

COUNTY GOVERNMENT OF KITUI



MINISRTY OF FINANCE, ECONOMIC PLANNING
& REVENUE MANAGEMENT

FY2024/25 - ANNUAL BUDGET IMPLEMENTATION REVIEW REPORT



Department of Economic Planning & Budgeting

@2025

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FOREWORD

The Annual Budget Implementation Review Report for FY 2024/25 has been prepared in accordance with the Public Finance Management Act, 2012, serving as a cornerstone instrument for fiscal oversight and accountability within the County Government of Kitui. It provides a consolidated assessment of the County's financial performance, drawing on data from all sectors and departments to present a comprehensive view of budget execution over the year.

This report examines expenditure against approved allocations at the level of Ministries and Departments, offering a detailed analysis of resource utilization and budget absorption rates. Expenditures are classified into recurrent and development components, with recurrent spending further disaggregated into personal emoluments and operations and maintenance, ensuring transparency and prudent financial management.

Revenue performance is also analyzed, detailing collections from internal sources against annual targets to assess efficiency in mobilization. External inflows, including conditional grants, loans, and transfers from the National Government, are reviewed to determine their contribution in supporting local revenues and financing strategic priorities.

By consolidating quarterly performance into an annual overview, the report delivers a holistic view of the County's fiscal operations, highlighting total revenues realized, patterns of expenditure, and the balance between recurrent and development spending.

Beyond reporting financial outcomes, the document candidly identifies challenges encountered during budget implementation and proposes actionable recommendations for improvement. This approach ensures that accountability, transparency, and efficiency remain central to the County's financial operations while providing a clear framework for enhancing fiscal management in subsequent years.



Peter Mwikya Kilonzo

County Executive Committee Member

Ministry of Finance, Economic Planning and Revenue Management

ACKNOWLEDGEMENT

The preparation of the Annual Budget Implementation Review Report for FY 2024/25 was made possible through the collective efforts of many individuals and teams within the County Government of Kitui. This report is not only a financial document but also a reflection of the shared commitment to transparency, accountability, and service to the people of Kitui.

I am deeply grateful to His Excellency, Governor Julius M Malombe, EGH., whose steady leadership and unwavering support provided both guidance and inspiration throughout the process. His emphasis on fiscal discipline and openness has set the standard for this work.

I also wish to sincerely thank Mr. Peter Mwikya Kilonzo, the County Executive Committee Member for Finance, Economic Planning and Revenue Management, for his technical insight and clear direction, which greatly strengthened the analytical depth of this report.

Special recognition goes to the Chief Officers across all departments. Their willingness to mobilize their teams and provide timely, accurate information formed the backbone of this exercise. Their cooperation and dedication are highly appreciated.

I am equally thankful to the team of economic planners whose tireless work in compiling, analyzing, and presenting data was central to the successful completion of this report. Their professionalism and teamwork remain commendable.

Lastly, I acknowledge the many colleagues and staff members whose indirect contributions, through administrative support, logistics, and coordination, were essential though less visible. Their efforts quietly sustained this process.



Patrick Masila Munuve

Chief Officer

Economic Planning and Budgeting

EXECUTIVE SUMMARY

This Executive Summary presents an overview of Kitui County's fiscal performance for the 2024/2025 financial year, alongside a forward-looking assessment of fiscal sustainability, revenue mobilisation, and expenditure priorities for FY2025/26–2027/28. The analysis is anchored on the principles of prudent financial management, fiscal responsibility, and strategic resource allocation as enshrined under the Public Finance Management Act, 2012.

Overview of Fiscal Performance

During the period under review, the County Government of Kitui maintained a stable but cautiously managed fiscal stance, balancing expenditure commitments against moderate revenue inflows and delayed exchequer releases. Fiscal operations were guided by continued efforts to entrench fiscal discipline, improve service delivery efficiency, and sustain macro-fiscal stability at the sub-national level.

By 30th June 2025, total resources available amounted to KES 11.21 billion, comprising:

- KES 10.89 billion in exchequer releases from the National Treasury; and
- KES 315.18 million in external grants and conditional allocations.

Despite the adequacy of total inflows, **disbursement delays and back-loaded transfers** undermined cash flow predictability. The largest transfer of KES 979.7 million was received in April 2025, while the lowest, KES 18.6 million, was received in November 2024. These irregularities constrained project implementation timelines, particularly during the first half of the fiscal year.

Grants and Conditional Allocations Performance

External grants continued to play a vital role in financing devolved functions, especially in infrastructure, climate resilience, health, and agricultural productivity. The Road Maintenance Fuel Levy (KES 152.42 million) and the World Bank-supported NAVCDP (KES 96.66 million) constituted the bulk of grant inflows. Other inflows included:

- KES 32.31 million under the Urban Institutional Grant (KUSP),
- KES 20.19 million from the Financing Locally Led Climate Action Programme (FLLoCA), and
- KES 13.60 million from DANIDA and IDA for Health Sector Support.

These resources provided essential complementary funding, enhancing sectoral service delivery and community-based project execution. However, the

timing of these disbursements remained misaligned with quarterly cash flow needs, necessitating stronger coordination with the National Treasury and donor agencies.

Own Source Revenue Performance

As at 30th June 2025, the County Government mobilised KES 895.42 million in locally generated revenue, against an annual target of KES 988.65 million, translating to 90.57 per cent realisation.

Performance varied significantly across ministries and agencies:

Category	Key Performance Observations
Strong Performers	Health & Sanitation (105.57%), Water & Irrigation (177.25%), Trade, Industry, MSMEs, Innovation & Cooperatives (127.58%)
Moderate Performers	Lands, Housing & Urban Development (89.54%), Culture, Gender & Youth (91.85%)
Under performers	Agriculture (51.49%), Energy & Environment (32.43%), Roads & Transport (70.50%), Office of the Governor (64.37%), and Sub-County Administrations (average 62%)

Health and sanitation facilities, through the Facility Improvement Fund (FIF), continue to serve as the most dependable revenue base. Conversely, weak enforcement of land rates, cesses, and environmental levies contributed to underperformance in several departments.

The data underscores the **urgent need for revenue modernisation**, including full automation, enforcement of valuation rolls, revision of outdated fee structures, and integration of digital platforms for real-time monitoring.

Expenditure and Budget Execution

Budget execution was **broadly satisfactory**, with expenditure absorption improving across both recurrent and development votes. The County Treasury prioritised **personnel emoluments, essential services in health and water, and ongoing infrastructure investments**. However, late and unpredictable exchequer releases constrained the scheduling of development projects, particularly during the second quarter.

The County Government maintained strict adherence to the **fiscal responsibility principles** outlined under the PFM Act, ensuring that:

- The wage bill remained within the statutory threshold,

- **Development expenditure** continued to exceed the 30 per cent minimum requirement, and
- **Pending bills** were progressively managed to prevent fiscal accumulation.

Fiscal Sustainability and Risk Outlook

The County's fiscal stance remains **moderately stable but exposed to multiple structural and operational risks**, including:

- **Revenue underperformance** in key streams such as cesses, parking, and agricultural levies.
- **Delayed exchequer disbursements** leading to liquidity stress and project delays.
- **High wage pressures** that constrain fiscal flexibility.
- **Inadequate automation and weak enforcement frameworks** undermining local revenue mobilisation.

Mitigation measures under implementation include:

- Establishment of a **County Revenue Board** to strengthen oversight and efficiency.
- Gradual **diversification of the revenue base** through revaluation of property rates and non-traditional charges.
- **Digitisation of revenue collection** and enforcement processes.
- **Enhanced cash flow forecasting** and financial risk management capacity within the Treasury.

Medium-Term Fiscal Framework (FY 2025/26–2027/28)

Over the medium term, fiscal policy will aim to:

1. **Consolidate fiscal stability** through enhanced revenue mobilisation and efficient expenditure management.
2. **Strengthen fiscal sustainability** by

maintaining a balanced resource envelope consistent with economic realities.

3. **Promote equitable resource allocation** aligned with the County Integrated Development Plan (CIDP III).
4. **Accelerate project completion** through prioritisation of ongoing works and prudent reallocation of resources.
5. **Enhance fiscal transparency** through regular reporting, citizen engagement, and accountability frameworks.

Projected own source revenue growth will be driven by improved compliance, digitisation, and enforcement reforms, while external resources are expected to remain stable, contingent upon national fiscal transfers and donor support cycles.

Strategic Reform Pathways

To safeguard fiscal resilience and enhance service delivery, the County Government will pursue the following **strategic policy pathways**:

- **Revenue Policy Reforms:** Review and harmonisation of fees, charges, and valuation rolls to reflect current market values.
- **Expenditure Rationalisation:** Strengthening cost-efficiency and linking outlays to measurable outputs.
- **Public Investment Management Reform:** Institutionalising project appraisal, monitoring, and evaluation frameworks.
- **Fiscal Risk Mitigation:** Establishing a County Fiscal Risk Register and contingency fund.
- **Institutional Capacity Building:** Enhancing analytical, planning, and forecasting capacity within the County Treasury

LEGAL BASIS FOR THE PREPARATION OF QUARTERLY BUDGET IMPLEMENTATION REVIEW REPORT

The Budget Implementation Review Report is prepared in accordance with Section 166 and 54 of the Public Financial Management Act, 2012 and Regulations 2015 Respectively. The law states that:

166. (1) An accounting officer for a county government entity shall prepare a report for each quarter of the financial year in respect of the entity.

(2) In preparing a quarterly report for a county government entity, the accounting officer shall ensure that the report contains information on the financial and non-financial performance of the entity;

(3) Not later than fifteen days after the end of each quarter, the accounting officer shall submit the quarterly report to the County Treasury.

(4) Not later than one month after the end of each quarter, the County Treasury shall consolidate the quarterly reports and submit them to the county assembly; and publish and publicize them.

54 (1) An Accounting Officer of a county government entity shall not later than the 10th day of each month submit a monthly financial and non-financial budgetary report in the format to be issued by the Cabinet Secretary relating to the activities of his or her county government entity for the preceding month to the County Treasury with copies to the Controller of Budget and the Auditor-General.

(2) The contents of the report under paragraph

(1) shall include—

(a) Actual revenues, including appropriations in aid;

(b) Expenditures classified in economic classification as follows—

i. Compensation to employees;

ii. Use of goods and services;

iii. transfer to other levels of government; and

iv. capital expenditure;

(c) Pending payments with an age of over ninety days;

(d) A projection of expected expenditure and revenue collection for the remainder of the financial year;

(e) When necessary, an explanation of any material variances; and

(f) A summary of the steps that are to be taken to ensure that the projected expenditure and revenue remain within budget.

1.0 ANALYSIS OF THE FY2024/25 COUNTY RESOURCE ENVELOPE

1.1 Resource Envelope for FY 2024/25

The County Government budgeted for a resource envelope of KShs 14.31 billion in FY 2024/25, anticipated to be received from four main sources: the equitable share, conditional grants, own-source revenue, and balances carried forward (revotes).

1.2 Equitable Share – The Core Pillar

The equitable share remained the principal funding stream, projected at KShs 10.89 billion, representing 76% of the resource envelope. This transfer from the National Government was expected to anchor both recurrent operations and development priorities. However, its dominance in the resource mix highlights the County's heavy reliance on central transfers, with limited allocations for devolved functions such as library services.

1.3 Conditional Grants – Sector-Specific Support

Grants were budgeted at KShs 779.27 million (5%), largely directed towards targeted programmes. The County Aggregation and Industrial Parks Programme (KShs 250 million) was the single largest inflow, underpinning industrialisation and value-chain development. Agriculture and resilience were further supported through the National Agricultural Value Chain Development Project (KShs 151.5 million) and the Emergency Locust Response Project (KShs 121 million). The health sector received support from DANIDA (KShs 13.6 million) and the Community Health Promoters Project (KShs 74.1 million), while urban governance was backed by the Kenya Urban Support Programme with a combined KShs 76.8 million. Nonetheless, the Road Maintenance Fuel Levy recorded no Allocation.

1.4 Own-Source Revenue – Incremental but Limited

The County projected to raise KShs 1.15 billion (8%) from own-source revenue. While this appeared stronger than in previous years, a closer look revealed that part of this increase came from extraordinary and non-recurring items such as NHIF arrears (KShs 121.7 million), refunds from unutilised NHIF premiums (KShs 41.6 million), and adjustments to FIF allocations (KShs 156.4 million). The core ministerial collections were budgeted at KShs 825.3 million, still well below the estimated potential of KShs 1.6–3 billion annually (CRA, 2022). This points to untapped fiscal capacity, with reforms in compliance, automation, and enforcement urgently needed to strengthen the County's fiscal base.

1.5 Re-vote Balances – Cushion for Continuity

Re-votes from FY 2023/24 were expected to contribute KShs 1.50 billion (10%). These balances provide liquidity and ensure continuity of unfinished projects. However, frequent carry forwards also reflect challenges in budget absorption, procurement delays, and implementation bottlenecks, which weaken the credibility of annual budgets.

