COUNTY GOVERNMENT OF GARISSA

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COUNTY TREASURY

BUDGET IMPLEMENTATION REPORT

FOR FINANCIAL YEAR 2023/2024 (Q1)

OCTOBER 2023

PREFACE

The first quarter of the year report fulfils the county's obligation under section 166 of the Public finance Management Act to prepare and publish quarterly budget implementation reports. The law specifies that these reports shall contain both financial and non-financial information. This is the first report in the financial year 2023/2024 and presents information on budget performance by the departments at the beginning of the of the financial year 2023-2024. Information on budget performance is presented on aggregate and on individual department performance. The report provides details about revenue, expenditure, and capital projects. The information is provided at the program and subprogram level in a format that is in consistent with the approved budget estimates.

The county approved budget for FY2023/2024 was Kshs. 10.357 billion, comprising of Kshs. 6.630 billion and Kshs. 3.727 billion allocations to recurrent and development expenditure respectively.

The total payments during the reporting period, the county spent Kshs. 1.7 billion, which comprised of Kshs. 1.17 billion on recurrent programs and Kshs. 537.60 million development activities. The overall absorption capacity was 16%. I urge the stakeholders to actively scrutinize this report to take necessary action towards the enhancement of transparency and accountability in the management of public resources as enshrined in the constitution and PFM Act, 2012. This will go a long way in providing feedback towards efficient and effective service delivery and attainment of the County Government's objectives.

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CECM-Finance and Economic Planning

Abbreviations

CRF Consolidated Revenue Fund

FY- Financial Year

ICT- Information Communication and Technology

KUSP- Kenya Urban Support Programme

FLLoCA- Financing Locally Led Climate Action

CCIS- County Climate Institutional Support

KCSAP- Kenya Climate Smart Agricultural Project

OSR- Own-source revenue

FIF- Facility Improvement Fund

Overview of the FY 2024/23 Budget

1. The County's approved budget for FY 2023/24 is Kshs. 10.357 billion, comprising Kshs.6.630 billion (64.0 percent) and Kshs.3.727 billion (36.0 percent allocation for development and recurrent programs respectively.
2. To finance the budget, the County expects to receive Kshs. 8.25 billion (80.0 percent as the equitable share of revenue raised nationally, generate Kshs.230.0 million (2.0 percent from own sources of revenue, and a cash balance of Kshs.634 million (6 percent from FY 2022/23. The County also expects to receive Kshs.1.23 billion (12.0 percent conditional grants, which consists of Kshs.125 million Leasing of Medical Equipment, Kshs. 397 million Conditional Grant for Provision of fertilizer subsidy program, Kshs.100 million Conditional Grant for aggregated Industrial parks program, Kshs.845 million Unconditional Allocation for mineral Royalties, Kshs 90 million Kenya Climate Smart Agricultural Project (World Bank) KCSAP, Kshs 3 million Sweden Agricultural Sector Development Support Program (ASDSP) II, Kshs 13 million DANIDA Grant (Universal Healthcare in Devolved System Program), Kshs 128 million De-risking, Inclusion & Value Enhancement of Pastoral Economies in the Horn of Africa Projects (Drive Project), Kshs 169 million Emergency Locust Response Project (World Bank), Kshs 600 million Water and Sanitation Development Project (World Bank), Kshs 11 million Financing Locally Led Climate Action Program (FLLoCA) County Climate Institutional Support (CCIS) Grant Level 1 (World Bank).

