution of many individuals and various departments. I therefore, would like to appreciate the role played by these individuals and departments.

Our sincere appreciation also goes out to the County Budget and Economic Forum (CBEF) members, who rigorously reviewed this document to ensure strict compliance with the PFM Act of 2012. It's worth noting that this document seamlessly incorporates vital inputs from multiple Directorates within the County Treasury. Finally, I take this opportunity to appreciate the efforts of the entire staff of the County Treasury for their continued commitment and dedication in finalizing this document.

CONRAD OWINO

CHIEF OFFICER, ECONOMIC PLANNING AND ICT

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ABBREVIATIONS AND ACRONYMS

ADP	Annual Development Plan
BETA	Bottom- Up Economic Transformation Agenda
CBROP	County Budget Review and Outlook Paper
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
FLLOCA	Financing Locally-Led Climate Action
FY	Financial Year
GDP	Gross Domestic Product
ICT	Information and Communications Technology
Kshs	Kenya Shillings
LPG	Liquefied Petroleum Gas
MTEF	Medium Term Expenditure Framework
NARIGP	National Agricultural and Rural Inclusive Growth Project
OSR	Own Source Revenue
PFM	Public Finance Management
SWGs	Sector Working Groups
UHC	Universal Health Care

Basis for the preparation of the County Budget Review and Outlook Paper

The Budget Review and Outlook Paper is prepared in accordance with Section 118 of the Public Financial Management Act, 2012 which states that:

1) The County Treasury shall prepare and submit to the County Executive for approval, by 30th September in each financial year, a Budget Review and Outlook Paper which shall include:

a. Actual fiscal performance in the previous financial year compared to the budget appropriation for that year;

b. Updated macroeconomic and financial forecasts with sufficient information to show changes from the forecasts in the most recent CFSP.

c. Information on how actual financial performance for the previous fiscal year may have affected compliance with the fiscal responsibility principles or the financial objectives in the latest CFSP; and

d. The reasons for any deviation from the financial objectives together with proposals to address the deviation and the time estimated to do so.

2) The County Executive Committee shall consider the County Budget Review and Outlook Paper with a view to approving it, with or without amendments, within fourteen days after its submission.

Not later than seven days after the County Budget Review and Outlook Paper is approved by the County Executive Committee, the County Treasury shall— (a) arrange for the Paper to be laid before the County Assembly; and (b) as soon as practicable after having done so, publish and publicize the Paper.

County Government Fiscal Responsibility Principles

The Public Financial Management Act 2012, Section 107 states that the 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.

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.

EXECUTIVE SUMMARY

The 2024 County Budget Review and Outlook Paper (CBROP) has been prepared pursuant to Section 118 of the Public Finance Management (PFM) Act, 2012 and its Regulations. It provides an overview of the County Government's financial performance for the FY 2023/24 including compliance with the fiscal responsibility principles and the financial objectives spelt out in the PFM Act. It also presents macroeconomic projections and the sector ceilings for the FY 2025/26 and the medium-term budget as well as information on variations from the projections outlined in the 2024 County Fiscal Strategy Paper.

During the period under review, the County's actual revenues stood at **KShs 11.7 Billion** against a target of **13.26 Billion** while the total expenditure stood at **KShs 9.3 Billion** representing an overall absorption rate of 79 Percent. Moving forward, implementation of FY 2024/25 budget and formulation subsequent budgets in the medium term will be premised on the lessons drawn from the performance of the period under review.

In the same period, collection from Own Source Revenue (OSR) was **KShs 497 Million** against a target of **KShs 650 Million** representing a performance of 76.4 percent. It is estimated that **KShs.650 million** will be realized in the FY 2024/2025. This Medium Term Expenditure Framework (MTEF) revenue performance will be underpinned by on-going investments on revenue sources, revenue administration and change in policy.

These strategies complimented with expenditure rationalization measures will create the necessary fiscal space for the implementation of the County strategic priorities as outlined in the CIDP (2023-2027).

The current FY budget is aimed at the settlement of outstanding pending bills, completion of on-going projects and implementation of projects aimed at poverty reduction and wealth creation in the county. Over the Medium term, the County will seek partnership and cooperation from the National Government, development partners and new frontiers for resource mobilization.

CHAPTER ONE

1.0 Introduction

The County Budget Review and Outlook Paper (CBROP) is prepared pursuant to the provisions of the Public Finance Management (PFM) Act, 2012 and PFM (County Government) Regulations 2015. The CBROP provides an assessment of the County fiscal performance for the financial year 2023/2024, possible deviations in revenue and expenditure and their implication into the next MTEF period.

1.1 Objectives of the County Budget Review and Outlook Paper (CBROP) 2024

The CBROP 2024 provides an assessment of the County's financial performance for the FY 2023/2024, as well as an analysis of how such results affect the County's financial objectives as outlined in the County Fiscal Strategy Paper (CFSP 2024) and the County fiscal responsibility principles espoused in the PFM Act 2012. This information, along with the updated economic outlook, serves as the basis for revising the current approved budget, as well as other fiscal information necessary to guide subsequent budget and the medium-term spending plan. The CFSP 2024 will be more specific about the fiscal framework, budget performance, medium-term projections, priorities, and sector ceilings.

The CBROP 2024 provides preliminary sector budget ceilings for the MTEF period. The sector ceilings are based on the medium-term macro-fiscal forecasts and estimated resource envelop shown in chapter four of this document that will accommodate major priorities/programs outlined in the ADP 2025/2026.

The CBROP 2024 further aims to link policy, planning and budgeting. The CBROP 2024 will provide the preliminary linkage between national development planning policy, County medium integrated development planning through the annual budget process.

This CBROP 2024 aims to align new and emerging County structures such as the recently established Ogembo Municipality into the next MTEF budget process. The paper further takes into consideration the recently observed economic developments and changes in the financial and economic environment with possible implications to the County fiscal outlook. The implication to the County fiscal forecast espoused in the Budget Policy Statement will be firmed up in CFSP 2025 in line with Section 117 of the PFM Act of 2012.

1.2 Structure of the Paper

The CBROP 2024 has been organized into four main chapters: Chapter one is introduction, chapter two expounds on the recent economic developments and fiscal outlook; chapter three reviews the performance in FY 2023/2024, and compliance with the of fiscal responsibility principles and discipline while chapter four gives detailed resource allocation framework with projected preliminary sector budget ceilings.