Table 1: Equitable Share

S/No	Source	Amount (KShs)
1.1	Equitable Share	10,885,968,099
1.2	Transfer of Library Services	–
Sub Total – Equitable Share		10,885,968,099

Table 2: Grants

S/No	Grant Source	Amount (KShs)
2.1	Road Maintenance Fuel Levy	0
2.2	IDA (World Bank) – Kenya Devolution Support Programme – II (KDSP II)	37,500,000
2.3	IDA (World Bank) – Emergency Locust Response Project (ELRP)	121,025,000
2.4	IDA (World Bank) Loan – National Agricultural Value Chain Dev. Project (NAVCDP)	151,515,152
2.5	DANIDA Grant – Primary Healthcare in Devolved Context	13,601,250
2.6	Sweden – Kenya Agricultural Development Programme	10,918,919
2.7	County Aggregation and Industrial Parks (CAIP) Programme	250,000,000
2.8	Community Health Promoters Project	74,100,000
2.9	Basic Salary Arrears – County Government Workers	43,756,694
2.1	IDA (World Bank) – Kenya Urban Support Programme (KUSP) – Urban Institutional Grant (UIG)	35,000,000
2.11	IDA (World Bank) – Kenya Urban Support Programme (KUSP) – Urban Development Grant (UDG)	41,801,769
2.12	Allocation for Court Fines	50,000
2.13	Allocation for 20% Share of Mineral Royalties	-
Sub Total – Grants		779,268,784

Table 3: Own Revenue

S/No	Source	Amount (KShs)
3.1	Ministries – Target	825,277,630
3.2	NHIF arrears not remitted to Ministry of Health (FY 2023/24)	121,742,201
3.3	Refund of un-utilised premium paid to NHIF for UHC Medical Programme	41,626,110
3.4	Increase in the Revenue target for the Ministry of Health and Sanitation to cater for FIF allocation during the 1st Quarter of the FY 2025/2026	156,379,117
Sub Total – Own Revenue		1,145,025,058

Table 4: Total Resource Envelope

Component	Amount (KShs)	% Share
Equitable Share	10,885,968,099	76%
Own Revenue	1,145,025,058	8%
Grants	779,268,784	5%
Revote (FY 2023/24)	1,495,093,369	10%
Total	14,305,355,310	100%

Kitui County – Resource Envelope FY 2024/25

Total Resource Envelope
KSh 14,305,355,310

Breakdown – Components

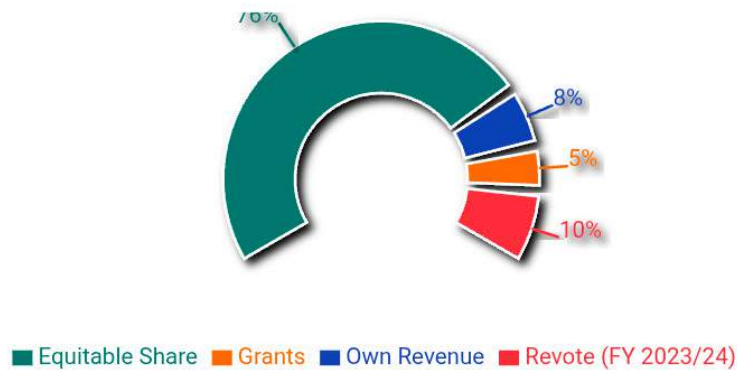
COMPONENT	AMOUNT (KSH)	SHARE	PROGRESS
Equitable Share	10,885,968,099	76%	<div style="width: 76%;"></div>
Own Revenue	1,145,025,058	8%	<div style="width: 8%;"></div>
Grants	779,268,784	5%	<div style="width: 5%;"></div>
Revote (FY 2023/24)	1,495,093,369	10%	<div style="width: 10%;"></div>
Total	14,305,355,310	100%	—

Top performer
Equitable Share (76%)

Smallest share
Grants (5%)

Revote share
10%

Resource Composition



Absolute comparison



1.6 FY2024/25 Budget Allocation by Spending Entity

1.6.1 Overview

During the Financial Year 2024/25, the County Government allocated a total budget of KSh 14.305 billion. Out of this, KSh 9.55 billion (66.78%) was directed towards recurrent expenditure, while KSh 4.751 billion (33.22%) was dedicated to development expenditure. This reflected a budget structure that prioritized service delivery and operational sustainability, while still reserving a substantial share for development initiatives.

The Ministry of Health and Sanitation commanded the largest share of the budget at 30.51%, with a combined allocation of KSh 4.364 billion, underscoring the county's commitment to healthcare delivery. The Office of the Governor followed with 17.23% (KSh 2.464 billion), covering both administrative and strategic county leadership functions. The County Assembly Service Board accounted for 8.89% of the total budget, reflecting the legislative and oversight role of the Assembly.

1.6.2 Other key allocations included:

- i) Ministry of Education, Training & Skills Development at 7.46% (KSh 1.07 billion), directed towards learning institutions and human capital development.
- ii) Ministry of Agriculture and Livestock at 6.56% (KSh 938.6 million), supporting food security and farming productivity.
- iii) Ministry of Trade, Industry, MSMEs, Innovation & Cooperatives at 5.78% (KSh 826.3 million), to boost economic empowerment and cooperative development.
- iv) Ministry of Water & Irrigation at 5.12% (KSh 732 million), reflecting efforts to enhance access to safe and reliable water.

Smaller allocations were made to ministries such as Roads and Public Works (3.50%), Finance and Revenue Management (3.76%), Energy and Environment (3.39%), Lands, Housing and Urban Development (2.57%), and Culture, Gender, Youth and Sports (1.50%), each addressing sectoral needs.

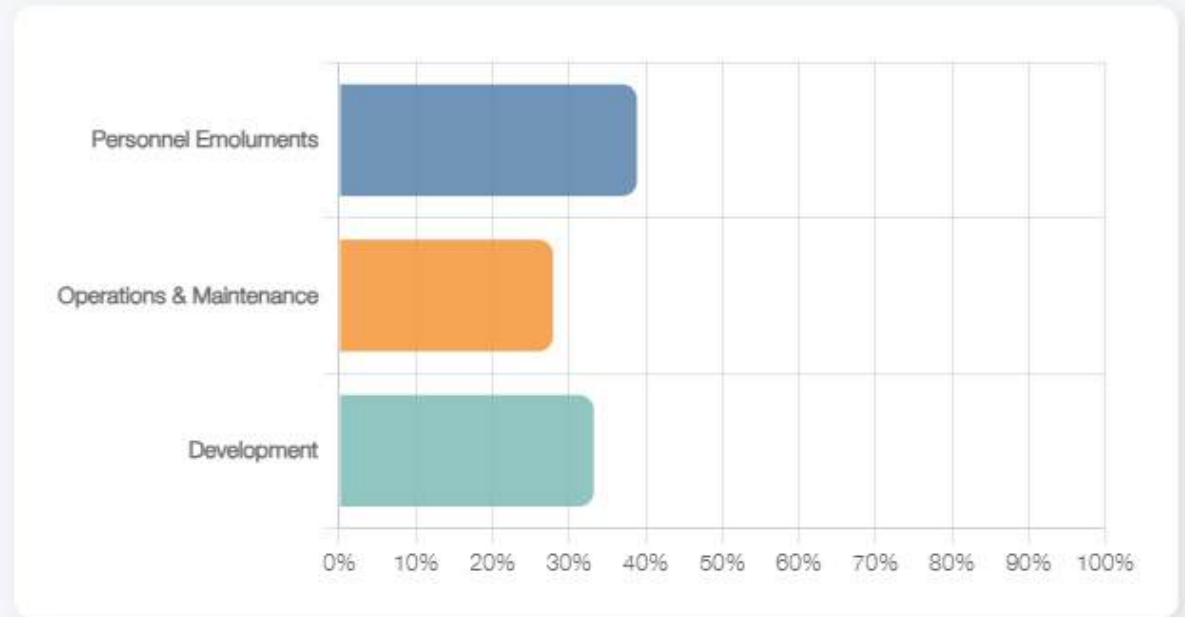
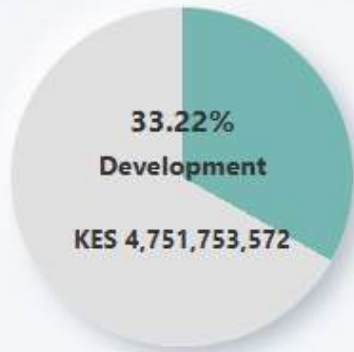
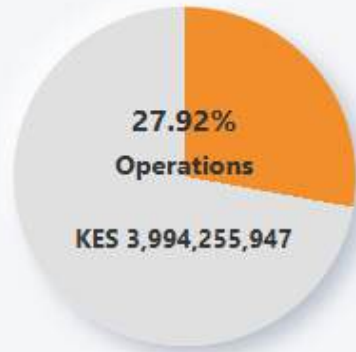
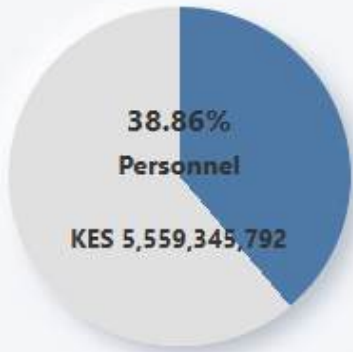
Meanwhile, devolved units including Kitui Municipality (1.12%), Mwingi Municipality (0.69%), the County Public Service Board (0.62%), and the Office of the Deputy Governor (1.31%) received relatively modest allocations.

Overall, the budgetary framework reflected a balanced distribution between service delivery, governance, and development priorities, with a clear bias towards health, governance, and education sectors.

1.7 FY2024/25 Budget Allocation by Spending Entity

County Ministry	Recurrent Estimates		Total Recurrent Estimates	Development Estimates	Total Budget Estimates	%
	PE	O&M				
Office of the Governor	508,750,023	867,657,258	1,376,407,281	1,088,098,782	2,464,506,063	17.23%
Office of the Deputy Governor	67,995,241	89,375,970	157,371,211	29,323,991	186,695,202	1.31%
Ministry of Water & Irrigation	92,191,299	47,255,495	139,446,794	592,511,933	731,958,727	5.12%
Ministry of Education, Training & Skills Development	792,641,583	148,826,190	941,467,773	126,319,062	1,067,786,835	7.46%
Ministry of Roads, Public Works & Transport	155,338,312	58,922,011	214,260,323	285,970,042	500,230,365	3.50%
Ministry of Health & Sanitation	2,677,992,383	1,301,520,879	3,979,513,262	385,137,009	4,364,650,271	30.51%
Ministry of Trade, Industry, MSMEs, Innovation & Cooperatives	85,147,508	109,259,458	194,406,966	631,896,665	826,303,631	5.78%
Ministry of Energy, Environment, Forestry, Natural & Mineral Resources	51,627,213	69,049,648	120,676,861	364,715,801	485,392,662	3.39%
Ministry of Culture, Gender, Youth, ICT, Sports & Social Services	69,159,768	100,969,020	170,128,788	43,956,563	214,085,351	1.50%
Ministry of Finance, Economic Planning & Revenue Management	221,304,941	222,348,432	443,653,373	94,723,299	538,376,672	3.76%
Ministry of Agriculture & Livestock	260,189,069	98,207,238	358,396,307	580,217,671	938,613,978	6.56%
Ministry of Lands, Housing and Urban Development	56,983,440	45,250,624	102,234,064	265,625,924	367,859,988	2.57%
Kitui Municipality	33,636,755	58,101,548	91,738,303	68,177,733	159,916,036	1.12%
Mwingi Municipality	31,360,891	38,430,926	69,791,817	29,444,468	99,236,285	0.69%
County Public Service Board	29,665,152	34,312,912	63,978,064	24,734,068	88,712,132	0.62%
County Assembly Service Board	425,362,214	704,768,338	1,130,130,552	140,900,561	1,271,031,113	8.89%
TOTALS	5,559,345,792	3,994,255,947	9,553,601,739	4,751,753,572	14,305,355,311	100.00%
PERCENTAGE (%)	38.86%	27.92%	66.78%	33.22%	100.00%	

FY2024/25 Budget Allocation by Classification



Item Description	Amount (KES)	Percentage (%)
Personnel Emoluments	5,559,345,792	38.86%
Operations & Maintenance	3,994,255,947	27.92%
Development	4,751,753,572	33.22%
Total	14,305,355,311	100.00%

2.0: BUDGET PERFORMANCE AND FISCAL DISCIPLINE

2.1 Introduction

The County Government of Kitui continued to pursue a prudent fiscal management approach in FY 2024/25, consistent with the objectives of the Public Finance Management Act (PFMA), 2012 and the County Fiscal Strategy Paper (CFSP) priorities. This chapter provides a detailed analysis of the County's budget performance, focusing on the absorption rate, efficiency in budget execution, expenditure composition, and emerging fiscal trends.

The analysis benchmarks Kitui's performance against national public expenditure norms and evaluates the extent to which financial resources were transformed into tangible outputs. Emphasis is placed on fiscal discipline, absorptive capacity, and the overall alignment of expenditure patterns with policy priorities.

2.2 Overview of Budget Implementation

During FY 2024/25, the County approved a total budget of **KES 14.31 billion**, comprising both recurrent and development allocations across all ministries and entities. Actual expenditure amounted to **KES 12.27 billion**, representing an overall absorption rate of **85.79 percent**.

This level of performance reflects commendable fiscal control and consistency in expenditure implementation relative to cash disbursements. Nonetheless, disparities persist among departments, highlighting uneven capacity in project execution and expenditure management.

Table 5: Budget Absorption Rate against the FY 2024/25 Budget

County Ministry	Total Budget Estimates (KES)	Actual Expenditure (KES)	% Absorption Rate
Office of the Governor	2,464,506,063	2,454,297,393	99.60%
Office of the Deputy Governor	186,695,202	167,500,712	89.70%
Ministry of Water & Irrigation	731,958,727	610,907,914	83.50%
Ministry of Education, Training & Skills Development	1,067,786,835	1,047,050,804	98.10%
Ministry of Roads, Public Works & Transport	500,230,365	416,797,948	83.30%
Ministry of Health & Sanitation	4,364,650,271	4,034,179,057	92.40%
Ministry of Trade, Industry, MSMEs, Innovation & Cooperatives	826,303,631	508,997,086	61.60%
Ministry of Energy, Environment, Forestry, Natural & Mineral Resources	485,392,662	344,142,031	70.90%
Ministry of Culture, Gender, Youth, ICT, Sports & Social Services	214,085,351	202,917,404	94.80%
Ministry of Finance, Economic Planning & Revenue Management	538,376,671	438,697,526	81.50%
Ministry of Agriculture & Livestock	938,613,978	537,228,406	57.20%
Ministry of Lands, Housing and Urban Development	367,859,988	202,103,875	54.90%
County Public Service Board	88,712,132	78,788,061	88.80%
County Assembly Service Board	1,271,031,113	1,007,708,118	79.30%
Kitui Municipality	159,916,036	130,475,310	81.60%
Mwingi Municipality	99,236,285	90,941,934	91.60%
Totals	14,305,355,310	12,272,733,579	85.79%

Source: Ministry of Finance, Economic Planning and Revenue Management, FY 2024/25

2.3 Sectoral Budget Performance Analysis

2.3.1 High Performing Sectors

The **Office of the Governor**, with an absorption rate of **99.6 percent**, exhibited exceptional execution efficiency. This reflects tight financial oversight and timely utilisation of allocated resources across governance, coordination, and service delivery functions. The near-complete absorption suggests that planned programmes and operational activities were implemented as scheduled.

