COUNTY GOVERNMENT OF GARISSA

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COUNTY TREASURY

BUDGET IMPLEMENTATION REPORT

FOR FINANCIAL YEAR 2025/2026 (Q1)

OCTOBER 2025

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 2025/2026 and presents information on budget performance by the departments at the beginning of the of the financial year 2025-2026. 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 FY2025/2026 was Kshs. 12.91 billion, comprising of Kshs. 5.18 billion (40 per cent) and Kshs. 7.72 billion (60 per cent) allocations to development and recurrent expenditure respectively.

The total payments during the reporting period, the county spent Kshs. 1.09 billion, which is comprised of Kshs. 930.10 million on recurrent programs and Kshs. 155.61 million development activities. The overall absorption capacity was 8.4%. 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.

Hon Abass Ismail Khaar,

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 2025/26 is Kshs. 12.91 billion, comprising Kshs.5.18 billion (40 per cent) and Kshs.7.72 billion (60 percent allocation for development and recurrent programs respectively.
2. To finance the budget, the County expects to receive Kshs. 8.88 billion (69 per cent) as the equitable share of revenue raised nationally, generate Kshs.450 million (4 per cent) from own sources of revenue, and a cash balance of Kshs.2 billion (15 per cent) from FY 2025/26. The County also expects to receive Kshs.1.59 billion (12.0 percent conditional grants, which consists The additional allocation breakdown comprises funding from several development partners and conditional grants aimed at strengthening service delivery and resilience at the county level. These include KES 450 million from the World Bank–supported Water and Sanitation Development Project (WSDP), KES 352.5 million from the Kenya Devolution Support Programme (KDSP II) Development grants and KES 37.5 million from the Kenya Devolution Support Programme (KDSP II), KES 251 million from the IDA-financed Food Systems Resilience Project (FSRP), and KES 188.41 million from the Road Maintenance Levy Fund (RMLF). Further allocations include KES 173 million Financing Locally Led Climate Action (FLLoCA) county climate intuitional support(CCRI) and KES 11 million under the Financing Locally Led Climate Action (FLLoCA) programme for county climate institutional support (CCIS), KES 74.52 million for Community Health Promoters, KES 35 million from the Kenya Urban Support Programme (KUSP-UIG), and KES 15.817 million from the DANIDA grant supporting primary health care in a devolved context.

3. In the first three months of FY 2025/26, the County received Kshs.2.39 billion as the equitable share of the revenue raised nationally. The total revenue consist of Kshs.1.42 billion from the equitable share of revenue raised nationally, own sourse revenue (OSR) collection of ksh 160.51 million including facility improvement financing (FIF) of Kshs.147.26 million and kshs 13.25 milion from others OSR sourse. Additionally, the county had unspent fund of kshs 815.15 million from FY2024/2025. as conditional grants, had a cash balance of Kshs.2 billion from FY 2025/26, and generated Kshs. 160.51 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 2025/26

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	8,877,784,676	1,414,910,787	16
	Subtotal	8,877,784,676	1,414,910,787	16
B	**Conditional Grant**			
	Water and Sanitation Development Project (World Bank)	450,000,000		
	Kenya Devolution Support Program KDSP11 Development Grant	352,500,000		
	Framework for the Management of Food Systems	251,000,000		

	Resilience Project – (FSRP)-IDA			
	Road Maintenance Levy Fund (RMLF)	188,410,092.89		
	DANIDA Grant (Universal Healthcare in Devolved System Program	15,817,000		
	Financing locally led climate action program (FLLoCA) County climate Institutional support (CCIS) Grant level 1 (world bank)	11,000,000		
	Conditional Grant community Health Promoters	74,520,000		
	Kenya Devolution Support Program KDSP11	37,500,000		
	Kenya Urban Support Program -KUSP UIG	35,000,000		
	Subtotal			
C	**Other Source Of Revenue**			
	Ordinary Own source Revenue	198,000,000	13,250,614	7
	Facility Improvement Fund(FIF)	252,000,000	147,260,765	58
	Balance c/d from F.Y 2025/26	1,996,630,416	810,793,553.7	41
	Subtotal	1,996,630,416	81,5151,537.1	41
	Grand Total	**12,913,162,184.81**	**2,390,573,703.06**	**19**

4. In the first quarter of FY 2025/26, the County collected Kshs. 161.35 million in own-source revenue, a 101 per cent increase from the same period in FY 2024/25, representing 36 per cent of the annual target. The increase was driven by higher FIF collections due to increased SHA enrolment, while ordinary OSR declined as a result of drought-related reductions in livestock cess and the impact of municipalities collecting fees and levies on revenue performance and reporting. Exchequer Issues.
5. The Controller of Budget approved withdrawals of Kshs. 1.11 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. 1.09 billion on recurrent programs and development activities.
7. Analysis of expenditure by economic classification shows that Kshs. 852.24 million was spent on employee compensation, while Kshs. 98.11 million was incurred on operations and maintenance.
8. Analysis of expenditure by economic classification and cash balance indicates that, as of September 30, 2025, the County Government had an available cash balance of Kshs. 810.79 million in the County Revenue Fund (CRF) account.