CHAPTER TWO

RECENT ECONOMIC DEVELOPMENT AND OUTLOOK

2.1 Introduction

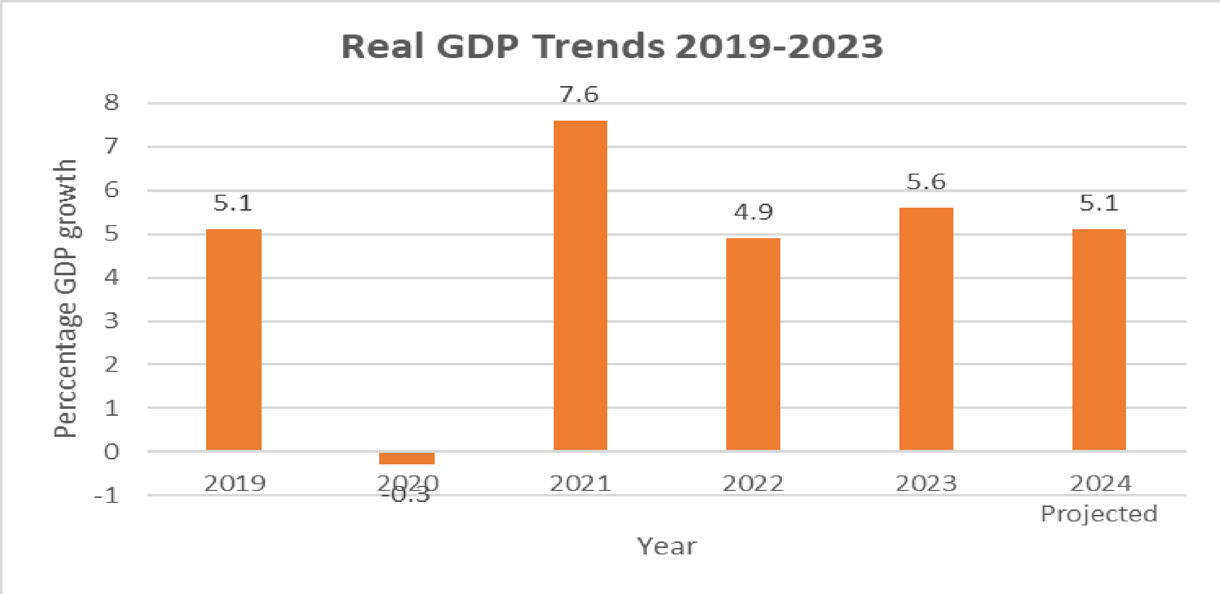
This chapter highlights the recent economic developments that have a bearing on the implementation of FY 2024/25 budget and the medium-term budget.

2.2 Recent Economic Performance

In 2024, Kenya's macroeconomic environment has shown both resilience and challenges, reflecting broader global trends and domestic factors. Kenya's economy grew by 5.2% in 2023, driven by a robust services sector and a recovery in agriculture, which benefited from favourable weather conditions. However, in 2024, the KNBS Economic Survey, 2024 notes that growth has slowed slightly, with GDP expanding by 5.0% in the first quarter of 2024 compared to 5.5% during the same period in 2023. Key sectors contributing to this growth include agriculture (6.1%), real estate (6.6%), and information and communication (7.8%).

It is projected that GDP will grow at an average of 5.2% on average in the medium term from 2024-26 (5.1% in 2024; 5.5% in 2025and 5.0% in 2026); underpinned by favourable weather conditions for the agricultural sector, recovery of the industry sector, and the resilience of services sector. The outlook assumes adequate rainfall, the government staying on the fiscal consolidation path, and the continuous implementation of the government’s structural reform agenda. The private sector will play a stronger role in Kenya’s medium-term recovery. Figure 2.1 presents the GDP trends from 2019-2024.

Figure 2. 1: Annual Real GDP Trends and Projections from 2019-2024



Source of Data: *KNBS, 2024*

According to the KNBS GCP Report, 2023, Kisii County's GCP contribution to the country's GDP five-year average has been at 2.0%; standing at 2.0% from 2018-2021 and increasing by a one percent (1%) point to 2.1% in 2022. With its high population, increased emphasis on value addition, more agricultural productivity, increased manufacturing activity and infrastructure development, it is expected that the County's GCP contribution to GDP will increase over the medium term. On poverty levels, poverty levels at National level increased from an estimated average of 33.6% in 2019 to 36.1% in 2021, and unemployment rose slightly, from 13.3% in 2021 to 13.9% in 2022. The KNBS Poverty Report, 2021 shows that overall poverty in Kisii County has been reducing over time to stand at 39.1% in 2021 from 37.5% in 2019 and 44.5% in 2016.

Inflation remains a significant concern. According to KNBS Economic Survey, 2024, it rose to 7.7% in 2023 from 7.6% in 2022 while it has remained around 7%+-1 in 2024. High global fuel prices, combined with local supply chain disruptions, and broader economic conditions have contributed to inflationary pressures in 2024. The key drivers of this increase in 2023 were core inflation (32% of the change), fuel inflation (26%), and cost-push inflation (9% year on year increase in the producer price index).

The CBK is maintaining a cautionary stance in tackling inflation while managing borrowing within allowable limits and supportive of economic growth.

Public debt is another area that has raised concern at National level in recent times. It expanded from 66.7% of GDP in 2022 to 70.2% in 2023, driven by increased loans to finance the primary deficit and by exchange rate depreciation. It is more likely to keep rising in 2024 and in the medium term as debt redemption and debt service ratios continue to rise. Nonperforming loans increased from 13.6% of gross loans in 2022 to 14.5% in 2023 due to rate hikes and public sector debt arrears (or outstanding government payments to contractors). Credit-risk concentration was high in manufacturing, real estate, and personal and household sectors.This has significantly affected the local economy, with the service sector being the most affected, recording significant job losses while residents have struggled to clear or service loans. The personal and household sector has also suffered, with noted increase in disposal income and individuals struggling to service loans.

Equally, foreign exchange reserve cushion dropped from 4.3 months of import cover to 3.6 months while the shilling depreciated by 24% year on year in 2023. Remittances showed resilience, amounting to USD 4,165 million in the 12 months to October 2023 and were 4.2% higher compared to a similar period in 2022. Foreign exchange rates and remittances are important elements since the Kisii community has a substantial diaspora population that is a source of remittance home to support family members, businesses and investments. They are also affected by a weak shilling in the international market.

All these factors showed slower performance across various sectors that affected the cost of living, reduced returns on businesses as well as increase the cost of doing business.

2.3 County Economic Outlook and Risks

Over the medium-term, resources will be channelled to the County Priorities, namely: Wealth creation; Devolution and Governance; Social Development; Infrastructure and ICT Infrastructure, and finally Environmental conservation as identified in the CIDP 2023-2027 and the ADPs.

Given increased investment and focus by both the County and National Governments in Agriculture and Climate Change interventions, it is expected that local agricultural production will continue to be resilient and economic performance will increase. Fertilizer subsidy by the national government and climate-smart agriculture programmes are some of the key interventions likely to improve production at the local level. This will also support growth in the hospitality, food and accommodation sector, besides the wholesale and retail trade sectors.

On Own-Source Revenue, the County expects to be resilient in its collection in 2024 and over the medium term, given the measures put in place including: increased revenue automation, increased surveillance on collection, increased awareness, public participation and sensitization on the Finance Bills, completion of the valuation roll that is likely to identify new revenue streams or increase rates and other structural adjustments in the revenue directorate to support revenue collection. Over the medium term, the County Government will strengthen its fiscal policies to achieve set targets by focusing on expenditure on the five priority areas identified in the ADPs and CIDP 2023-2027.