The **Ministry of Education, Training & Skills Development** recorded an impressive **98.1 percent**, a reflection of robust budget planning and successful disbursement management within the education sector. This aligns with the county's policy focus on expanding access to quality education and enhancing vocational training infrastructure.

The **Ministry of Health & Sanitation**, absorbing **92.4 percent**, remains a major driver of the county's recurrent and development spending. This performance demonstrates effective use of funds in healthcare provision, medical supplies, and infrastructure expansion. The high absorption aligns with national fiscal trends, where health consistently ranks among the top absorbers due to its essential and continuous nature of service delivery.

2.3.2 Moderately Performing Sectors

Several ministries demonstrated moderate performance, maintaining absorption between **80 and 89 percent**, notably:

- **Ministry of Water & Irrigation (83.5%)**
- **Ministry of Roads, Public Works & Transport (83.3%)**
- **Ministry of Finance, Economic Planning & Revenue Management (81.5%)**
- **Kitui Municipality (81.6%)**

These levels are within acceptable national thresholds and reflect good expenditure discipline. However, delayed implementation of infrastructure projects, compounded by procurement bottlenecks and periodic cash flow constraints, may have restrained full utilisation.

2.3.3 Low Performing Sectors

Sectors recording absorption rates below **70 percent** included:

- **Ministry of Lands, Housing and Urban Development (54.9%)**
- **Ministry of Agriculture & Livestock (57.2%)**
- **Ministry of Trade, Industry, MSMEs, Innovation & Cooperatives (61.6%)**
- **Ministry of Energy, Environment, Forestry, Natural & Mineral Resources (70.9%)**

Underperformance in these sectors is concerning, given their strategic role in stimulating county economic growth and livelihoods. The low absorption suggests systemic challenges such as delayed procurement approvals, incomplete project designs, and insufficient technical capacity. Moreover, low disbursement to development projects in these sectors indicates potential carry forwards that may distort fiscal balance in subsequent periods.

2.3.4 Comparative Perspective

In the broader national context, Kitui's overall absorption rate of **85.79 percent** compares favourably with the national average (estimated at **84–88 percent** for most counties). This reflects progress in fiscal discipline and improved expenditure control mechanisms introduced by the County Treasury. However, the variation across ministries points to an uneven capacity for project management and budget execution, warranting targeted interventions in weaker departments.

2.4 Expenditure Composition and Fiscal Discipline

The structure of the County's expenditure indicates a continued emphasis on service delivery and infrastructure development, consistent with policy priorities outlined in the County Integrated Development Plan (CIDP III). Nonetheless, the uneven absorption across economic sectors underscores the need for reinforced fiscal discipline and strengthened accountability mechanisms.

Effective fiscal discipline, in this context, entails adherence to planned expenditure frameworks, minimisation of idle funds, and avoidance of year-end spending surges. Kitui's strong absorption rate demonstrates significant improvement from previous fiscal years, signalling a maturing public financial management culture.

2.5 Recurrent Expenditure in FY 2024/25

Recurrent expenditure constitutes a major component of the county's fiscal outlay, primarily covering personnel emoluments, operations and maintenance, and transfers to county entities. For the financial year 2024/2025, the total approved recurrent budget amounted to **KES 9.55 billion**, against which **KES 8.99 billion** was actually expended, reflecting an overall absorption rate of **94.1 percent**. This performance demonstrates commendable expenditure discipline and efficient utilisation of resources across most departments. However, disparities remain evident across entities, signalling both operational efficiency and structural constraints that require targeted policy attention.

Table6: Recurrent Expenditure in the FY 2024/25

Spending Entity	Recurrent Budget (KES)	Total Recurrent Expenditure	Variance (KES)	Absorption Rate (%)
Office of the Governor	1,376,407,281	1,370,232,227	(6,175,054)	99.60%
Office of the Deputy Governor	157,371,211	146,404,585	(10,966,626)	93.00%
Ministry of Water & Irrigation	139,446,794	131,588,747	(7,858,047)	94.40%
Ministry of Education, Training & Skills Development	941,467,773	922,585,129	(18,882,644)	98.00%
Ministry of Roads, Public Works & Transport	214,260,323	210,462,032	(3,798,291)	98.20%
Ministry of Health & Sanitation	3,979,513,262	3,736,481,286	(243,031,976)	93.90%
Ministry of Trade, Industry, MSMEs, Innovation & Cooperatives	194,406,966	183,908,611	(10,498,355)	94.60%
Ministry of Energy, Environment, Forestry, Natural & Mineral Resources	120,676,861	118,330,018	(2,346,843)	98.10%
Ministry of Culture, Gender, Youth, ICT, Sports & Social Services	170,128,788	163,768,029	(6,360,759)	96.30%
Ministry of Finance, Economic Planning & Revenue Management	443,653,372	399,143,290	(44,510,082)	90.00%
Ministry of Agriculture & Livestock	358,396,307	353,329,667	(5,066,640)	98.60%
Ministry of Lands, Housing and Urban Development	102,234,064	80,302,907	(21,931,157)	78.50%
County Public Service Board	63,978,064	63,804,192	(173,872)	99.70%
County Assembly Service Board	1,130,130,552	969,978,950	(160,151,602)	85.80%
Kitui Municipality	91,738,303	77,559,789	(14,178,514)	84.50%
Mwingi Municipality	69,791,817	63,594,307	(6,197,510)	91.10%
Total	9,553,601,738	8,991,473,766	(562,127,972)	94.10%

Source: Ministry of Finance, Economic Planning & Revenue Management (2025)

2.5.1 Analysis and Observations

The overall absorption rate of **94.1 percent** signifies commendable fiscal prudence and effective budget execution within the recurrent envelope. Nonetheless, a close examination reveals notable inter-departmental variations that merit policy scrutiny.

- **High-performing entities** such as the **Office of the Governor (99.6%)**, **County Public Service Board (99.7%)**, and **Ministry of Agriculture and Livestock (98.6%)** exhibited exemplary expenditure management, characterised by timely disbursements and efficient cash flow planning.
- **Moderate performers**, including the **Ministry of Finance (90.0%)** and **Office of the Deputy Governor (93.0%)**, indicate manageable operational bottlenecks, possibly due to delayed procurement cycles or conservative spending controls.
- **Underperforming entities**, notably the **Ministry of Lands, Housing and Urban Development (78.5%)**, **Kitui Municipality (84.5%)**, and **County Assembly Service Board (85.8%)**, reflect systemic constraints in administrative planning, delayed activity scheduling, and possible liquidity timing issues from the exchequer.

Further, the **Ministry of Health and Sanitation**, despite its vast recurrent envelope, reported a 93.9% absorption rate, signifying prudent management amidst complex operational dynamics, including staff remuneration, medical supplies, and facility maintenance.

2.5.2 Fiscal Implications

1. **Recurrent** **Rigidity:**
Recurrent expenditure continues to dominate the county fiscal framework, accounting for approximately **65%** of total budget outlays. This structural rigidity limits fiscal flexibility, constraining the county's ability to scale up development spending and invest in productive infrastructure.
2. **Wage** **Bill** **Pressures:**
Personnel emoluments, particularly within health, education, and public administration, remain the largest driver of recurrent expenditure. This calls for a **comprehensive wage rationalisation policy**, consistent with the Public Service Commission's guidelines on staff optimisation.
3. **Operational** **Inefficiencies:**
Departments with recurrent under-absorption may be experiencing procurement lags, weak financial forecasting, or misaligned activity scheduling. Strengthening **departmental expenditure tracking mechanisms** and ensuring quarterly budget reviews will enhance predictability and efficiency.
4. **Cash** **Flow** **Management:**
Variances between approved and actual expenditures also reflect timing mismatches in exchequer releases. Adoption of **liquidity forecasting tools**, integrated within the County Treasury's IFMIS module, would mitigate cash flow disruptions and enhance financial control.

2.5.3 Policy Recommendations

To enhance fiscal sustainability and ensure optimal utilisation of recurrent resources, the following policy interventions are proposed:

Policy Area	Proposed Intervention	National Practice / Legal Reference	Expected Outcome
Recurrent Efficiency	Enforce quarterly budget performance reviews and link releases to performance outcomes.	National Treasury Circular on Quarterly Budget Execution (2024)	Timely disbursements and reduced variance.
Wage Bill Management	Undertake a comprehensive human resource audit and payroll rationalisation exercise.	Public Service Commission HR Rationalisation Framework	Sustainable payroll structure and productivity alignment.
Expenditure Planning	Introduce activity-based costing for operations and maintenance.	Programme-Based Budgeting Guidelines (National Treasury, 2023)	Improved efficiency and cost realism.

Policy Area	Proposed Intervention	National Practice / Legal Reference	Expected Outcome
Cash Flow Forecasting	Implement automated liquidity management and commitment control.	PFMA 2012, Section 104(1) (b)	Enhanced fiscal discipline and reduced arrears.
Accountability & Oversight	Strengthen internal audit and expenditure tracking systems.	County Treasury Internal Audit Charter	Increased transparency and timely reporting.

Moving forward, the County Treasury should adopt a **Medium-Term Expenditure Efficiency Framework (MTEEF)** to anchor recurrent spending within sustainable thresholds, aligning budget execution with fiscal responsibility principles and service delivery imperatives. A deliberate rebalancing between recurrent and development outlays will be pivotal in realising fiscal consolidation, macroeconomic stability, and inclusive growth.

2.6 Development Expenditure Performance Analysis for FY 2024/25

The County Government's development expenditure during the FY 2024/25 amounted to **KES 3.28 billion** against an approved budget of **KES 4.75 billion**, representing an overall **absorption rate of 69.1 per cent**. This relatively moderate performance reflects underlying structural challenges in project implementation, procurement delays, and resource disbursement lags, which continue to constrain the timely execution of development programmes across most sectors.

The analysis in **Table 9** below presents a breakdown of the development expenditure by department, showing budget allocations, actual utilisation, and absorption rates.

Table 7: Development Expenditure in the FY 2024/25

Spending Entity	Development Budget (KES)	Total Development Expenditure	Variance (KES)	Percentage Absorption
Office of the Governor	1,088,098,782	1,084,065,166	(4,033,616)	99.60%
Office of the Deputy Governor	29,323,991	21,096,127	(8,227,864)	71.90%
Ministry of Water & Irrigation	592,511,933	479,319,167	(113,192,766)	80.90%
Ministry of Education, Training & Skills Development	126,319,062	124,465,675	(1,853,387)	98.50%
Ministry of Roads, Public Works & Transport	285,970,042	206,335,916	(79,634,126)	72.20%
Ministry of Health & Sanitation	385,137,009	297,697,771	(87,439,238)	77.30%
Ministry of Trade, Industry, MSMEs, Innovation & Cooperatives	631,896,665	325,088,475	(306,808,190)	51.40%
Ministry of Energy, Environment, Forestry, Natural & Mineral Resources	364,715,801	225,812,013	(138,903,788)	61.90%
Ministry of Culture, Gender, Youth, ICT, Sports & Social Services	43,956,563	39,149,375	(4,807,188)	89.10%
Ministry of Finance, Economic Planning & Revenue Management	94,723,299	39,554,236	(55,169,063)	41.80%
Ministry of Agriculture & Livestock	580,217,671	183,898,739	(396,318,932)	31.70%
Ministry of Lands, Housing and Urban Development	265,625,924	121,800,968	(143,824,956)	45.90%
County Public Service Board	24,734,068	14,983,869	(9,750,199)	60.60%
County Assembly Service Board	140,900,561	37,729,168	(103,171,393)	26.80%
Kitui Municipality	68,177,733	52,915,521	(15,262,212)	77.60%
Mwingi Municipality	29,444,468	27,347,627	(2,096,841)	92.90%
Totals	4,751,753,572	3,281,259,813	(1,470,493,759)	69.10%

Source: Ministry of Finance, Economic Planning & Revenue Management

2.7 Analytical Commentary

The low absorption rate of **69.1 per cent** in development expenditure suggests persistent bottlenecks that impede the effective execution of capital projects. Notably:

- **Project Implementation Delays:** Several infrastructure and capital-intensive projects experienced delays due to prolonged procurement processes and inadequate contractor performance monitoring.
- **Cash Flow and Exchequer Releases:** Disbursement of funds from the National Treasury and internal cash management practices led to erratic funding flows, slowing project execution.
- **Capacity Constraints:** Limited technical and managerial capacity within certain departments affected project planning, costing accuracy, and adherence to timelines.
- **Policy and Legislative Overlaps:** Bureaucratic approval procedures and inconsistencies between national and county-level policies often delayed commencement of projects.

The **Office of the Governor and Ministry of Education, Training and Skills Development** demonstrated commendable fiscal discipline with near-optimal absorption rates of 99.6% and 98.5% respectively, reflecting robust project tracking and financial stewardship. Conversely, the **Ministry of Agriculture and Livestock (31.7%)** and **County Assembly Service Board (26.8%)** underperformed significantly, indicating possible administrative inefficiencies, delayed procurements, or reprioritisation of projects.

2.8 Policy Recommendations

1. **Institutionalise a County Project Implementation Framework:**
Establish a unified framework for planning, appraisal, and monitoring of all development projects, ensuring that feasibility assessments, timelines, and cash flow projections are strictly adhered to.
2. **Strengthen Procurement Efficiency:**
Digitise procurement processes and adopt performance-based contracting models to improve timeliness and accountability in project delivery.
3. **Enhance Capacity Building:**
Train technical officers and project managers in public investment management and financial reporting to improve efficiency and oversight.
4. **Introduce Rolling Work Plans and Cash Flow Alignment:**
Align project implementation schedules with predictable cash flow projections to prevent funding lags and idle balances.
5. **Adopt National Best Practices:**
Emulate successful national frameworks such as the **Public Investment Management Guidelines (PIMG)** and the **Medium-Term Expenditure Framework (MTEF)** to improve coordination between budgeting and implementation phases.
6. **Promote Transparency through Quarterly Public Disclosures:**
Require all departments to publish quarterly progress reports on development projects to enhance fiscal transparency and public accountability.

