COUNTY GOVERNMENT OF GARISSA

COUNTY TREASURY

BUDGET IMPLEMENTATION REPORT

FOR FINANCIAL YEAR 2024/2025 (Q4)

AUGUST 2025

PREFACE

The fourth quarter of the year report fulfil 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 fourth report in the financial year 2024/2025 and presents information on budget performance by the departments at the beginning of the of the financial year 2024/2025. 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 Garissa County Approved Supplementary 1 Budget for FY 2024/25 was Kshs.12.01 billion. It comprised Kshs.4.66 billion (39 per cent) and Kshs.7.34 billion (61 per cent) allocation for development and recurrent programmes, respectively. The total payments during the reporting period, the county spent Kshs.10.07 billion from the CRF account, which comprised Kshs.3.13 billion (31 per cent) for development programmes and Kshs.6.94 billion (69 per cent) for recurrent programmes. The available cash balance in the County Revenue Fund Account at the end of FY 2024/25 was Kshs. 798.95 Million. 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 Garissa County Approved Supplementary I Budget for FY 2024/25 was Kshs.12.01 billion. It comprised Kshs.4.66 billion (39 per cent) and Kshs.7.34 billion (61 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represented an increase of Ksh.1.31 billion (12 per cent) from the FY 2023/24 budget, which comprised a development budget of Kshs.4.31 billion and a recurrent budget of Kshs.6.39 billion. The increase in the budget was primarily attributed to several factors: the rise in Equitable Share from Kshs.8.25 billion to Kshs.8.29 billion, the increase in OSR from Kshs.230 million to Kshs.400 million, the increase in Conditional Grants from Kshs.1.48 billion to Kshs.1.59 billion, and the increase in carry forward for two months from Kshs.0.63 billion to Kshs.1.48 billion.
2. The budget was to be financed from various revenue sources, including the equitable share of revenue raised nation ally, amounting to Kshs.8.29 billion (69 per cent), a cash balance of Kshs.1.83 billion (15 per cent) from FY 2023/24, and Kshs.400 million (3 per cent) generated as own-source revenue. The own-source revenue comprised Kshs.160 million (1 per cent) deposited into the CRF and Kshs.240 million (2 per cent) as Appropriations-in-Aid (A-I-A) spent at source as the Facility Improvement Financing, which is revenue generated by health facilities.

3. The County received Kshs.10.67 billion in revenues in the review period to fund its development and recurrent activities. This amount represented an increase of 17 per cent compared to the amount received in FY 2023/24 of Kshs.9.16 billion. The total revenue consisted of Kshs.8.28 billion from the equitable share of revenue raised nationally. Other revenue streams included additional allocations from the national government and development partners, amounting to Kshs.432.14 million, as well as own-source revenue (OSR) collection of Kshs.478.87 million. Additionally, the County had a cash balance of Kshs.1.48 billion

from FY 2023/24. The total OSR collection of Kshs.478.87 million included Facilities Improvement Financing (FIF) of Kshs.384.15 million, and Kshs.94.72 million from other OSR sources. The Table below summarizes the total revenue available to the County Government during FY 2024/25.

Table 1.0: Garissa County, Revenue Performance in FY 2024/25

S/No	Revenue Category	Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Bud-get Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,290,447,365	8,276,686,506	100
Sub Total		**8,290,447,365**	**8,276,686,506**	**100**
B	Conditional Grants			
1	Water and Sanitation Development Project (World Bank) WSDP	450,000,000	307,883,056	68
2	Kenya Urban Support Prorgam -KUSP UDG	342,462,888		-
3	Framework for the management of Food System Resilience Project – (FSRP)-IDA FOR FY 2024/2025	173,076,923	70,127,132	41
4	County Aggregation and Industrial Parks (CAIP)	105,263,158	-	-

5	Road Maintenance levy fund (RMLF)	188,410,093	-	-
6	Emergency locust response project, World Bank (ELRP)	142,500,000	-	-
7	Financing locally led climate action program (FLLoCA), County climate Institutional support (CCRI	137,000,000	-	-
8	Kenya Urban Support Programme -KUSP UIG	105,000,000	32,309,300	31
9	Conditional Grant Community Health Promoters (CHPs)	74,520,000		-
10	Kenya Devolution Support Program-II (KDSP II)	37,500,000	0	-
11	Basic Salary Arrears for County Government Health Workers	32,981,339	0	-
12	Financing locally led climate action program (FLLoCA), County climate Institutional support (CCIS), Grant level 1 (World Bank)	11,000,000	11,000,000	100