Given recent developments at the National level, resource allocation from the National Government will not be sufficient to finance programmes and projects proposed in the ADP 2024 and over the medium term. The persisting revenue and expenditure pressures, resultant cash flow challenges, and deficits at the National level are likely to affect the realization of enough revenue to support County Government programs. To address this, the County will collaborate and partner with development and implementing partners to fill the resource gaps and substitute government resources from the Equitable Share. Only priority and high impact projects will be undertaken to spur widespread economic growth.

On the downside, economic growth in the county will be hampered by a decline in domestic demand as a result of elevated inflation rates. The reduction in domestic demand is likely to suppress private investment. At a more local level, this is likely to affect the attainment of the projected Own Source Revenue amounts. Failure to meet OSR targets will result in gaps in financing projects or even increase the pending bills outstanding.

2.4 Risks to the economic outlook

The County is exposed to risks related to the national economy that may affect growth within the County and nationally;

i. **Climate-related risks**: Unpredictable weather due to climate change threatens agricultural production, which could lead to food insecurity and inflationary pressures, given the county's over-reliance on rain-fed agriculture.

ii. **Limited local revenue generation**: Overdependence on national government transfers and weak local revenue collection mechanisms may hinder the county's financial autonomy and ability to fund development projects.

iii. **Global and national economic shocks**: Multiple economic shocks, both global and domestic, could lead to tight liquidity conditions, affecting financial flows, and pressuring the exchange rate, which may slow local economic growth and contribute to inflation.

iv. **Rising national expenditures**: Increased national spending on debt redemption and operational costs may reduce the shareable revenue for county governments, limiting their fiscal capacity for development.

CHAPTER THREE

REVIEW OF FISCAL PERFORMANCE IN FY2023/2024

3.1 Overview

This Chapter reviews the fiscal performance for the FY 2022/22023 budget. It provides analysis on County revenues, expenditure and Exchequer releases.

3.2 Fiscal Performance

The fiscal performance and absorption of approved budget of FY 2023/2024 was slightly laxed as compared to the previous FY 2022/2023. This was due to delayed disbursement of both Conditional Funds and equitable share due to the delayed approval of the County Governments Additional Allocations Act, 2023 and County Allocation of Revenue Act 2023 by the National Assembly and the Senate respectively.These delays largely contributed to low absorption of the developmental funds.

3.2.1 Analysis of Revenue Sources

In the FY 2023/2024, the County's projected revenue was **KShs.13.26 billion** comprising of transfers from National Government, Loans and Grants, unspent Balances from previous financial year and Own Source Revenue. However, the actual receipts were **KShs.11.7 billion** which represented **89 percent** of the total projected revenue**.** This is presented in Table 3.1.

Table3. 1: Analysis of Revenue sources

REVENUE	ANNUAL REVENUE BUDGET	ACTUAL RECEIPTS	REVENUE PERFORMANCE
Equitable share	9,258,588,608	8,517,901,520	92
Unspent balances	2,432,460,031	2,330,107,826	96
Leasing of medical equipment	124,723,404	0	0
Aquaculture Business Development Programme	23,165,743	0	0

Danida	14,206,500	14,206,500	100
Finance for locally Led-Climate Action Program (FLLOCA) County Climate Institutional Support (CCIS) Grant	22,000,000	11,000,000	50
Finance for Locally -Led Climate Action Program (FLLOCA) County Climate Resilient Investment Grant	160,992,006	160,992,006	100
Finance for Locally -Led Climate Action Program (FLLOCA) County Climate Resilient Investment Grant	84,121,480	84,121,480	100
Agricultural sector Development Support Programme (ASDSP)	3,168,601	1,668,601	53
Library services	8,557,807	0	0
National Agricultural and Rural Inclusive Project	5,000,000	4,261,826	85
Livestock Value chain Support Program – Poland	35,809,200	0	0
Provision of fertilizer subsidy	186,645,942	0	0
Allocation of mineral Royalties	682,562	0	0
National Agriculture Value Chain Development Project (NAVCDP)-World Bank Credit	250,000,000	132,807,344	53
Own Source Revenue	650,000,000	496,943,902	76
Total Revenue	**13,260,121,884**	**11,751,445,489.36**	**89**

Source: Kisii County Treasury, 2023

I. By the closure of the FY 2023/2024, the County Government had not received the full amount of Equitable Share as was budgeted i.e., **Kshs. 8.5 billion** was received against **Kshs**. **9.2 billion** representing 92 percent disbursement.

II. National Agricultural and Rural Inclusive Growth Project (NARIGP) - Kshs 4,261,826 million was received against the budgeted Kshs 5,000,000 representing 85%.

III. SIDA-Funded Agricultural Sector Development Support Programe (ASDSP) - Kshs 1,668,601 was received against a budget of Kshs 3,168,601 representing 53%.

IV. Danish Government Funded DANIDA-the entire amount of Kshs 14.2 was received representing 100%.

V. National Agriculture Value Chain Development Program (NAVCPD) Kshs 132,807,344 was received against a budget of 250,000,000 Million representing 53%.

VI. Finance for Locally-Led Climate Action Program (FLLoCA), from development partners were all received as budgeted.

VII. The County projected to collect KShs. 650 million from OSR during FY2023/2024 and managed to collect KShs. 497 million representing 76 percent of the annual target.

3.2.2. Exchequer Releases and Requisitions to Operations Account for FY 2023/2024

During the period under review, the Exchequer releases into the CRF account amounted **KShs. 11.7 billion** comprising of Own Source Revenue, Equitable Share, refunds from operations account, unreleased balances carried forward from FY2022/2023 and Loans and Grants from development partners. Further, **Kshs.9.3 billion** was requisitioned to the operations account comprising of **Kshs. 1.27 billion** and **Kshs. 7.96 billion** for Development and Recurrent expenditures respectively. This represents **29 percent and 89 percent** for Development and recurrent expenditure respectively as shown in Table 3.2.

Table 3:**2 Exchequer Releases and Requisitions to Operations Account for FY 2023/2024**

LOCAL REVENUE				
11-Jul-23	FT23192YDTHH	Inward RTGS Payment MT 103	0	8,652,218.00
14-Jul-23	FT231958HCQN	Inward RTGS Payment MT 103	0	2,458,438.00
21-Jul-23	FT23202NZPP3	Inward RTGS Payment MT 103	0	3,590,334.00
1-Aug-23	FT23213GCMQT	Inward RTGS Payment MT 103	0	7,671,278.00
10-Aug-23	FT2322275434	Inward RTGS Payment	0	7,700,249.00