2.9 Expenditure Composition Analysis by Entity

An analysis of the FY 2024/25 **expenditure composition** reveals that out of the total **KES 12.27 billion actual spending**, **Personnel Emoluments (PE)** accounted for **45.0 per cent**, **Operations and Maintenance (O&M)** for **28.2 per cent**, and **Development Expenditure** for **26.7 per cent**. This expenditure structure underscores the County's recurrent-heavy fiscal profile, where a substantial proportion of resources continue to sustain administrative and operational costs rather than capital investments.

Such a pattern is consistent with the expenditure trends of most devolved units nationally, reflecting the fiscal rigidity arising from constitutionally guaranteed personnel obligations and limited discretionary space for development funding.

Table 8: FY 2024/25 Expenditure by Entity

Spending Entity	Personnel Emoluments (KES)	%	Operations & Maintenance (KES)	%	Development (KES)	%	Grand Total (KES)
Office of the Governor	501,245,986	20.40%	868,986,241	35.40%	1,084,065,166	44.20%	2,454,297,393
Office of the Deputy Governor	64,270,140	38.40%	82,134,445	49.00%	21,096,127	12.60%	167,500,712
Ministry of Water & Irrigation	91,777,602	15.00%	39,811,145	6.50%	479,319,167	78.50%	610,907,914
Ministry of Education, Training & Skills Development	787,691,376	75.20%	134,893,753	12.90%	124,465,675	11.90%	1,047,050,804
Ministry of Roads, Public Works & Transport	155,140,855	37.20%	55,321,177	13.30%	206,335,916	49.50%	416,797,948
Ministry of Health & Sanitation	2,677,148,346	66.40%	1,059,332,940	26.30%	297,697,771	7.40%	4,034,179,057
Ministry of Trade, Industry, MSMEs, Innovation & Cooperatives	85,147,508	16.70%	98,761,103	19.40%	325,088,475	63.90%	508,997,086
Ministry of Energy, Environment, Forestry, Natural & Mineral Resources	51,061,898	14.80%	67,268,120	19.50%	225,812,013	65.60%	344,142,031
Ministry of Culture, Gender, Youth, ICT, Sports & Social Services	69,157,901	34.10%	94,610,128	46.60%	39,149,375	19.30%	202,917,404
Ministry of Finance, Economic Planning & Revenue Management	221,156,214	50.40%	177,987,076	40.60%	39,554,236	9.00%	438,697,526
Ministry of Agriculture & Livestock	260,171,609	48.40%	93,158,058	17.30%	183,898,739	34.20%	537,228,406
Ministry of Lands, Housing and Urban Development	56,515,022	28.00%	23,787,885	11.80%	121,800,968	60.30%	202,103,875
County Public Service Board	29,313,502	37.20%	34,490,690	43.80%	14,983,869	19.00%	78,788,061
County Assembly Service Board	416,528,506	41.30%	553,450,444	54.90%	37,729,168	3.70%	1,007,708,118
Kitui Municipality	33,551,128	25.70%	44,008,661	33.70%	52,915,521	40.60%	130,475,310
Mwingi Municipality	27,233,016	29.90%	36,361,291	40.00%	27,347,627	30.10%	90,941,934
Totals	5,527,110,609	45.00%	3,464,363,157	28.20%	3,281,259,813	26.70%	12,272,733,579

Source: Ministry of Finance, Economic Planning & Revenue Management

2.10 Analytical Commentary

The County's expenditure structure for FY 2024/25 reflects a **predominant recurrent orientation**, with **Personnel Emoluments** and **Operations & Maintenance** jointly consuming **73.2 per cent** of total spending. This leaves only **26.7 per cent** of the budget directed towards development expenditure, a level below the **Public Finance Management (County Governments) Regulations, 2015**, which recommend a minimum of **30 per cent** allocation to development spending.

Key Observations:

1. **High Wage Bill Pressure:** The health and education sectors continue to drive personnel costs, together accounting for nearly **63 per cent** of the total wage bill. This trend underscores the structural rigidity imposed by essential service delivery obligations.
2. **Moderate O&M Expenditure:** While operations and maintenance are essential for sustaining service delivery, the balance suggests efficiency improvements in administrative spending.
3. **Underfunded Development Priorities:** Sectors such as **Agriculture (34.2%)**, **Lands and Housing (60.3%)**, and **Trade (63.9%)** demonstrate commendable progress in development spending, yet the County's overall absorption remains suboptimal due to delayed disbursements and procurement inefficiencies.
4. **Governance and Institutional Costs:** The **Office of the Governor** and **County Assembly** remain the top spenders under recurrent expenditures, together consuming approximately **28 per cent** of the total County budget.

2.11 Policy Recommendations

1. **Rationalisation of the Wage Bill:**
Introduce a phased wage management framework guided by the Salaries and Remuneration Commission (SRC) and enhance workforce optimisation to ensure fiscal sustainability.
2. **Expenditure Rebalancing:**
Gradually shift the expenditure composition to meet and sustain the **30 per cent development threshold**, ensuring alignment with the County Integrated Development Plan (CIDP III) priorities.
3. **Operational Efficiency Audits:**
Institutionalise performance audits for O&M spending to eliminate wastage, duplicate functions, and non-core administrative expenditures.
4. **Result-Based Budgeting:**
Strengthen programme-based budgeting (PBB) by linking resource allocation to measurable performance indicators and service delivery outcomes.
5. **Medium-Term Fiscal Framework Alignment:**
Integrate expenditure ceilings and efficiency targets into the County's Medium-Term Expenditure Framework (MTEF) to promote predictable and disciplined fiscal management.

Table 9: Ministry/ Spending Entity Expenditure for the Period Ending 30th June 2025 (Kshs)

Spending Entity	Recurrent		Variance	Absorption Rate	Development		Variance	Absorption Rate	Total		Variance	Absorption Rate
	Actual	Target			Actual	Target			Actual	Target		
Office of the Governor	1,370,232,227	1,376,407,281	(6,175,054)	99.55%	1,084,065,166	1,088,098,782	(4,033,616)	99.63%	2,454,297,393	2,464,506,063	(10,208,670)	99.59%
Office of the Deputy Governor	146,404,585	157,371,211	(10,966,626)	93.03%	21,096,127	29,323,991	(8,227,864)	71.94%	167,500,712	186,695,202	(19,194,490)	89.72%
Ministry of Water & Irrigation	131,588,747	139,446,794	(7,858,047)	94.36%	479,319,167	592,511,933	(113,192,766)	80.90%	610,907,914	731,958,727	(121,050,813)	83.46%
Ministry of Education, Training & Skills Development	922,585,129	941,467,773	(18,882,644)	97.99%	124,465,675	126,319,062	(1,853,387)	98.53%	1,047,050,804	1,067,786,835	(20,736,031)	98.06%
Ministry of Roads, Public Works & Transport	210,462,032	214,260,323	(3,798,291)	98.23%	206,335,916	285,970,042	(79,634,126)	72.15%	416,797,948	500,230,365	(83,432,417)	83.32%
Ministry of Health & Sanitation	3,736,481,286	3,979,513,262	(243,031,976)	93.89%	297,697,771	385,137,009	(87,439,238)	77.30%	4,034,179,057	4,364,650,271	(330,471,214)	92.43%
Ministry of Trade, Industry, MSMEs, Innovation & Cooperatives	183,908,611	194,406,966	(10,498,355)	94.60%	325,088,475	631,896,665	(306,808,190)	51.45%	508,997,086	826,303,631	(317,306,545)	61.60%
Ministry of Energy, Environment, Forestry, Natural & Mineral Resources	118,330,018	120,676,861	(2,346,843)	98.06%	225,812,013	364,715,801	(138,903,788)	61.91%	344,142,031	485,392,662	(141,250,631)	70.90%
Ministry of Culture, Gender, Youth, ICT, Sports & Social Services	163,768,029	170,128,788	(6,360,759)	96.26%	39,149,375	43,956,563	(4,807,188)	89.06%	202,917,404	214,085,351	(11,167,947)	94.78%
Ministry of Finance, Economic Planning & Revenue Management	399,143,290	443,653,372	(44,510,082)	89.97%	39,554,236	94,723,299	(55,169,063)	41.76%	438,697,526	538,376,671	(99,679,145)	81.49%
Ministry of Agriculture & Livestock	353,329,667	358,396,307	(5,066,640)	98.59%	183,898,739	580,217,671	(396,318,932)	31.69%	537,228,406	938,613,978	(401,385,572)	57.24%
Ministry of Lands, Housing and Urban Development	80,302,907	102,234,064	(21,931,157)	78.55%	121,800,968	265,625,924	(143,824,956)	45.85%	202,103,875	367,859,988	(165,756,113)	54.94%
County Public Service Board	63,804,192	63,978,064	(173,872)	99.73%	14,983,869	24,734,068	(9,750,199)	60.58%	78,788,061	88,712,132	(9,924,071)	88.81%
County Assembly Service Board	969,978,950	1,130,130,552	(160,151,602)	85.83%	37,729,168	140,900,561	(103,171,393)	26.78%	1,007,708,118	1,271,031,113	(263,322,995)	79.28%
Kitui Municipality	77,559,789	91,738,303	(14,178,514)	84.54%	52,915,521	68,177,733	(15,262,212)	77.61%	130,475,310	159,916,036	(29,440,726)	81.59%
Mwingi Municipality	63,594,307	69,791,817	(6,197,510)	91.12%	27,347,627	29,444,468	(2,096,841)	92.88%	90,941,934	99,236,285	(8,294,351)	91.64%
Totals	8,991,473,766	9,553,601,738	(562,127,972)	94.12%	3,281,259,813	4,751,753,572	(1,470,493,759)	69.05%	12,272,733,579	14,305,355,310	(2,032,621,731)	85.79%

Source: Ministry of Finance, Economic Planning & Revenue Management

3.0 GRANTS & EXCHEQUER RELEASES AS OF 30TH JUNE 2025

3.1 Overview

By the close of FY 2024/25, Kitui County had received Kshs 10.89 billion in exchequer releases and Kshs 315.18 million in external grants, providing the backbone of budget financing. The exchequer releases, though substantial, were characterised by delayed and back-loaded disbursements, with the largest transfer of Kshs 979.7 million received in April 2025 and the lowest at Kshs18.6 million in November 2024. Grants, on the other hand, played a complementary role, with the Road Maintenance Fuel Levy (Kshs 152.42 million) and the World Bank-supported NAVCDP (Kshs 96.66 million) forming the bulk of inflows, alongside targeted support for climate action, health, and urban governance. Collectively, these financing streams ensured near-full budget execution, though their irregular timing may have posed short-term liquidity constraints for county operations.

3.2 Exchequer Releases

Month	Date Received	Amount (Kshs)
July	24-Sep-24	920,506,390
August	17-Oct-24	866,358,955
September	14-Nov-24	920,506,390
October	18-Nov-24	866,358,955
November	16-Dec-24	18,638,660
November	16-Dec-24	925,307,257
December	19-Feb-25	870,877,418
January	25-Mar-25	925,307,257
February	15-Apr-25	925,307,257
March	15-May-25	870,877,418
April	28-May-25	979,737,096
May	20-Jun-25	925,307,257
June	26-Jun-25	870,877,418
Total		10,885,967,728

3.3 Grants Performance

Source	Date Received	Amount (KES)
World Bank Credit – Financing Locally Led Climate Action Programme (FLLoCA)	17-Jul-25	20,187,326
Urban Institutional Grant (KUSP)	04-Jul-25	32,309,300
HSSF/HSPS – (DANIDA/IDA)	10-Jul-25	13,601,250
IDA (World Bank) Credit – National Agricultural Value Chain Development Project (NAVCDP)	04-Jul-25	96,664,363
Road Maintenance Fuel Levy	18-Jun-25	152,421,270
Total		315,183,509

4.0 OWN SOURCE REVENUE PERFORMANCE AS OF 30TH JUNE 2025

4.1 Overview

As at 30th June 2025, the County Government recorded a total collection of Ksh 895.42 million against an annual target of Ksh 988.65 million, translating to an overall realisation rate of 90.57 per cent. This performance reflects a shortfall of Ksh 93.23 million, with notable disparities across ministries, departments, and agencies. The performance is summarised below by vote:

i) Ministry of Agriculture and Livestock

The Ministry was allocated a target of Ksh 23.04 million but realised Ksh 11.86 million, representing 51.49 per cent achievement. Under-performance was largely attributed to zero collections in key revenue streams such as hire of agricultural machinery, dispatch notes/premise certificates, and purchase of GIS data. Conversely, activities such as ploughing (106.57 per cent) and veterinary services (141.84 per cent) exceeded their targets, demonstrating potential in mechanisation support and animal health services.

ii) Ministry of Water and Irrigation

This sector outperformed expectations, realising Ksh 2.88 million against a target of Ksh 1.62 million, a remarkable 177.25 per cent realisation. The over-performance was primarily driven by borehole drilling fees and the introduction of engineering and works levy, suggesting enhanced demand for water services infrastructure.

iii) Ministry of Energy, Environment, Forestry, Natural and Mineral Resources

The Ministry attained Ksh 0.30 million against a target of Ksh 0.92 million, translating to a 32.43 per cent realisation. Weak performance was linked to low receipts from noise pollution charges and limited enforcement in environmental regulation.

iv) Ministry of Health and Sanitation

The Ministry registered the most impressive performance, surpassing its annual target. Against a target of Ksh 598.01 million, it collected Ksh 631.30 million, translating to 105.57 per cent achievement. Over-performance was attributable to Facility Improvement Fund (FIF) and health centre charges which both achieved 100 per cent realisation, alongside growth in service fee collections. This underscores the robustness of health facilities as a sustainable revenue base.