Table 2: Summary of Budget and Expenditure by Economic Classification

EXECUTIVE TOTAL	**11,761,662,185**	**831,507,534**	**7%**
Total Recurrent Expenditure	**6,719,812,376**	**987,113,941**	**15%**
Personal emoluments	4,558,029,713	751,875,723	**16%**
Operation & maintenance	2,161,782,663	79,631,811	**4%**
Development	5,041,849,809	155,606,407	**3%**
COUNTY ASSEMBLY	**1,151,500,000**	**98,596,538**	**9%**
Total Recurrent Expenditure	**1,010,212,868**	**0**	
Personal emoluments	773,512,908	98,596,538	**13%**
Operation & maintenance	236,699,960	0	

Development	141,287,132	0	
COUNTY TOTAL	**12,913,162,185**	**1,250,096,538**	**10%**
Total Recurrent Expenditure	**7,730,025,244**	**1,144,480,591**	**15%**
Personal emoluments	5,331,542,621	771,484,510	**14%**
Operation & maintenance	2,398,482,623	372,996,081	**16%**
Development	5,183,136,941	377,500,000	**7%**
COUNTY TOTAL %	**100%**	**22%**	
Total Recurrent Expenditure	**60%**	**15%**	
Personal emoluments	**41%**	**14%**	
Operation & maintenance	**19%**	**16%**	
Development	**40%**	**7%**	

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 2025/26.

Development Expenditure

10. There expenditure on development programs is at 7 percent representing a decrease of 64% compared to FY 2024/2025. This was due the reduction in development expenditure, which was mainly due to delays in fund disbursements and disputes between the National Treasury and the County Government over the e-procurement system, resulting in a prolonged court case that continues to disrupt County operations.

Budget Performance by Department

11. Analysis of expenditure by departments shows that the Department of Trade, Investments and Enterprise Development recorded the highest absorption rate of development budget at 76 per cent, followed by the Department of Culture, Gender, Youth and Sports at 24 per cent. The

Department of County Affairs, Public Service and Intergovernmental Relations had the highest percentage of recurrent expenditure to budget at 30 per cent, while the Department of Health and Sanitation had the lowest at 8 percent. 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					
Recurrent	179.96	39.93	37.61	94	
Development	501.95	0	0		24
Culture, Gender ,Youth & Sports					
Recurrent	66.21	14.63	29.87	99	28
Development	123.00	29.87	0	100	6
Roads, Transport and Public Works					
Recurrent	104.82	30.00	29.03	97	28
Development	866.82	54.95	54.95	100	6
Education, Information and ICT					
Recurrent	454.66	55.62	54.27	98	1
Development	164.00	-	-	-	-
Lands ,Physical Planning and Urban Development					
Recurrent	596.38	58.51	58.18	99	10
Development	517.46	-	-	-	-

Finance & Economic Planning					
Recurrent	1,047,88	140.47		99	13
Development	116.00	-	138.48	-	-
Health & Sanitation					
Recurrent	3,319.00	265.49	261.93	99	8
Development	495.00	21.30	21,30	100	4
Trade, Investments and Enterprise Development					
Recurrent	95.31	24.00	19.80	83	21
Development	65.00	56.45	49.48	88	76
Water, Environment and Natural Resources					
Recurrent	215.26	38.73	37.17	96	17
Development	1,793.12	-	-	-	-
County Affairs, Public Service and Intergovernmental Relations					**25.5**
Recurrent	556.05	168.37	167.47	99	17
Development	399.50	-	-	-	-
County Public Service Board					**39.4**
Recurrent	84.30	16.00	13.13	82	16
Development	-	-	-	-	-
Assembly					**13.1**
Recurrent	1.010.21	98.60	98.60	100	10
Development	141.29	-	-	-	-
Total					

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 2025/26 from the annual development budget allocation of Kshs. 5.18 Billion is mainly due to lengthy procurement process and delay in disbursement of devolved funds from the national exchequer.

b) The performance of own revenue in the first quarter, the County's own-source revenue is highly dependent on Facilities Improvement Financing (FIF), which accounts for the vast majority of OSR collections, while contributions from other revenue sources remain relatively low.

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