		MT 103		
17-Aug-23	FT23229N9K22	Inward RTGS Payment MT 103	0	7,039,818.00
24-Aug-23	FT23236L33TS	Inward RTGS Payment MT 103	0	4,797,608.00
1-Sep-23	FT23244XMD8H	Inward RTGS Payment MT 103	0	4,974,181.00
8-Sep-23	FT23251Q8J30	Inward RTGS Payment MT 103	0	6,757,478.00
15-Sep-23	FT23258S7L16	Inward RTGS Payment MT 103	0	8,332,183.00
29-Sep-23	FT23272FGG9C	Inward RTGS Payment MT 103	0	9,483,427.00
16-Oct-23	FT232897N7X4	Inward RTGS Payment MT 103	0	16,068,577.00
27-Oct-23	FT23300FX65V	Inward RTGS Payment MT 103	0	10,465,077.00
3-Nov-23	FT23307Y4BTD	Inward RTGS Payment MT 103	0	4,501,373.00
14-Nov-23	FT2331830DFR	Inward RTGS Payment MT 103	0	7,835,320.00
28-Nov-23	FT23332LKWR0	Inward RTGS Payment MT 103	0	15,834,464.00
8-Dec-23	FT233420VM21	Inward RTGS Payment MT 103	0	5,764,588.00
15-Dec-23	FT233499V96V	Inward RTGS Payment MT 103	0	6,636,096.00
5-Jan-24	FT240052BL7K	Inward RTGS Payment MT 103	0	8,134,567.95
2-Feb-24	FT24033MYQVJ	Inward RTGS Payment MT 103	0	25,065,736.00
19-Feb-24	FT240506KNTB	Inward RTGS Payment MT 103	0	29,068,588.00
1-Mar-24	FT24061JDQXJ	Inward RTGS Payment MT 103	0	26,344,099.80
4-Apr-24	FT240953Z9S3	Inward RTGS Payment MT 103	0	109,326,816.25
7-May-24	FT24128FRX35	Inward RTGS Payment MT 103	0	59,715,387.00
24-May-24	FT241454KCS7	Inward RTGS Payment	0	29,630,000.00

		MT 103		
5-Jun-24	FT24157XL6DW	Inward RTGS Payment MT 103	0	30,516,000.00
7-Jun-24	FT24159N05QL	Inward RTGS Payment MT 103	0	3,810,000.00
12-Jun-24	FT2416405CRC	Inward RTGS Payment MT 103	0	6,990,000.00
18-Jun-24	FT2417056NGG	Inward RTGS Payment MT 103	0	10,660,000.00
24-Jun-24	FT24176GYJMP	Inward RTGS Payment MT 103	0	9,450,000.00
28-Jun-24	FT24180F28V1	Inward RTGS Payment MT 103	0	2,000,000.00
28-Jun-24	FT24180R1SMP	Inward RTGS Payment MT 103	0	7,670,000.00
		TOTAL		**496,943,902.00**
EXCHEQUER ISSUES				
EQUITABLE SHARE				
28-Jul-23	FT23209CBXNR	Exchequer issue	0	786,980,032.00
25-Oct-23	FT23298QG4DF	Exchequer issue	0	740,687,089.00
24-Nov-23	FT23328FGF84	Exchequer issue	0	786,980,032.00
27-Dec-23	FT233617TSDM	Exchequer issue	0	740,687,089.00
25-Jan-24	FT24025P7S6R	Exchequer issue	0	786,980,032.00
20-Feb-24	FT24051B4K2G	Exchequer issue	0	740,687,088.00
27-Mar-24	FT240879BBGL	Exchequer issue	0	786,980,032.00
24-Apr-24	FT24115CNGRF	Exchequer issue	0	786,980,032.00
24-May-24	FT24145R13LC	Exchequer issue	0	740,687,088.00
20-Jun-24	FT241724G6PN	Exchequer issue	0	833,272,974.00
26-Jun-24	FT2417819Z4M	Exchequer issue	0	786,980,032.00
		TOTAL		**8,517,901,520.00**
CLIMATE CHANGE				
16-May-24	FT24137QJC41	TRFS Payments	0	80,496,003.00
16-May-24	FT241372Q8M4	TRFS Payments	0	84,121,480.00
25-Jun-24	FT24177KLD4P	TRFS Payments	0	80,496,003.00
4-Jul-24	FT2418653DQQ	TRFS Payments	0	11,000,000.00
				256,113,486.00
NAVCDP				
20-Mar-24	FT24080P6Y4X	TRFS Payments	0	4,261,825.85
20-Mar-24	FT240801Q6Q0	TRFS Payments	0	132,807,344.00

				137,069,169.85
		SIDA		
	6-Oct-23	FT23279G913T	Inward RTGS Payment MT 103	500,000.00
13-Mar-24	FT240739TMJ0	Inward RTGS Payment MT 103	0	1,168,601.00
		SUB-TOTAL		**1,668,601.00**
		DANIDA		
21-Jun-24	FT241739KDX1	TRFS Payments	0	14,206,500.00
				14,206,500.00
		UNSPENT BALANCES		
COUNTY EXECUTIVE				
11-Aug-23	FT232231H201	Account Transfer	0	4,935,664.60
11-Aug-23	FT23223QP46V	Account Transfer	0	12,659,634.85
SUB-TOTAL				**17,595,299.45**
COUNTY ASSEMBLY				
27-Jul-23	FT23208ZZFK1	Account Transfer	0	0.2
27-Jul-23	FT232082J4CF	Account Transfer	0	4,205,898.15
SUB-TOTAL				**4,205,898.35**
EXCHEQUER RELEASES(TRANSFERS FROM CRF TO OPERATIONS ACCOUNT)				
	EXECUTIVE RECURRENT			
	29-Aug-23	FT23241LXBD1	Account Transfer	7,000,000.00
	30-Aug-23	FT232424RKB0	Account Transfer	8,367,600.00
	30-Aug-23	FT232429N9L7	Account Transfer	406,881,326.00
	31-Aug-23	FT2324381GKG	Account Transfer	2,546,520.00
	4-Sep-23	FT2324786DVB	Account Transfer	3,619,227.00
	4-Sep-23	FT23247SH4CT	Account Transfer	416,515,772.00
	8-Sep-23	FT23251HHPBX	Account Transfer	6,811,978.00
	8-Sep-23	FT23251LTT84	Account Transfer	420,305,608.00
	21-Sep-23	FT23264S3172	Account Transfer	40,000,000.00
	21-Sep-23	FT23264HVTX3	Account Transfer	78,159,092.00
	3-Oct-23	FT23276RZD25	Account Transfer	2,830,000.00
	3-Oct-23	FT23276V7Y3K	Account Transfer	5,380,900.00
	9-Oct-23	FT2328220SBP	Account Transfer	1,411,800.00
	9-Oct-23	FT23282134Q7	Account Transfer	5,209,490.00
	9-Oct-23	FT23282FHWRB	Account Transfer	26,409,498.00
	13-Oct-23	FT23286G45YB	Account Transfer	14,867,873.00
	13-Oct-23	FT23286TFK1T	Account Transfer	434,633,584.00