v) Ministry of Culture, Gender, Youth, ICT, Sports and Social Services

Revenue stood at Ksh 0.37 million against a target of Ksh 0.40 million, reflecting 91.85 per cent realisation. While library services achieved full performance, resource centres (55.45 per cent) dragged down overall collection, pointing to untapped potential in youth empowerment infrastructure.

vi) Ministry of Lands, Housing and Urban Development

The Ministry achieved Ksh 36.86 million against a target of Ksh 41.17 million, equivalent to 89.54 per cent. While land rates (106.53 per cent) and architectural fees (138.47 per cent) performed well, significant underperformance was noted in building approvals (33.89 per cent), pole connections (0 per cent), and advertising fees which yielded no collection. This indicates administrative and enforcement bottlenecks within urban planning and land management

systems.

vii) **Ministry of Roads, Public Works and Transport**

Performance stood at Ksh 3.70 million against a target of KES 5.25 million, representing 70.50 per cent. While project signboard fees nearly met the target (96.29 per cent), preparation of Bills of Quantities (BQs) and other technical charges recorded no revenue, undermining the overall performance.

viii) **Office of the Governor**

Licence fees for alcoholic drinks generated Ksh 23.09 million compared to a target of Ksh 35.88 million, yielding 64.37 per cent realisation. This under-performance reflects either compliance gaps or reduced issuance of licences during the period.

ix) **Ministry of Trade, Industry, MSMEs, Innovation and Cooperatives**

The Ministry posted a positive variance, collecting Ksh 1.75 million against a target of Ksh 1.37 million, achieving 127.58 per cent. The strong performance was driven by cooperative audit fees (187.13 per cent) and weights & measures (104.35 per cent), signalling expanding commercial activity and strengthened regulation of business standards.

x) **Ministry of Finance, Economic Planning and Revenue Management**

This ministry, which hosts the bulk of trade-related revenue streams, realised Ksh 103.79 million against a target of Ksh 150.28 million, achieving 69.06 per cent. Positive gains were made in business permits (106.61 per cent), transportation fees (107.63 per cent), and advertising (115.24 per cent). However, significant deficits arose in cesses (15.93 per cent), market fees (79.95 per cent), and bus park collections (36.08 per cent), pointing to revenue leakages and administrative inefficiencies.

xi) **Sub-County Administrations**

- Mwingi Town Administration collected Ksh 29.44 million against a target of Ksh 45.76 million, realising 64.34 per cent. Over-performance was noted in burial fees (281.25 per cent) and clamping fees (240.67 per cent), but low collections were evident in fines and penalties (1.46 per cent) and exhaustor services (0 per cent).
- Kitui Municipality posted Ksh 50.07 million against a target of Ksh 84.96 million, equivalent to 58.94 per cent realisation. Poor performance was largely attributable to enclosed parking (16.93 per cent), a traditionally strong revenue source, suggesting weak enforcement.

4.2 Overall Observations

- i) **Strong Performers:** Health and Sanitation, Water and Irrigation, Trade & Cooperatives, and selected land-based charges surpassed or closely matched their targets.
- ii) **Under-performing Areas:** Agriculture, environmental levies, parking fees, cesses, and some urban management charges significantly underachieved.
- iii) **Systemic Issues:** Several revenue lines reported zero collections, indicating either non-implementation, weak enforcement, or redundant revenue streams.
- iv) **Policy Implication:** Sustaining gains in the health sector while addressing enforcement gaps in land management, transport, and cess collections will be critical in boosting overall fiscal independence.

Kitui County Revenue Collection Dashboard – FY2024/25

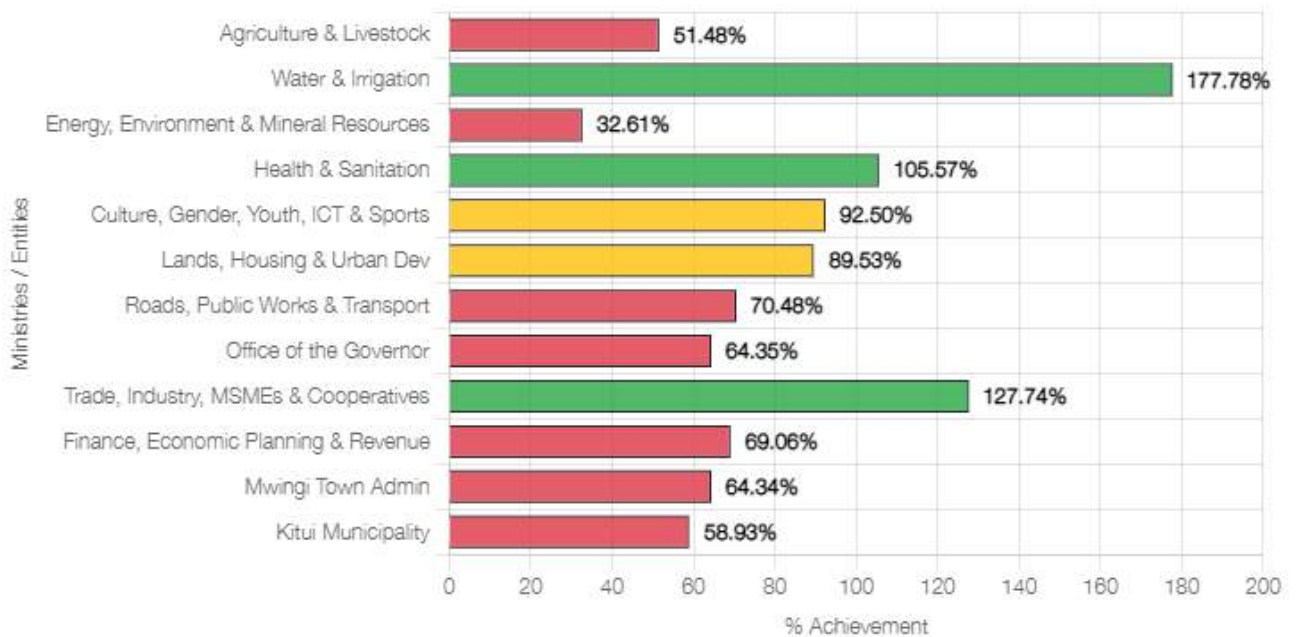
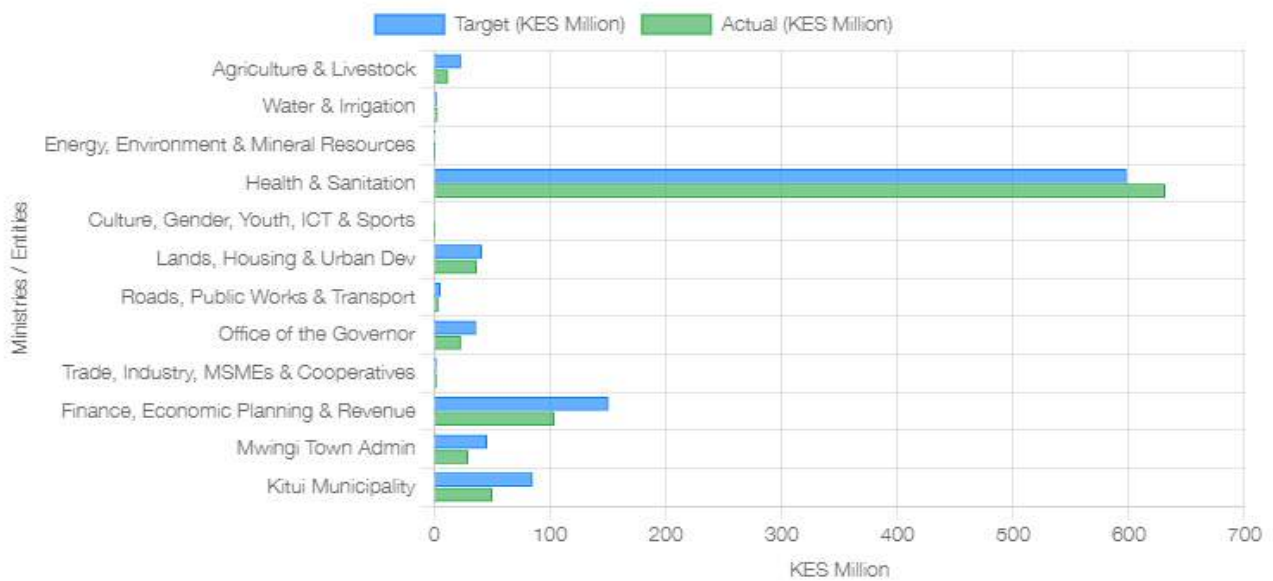


Table 10: Own Source Revenue Performance by Spending Entities

S/N	Ministry/Office	Target (Kshs)	Actual (Kshs)	Variance (Kshs)	% Realisation	Remarks
1	Agriculture & Livestock	23,039,053	11,863,685	(11,175,368)	51.49%	Major under-performance; zero collection in several streams; strong in ploughing & vet services
2	Water & Irrigation	1,623,262	2,877,300	1,254,038	177.25%	Excellent performance; driven by borehole drilling & new engineering levy
3	Energy, Environment, Forestry, Natural & Mineral Resources	915,379	296,850	(618,529)	32.43%	Weak performance; low enforcement of environmental charges
4	Health & Sanitation	598,007,839	631,303,155	33,295,316	105.57%	Strongest performer; health facilities sustainable revenue base
5	Culture, Gender, Youth, ICT, Sports & Social Services	401,394	368,690	(32,704)	91.85%	Near-target; resource centres underperformed
6	Lands, Housing & Urban Development	41,165,812	36,861,693	(4,304,119)	89.54%	Land rates & architectural fees exceeded targets; building approvals & pole connections lagged
7	Roads, Public Works & Transport	5,250,571	3,701,596	(1,548,975)	70.50%	Weak; no collections from BQs; signboards near target
8	Office of the Governor (Alcoholic Licences)	35,875,855	23,091,500	(12,784,355)	64.37%	Underperformed; weak compliance or fewer licences issued
9	Trade, Industry, MSMEs, Innovation & Cooperatives	1,374,464	1,753,607	379,143	127.58%	Strong; driven by cooperative audits & weights & measures
10	Finance, Economic Planning & Revenue Management	150,277,849	103,787,665	(46,490,184)	69.06%	Mixed performance; strong in permits & advertising; weak in cesses & bus parks
11	Mwingi Town Administration	45,756,069	29,437,177	(16,318,892)	64.34%	Weak; strong in burial & clamping fees; poor in fines & exhauster services
12	Kitui Municipality	84,958,394	50,073,118	(34,885,276)	58.94%	Weak; especially in enclosed parking; some items met/exceeded targets
TOTAL		988,645,941	895,416,036	(93,229,905)	90.57%	

Table 11: Own Source Revenue Performance by Revenue Stream

REVENUE STREAMS	Targets	YTD As at 30 th June 2025	VARIANCE	% REALIZATION
Ministry of Agriculture and livestock				
Receipts from the sale of agricultural goods	714,125	362,610	(351,515)	50.78%
Training/Learning Centre fees	4,937,412	2,536,250	(2,401,162)	51.37%
Hire of agricultural machines	6,504,713	-	(6,504,713)	0.00%
Ploughing	1,200,000	1,278,850	78,850	106.57%
Agricultural Show	6,611,050	5,612,650	(998,400)	84.90%
Dispatch Notes/Premise Certificate	13,293	-	(13,293)	0.00%
Flayer License & Folder	7,669	5,150	(2,519)	67.16%
Meat Inspection	1,212,984	972,010	(240,974)	80.13%
Movement Permit	778,145	194,350	(583,795)	24.98%
Certificate to Transport	439,866	54,900	(384,966)	12.48%
Slaughter House Inspection fees	33,061	18,000	(15,061)	54.44%
Veterinary Services	581,793	825,215	243,422	141.84%
License Meat Carrier	4,942	3,700	(1,242)	74.87%
TOTAL	23,039,053	11,863,685	(11,175,368)	51.49%
Ministry of Water and Irrigation				
Borehole drilling Fees	1,623,262	2,828,000	1,204,738	174.22%
Engineering and Works Levy	-	49,300	49,300	100.00%
TOTAL	1,623,262	2,877,300	1,254,038	177.25%
Ministry of Energy Environment, Forestry, Natural and Mineral Resources				
Noise pollution	915,379	273,350	(642,029)	29.86%
Sales of Flowers, Plants, Firewood, Produce, etc.		23,500	23,500	100.00%
TOTAL	915,379	296,850	(618,529)	32.43%
Ministry of Health and Sanitation				
Health Facilities Services Fee	598,007,839	431,543,119	(166,464,720)	72.16%
FIF		168,256,225	168,256,225	100.00%
Health Centres		31,503,811	31,503,811	100.00%
TOTAL	598,007,839	631,303,155	33,295,316	105.57%
Ministry of Culture, Gender, Youth, ICT, Sports & Social Services-				
Stadia (Specialized Ground— Showground, Hire of Fenced/ Secured Public Space)	243,583	227,000	(16,583)	93.19%
Resource Centres	157,811	87,500	(70,311)	55.45%
Library Services		54,190	54,190	100.00%
TOTAL	401,394	368,690	(32,704)	91.85%
Ministry of Lands, Housing and Urban Development				
Land Rates	21,674,314	23,088,750	1,414,436	106.53%
Debts Clearance Certificate Fee	837,000	674,000	(163,000)	80.53%
Building Plan Approvals/ Applications/ Alterations to Plans	4,500,000	1,524,890	(2,975,110)	33.89%