3. In the first three months of FY 2023/24, the County received Kshs.1.36 billion as the equitable share of the revenue raised nationally, Kshs.21.71 million as FIF, Kshs.160 million as conditional grants, had a cash balance of Kshs.634.18 million from FY 2022/23, and generated Kshs.21.34 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.2.20 billion, as shown in Table 1.0

Table 1.0: Garissa County, Revenue Performance in FY 2023/24

S/No	Revenue Category	Annual Budget Allocation (Ksh)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	8248748101	1361043437	16.5
	Subtotal	8248748101	1361043437	16.5
B	**Conditional Grant**			
	Water and Sanitation Development Project (World Bank)	600,000,000	160002276	26.7

	Emergency locust response project World Bank	169,365,353		
	De-risking ,inclusion &value Enhancement of pastoral Economies in the Horn of Africa projects (Drive project)	128,454,980		
	Kenya Climate Smart Agricultural Project (World Bank) KCSAP	90,000,000		
	DANIDA Grant(Universal Healthcare in Devolved System Program	12,820,500		
	Financing locally led climate action program (FLLoCA) County climate Institutional support	11,000,000		

	(CCIS) Grant level 1 (world bank)			
	Sweden Agricultural Sector Development support program (ASDSP)II	3,047,337		
	Lease of medical equipment	124,723,404		
	Conditional Grant for aggregated Industrial parks program	100,000,000		
	conditional Grant for Provision of fertilizer subsidy program	3,965,101		
	unconditional Allocation for mineral Royalties	844,692		
	Subtotal	**1,244,221,367**	**160,002,276**	**12.9**
C	**Other Source Of Revenue**			
	Ordinary Own source Revenue	139,000,000	21,336,938	15.4

	Facility Improvement Fund(FIF)	91,000,000	21,708,805	23.9
	Balance c/d from F.Y 2022/23	634,176,980	634,176,980	100.0
	Subtotal	864,176,980	677,222,723	78.4
	Grand Total	**10,357,146,448**	**2,198,268,436**	**21.2**

4. In the first quarter of FY 2023/24, the County generated a total of Kshs.21 million as own-source revenue. This amount represented an increase of 110 percent compared to Kshs.10 million realized during a similar period in the first quarter of FY 2022/23 and was 2 percent of the annual target. The increase can be attributed to fact that the county economy had stabilized due to decline in adverse economic impact.
5. Exchequer Issues. The Controller of Budget approved withdrawals of Kshs. 1.71 billion from the CRF account during the reporting period. The amount was for both recurrent and development programs.
6. Overall Expenditure Review During the reporting period, the County spent Kshs. 1.17 billion on recurrent programs and 537.5 million on development activities.
7. Expenditure by Economic Classification Analysis of expenditure by economic classification indicates that Kshs. 706.66 million was spent on employee compensation and Kshs.463.59 million on operations and maintenance.
8. The available cash balance in the County Revenue Fund Account at the end of the first quarter of FY 2023/24 was Kshs.241.36 million.

Table 2: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	**First supplementary Budget FY2023/2024**	**Q1 Expenditure**	**Absorption %**
EXECUTIVE TOTAL	**9,275,324,110**	**1,380,011,235**	**14.9**
Total Recurrent Expenditure	**5,701,325,141**	**1,007,511,235**	**17.7**
Personal emoluments	3,716,570,004	680,666,734	18.3
Operation & maintenance	1,984,755,137	326,844,501	16.5
Development	3,573,998,969	372,500,000	10.4
COUNTY ASSEMBLY	**1,081,822,377**	**141,969,356**	13.1
Total Recurrent Expenditure	**928,822,377**	**136,969,356**	14.7
Personal emoluments	520,000,000	90,817,776	17.5
Operation & maintenance	408,822,377	46,151,580	11.3

Development	153,000,000	5,000,000	3.3
COUNTY TOTAL	**10,357,146,487**	**1,521,980,591**	**14.7**
Total Recurrent Expenditure	**6,630,147,518**	**1,144,480,591**	**17.3**
Personal emoluments	4,236,570,004	771,484,510	18.2
Operation & maintenance	2,393,577,514	372,996,081	15.6
Development	3,726,998,969	377,500,000	10.1
COUNTY TOTAL %	**100.0**	**100.0**	
Total Recurrent Expenditure	**64.0**	**75.2**	
Personal emoluments	**40.9**	**50.7**	
Operation & maintenance	**23.1**	**24.5**	
Development	**36.0**	**24.8**	

Expenditure on Personnel Emoluments

9. Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 percent of the County's total revenue. Expenditure on compensation to employees was 41 percent of the total PE Budget for the financial year 2023/24 and 51 percent of the first quarter proportional revenue of Kshs. 2.20 billion.