	10-Nov-23	FT233141VGVP	Account Transfer	2,573,252.00
	10-Nov-23	FT23314GDC7L	Account Transfer	425,834,097.00
	22-Nov-23	FT23326HLBYD	Account Transfer	11,680,500.00
	22-Nov-23	FT23326QLTC8	Account Transfer	22,171,823.00
	5-Dec-23	FT233393PJ0Y	Account Transfer	2,576,424.00
	5-Dec-23	FT23339X1LVQ	Account Transfer	45,505,344.00
	8-Dec-23	FT23342NFS25	Account Transfer	7,921,476.00
	8-Dec-23	FT23342FGST1	Account Transfer	425,004,904.00
	15-Dec-23	FT23349GJ9WL	Account Transfer	6,842,667.00
	15-Dec-23	FT23349YFW0B	Account Transfer	13,777,490.00
	18-Dec-23	FT23352NKD0L	Account Transfer	152,733,672.00
	29-Dec-23	FT233639KY5D	Account Transfer	5,321,651.00
	29-Dec-23	FT23363HL0XQ	Account Transfer	19,390,000.00
	29-Dec-23	FT2336355V5B	Account Transfer	457,201,046.00
	4-Jan-24	FT240040FLJJ	Account Transfer	17,793,722.00
	13-Feb-24	FT24044KV55J	Account Transfer	4,151,300.00
	13-Feb-24	FT2404436DVJ	Account Transfer	4,810,001.00
	13-Feb-24	FT24044QVH6M	Account Transfer	29,509,068.00
	13-Feb-24	FT24044XW7SC	Account Transfer	429,815,464.00
	19-Feb-24	FT24050X4YGR	Account Transfer	2,830,514.00
	22-Apr-24	FT2411302Y6S	Account Transfer	7,350,000.00
	22-Apr-24	FT24113K7KP1	Account Transfer	12,931,727.00
	22-Apr-24	FT241138TFJX	Account Transfer	167,176,000.00
	22-Apr-24	FT241133WQNH	Account Transfer	436,078,676.00
	26-Apr-24	FT24117SZ4PS	Account Transfer	2,808,500.00
	26-Apr-24	FT24117SVFCV	Account Transfer	8,936,927.00
	7-May-24	FT241286L5F2	Account Transfer	2,161,721.00
	7-May-24	FT24128WPXMQ	Account Transfer	2,412,338.00
	7-May-24	FT241286WH1D	Account Transfer	433,629,381.00
	14-May-24	FT24135S3L5F	Account Transfer	31,947,372.00
	16-May-24	FT24137G9YKQ	Account Transfer	434,903,317.00
	20-May-24	FT24141FSK32	Account Transfer	4,132,575.00
	24-May-24	FT241455BP0D	Account Transfer	59,412,555.00
	24-May-24	FT24145CG170	Account Transfer	4,451,659.00
	29-May-24	FT24150HWW84	Account Transfer	2,130,200.00
	6-Jun-24	FT24158VH04Y	Account Transfer	9,273,700.00
	7-Jun-24	FT24159C28HT	Account Transfer	430,979,450.00
	19-Jun-24	FT24171GK05S	Account Transfer	6,448,708.00
	19-Jun-24	FT24171P3HGY	Account Transfer	30,666,104.00

	24-Jun-24	FT24176PFD7Z	Account Transfer	42,193,054.00
	25-Jun-24	FT241777G72N	Account Transfer	2,918,785.00
	25-Jun-24	FT2417769B4L	Account Transfer	425,463,700.00
	2-Jul-24	FT24184MQ8KX	Account Transfer	77,824,000.00
	3-Jul-24	FT24185PY7MF	Account Transfer	9,193,900.00
	8-Jul-24	FT24190R2ZQB	Account Transfer	4,674,330.00
	12-Jul-24	FT24194X0MXC	Account Transfer	88,103,005.00
				6,706,596,367
	COUNTY ASSEMBLY RECURRENT			
	25-Aug-23	FT23237M2YPG	Account Transfer	48,699,800.00
	30-Aug-23	FT232424KDP9	Account Transfer	5,583,350.00
	6-Sep-23	FT23249DD230	Account Transfer	103,936,479.00
	8-Sep-23	FT23251C60RS	Account Transfer	50,000,000.00
	21-Sep-23	FT232648R7QX	Account Transfer	2,161,092.00
	26-Sep-23	FT23269KDK5M	Account Transfer	3,138,868.00
	26-Sep-23	FT23269868XC	Account Transfer	15,616,600.00
	3-Oct-23	FT23276JH2KD	Account Transfer	14,032,640.00
	13-Oct-23	FT23286SCPTN	Account Transfer	154,400.00
	13-Oct-23	FT2328615WT8	Account Transfer	3,670,000.00
	13-Oct-23	FT23286FQ9MR	Account Transfer	7,728,750.00
	13-Oct-23	FT232863HDBX	Account Transfer	53,704,922.00
	18-Oct-23	FT23291FLJYQ	Account Transfer	2,015,560.00
	18-Oct-23	FT2329120KWK	Account Transfer	27,971,000.00
	10-Nov-23	FT233143SXT0	Account Transfer	45,208.00
	10-Nov-23	FT23314X5BZD	Account Transfer	14,516,800.00
	10-Nov-23	FT23314ST6MQ	Account Transfer	23,687,992.00
	10-Nov-23	FT23314BS1TY	Account Transfer	56,062,418.00
	20-Nov-23	FT23324Q5536	Account Transfer	50,000,000.00
	5-Dec-23	FT23339LS233	Account Transfer	3,816,497.00
	5-Dec-23	FT23339MVCND	Account Transfer	33,872,500.00
	5-Dec-23	FT2333967VVQ	Account Transfer	52,844,145.00
	18-Dec-23	FT23352TLRGM	Account Transfer	2,657,820.00
	18-Dec-23	FT23352S5V14	Account Transfer	16,423,100.00
	18-Dec-23	FT23352LW9LT	Account Transfer	38,835,704.00
	29-Dec-23	FT23363Y0DMG	Account Transfer	54,818,989.00
	5-Feb-24	FT24036V3QDR	Account Transfer	3,853,354.00
	5-Feb-24	FT24036033HS	Account Transfer	53,267,585.00
	22-Apr-24	FT24113L2T2X	Account Transfer	52,905,435.00
	25-Apr-24	FT241163RCWX	Account Transfer	52,858,735.00