REVENUE STREAMS	Targets	YTD As at 30 th June 2025	VARIANCE	% REALIZATION
Building Inspection Fee/ Inspection Fee during Construction/Cutting Across the Road	2,000,000	1,103,500	(896,500)	55.18%
Plot Transfer Fee	84,186	66,000	(18,186)	78.40%
Change of User/extension of user	836,420	596,750	(239,670)	71.35%
Peging/perimeter wall	112,414	178,000	65,586	158.34%
Plot Dispute fee		15,000	15,000	100.00%
Plot Subdivision Fee	2,476	7,000	4,524	282.71%
Survey Fee	65,368	85,500	20,132	130.80%
Alteration to building plan	417,344	212,500	(204,844)	50.92%
Purchase of GIS Data	1,981	-	(1,981)	0.00%
Nema comments	434,305	376,000	(58,305)	86.58%
Advertising Fee-Municipalities	73,787	-	(73,787)	0.00%
Cutting across the road/ Structural fee	244,637	351,000	106,363	143.48%
Occupational Certificate	26,742	5,000	(21,742)	18.70%
Advertising Fee-Outside Municipalities	208,981	-	(208,981)	0.00%
Holding area Fee	14,856	39,000	24,144	262.51%
Pole Connections	2,731,000	-	(2,731,000)	0.00%
Fire Inspection	900,000	230,600	(669,400)	25.62%
Archtectural fee	6,000,000	8,308,203	2,308,203	138.47%
Total	41,165,812	36,861,693	(4,304,119)	89.54%
Ministry of Roads,Public Works and Transport				
Hiring of Machinery	2,930,571	1,652,896	(1,277,675)	56.40%
Projects Sign Board	2,100,000	2,022,000	(78,000)	96.29%
Material Testing Lab	120,000	26,700	(93,300)	22.25%
Preparation of BQs	100,000	-	(100,000)	0.00%
TOTAL	5,250,571	3,701,596	(1,548,975)	70.50%
Office of the Governor				
Licence Fees— Alcoholic Drinks	35,875,855	23,091,500	(12,784,355)	64.37%
TOTAL	35,875,855	23,091,500	(12,784,355)	64.37%
Ministry of Trade, Industry ,MSMEs, Innovation & Cooperatives				
Weights & Measures	988,670	1,031,670	43,000	104.35%
Cooperative Audit Fee	385,794	721,937	336,143	187.13%
TOTAL	1,374,464	1,753,607	379,143	127.58%
Ministry of Finance, Economic Planning & Revenue Management				
Business Permits, Current Year	49,773,825	53,064,525	3,290,700	106.61%
House and Stalls Rent	408,000	236,500	(171,500)	57.97%
Transportation Fees	12,868,150	13,849,750	981,600	107.63%
Market and Stock Fees	14,978,828	11,976,090	(3,002,738)	79.95%
Cesses	58,997,736	9,398,060	(49,599,676)	15.93%
Bus Park Fee- Outside Municipalities	1,033,770	372,970	(660,800)	36.08%
Parking Fees-Outside Municipalities	2,333,800	3,275,180	941,380	140.34%

REVENUE STREAMS	Targets	YTD As at 30 th June 2025	VARIANCE	% REALIZATION
Advertising Fee Outside Municipalities	9,485,900	10,932,000	1,446,100	115.24%
Receipts from Fines, Penalties, Forfeitures, and Other Charges	392,240	664,890	272,650	169.51%
Document Search Fee	5,600	17,700	12,100	316.07%
TOTAL	150,277,849	103,787,665	(46,490,184)	69.06%
Mwingi Town Administration				
Single Business Permits	25,528,044	16,071,327	(9,456,717)	62.96%
Delivery Charges	800,000	611,800	(188,200)	76.48%
Market and stock fees	4,614,137	1,928,350	(2,685,787)	41.79%
Cess	3,000,000	1,856,800	(1,143,200)	61.89%
Bus Park Fees	1,150,000	1,538,400	388,400	133.77%
Street Parking Fees	3,753,628	2,981,600	(772,028)	79.43%
Advertising	6,150,860	3,882,700	(2,268,160)	63.12%
Slaughter House Fees	500,100	449,800	(50,300)	89.94%
Burial Fees	4,800	13,500	8,700	281.25%
House and Stalls Rent	60,000	12,000	(48,000)	20.00%
Fines and Penalties	68,500	1,000	(67,500)	1.46%
Clumping Fees	15,000	36,100	21,100	240.67%
Fire Fighting	75,000	43,800	(31,200)	58.40%
Waste Disposal Fees	6,000	10,000	4,000	166.67%
Exhauster Services	30,000	-	(30,000)	0.00%
TOTAL	45,756,069	29,437,177	(16,318,892)	64.34%
Kitui Municipality				
Single Business Permit	32,231,628	25,277,212	(6,954,416)	78.42%
House and Stalls	3,000,000	2,043,500	(956,500)	68.12%
Transportation Fees	3,000,000	1,203,104	(1,796,896)	40.10%
Market and Stock Fees	2,000,000	1,985,232	(14,768)	99.26%
Cess	738,035	589,890	(148,145)	79.93%
Enclosed Parking	25,598,355	4,333,760	(21,264,595)	16.93%
Street Parking	6,877,276	5,247,905	(1,629,371)	76.31%
Advertising Fees	9,401,645	7,417,940	(1,983,705)	78.90%
Impounding Fees		23,200	23,200	100.00%
Fire Fighting		29,900	29,900	100.00%
Slaughter House Fees	2,098,355	1,906,175	(192,180)	90.84%
Burial Fees	13,100	15,300	2,200	116.79%
TOTAL	84,958,394	50,073,118	(34,885,276)	58.94%
GROSS TOTAL	988,645,941	895,416,036	(93,229,905)	90.57%

4.3 Challenges in Own Source Revenue Mobilisation and Policy Interventions

4.3.1 Challenges

4.3.1.1 Systemic Challenges

- i) **Under-enforcement of revenue streams:** Several revenue lines (e.g., cess, exhauster services, pole connections, BQs) recorded zero or very low collections, signalling weak enforcement.
- ii) **Revenue leakages and compliance gaps:** Disparities between potential and actual collections, especially in cesses, bus park fees, and parking, indicate leakages, corruption, or poor compliance.
- iii) **Over-reliance on a few streams:** Health services, borehole drilling, and land rates are carrying most of the revenue, exposing the County to fiscal risks if these streams fluctuate.
- iv) **Inadequate automation and integration:** Manual processes and fragmented systems create inefficiencies and open avenues for leakages.
- v) **Public resistance to some fees:** Weak performance in agricultural and environmental fees suggests possible resistance from citizens due to affordability or lack of awareness.

4.3.1.2 Sector-Specific Challenges

1. **Agriculture & Livestock:** Low uptake of machine hire services and failure to collect fees from certificates/licences due to limited demand or poor awareness.
- i) **Lands & Urban Development:** Inconsistent enforcement of building approvals, advertising, and construction-related fees.
- ii) **Municipalities (Kitui & Mwingi):** Poor performance in enclosed parking, fines, penalties, and exhauster services—often tied to weak by-law enforcement.
- iii) **Roads & Public Works:** Lack of enforcement for technical fees (e.g., BQs, material testing) due to poor institutional follow-up.
- iv) **Governor's Office (Alcohol Licences):** Declining compliance or reduced issuance of permits.

4.3.1.3 Institutional Challenges

- i) **Capacity gaps in revenue staff:** Limited technical training in modern revenue collection methods.
- ii) **Weak monitoring and evaluation (M&E):** Lack of regular audits and reconciliation of revenue streams across departments.
- iii) **Legal/regulatory gaps:** Some streams lack clear by-laws or enforcement frameworks, leading to non-collection.
- iv) **Political interference:** Revenue enforcement is sometimes compromised by political patronage or pressure to waive fees.

4.3.2 Policy Recommendations

4.3.2.1 Strengthening Revenue Mobilisation

1. **Full automation and integration of systems:** Roll out a centralised e-revenue management platform across all ministries, municipalities, and sub-counties, integrated with mobile payments to curb leakages.
2. **Digital enforcement tools:** Introduce electronic parking meters, GIS-based land rate tracking, and digital licensing for alcoholic and trade permits.
3. **Regular compliance audits:** Institute quarterly revenue audits to reconcile collections with projections and flag leakages early.

4.3.2.2 Sector-Specific Reforms

- i. **Agriculture:** Revamp mechanisations hire services through public-private partnerships, awareness campaigns, and subsidised introductory rates to stimulate demand.
- ii. **Lands & Urban Development:** Strengthen urban planning enforcement units to ensure compliance with building approvals, advertising fees, and structural levies.
- iii. **Municipalities:** Deploy municipal enforcement officers with performance-based contracts to improve parking, cess, and waste management collections.
- iv. **Roads & Public Works:** Mandate technical approvals and introduce penalties for non-compliance with project signboard and BQ requirements.
- v. **Health:** Sustain the gains by ring-fencing Facility Improvement Fund (FIF) revenues and reinvesting them into healthcare infrastructure to maintain growth.

4.3.2.3 Institutional and Legal Interventions

- i. **Capacity building:** Train revenue officers in financial management, customer relations, and ICT to modernise service delivery.
- ii. **By-law review and harmonisation:** Update outdated revenue by-laws to reflect current economic realities and remove redundant streams.
- iii. **Incentive-based compliance:** Introduce discounts for early payments of land rates, licences, and permits to improve compliance.
- iv. **Political goodwill:** Institutionalise revenue targets in departmental performance contracts to minimise political interference.

4.3.2.4 Strategic Long-term Interventions

- i. **Diversification of revenue streams:** Explore new charges such as green energy levies, digital advertising permits, and eco-tourism-related fees.
- ii. **Public engagement:** Undertake continuous public sensitisation on the importance of paying county charges and the services funded.
- iii. **Partnerships:** Collaborate with financial institutions to provide affordable credit to small traders, improving their capacity to pay licences and fees.

5.0 RECAP OF PROGRAMMES AND PROJECTS IMPLEMENTED IN FY2024/25

5.1 County Flagship Projects

Kitui County has achieved notable progress in advancing its key flagship projects, which are poised to enhance residents' quality of life, drive county development, and tackle critical challenges. The following are some of the prominent initiatives:

- i) Renal Unit, KCRH: The successful completion and operation of the Renal Unit at Kitui County Referral Hospital (KCRH) marks a major milestone. This facility delivers vital renal care services, enabling local patients to access treatment without the burden of long-distance travel.
- ii) Nzamba Kitui Memorial Hospital (Ndooa, Mutitu): Significant advancements in completing and expanding this hospital are noteworthy. It will greatly improve healthcare access and quality for residents in Ndooa and Mutitu, easing the pressure on KCRH.
- iii) Upgrading KCRH and Mwingi Level 4 Hospital: The ongoing efforts to elevate these hospitals to Level IV status are a strategic step to strengthen healthcare delivery. This upgrade will enhance their ability to manage complex cases and offer specialized services.
- iv) Kangu Kangu Storm Water Project: The completion of this project is a critical measure to mitigate flooding challenges in Kitui South and Kitui Rural sub-counties. It will bolster infrastructure, minimize property damage, and improve living conditions for residents.
- v) GBV Rescue Centre: The establishment of this centre is a vital effort to combat gender-based violence in the county. It will provide a secure and supportive space for survivors, fostering a more inclusive and equitable community.
- vi) Kinyongongo Digital Centre: This initiative has the potential to narrow the digital gap and spur economic growth. By offering access to technology and digital training, it can empower individuals and communities.
- vii) Kitui Industrial and Aggregation Centre (Kanyonyoo): Though still in its initial phases, this project shows great promise for advancing industrialization and agricultural growth. It has the potential to generate employment, attract investment, and enhance local livelihoods.

Table 12: Summary of Flagship Projects

Metric	Target	Actuals	Completion (%)	Remarks
ECDE Classrooms	40	37	92.5%	Slightly below target.
Sand Dams	120	120	100%	Target fully met
Sump Wells Built	5	11	220%	Significantly exceeded target
New Road Openings	67	56	83.58%	Below target, needs improvement
Drifts Built	2	1	50%	Significantly below target
Dispensaries Built	16	20	125%	Exceeded target
Maternity Wings Built	4	4	100%	Target fully met

5.2 SPECIFIC PROGRAMMES AND PROJECTS IMPLEMENTED IN FY2024/25

5.2.1 OFFICE OF THE GOVERNOR

S/N	Project Name / Intervention	Key Output / Deliverable
1	Community Level Infrastructure Development Programme (CLIDP)	300 infrastructure projects implemented across 40 wards, benefiting ~300,000 households
2	Governor's Residence – Land Acquisition	2 plots of land purchased for Governor's and Deputy Governor's residences
3	Refurbishment of Governor's Administration Block	20 renovations and partition works completed to enhance working conditions
4	County Headquarters Construction	1 County Headquarters block constructed (not started)
5	Kwa Kamari Police Station – Full Administration Block & Facilities	1 administration block constructed; 1 junior staff quarter; 1 pit latrine; chain link fencing & sentry; solar lighting installed – fully operational
6	Kwa Ngongoo Police Station – Full Administration Block & Facilities	1 administration block constructed; 1 junior staff quarter; 1 pit latrine; chain link fencing & sentry; solar lighting installed – fully operational
7	Twambui Police Station – Additional Works & Security	1 administration block with chain link fencing & sentry completed
8	Imuumba Police Station – Chain Link Fencing & Sentry	1 chain link fence with sentry completed to improve local security
9	Konakaliti Police Station – Repairs & Renovations	Station undergoing procurement for overhaul and repair post-vandalism
10	Kyuso Ward Office Construction	1 administration office under construction (80% complete)
11	Waita Ward Office Repairs	Repairs completed; fully operational administration office

5.2.2 OFFICE OF THE DEPUTY GOVERNOR

S/N	Project Name / Intervention	Key Output / Deliverable
1	Emergency Response Centre Infrastructure (Office Block, Call Centre, Toilets, Fence, Gate & Security Room)	1 office block constructed; 1 call centre room completed; 1 four-door modern toilet block constructed; 1 chain-link fence with gate & security room installed – enhancing coordination, hygiene & security
2	School Sanitation Facilities (Itinda Primary & Migwani AIC Special School)	1 four-door pit latrine at Itinda (ongoing); 1 three-door pit latrine with urinal and 1 four-door pit latrine without urinal at Migwani Special School (ongoing)
3	Kalundu Eco-Park Facilities	15 concrete benches and waste bins installed in Kitui Township – improving recreational space
4	Mutomo Reptile Park Infrastructure	10 snake cages constructed; 1 snake pit completed; 1 gate renovated; 4-door pit latrine constructed – enhancing reptile tourism facilities
5	Tourism Site Development	Renovation of Kaluu View Point (1 structure completed); Touristic latrines at Yanzuu Retreat Centre (1 structure planned – not implemented)