13	Sweden- Kenya Agricultural Business Development (KAB-DP)	10,918,919	-	-
14	DANIDA Grant-Primary health care in a devolved context	10,822,500	10,822,500	100
15	UN Fund for Population Activities (UNFPA) 10TH Country Programme for FY 2024/25	9,620,000	-	-
Sub-Total		**1,831,075,820**	**432,141,988**	**24**
C	Other Sources of Revenue			
1	Ordinary Own Source Revenue	160,000,000	94,722,928	59
2	Balance b/f from FY2023/24	1,484,282,379	1,484,282,378.85	100
3	Facility Improvement Fund (FIF)	240,000,000	384,147,940	160
Sub Total		**1,884,282,379**	**1,963,153,247**	**104**
Grand Total		**12,005,805,564**	**10,671,981,741**	**89**

4. During the Financial Year (FY) 2024/25, Garissa County generated a total of Kshs. 478.87 million from various revenue streams, including the Facility Improvement Fund (FIF). This reflected a substantial growth of 52% compared to the Kshs. 248.97 million realized in FY 2023/24. The

revenue performance was notable, achieving 120% of the annual target and representing about 6% of the equitable share of national revenue disbursed to the County during the same period.

This remarkable increase in own-source revenue (OSR) was driven by a series of targeted reforms implemented by the County Government. Chief among these was the enactment and implementation of the FIF Act, which provided a robust framework for regulating and expanding revenue collection from health facilities. In addition, the County enhanced the efficiency of its collection systems by streamlining administrative processes, minimizing revenue leakages and tax evasion, and reinforcing taxpayer compliance. These combined measures significantly strengthened revenue mobilization and advanced fiscal sustainability.

5. Exchequer Issues. the Controller of Budget approved withdrawals of Kshs.10.07 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.3.13 billion (31 per cent) for development programmes and Kshs.6.94 billion (69 per cent) for recurrent programmes.
7. Expenditure by Economic Classification Analysis of the recurrent exchequers released in the FY 2024/25 indicates that Kshs.4.85 billion was for employee compensation and Kshs.2.09 billion for operations and maintenance expenditures.
8. The available cash balance in the County Revenue Fund Account at the end of FY 2024/25 was Kshs.798.95 Million.

Table 2: Summary of Budget and Expenditure by Economic Classification

	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
Expenditure Classification	**County Executive**	**County Assembly**	**County Executive**	**County Assembly**	**County Executive**	**County Assembly**
Total Recurrent Expenditure	6,368,497,045	975,235,453	5,901,271,588	872,968,372	93	90
Compensation to Employees	4,317,196,227	643,700,000	3,947,199,797	603,273,057	91	94
Operations and Maintenance	2,051,300,818	331,535,453	1,954,071,791	269,695,315	95	81
Development Expenditure	4,469,073,066	193,000,000	2,974,845,851	155,364,908	67	80
Total	**10,837,570,111**	**1,168,235,453**	**8,876,117,439**	**1,028,333,280**	**82**	**88**

Expenditure on Personnel Emoluments

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. In the FY 2024/25, The recurrent expenditure for the County Executive amounted to Kshs. 5.90 billion, against a budget of Kshs. 6.37 billion. This expenditure was primarily classified into two categories: compensation to employees, which accounted for Kshs. 3.95 billion, and operations and maintenance, which absorbed Kshs. 1.95 billion. The overall absorption rate for recurrent spending in the Executive was 93 percent, indicating strong utilization of allocated funds, though some room remains to optimize budget execution fully.

In comparison, the County Assembly recorded a recurrent expenditure of Kshs. 872.97 million, out of a total budget of Kshs. 975.24 million, translating to an absorption rate of 90 percent. Spending comprised Kshs. 603.27 million on compensation to employees and Kshs. 269.70 million on operations and maintenance. While personnel costs were effectively managed with a 94 percent

absorption rate, operations and maintenance reflected a lower absorption rate of 81 percent, suggesting underutilization in this area.

The contrasting absorption rates highlight that, while both arms of government managed their recurrent budgets relatively well, the Executive performed more strongly in overall absorption, particularly in operations and maintenance, whereas the Assembly exhibited efficiency in personnel-related spending but lagged in operational expenditure utilization.