	26-Apr-24	FT24117V2374	Account Transfer	4,211,544.00
	26-Apr-24	FT24117WBWL9	Account Transfer	14,815,245.00
	9-May-24	FT24130H27YT	Account Transfer	16,635,900.00
	9-May-24	FT241307P411	Account Transfer	16,990,100.00
	9-May-24	FT241300C92C	Account Transfer	17,500,700.00
	9-May-24	FT24130QJ5NY	Account Transfer	53,647,157.00
	31-May-24	FT24152MWRYQ	Account Transfer	2,451,160.00
	3-Jun-24	FT2415520JXZ	Account Transfer	23,416,083.00
	4-Jun-24	FT241564VGB2	Account Transfer	5,983,048.00
	7-Jun-24	FT24159NGLPP	Account Transfer	16,602,000.00
	7-Jun-24	FT24159DH5YW	Account Transfer	39,124,290.00
	7-Jun-24	FT24159VG291	Account Transfer	53,148,928.00
	19-Jun-24	FT24171MQ497	Account Transfer	1,111,100.00
	19-Jun-24	FT24171M11VS	Account Transfer	2,169,160.00
	24-Jun-24	FT2417659YJ6	Account Transfer	16,522,000.00
	28-Jun-24	FT24180KT3PF	Account Transfer	52,041,466.00
	3-Jul-24	FT24185D3PJB	Account Transfer	2,262,860.00
	4-Jul-24	FT24186FNPFJ	Account Transfer	1,213,358.00
	4-Jul-24	FT24186VKSPX	Account Transfer	31,751,075.00
		TOTAL		**1,220,476,917**
	COUNTY EXECUTIVE DEVELOPMENT			
	5-Dec-23	FT233399RG4T	Account Transfer	38,247,155.00
	15-Dec-23	FT233492X458	Account Transfer	10,415,640.00
	4-Jan-24	FT240044FH2Y	Account Transfer	44,524,901.00
	19-Feb-24	FT240506WN00	Account Transfer	26,008,428.00
	13-May-24	FT24134QH737	Account Transfer	24,944,796.00
	13-May-24	FT241343JRD1	Account Transfer	25,592,399.00
	27-May-24	FT24148YD7FP	Account Transfer	110,317,631.00
	29-May-24	FT24150LJZST	Account Transfer	2,254,978.00
	29-May-24	FT24150DPLK2	Account Transfer	29,838,731.00
	4-Jun-24	FT24156QLD80	Account Transfer	20,479,674.00
	20-Jun-24	FT241722K79G	Account Transfer	104,371,459.00
	20-Jun-24	FT24172YW5WS	Account Transfer	167,940,060.00
	9-Jul-24	FT24191P110R	Account Transfer	99,999,113.00
	10-Jul-24	FT24192MB6RL	Account Transfer	279,738,526.00
		TOTAL		**984,673,491**
	COUNTY ASSEMBLY DEVELOPMENT			
	18-Dec-23	FT23352DTTW4	Account Transfer	13,316,710.00

	27-Jun-24	FT2417975F9S	Account Transfer	8,645,923.00
	4-Jul-24	FT241860F79P	Account Transfer	15,190,514.00
		TOTAL		**37,153,147**
	GRANTS			
	SIDA			
	7-May-24	FT24128KTVC5	Account Transfer	1,668,601.00
			TOTAL	**1,668,601.00**
	NVCDP			
	31-Aug-23	FT232432FJ1F	Account Transfer	5,000,000.00
	31-Aug-23	FT232435D16H	Account Transfer	67,192,657.00
	7-May-24	FT24128VRYC8	Account Transfer	5,000,000.00
	7-May-24	FT24128DZXP7	Account Transfer	132,807,344.00
			TOTAL	**210,000,001.00**
	CLIMATE CHANGE			
	7-May-24	FT241284Z78J	Account Transfer	11,000,000.00
	7-May-24	FT2412859B6Z	Account Transfer	78,500,000.00
	29-May-24	FT24150S562N	Account Transfer	164,617,483.00
	4-Jul-24	FT24186X9DL9	Account Transfer	80,496,003.00
			TOTAL	**334,613,486.00**
	DANIDA			
	7-May-24	FT24128WFCL2	Account Transfer	11,070,000.00
	7-May-24	FT24128KPJND	Account Transfer	15,267,375.00
	4-Jul-24	FT24186PN40W	Account Transfer	14,206,500.00
			TOTAL	**40,543,875.00**
	NARIGP			
	7-May-24	FT24128GD94L	Account Transfer	2,000,000.00
	7-May-24	FT24128KLSKN	Account Transfer	4,462,954.00
			TOTAL	**6,462,954.00**

Source: Kisii County Treasury,

3.3OWN SOURCE REVENUE

In the FY 2023/2024, the County generated a total of Kshs. 497 million from OSR. This was an increase from 414 million realized the previous FY 2022/2023 representing an increase of 16.7 per cent. The contribution of each revenue stream is shown in Table 3.4

Table 3.2: Own Source Revenue Outturns for FY 2022/23

Revenue Stream	Budget FY2021/22	Actual collections FY 2022/23	Actual collections FY 2023/24
1-2101 Property rates	25,000,000	10,115,712	18,617,268
1-2201 Business Permits Current Year	210,000,000	108,438,178	169,415,835
1-2311 Fruits & Vegetables / Agricultural Produce Cess	20,000,000	1,189,366.50	10,523,666
1-3105 Miscellaneous income	3,500,000	-	-
1-3501 County Premises Monthly Rent	10,000,000	5,457,310	5,816,050
1-5101 Market Entrance / Gate Fee	100,000,000	44,696,320	38,931,270
1-5102 Market Plots Rent	15,000,000	4,175,247	5,136,678
1-5201 Enclosed Bus Park Fee(Matatu monthly stickers)	76,000,000	43,203,300	37,955,140
Motorcycle parking stickers	30,000,000	2,684,400	14,063,842
1-5221 Street Parking Fee	60,000,000	41,406,300	34,657,566
1-6301 Social Hall Hire	500,000	86,000	65,800
1-6311 Stadium Hire	1,000,000	765,000	17,000
1-8401 Slaughter House Fee	1,000,000	616,850	721,700
1-9112 Buildings Plan Approval Fee	80,000,000	43,765,457	46,928,889
1-9132 Sign Boards & Advertisement Fee	70,000,000	52,609,610	73,819,425
1-9201 Fire-Compliance Fee	15,000,000	21,329,500	5,781,216
Administrative fees and charges	14,000,000	1,312,208	2,549,191
Disposal of Assets	10,000,000	0	-
Environmental fees and charges	5,000,000	21,231,550	28,601,391
Weights and measures	1,000,000	1,516,160	2,658,025
Sale of fingerlings	1,000,000	338,503	683,950
Revenue from Kisii Agricultural Training Centre	2,000,000	-	-
TOTAL	**750,000,000**	**414,936,971,50**	**496,943,902**

Source: Kisii County Treasury, 2022

The County government has come up with a raft of measures and strategies to realize the targeted revenue which include:

- Continued modernization and automation of revenue.
- Proper mapping of all revenue streamsin each sector of the county so as to determine the potential of each stream upon which targets will be set.
- Strengthening internal revenue administration, control systems and procedures for revenue collection, accounting and reporting.
- New relevant revenue laws while operationalizing the already existing ones.
- Pursuance of project financing through public private partnerships.

- Intensive and a well-coordinated civic education programme on revenue matters as a way of public participation.
- Use of USSD for revenue collection across the streams

3.4 Recurrent and Development Expenditure

The County's expenditure is classified into Recurrent and Development expenditure. Recurrent expenditure is further classified to Personnel Emoluments and Operations & Maintenance.

3.4.1 Recurrent Expenditure

During the FY 2023/2024, the County incurred Kshs7.96 billion on recurrent programmes where by 6.29 billion was spent on personnel emoluments while 1.67 billion was used for operations and maintenance. The table below shows the recurrent expenditure versus the absorption rate across the department.