S/N	Project Name / Intervention	Key Output / Deliverable
6	Hospitality Sector Data Update	1 countywide hotel capacity report completed
7	Mwingi North Reserve (MNR) – Water & Conservation	1 borehole drilled and equipped at Kaningo; enhanced wildlife conservation
8	Mwingi North & South Kitui Reserves – Infrastructure & Security	1 Masyungwa entrance gate renovated; 1 Kalalani rangers’ base renovated; 1 Kalalani borehole solarised – improved security and habitability for rangers
9	Collaboration with Kenya Wildlife Service (KWS)	1 MoU signed to enhance stakeholder collaboration

4.2.3 WATER & IRRIGATION

S/N	Project Name / Intervention	Key Output / Deliverable
1	Drilling of Boreholes	12 boreholes drilled & test-pumped across 20 wards; increased access to safe water
2	Equipping of Boreholes	20 boreholes equipped across 20 wards; improved domestic water supply
3	Construction of Sump Well Water Supplies	9 sump well water supplies constructed across 8 wards; increased domestic water access
4	Pipeline Extensions	21.69 km of pipeline extensions completed countywide; expanded access to water
5	Construction & Desilting of Earth Dams / Pans	Budget reallocated to procurement & installation of Kiambere high-lift pumps; no dams constructed/desilted
6	Repairs & Maintenance of Borehole Water Supplies	55 borehole water schemes repaired countywide; improved scheme sustainability
7	Subsidies for WSPs (KITWASCO, KIMWASCO)	2 water service providers supported (Kitui & Mwingi towns); enhanced access to clean water for domestic & industrial use
8	Construction of Sand Dams	80 sand dams constructed countywide (out of planned 120); enhanced domestic and irrigation water availability
9	Construction of Cluster Irrigation Projects	6 cluster irrigation schemes completed across 15 wards; improved irrigated agriculture (budget cuts reduced scope)
10	Solarisation of Cluster Irrigation Projects	0 completed out of 5 planned (project stalled due to budget cuts)

5.2.4 MINISTRY OF EDUCATION, TRAINING & SKILLS DEVELOPMENT

S/N	Project Name / Intervention	Key Output / Deliverable
1	ECDE Classroom Construction	1 classroom constructed at Masikalini Primary School; improved learning environment; completed
2	Procurement & Distribution of Teaching and Learning Materials	Materials distributed to all ECDE centres; number of kits/tools delivered recorded; enhanced teaching and learning outcomes; completed
3	Monitoring & Evaluation of ECDE Programmes	1 M&E exercise conducted across all wards; report produced; aimed at improving quality of education

S/N	Project Name / Intervention	Key Output / Deliverable
4	ECDE Co-Curricular Activities	Festival participation in Mwingi; certificates awarded to participants; talent identification enhanced
5	Disbursement of Pro-Poor Fees (Bursaries)	Bursaries awarded to students across all wards; number of students supported recorded; improved access to education
6	Payment of Government Trade Test Fees for VTCs	Fees paid for all 56 VTCs across 40 wards; number of trainees certified recorded; exam certificates issued; process ongoing
7	Support to Co-Curricular Competitions in VTCs	Competitions supported in all 56 VTCs; number of competitions recorded; teams selected; talent nurtured
8	Renovation of Existing VTCs	7 VTCs renovated (Kyuso, Tseikuru, Miambani, Mwingi Baptist, Kanyongonyo, Mutwaathi, Kyatune); improved infrastructure; completed
9	Procurement & Distribution of Training Tools & Equipment	Training tools and equipment distributed to all 40 wards; number of tools recorded; improved training standards
10	Monitoring & Evaluation of VTC Training Programmes	M&E conducted at 4 VTCs (Mutito, Kawala, Kauwi, Nzawa); resource utilisation ensured; challenges identified and addressed; report produced
11	Benchmarking on HomeCraft Centres	2 HomeCraft Centres benchmarked in Kirinyaga County; lessons on best practices documented; knowledge transferred

5.2.5 MINISTRY OF ROADS, PUBLIC WORKS & TRANSPORT

S/N	Project Name / Intervention	Key Output / Deliverable
1	Routine Road Maintenance (Grading & Gravelling)	13 road sections graded/gravelled; total 1,920 km across Tseikuru, Ngomeni, Kyuso, Ngutani, Kiomo/Kyethani, Migwani, Waita, Nuu, Nguni, Kisasi, Mbitini, Ikanga/Kyatune, Voo/Kyamatu, Chuluni, Nzambani, Mulango, Tharaka, Kiomo/Thaana, Zombe, Endau, Mutitu/Kalikku, Kyangwithya East, Kyangwithya West, Township, Mumoni, Mui, Miambani, Mutomo, Mutha, Kanziku/Simisi (various km per ward)
2	Construction / Repair of Drifts, Slabs, Culverts & Ducts	1,184 m of drifts constructed (various: Tseikuru, Nzanzeni-Kangunguu 135m, Kwa Katalinga 52m, Endau-Mukooni 25m, Makuka Tyaa River 40% completed, Kwa Kathuva-Kavuvuu 20m, Kwa Masi-Syokiti 25m, Mwanianga 50m, Ivoova River 90m, Inyuu-Nzilani-Kyaango 70m slab & 200m gravelling, R. Nguni Floodplain 2-cell box culvert 20% completed), 14 m sleeve ducts at Mbitini, and flood protection gabions at Mutwangombe & Zombe Markets
3	Road Opening / Widening (Access Roads)	62 access roads opened/widened across 40 wards; total 343 km (e.g., Kyuso 12 km, Tseikuru 4 km, Ngomeni 4 km, Tharaka 5 km, Mumoni 10 km, Nuu 11 km, Mwingi Central 7 km, Migwani 6 km, Kivou 12 km, Waita 12 km, Nguni 12 km, Mui 5 km, Miambani 7 km, Kiomo/Kyethani 10 km, Nguutani 10 km, Mutonguni 6 km, Kithumula/Kwa Mutonga 6 km, Kauwi 9 km, Kwa Vonza/Yatta 9 km, Kyangwithya East 6 km, Kyangwithya West 6 km, Kanyangi 11 km, Matinyani 6 km, Township 6 km, Kisasi 6 km, Mbitini 6 km, Mulango 6 km, Nzambani 7 km, Voo/Kyamatu 6 km, Endau/Malalani 6 km, Mutitu/Kalilu 6 km, Ikanga/Kyatune 3 km, Mutomo/Kibwea 3 km, Athi 7 km, Kanziku/Simisi 7 km, Mutha 7 km)

S/N	Project Name / Intervention	Key Output / Deliverable
4	Construction / Improvement of Public Works Offices	2 sub-county offices: Kitui East (Zombe/Mwitika) – 70% completed office block; Kyuso – 10% ongoing repairs
5	Procurement of Plant & Machinery	1 Motor Grader purchased for county-wide service delivery
6	Boda Boda Sector Development	12 Modern Boda Boda Sheds constructed across wards: Nguni, Miambani, Kyome/Thaana, Ikutha, Migwani, Mwingi Central, Chuluni, Kitui Township, Tseikuru, Malalani, Mulango, Zombe; 700 riders trained; policy formulation ongoing (75% completed)

5.2.6 MINISTRY OF HEALTH & SANITATION

S/N	Project Name / Intervention	Key Output / Deliverable
1	Upgrading of medical stores at Kyuso, Nuu, Mwingi Level IV, Kauwi, Migwani, Mutitu hospitals	Drug stores upgraded at Mwingi Level IV, Kauwi, and Nuu hospitals
2	Construction & completion of kitchens at Kyuso and Migwani sub-county hospitals	2 modern kitchens constructed and operational
3	Construction and completion of theatres at Kyuso General Hospital & Kauwi Sub-County Hospital	2 theatres constructed and functional
4	Perimeter wall & chain-link fencing at Mwingi Level IV Hospital & KCRH	Fencing completed at Mwingi Level IV; KCRH fencing pending
5	Construction of medical stores at Mwingi Level IV Hospital & KCRH	KCRH medical store complete; Mwingi Level IV store pending
6	Initiation of Nzamba Kitonga Memorial Hospital & KCRH Renal Centre	New hospital & renal facility initiated, works ongoing
7	Continuation/construction of female, pediatric, maternity, surgical/amenity wards at Mwingi Level IV & KCRH	4 specialized wards continued/constructed; some works pending
8	Renovation and upgrading of Level 2 & 3 health facilities and dispensaries (Yumbu, Yanzuu, Katse, Tharaka, Sosoma, Musovo, Kyandui, Mwakini, Mbitini, Kanziko, Tiva)	Facilities renovated/upgraded; female wards constructed in some
9	Construction/operationalization of dispensaries in underserved villages	10 new dispensaries constructed; 15 renovated and operationalized
10	Latrines, laboratories, OPDs, maternity units, pediatric wards, and kitchens	2 pit latrines, 1 lab, 1 maternity unit, 1 pediatric ward, 1 OPD constructed and functional
11	Automation of 12 Sub-County Hospitals	Network peripherals and desktop computers installed; hospitals automated
12	Mortuary construction and equipping – KCRH, Mwingi Level IV, Kiusyani	3 mortuaries completed; KCRH & Mwingi Level IV equipping ongoing
13	Procurement of cold chain equipment and Paqua lab	4 cold chains and 1 water quality analysis lab procured
14	Equipment for health service delivery – motorbikes, mobile phones, toilets	3 motorbikes, 7 toilets completed; CHP phones pending
15	Laboratory equipment (biochemistry, hematology, biosafety cabinets, microscopes)	Hematology analyzers & biosafety cabinets delivered; other lab equipment pending

S/N	Project Name / Intervention	Key Output / Deliverable
16	Specialized medical equipment for KCRH, Mwingi Level IV, sub-county hospitals (laundry, dental, X-ray, maternity, incubators, CPAP, theatre, dialysis, voltage stabilizers)	Equipment delivered and installed across facilities; some CPAP & maternity equipment pending
17	Equipping Level 2 & 3 facilities with essential equipment	22 facilities equipped for primary healthcare service delivery
18	Procurement of delivery beds at Nguni Health Centre & Tseikuru Hospital	2 electric delivery beds installed and functional

5.2.7 TRADE, MARKETS, COOPERATIVES & COUNTY BRANDING

S/N	Project Name	Output (Key Deliverable)
1	Construction of Multi-purpose Market – Ithiani	1 market constructed
2	Installation of gutters & 2 water tanks – Migwani Market	2 water tanks installed
3	Ladies’ Ablution Block – Ithiani Market	1 ablution block constructed
4	Cabro paving & repair – Migwani Fresh Produce Market	Market cabro paving completed
5	Solar Security Lights in Markets (Kamina, Syomikuku, Migwani, Kwa Ukungu, Gatoroni, Twimyua, Makutano, Katalwa, Karung’a, Kanzui, Kwa Mulungu, Kaluluini, Ngiluni, Yumbu, Mumbuni)	60 solar market lights installed + 2 replacements
6	Renovation of CECM office & construction of parking sheds – Ministry HQ	Office renovated; parking sheds constructed
7	Construction of Kitui County Aggregation & Industrial Park (K-CAIP) – Kanyonyoo	1 County Industrial Park (Ongoing)
8	Promotion of cooperative registration – Countywide	New cooperative societies registered
9	Cooperative training – Countywide	Leaders trained (100% coverage)
10	Revival of dormant cooperatives – County-wide	Dormant societies reactivated (100%)
11	Supervision of cooperative elections – Countywide	Elections supervised (100%)
12	Attendance of cooperative general meetings – County-wide	General meetings attended
13	Attendance of cooperative committee meetings – County-wide	Committee advisory services offered
14	Cooperative governance workshops – Countywide	Governance workshops conducted
15	Inspection of cooperative societies – Countywide	Societies inspected (100%)
16	Cooperative audits – Countywide	Societies audited (100%)
17	Branding of 3 county entry/exit points	3 branded entry/exit points
18	Branding survey in 8 Sub-County HQs	Survey conducted & report produced
19	Installation of 8 Sub-County HQ signages	8 signages installed
20	Production of IEC materials for county events/forums	IEC materials produced
21	Participation in exhibitions, conferences & marketing forums	County represented in marketing activities

5.2.8 ENERGY, ENVIRONMENT, FORESTRY, NATURAL & MINERAL RESOURCES

S/N	Project Name	Output (Key Deliverable)
1	Tree Growing & Forest Conservation – Countywide	144,000 seedlings planted; forest cover increased
2	Climate Change Adaptation & Mitigation – Countywide	Community sensitisation & training programmes conducted
3	Rural Electrification – Households & Institutions (with REREC & Kenya Power)	10,000 households/institutions connected
4	Installation of Solar Security Lights – Countywide	118 solar security lights installed
5	Repair of Solar Security Lights – Countywide	75 solar security lights repaired
6	Installation of Solar Powered Water Pumps – Countywide	5 solar powered water pumps installed
7	Establishment of Community Liaison Committee – Kanziko (Kitui South)	1 liaison committee established