Development Expenditure

10. There expenditure on development programs is at 24.8 percent compared to 75.2 percent of the recurrent expenditure for the period under review.

Budget Performance by Department

11. Analysis of expenditure by department shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 41.5 per cent, followed by the Department of Trade, Investments Development and Tourism at 16.3 per cent. The Department of County Public Service Board had the highest percentage of recurrent expenditure to budget at 39.4 per cent, while the Department of Lands, Housing and Urban Development had the lowest at 8.0 per cent. as shown in Table 3 below;

Table 3: Garissa County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation(Kshs. Million)	Exchequer Issues (Kshs. Million)	Expenditure (Kshs. Million)	Expenditure to Exchequer Issues (%)	Absorption rate (%)
Agriculture, Livestock & pastoral	**695.22**	**45.35**	**40**	**88.2**	**5.8**
Recurrent	122.4	45.35	40	88.2	32.7
Development	572.82	0	0		
Culture, Gender ,Youth & Sports	**166.21**	**10**	**10**	**100.0**	**6.0**
Recurrent	46.21	10	10	100.0	21.6
Development	120	0	0	0	
Roads, Transport and Public Works	**146.07**	**18**	**16.5**	**91.7**	**11.3**
Recurrent	46.07	18	16.5	91.7	35.8
Development	100	0	0	0	
Education, Information and ICT	**560.21**	**119**	**119**	**100.0**	**21.2**
Recurrent	505.21	119	119	100.0	23.6
Development	55	0	0		

Lands ,Physical Planning and Urban Development	**712.04**	**37**	**36.75**	**99.3**	**5.2**
Recurrent	457.04	37	36.75	99.3	
Development	255	0			
Finance & Economic Planning	**2028.35**	**577.6**	**566.62**	**98.1**	**27.9**
Recurrent	1227.17	245.1	234.12	95.5	19.1
Development	801.18	332.5	332.5	100.0	41.5
Health & Sanitation	**2894.49**	**332.2**	**332**	**99.9**	**11.5**
Recurrent	2459.77	332.2	332	99.9	13.5
Development	434.72	0	0		
Trade, Investments and Enterprise Development	**315**	**68.4**	**67.3**	**98.4**	**21.4**
Recurrent	70	28.4	27.3	96.1	39.0
Development	245	40	40	100.0	16.3
Water, Environment and Natural Resources	**1201.08**	**205.74**	**45.01**	**21.9**	**3.7**
Recurrent	210.8	45.74	45.01	98.4	21.4
Development	990.28	160	0	0.0	0.0
County Affairs, Public Service and	**522.57**	**136**	**133.4**	**98.1**	**25.5**

Intergovernmental Relations					
Recurrent	522.57	136	133.4	98.1	25.5
Development	0	0	0		0.0
County Public Service Board	**34.07**	**13.45**	**13.43**	**99.9**	**39.4**
Recurrent	34.07	13.45	13.43	99.9	39.4
Development	0	0	0	0.0	0.0
Assembly	**1081.82**	**145**	**141.97**	**97.9**	**13.1**
Recurrent	928.82	140	136.97	97.8	14.7
Development	153	5	5	100.0	3.3
Total	**10357.13**	**1707.74**	**1521.98**	89.1	14.7

Key Observations

15. In the course of implementation of the County budget, the following challenges have been noted;

a) Low absorption of development funds in the first quarter of FY 2023/24 from the annual development budget allocation of Kshs. 537.50 Million is mainly due to lengthy procurement process and delay in disbursement of devolved funds from the national exchequer.

b) The performance of own revenue at Kshs. 21 million against an annual projection of Kshs.230 million representing 9 percent of the annual target is hampered mainly due to existing revenue leakages.

c) Delay in disbursement of devolved funds from the national exchequer affected implementation of projects