Table 3.3: Recurrent Expenditure Analysis for FY2023/24

	Department	Budget 2023/2024	Exchequer Releases	Actual Expenditure	Variance	Absorption Rate
1	County Executive And Public Service Board	431,475,720	337,770,489	337,732,360	93,743,360	78%
2	Public Service, County Administration and Participatory Development	570,940,447	502,373,052	502,373,052	68,567,395	88%
3	Finance And Economic Planning and ICT Services	1,088,622,148	890,336,401	890,336,401	198,285,747	82%
4	Agriculture, Livestock, Fisheries, Co-Operative Development and Irrigation	318,661,850	285,762,484	285,762,484	32,899,366	90%
5	Energy, Water, Environment, Natural Resources and Climate Change	150,995,000	105,198,555	105,196,143	45,798,857	70%

6	Education, Technical Training and Innovation	1,010,708,729	939,902,463	939,902,462	70,806,267	93%
7	Medical Services, Public Health and Sanitation	3,325,914,873	3,080,842,453	3,066,635,953	259,278,920	92%
8	Lands, Physical Planning, Housing and Urban Development	141,950,000	125,940,993	125,940,993	16,009,007	89%
9	Infrastructure, Roads and Public Works	218,765,000	190,323,446	190,323,446	28,441,554	87%
10	Trade, Tourism, Industry And Marketing	142,512,240	78,755,919	78,755,919	63,756,321	55%
11	Youth, Sports, Culture, Arts and Social Services	131,255,000	92,184,547	92,184,547	39,070,453	70%
12	Kisii Municipality	144,534,906	125,624,431	125,624,431	18,910,475	87%
13	Ogembo Municipality	14,000,000	3,125,008	3,125,008	10,874,992	22%
14	Kisii County Assembly	1,232,890,743	1,220,476,917	1,220,476,882	12,413,861	99%
	TOTAL	**8,923,226,656**	**7,978,617,158**	**7,964,370,081**	**958,856,575**	89%

Source: Kisii County Treasury,

3.4.2 Development Expenditure

County reported spending Kshs.1.27 billion on development programmes, an increase of 70.7 per cent compared to FY 2022/23, when the County spent Kshs.371.38 million. The table below summarizes the development expenditure across the departments in the reporting period.

Table 3.4: Development Expenditure Analysis for FY2023/24

Department	**Approved Budget Estimates FY 2023/24**	**Exchequer Releases**	**Actual Expenditure**	**Variance**	**Absorption Rate (% Of Total Expenditure To Approved Estimates)**

County Assembly	154,491,231	37,153,147	37,153,147	117,338,084	24%
County Executive And Public Service Board	140,000,000	99,999,113	99,999,113	40,000,887	71%
Public Service, County Administration and Participatory Development	66,846,072	515,650	515,650	66,330,422	1%
Finance, Economic Planning and ICT Services	159,280,850	12,385,022	12,385,022	146,895,828	8%
Agriculture, Livestock, Fisheries , Co-Operative Development and Irrigation	724,413,231	241,579,796	210,375,904	514,037,327	29%
Energy, Water ,Environment, Natural Resources and Climate Change	541,390,883	395,392,723	90,006,773	451,384,110	17%
Education, Technical Training and Irrigation	143,208,541	7,881,029	7,881,029	135,327,512	6%
Medical Services, Public Health and Sanitation	631,515,312	19,563,732	66,943,535	564,571,777	11%
Lands, Physical Planning, Housing & Urban Development	213,845,336	73,247,787	73,247,787	140,597,549	34%
Infrastructure, Roads and Public works	1,074,206,559	519,605,565	511,156,801	563,049,758	48%
Trade, Tourism, Industry and Marketing	236,035,907	119,945,271	119,945,271	116,090,636	51%
Youth, Sports, Culture, Arts and Social Services	77,462,320	19,231,069	19,231,069	58,231,251	25%
Kisii Municipality	127,826,294	-	-	127,826,294	0%
Ogembo Municipality	46,372,692	17,071,776	17,071,776	29,300,916	37%
Sub-Total	**4,336,895,228**	**1,563,571,680**	**1,265,912,877**	**3,070,982,351**	**29%**

*Source: **Kisii County Treasury,***

CHAPTER FOUR

RESOURCE ALLOCATION FRAMEWORK

4.1 Implementation of the FY 2024/2025 Budget

The implementation of the FY 2024/2025 budget has began in a slightly low note following the withdrawal of the Finance Bill by the national Government. This led to the revision of the Division of Revenue Allocation Act (DORA) and Commission of Revenue Allocation Act (CARA) respectively. This has necessitated the delay in disbursements to County Governments due to the lengthy processes involved. However, the County Government has for the last two months affirmed its strong commitment to its fiscal consolidation plan with increased surveillance and resilience in OSR collection.

Total revenues for the FY 2024/2025 are projected at **Kshs.14.53 billion** with Own Source Revenue (OSR) projected at **KShs. 650 million.** Development expenditure is projected at **KShs. 5.51 billion** and recurrent expenditure at **KShs. 9.02 billion**. These revenues comprise of Equitable Share at **KShs. 9.61 billion;** Unspent balances of **KShs. 3.49 billion**; Conditional loans and grants from development partners projected at **KShs. 265.36 million** while conditional allocations from the National Government are projected at **KShs. 517.73 million.**

4.2 Fiscal Policy for 2025/2026 and the Medium Term

The fiscal stance of the FY 2025/2026 and over the medium term aims at the County priorities under the ADP through a development friendly consolidation plan. The plan emphasises on efficiency and effectiveness of public spending and improving revenue collection to position the county economy on a steady and sustainable growth trajectory. The plan also targets to slow down the County's growth of pending bills and implement an effective debt management strategy without compromising service delivery to the county residents.

Fiscal consolidation will be supported by continued efforts to enhance OSR mobilization, reprioritizing and rationalize expenditure while safeguarding priority County Government priority programmes and social spending. Emphasis will be placed on enhancing revenue mobilization through a combination of revenue administrative and revenue policy reforms through;

i. Strengthening revenue administration for enhanced compliance through expansion of revenue base, minimizing revenue expenditures, leveraging on technology to revolutionize revenue process, sealing revenue loopholes and enhancing efficiency of revenue system; and
ii. Focus on revenue measures that county departments and agencies can raise through the services they offer to the public.

4.3 FY 2025/26 and the Medium -Term Budget Framework

The 2024/25 and the Medium-Term Budget Framework will focus on the implementation of the five key county priorities as prioritized in the County Integrated Development Plan (CIDP) and the ADP. Investments will be directed to these priorities given that they are envisaged to have the largest impact to the county economy as well as household welfare. These priorities are; Wealth Creation; Social Development; Environmental Conservation; Enablers and ICT and Devolution and Governance. Implementation of these priority areas will realize the county agenda of prosperity for all.

To achieve these priorities, the County government will implement strategic interventions under Agriculture and livestock, Trade and Industry, Culture and Sports development, Water and environment, Health care, Education, Roads and Public Works, ICT and Administration.

On the other hand, the County Government will sustain efforts to improve efficiency in public spending so as to realize value for money by; eliminating non-priority expenditures, rationalizing revenue expenditures; venturing into public Private Partnerships (PPPs) to finance capital projects.

4.4 Criteria for Resource Allocation

The County departments will adopt efficiency in allocation of resources through cost budgeting and reviewing the externally funded projects. The departments will also be required to restructure and re-align with the county government priority programmes. Realization of these objectives will be achieved within the budget ceilings provided in this CBROP and firmed up in the FSP 2025. The following criteria will serve as a guide for allocation of resources:

i. Completion of ongoing development projects before embarking on new projects to minimize the risks of cost overruns and stalled projects;
ii. Settlement of outstanding commitments to contractors so as to minimize costs accruing from interest and penalties;
iii. Strategic projects prepared in line with the County Integrated Development Plan;
iv. Provision for mandatory expenditures such as salaries, rent, utilities, etc;
v. Degree to which a projects/programme addresses core poverty interventions;
vi. Cost effectiveness and sustainability of the projects/programmes;
vii. Cross sectoral linkage and impact with other projects/programmes.