Development Expenditure

In the FY 2024/25 The County reported total spending of Kshs. 3.13 billion on development programmes, representing an increase of 62 percent compared to FY 2023/24, when development expenditure stood at Kshs. 1.93 billion. The growth in expenditure was largely attributed to the County's prioritization of ongoing and carry-forward projects from the previous financial year. While this reflects a stronger commitment to implementing development initiatives, it also underscores the need to improve timely project planning and execution to minimize backlogs in subsequent years.

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Budget Performance by Department

In the analysis of departmental expenditures for the fiscal year, the County registered strong performance in recurrent spending across most departments, with absorption rates averaging above 90 percent. The Health and Sanitation sector emerged as the largest spender, recording 93 percent recurrent and 85 percent development absorption. Similarly, Water, Environment and Natural Resources performed well with 98 percent recurrent and 93 percent development utilization. Other entities such as the County Assembly, Public Service Board, and the Department of Culture, Gender, Youth and Sports also demonstrated effective budget management, reflecting high levels of efficiency in meeting recurrent obligations and sustaining core operations.

However, development expenditure presented mixed outcomes, with several key departments underperforming despite adequate recurrent performance. The Roads, Transport and Public Works department absorbed 91 percent of its recurrent allocation but only 59 percent of its development budget. Finance and Economic Planning posted a recurrent absorption of 92 percent against a weak 25 percent development rate. Similarly, Agriculture (92% recurrent, 29% development), Lands (96% recurrent, 12% development), and Education (98% recurrent, 10% development) recorded significant shortfalls in capital project implementation. These disparities suggest systemic challenges in project execution, procurement bottlenecks, and possible delays in disbursement or implementation planning.

In total, the County spent Kshs. 3.13 billion on development programmes, representing a 62 percent increase from FY 2023/24, when expenditure stood at Kshs. 1.93 billion. This growth was largely driven by the prioritization of ongoing and carry-forward projects from the previous fiscal year. Nonetheless, with development absorption at 67 percent overall, the County needs to strengthen planning, monitoring, and execution mechanisms to ensure full and timely utilization of allocated funds for tangible development outcomes.

This analysis highlights the disparity in expenditure among various departments, showcasing both the successful management of resources in key sectors and the need for improvement in others. as shown in Table 3 below;

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

	Revised Budget Allocation (Kshs.M)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs.Mil-lions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
Department	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock and Pastoral	150.66	444.1	148.63	130.92	138.6	130.92	93	100	92	29
Culture, Gender, Youth and Sports	68.26	102	63.86	99.77	62.77	99.77	98	100	92	98
Roads, Transport and Public Works	84.82	618.61	77.02	364.91	77.02	364.91	100	100	91	59
Education, Information and ICT	413.51	106.8	413.4	10.39	403.58	10.39	98	100	98	10
Lands, Physical Planning and Urban Development	438.93	396.86	420.25	45.92	420.25	45.92	100	100	96	12
Finance and Economic Planning	1,075.73	200	1,032.43	49.48	993.76	49.48	96	100	92	25
Health and Sanitation	3,116.70	457.9	2,906.43	389.22	2,906.43	389.22	100	100	93	85
Trade, Investments and Enterprise Development	95.31	449.8	87.9	312	87.9	312	100	100	92	69
Water, Environment and Natural Resources	212.29	1,663.40	211.99	1,545.30	208.89	1,545.30	99	100	98	93

County Affairs, Public Service and Intergovernmental Relations	658.53	12.6	651.28	12	550.42	12	85	100	84	95
County Public Service Board	53.74	17	53.74	14.93	51.66	14.93	96	100	96	88
County Assembly	975.24	193	872.95	155.36	872.97	155.36	100	100	90	80
Total	7,343.73	4,662.07	6,939.88	3,130.21	6,774.24	3,130.21	98	100	92	67

Key Observations

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

a. Low expenditure on development budget which was 31 per cent of total expenditure
b. High wage bills accounted for 43.0 per cent of the County's total revenue in FY 2024/25, which is above the ceiling provided in law.
c. Delay in disbursement of devolved funds from the national exchequer affected implementation of projects.
d. Use of manual payroll. Personnel emoluments amounting to Kshs.470.07 million were processed through the manual payroll, accounting for 10 per cent of the total payroll cost. Manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.