4.5 Indicative Ceilings

The County priorities will be implemented through the Programme Based Budgeting approach. Table 4.1 presents indicative ceilings over the medium Term. The projections are comprised of transfers from National Government and grants and loans from development partners.

Table 4.1: Total Sector Estimates for MTEF FY 2024/2025 – 2026/2027

DEPARTMENT	Approved 2024/25		Projections 2025/2026		Projections 2026/2027	
	Recurrent	Development	Recurrent	Development	Recurrent	Developmen t
County Assembly	1,124,637,995	76,722,235	1,169,623,515	79,791,124	1,216,408,455	82,982,770
Executive	383,730,000	200,000,000	350,000,000	120,000,000	360,042,368	100,000,000
Public Service, County Administration and Public Participation	629,413,095	43,500,000	600,589,619	45,240,000	640,773,204	47,049,600
Finance, Economic Planning and ICT Services	1,188,900,000	246,000,000	1,236,456,000	230,840,000	1,235,914,240	235,073,600
Medical Services, Public Service and Sanitation	3,513,904,652	699,871,055	3,654,460,838	427,865,900	3,800,639,271	500,980,500
Agriculture, Livestock, Fisheries and	291,106,497	476,586,576	302,750,757	450,650,039	308,860,787	480,476,041

DEPARTMENT	Approved 2024/25		Projections 2025/2026		Projections 2026/2027	
	Recurrent	Development	Recurrent	Development	Recurrent	Development
Cooperative Development						
Water, Environment, Energy, Natural Resources and Climate Change	131,186,382	708,955,963,	126,433,837	500,314,202	130,891,191	525,806,770
Trade, Tourism, Industry and Marketing	85,673,042	423,611,706	89,099,964	400,556,174	90,663,962	405,178,421
Lands, Physical Planning, Housing and Urban Development	230,100,000	239,503,308	239,304,000	240,083,440	245,876,160	250,046,778
Infrastructure and Public Works	255,000,000	1,770,306,009	260,200,00	1,270,118,249	264,808,000	1,272,762,979
Education, Technical Training, Innovation and Manpower Development	964,859,123	399,171,428	1,003,453,488	350,138,285	1,110,591,627	360,743,817
Youth, Sports, Culture, Arts and Social Sciences	100,852,345	86,300,000	104,886,439	80,752,000	109,081,896	83,342,080
Kisii Municipality	107,957,337	80,000,000	110,275,630	82,200,000	112,766,656	84,528,000
Ogembo Municipality	14,985,175	60,100,000	20,584,582	65,504,000	20,207,965	70,004,160
TOTALS	**9,022,305,643**	**4,801,672,317**	**9,008,178,869**	**4,344,053,413**	**9,647,525,782**	**4,498,975,516**

4.6 Revenue Projections

The proposed budget will be financed by transfers from National Government, own-source revenue, loans and grants from development partners as shown in Table 4.2. However, any shortfall in revenues will be addressed accordingly.

Table 4. 2: Revenue projections

REVENUE ITEM	APPROVED BUDGET 2024/25	Projections	
		2025/2026	2026/2027
Equitable Share	9,605,604,088	9,797,716170	9,993,670,493
Aquaculture Business Development Programme	21,486,575	22,346,038	23,239,880
Industrial Park	250,000,000	250,000,000	100,000,000
National Agricultural Value Chain Development Project (NAVCDP)-World Bank Credit	151,515,152	157,575,758	163,878,788
DANIDA	8,856,000	9,210,240	9,578,650
Allocation for Mineral Royalties	117,616	122,321	127,213
Finance for Locally-Led Climate Action Program (FLLoCA) County Climate Institutional Support (CCIS) Grant	11,000,000	11,440,000	11,897,600
Finance for Locally-Led Climate Action Program (FLLoCA) County Climate Resilient Investment Grant	-	250,800,000	237,952,000
KDSP II	37,500,000	39,000,000	40,560,000
Community Health Promoters (CHPs)	88,200,000	91,728,000	95,397,120
Road Maintenance Levy Fund (RMLF)	179,407,700	186,584,008	194,047,368
Kenya Urban Support Programme (KUSP)	35,000,000	36,400,000	37,856,000
Unspent balances FY 2023/2024	3,494,246,792	750,000,000	750,000,000
Local Revenues	650,000,000	750,000,000	800,000,000
TOTAL REVENUE	**14,532,933,923**	**12,352,922,535**	**12,458,205,112**

In the FY 2025/2026, the County Government's equitable share is projected at KShs**. 9.3 billion** and rise to **KShs. 9.4 billion** in FY2026/27 respectively. OSR is also projected to rise from **KShs. 650 million** in FY 2024/25 to **KShs. 750million** and **KShs. 800 million** in FY 2025/26 and FY2026/27 respectively. Unspent balances is projected to reduce from **KShs. 3.494 billion** in FY 2024/25 to **KShs.750 million** in FY 2025/26 and **KShs.750 million** in FY 2026/27 respectively.

4.7 Challenges Experienced in the Implementation of FY 2023/2024

The implementation of the FY 2023/2024 budget has experienced many challenges among them:

i. Pending bills that affected the implementation of new projects;
ii. Delayed project implementation occasioned by contract administration and delayed financing;
iii. Shortfalls in domestic revenue collection that affected project implementation;
iv. Delayed release of funds by the National Treasury.

CHAPTER FIVE

CONCLUSIONS

The medium term macro-economic and fiscal projections in the 2024 CBROP have been revised from those of the 2024 Fiscal Strategy Paper estimates taking into account the macroeconomic and fiscal outcome of the FY 2023/24 and the impact of the withdrawal of the Finance Bill, 2024 by the national government. The 2024 CBROP forms the basis for the development of the 2025 County Fiscal Strategy Paper (CFSP) that will detail the progress in the implementation of the priority policies and strategies of the County Government under the County Priorities as prioritized in the CIDP and preparation of the FY 2025/26 and the medium-term budget that will be guided by the Budget Calendar. The Budget calendar for FY 2025/26 is guided by the timelines provided in the PFM Act, 2012.

Taking into account the constrained fiscal environment, the County Government has adopted put measures in place to guide the prioritization and allocation of the scarce resources to County projects and programmes in the FY 2025/26. County departments and entities will therefore be required to re-evaluate all the existing/planned activities, projects, and programmes to be funded in the FY 2025/26 and medium term budget. SWGs should therefore eliminate wasteful expenditures and pursue priorities which are aimed at safeguarding livelihoods through wealth creation, social development, environmental conservation, infrastructure and ICT. The hard sector ceilings provided for the FY 2025/26 budget and the Medium Term will form inputs into the 2025 County Fiscal Strategy Paper (CFSP).