5.2.9 MINISTRY OF AGRICULTURE & LIVESTOCK

S/N	Project Name	Output (Key Deliverable)
1	Support farmers with Horticulture Crops Seeds	0.245 MT certified seeds procured (assorted vegetable seeds)
2	Support horticultural farmers with pesticides	145.414 litres pesticides procured
3	Disbursement of Inclusion Grant Funds to SACCOs (NAVCDP)	17 SACCOs supported
4	De-silting of Thitha water pan (ELRP)	1 pan desilted
5	De-silting of Syonzola water pan (ELRP)	1 pan desilted
6	Construction of Kalisasi rock catchment (ELRP)	1 rock catchment constructed
7	Subsidised tractor ploughing services	1,497 acres ploughed
8	Support Extension & Advisory Services delivery (crop)	222,539 farmers reached
9	Support Extension & Advisory Services delivery (ICT Equipment for ATC)	5 laptops procured
10	Support ATC fruit & agroforestry seedling nursery	13,408 seedlings propagated and sold
11	Refurbishment of ATC Kitchen	1 kitchen refurbished
12	Rehabilitation of ATC Hostel	1 hostel rehabilitated
13	Breed Improvement – Procurement of Galla Goats	1,220 goats procured and distributed
14	Support Extension & Advisory Services (livestock value chains)	1,150 farmers supported
15	Livestock disease control (procurement of vaccines)	410,000 assorted animals vaccinated
16	Construction & equipping of veterinary diagnostic laboratory	1 diagnostic lab constructed

5.2.10 MINISTRY OF LANDS, HOUSING AND URBAN DEVELOPMENT

No.	Project Name	Output (Key Deliverable)
1	Installation of Solar Security Light – Kanguu Market (Chuluni Ward)	1 solar security light installed
2	Installation of Solar Security Lights – Mululini (2), Wikivuvwa (2), Kitumbi (2)	12 solar security lights installed
3	Repair & Installation of Solar Streetlights – Ciampiu Shopping Centre	2 solar streetlights repaired and installed
4	Installation of Solar Streetlight – Miambani Market	1 solar streetlight installed
5	Upgrade of Kyusyani Market Roads to Bitumen Standards	1 road upgraded to bitumen standards
6	Installation of Solar Streetlights – Ikaanga Shopping Centre	5 solar streetlights installed
7	Repair of Solar Security Lights – Kithumula (Kathivo, Kwa Mboya, Mithikwani)	1 solar streetlight repaired
8	Installation of Solar Streetlight – Kwa Vonza Road Junction	1 solar streetlight installed
9	Repair & Installation of Solar Streetlight – Kwa Mboya Market	1 solar streetlight repaired and installed
10	Installation of Solar Security Lights – Mutonguni Ward (Mutale, Tulia, Kalambya)	1 solar streetlight installed
11	Repair of Solar Security Lights – Nzawa Market (Nguutani Ward)	5 solar streetlights repaired
12	Repair (5) & Installation (5) of Solar Streetlights – Nguni Market	10 solar streetlights repaired and installed
13	Installation of Solar Security Lights – Migwani Urban Town	12 solar streetlights installed
14	Repairs (5) & New Installations (2) of Solar Security Lights – Nguutani Market	7 solar streetlights repaired and installed
15	Installation of Solar Streetlight – Waita Market	1 solar streetlight installed
16	Repairs (5) & New Installations (2) of Solar Security Lights – Muangeni, Mutomo, Kanziku, Voo	7 solar streetlights repaired and installed
17	Repair & Installation of Solar Security Lights – Maliku, Kitungati, Mbitini	1 solar streetlight repaired and installed
18	Installation of Solar Security Lights – Manyoeni, Nzangathi, Kimangau	1 solar streetlight installed
19	Repair & Installation of Solar Security Lights – Ngomeni Market	1 solar streetlight repaired and installed
20	Chainlink Fencing & Gate at Kyuso Dump Site	1 chainlink fence and gate installed
21	Repairs & Installation of Solar Security Lights – Itoleka (6), Mangina (3), Mutune (4), Mulango (3)	16 solar streetlights repaired and installed
22	Construction of 4-Door Pit Latrines with Urinals in Various Markets (Migwani, Zombe, Tulia, Mutitu, Kwa Vonza, Mutha, Mulutu, Wikililye, Katse, Mbondoni, Kyamboo, Kavisuni)	12 pit latrines (4-door + urinal) constructed
23	Procurement of Office Stationery – Ministry Office	1 office stationery package procured
24	Repair & Installation of Solar Security Lights – Kangondi, Kakumuti Markets (Mutonguni Ward)	1 solar streetlight repaired and installed

5.2.11 KITUI MUNICIPALITY PROJECTS

S/No.	Project Name	Output (Key Deliverable)
1	Construction of walkways from Huduma Centre to Kunda Kindu	360 m ² Cabro paved walkway constructed
2	Construction of Car park Area and Drainage works (Magunas-Univision Sacco)	780 m ² Cabro paved car park and drainage constructed
3	Marking of CBD parking enhancement	182 parking slots marked
4	Routine maintenance & spot improvement (Signal Hotel–Green Africa–Isaangwa Rd)	800 m road graded and gravelled
5	Marking of parking slots in Kitui CBD	195 parking slots marked
6	Gravelling and drainage works on Mumoni Estate access road	500 m road graded and gravelled
7	Kalundu Market Access Roads rehabilitation	100 m road graded and gravelled
8	Routine maintenance & spot improvement (Premier Resort–Ginnery Access Rd)	100 m road graded and gravelled
9	Drainage works and Access Road near Kitui Slaughter House	145 m road graded, gravelled and drainage constructed
10	Installation of integrated solar streetlights (Kalundu Market, Behind Bus Park, Shell)	4 streetlight posts installed
11	Acquisition of waste receptacles	96 waste receptacles acquired
12	Installation of integrated solar streetlights (Mayuni Market)	4 streetlight posts installed
13	Installation of integrated solar streetlights (Mulutu–Ithiani Road)	7 streetlight posts installed
14	Installation of integrated solar streetlights (Ginnery Junction–Resort Loop Road)	4 streetlight posts installed
15	Installation of integrated solar streetlights (Signal–Kathyethoka Road)	12 streetlight posts installed
16	Installation of integrated solar streetlights (Mumoni–Kiluilu Road)	10 streetlight posts installed
17	Installation of integrated solar streetlights (Jordan Estate, Juakali)	4 streetlight posts installed
18	Installation of integrated solar streetlights (Soko Mjinga–Ithumula)	4 streetlight posts installed
19	Installation of integrated solar streetlights (Ngenuka Nenda)	4 streetlight posts installed
20	Construction of four-door pit latrine at Kinyai Market	1 toilet block (4 doors) constructed
21	Supply & installation of solar energy integrated security lights (Bishop’s Residence, etc.)	6 streetlight posts installed
22	Fabrication & installation of four fibreglass revenue booths (Kitui CBD)	4 revenue booths installed
23	Installation & fabrication of four boom barriers (Kitui CBD Buspark & Kunda Kindu)	4 boom barriers fabricated and installed
24	Construction of pedestrian walkways (Muslim Primary–Masjid Noor Mosque)	Cabro paved walkway constructed
25	Kitui CBD potholes patching	Potholes patched and recarpeted

S/No.	Project Name	Output (Key Deliverable)
26	Renovation of various offices at Kitui Municipal Manager's office	1 office block renovated
27	Elevation of water tanks at Kitui Municipality offices	2 water tanks elevated
28	Landscaping and beautification opposite Shell petrol station (Kalundu)	500 m ² landscaped and ornamental plants planted

5.2.12 MWINGI MUNICIPALITY

S/N	Project / Intervention	Key Output / Deliverable
1	Slaughterhouse Perimeter Wall	Wall constructed around Mwingi Slaughterhouse (measured in metres) for improved government image and environmental management
2	Construction of Pit Latrines with Urinals	Two 4-door pit latrines constructed at Thokoa Market and Musuani Market to improve hygiene and environmental management
3	Open Drainage Construction / Repair	Stone-pitched open drainage constructed along Kitui Teaches Sacco to Kasina Primary School road to enhance mobility and commercial activities
4	Emergency Road Works – Pothole Patching	Pothole patching executed from Hospital Junction to Kanini Kaseo Road to improve road mobility
5	Installation of Integrated Solar Lights in Markets	10 integrated 2-arm solar lights installed across Musola, Nguluma, Muyange, Ivuoni, Ndiani, Muruana, Masokani, Matuva, Itongolani, and Kairungu markets to enhance night security, prolong working hours, and improve aesthetic value
6	Repair & Maintenance of High Mast Lights	6 high mast lights repaired and maintained in Mwingi Town to improve night security and municipal aesthetics
7	Cabro Paving Works	Cabro paving carried out at Mwingi-Kyuso road junction (next to KANU Hall) and opposite Co-op Bank to increase public parking space, improve hygiene, and support revenue collection
8	Construction of Culverts & Approaches	Culverts and approaches constructed between Kathonzweni Secondary & AIC Church road and at Kwa Mukeni road to enhance connectivity, mobility, and living standards

5.2.13 COUNTY ASSEMBLY SERVICE BOARD

S/N	Project Name / Intervention	Key Output / Deliverable
1	Modern Office Block Construction	All staff and MCAs comfortably accommodated in a modern office block
2	County Assembly Perimeter Wall	Security enhanced around County Assembly premises through completed perimeter wall
3	Staff & Members Training and Development	Seminars and workshops organized; staff and MCAs trained on legislative skills
4	Motor Vehicle Procurement	Motor vehicles purchased to facilitate duty performance for Assembly staff
5	Speaker's Residence – Land Acquisition	Land acquired for construction of Speaker's residence
6	Speaker's Residence Construction	Speaker's residence constructed and operational (ongoing)

7	Office Equipment Procurement	Offices furnished with equipment for efficient operations
8	Metallic Document Storage Containers	Metallic containers procured for safe storage of Assembly documents and items
9	Borehole Drilling & Equipping	Borehole constructed and equipped to provide sufficient water for Assembly use
10	Bunge Mashinani Activities	Legislative outreach sessions held in Migwani Ward for effective representation
11	Ward Offices – Motorbike Procurement	40 motorbikes purchased for Ward Offices assistants to ease service delivery
12	Ward Offices – Land Purchase & Construction	40 Ward Offices purchased and/or constructed to provide conducive working environment
13	Recurrent Expenditure (Personnel & Operations)	Assembly operations, oversight, representation, and legislation supported; reports and legislations produced

6.0 PROJECTED FISCAL FRAMEWORK FOR FY 2025/26–2027/28

6.1 Overview

The County Government’s medium-term fiscal framework aims to consolidate gains achieved in FY 2024/25, strengthen fiscal sustainability, and realign expenditure with both revenue potential and the strategic priorities of the third County Integrated Development Plan (CIDP III). The framework presented herein integrates updated macro-fiscal projections, expenditure ceilings, and resource forecasts consistent with national fiscal policies and intergovernmental transfer mechanisms.

The overarching fiscal objective for FY 2025/26–2027/28 is to sustain fiscal discipline, enhance local resource mobilisation, and ensure that public expenditure delivers measurable social and economic returns. The framework rests on three policy anchors:

1. **Revenue realism and sustainability** – aligning resource forecasts with actual collection capacity.
2. **Expenditure efficiency** – ensuring each shilling spent delivers measurable outputs.
3. **Fiscal resilience** – building buffers against macroeconomic volatility and delayed exchequer releases.

Table 13: Projected Fiscal Framework for FY 2025/26–2027/28

S/ No	Source	Approved Revenue Estimates 2024/25 (Kshs)	Actual Revenue 2024/25 (Kshs)	Revenue Estimates 2025/26 (Kshs)	Projected Revenue Estimates 2026/27 (Kshs)	Projected Revenue Estimates 2027/28 (Kshs)
1	Equitable Share	11,244,322,462	10,885,967,728	11,503,907,837	11,684,686,692	11,801,533,575
	Subtotal Equitable Share	11,244,322,462	10,885,967,728	11,503,907,837	11,684,686,692	11,801,533,575
2	Conditional and Unconditional Grants					
	Road Maintenance Fuel Levy	445,098,850	152,421,270	445,098,850	449,549,839	454,045,337
	World Bank (KDSP – Level I)	37,500,000	–	37,500,000	37,875,000	38,253,750
	World Bank (KDSP – Level II)	–	–	352,500,000	356,025,000	359,585,250
	World Bank (ELRP)	121,025,000	–	121,025,000	–	–
	IDA (NAVCDP)	151,515,152	213,349,286	151,515,152	153,030,304	154,560,607
	DANIDA/IDA (HSSP/HSPS)	13,601,250	13,601,250	13,601,250	13,737,263	13,874,635
	County Aggregation & Industrial Parks	250,000,000	–	250,000,000	–	–
	Community Health Promoters	58,050,445	–	58,050,445	58,630,949	59,217,259
	World Bank (FLLoCA)	–	211,425,799	205,807,064	207,865,135	209,943,786
	Kenya Urban Support Project (UIG)	35,000,000	32,311,946	28,400,000	28,684,000	28,970,840
	Court Fines	50,000	–	50,500	51,005	51,515

S/ No	Source	Approved Revenue Estimates 2024/25 (Kshs)	Actual Revenue 2024/25 (Kshs)	Revenue Estimates 2025/26 (Kshs)	Projected Revenue Estimates 2026/27 (Kshs)	Projected Revenue Estimates 2027/28 (Kshs)
	Mineral Royalties (20%)	114,279	–	115,422	116,576	117,742
	Subtotal Grants	1,111,954,976	623,109,551	1,663,662,040	1,305,563,412	1,318,619,045
3	Own Source Revenue	600,000,000	895,416,036	1,050,000,000	1,086,250,000	1,150,000,000
	Total Resource Envelope	12,956,277,438	13,899,586,684	14,358,264,540	14,076,500,104	14,270,152,620

Source: County Treasury (2025)

6.2 Analytical Summary

The **total resource envelope** is projected to increase from **KSh 13.9 billion (actual FY 2024/25)** to **KSh 14.36 billion in FY 2025/26**, representing a **nominal growth of 3.3%** and an **average medium-term annual growth rate of 2.6%**. This trajectory reflects the County’s gradual fiscal recovery, improved revenue administration, and consistency in intergovernmental fiscal transfers.

a) Equitable Share Dominance

The equitable share remains the fiscal backbone of the County, accounting for approximately **80–83% of total revenue**. Although relatively stable, this dependence signals fiscal vulnerability, as the County’s liquidity and operational planning remain contingent upon the timing and adequacy of National Treasury disbursements. A diversification strategy is therefore critical.

b) Grants and Conditional Allocations

Conditional grants, particularly those from the **World Bank, IDA, DANIDA**, and other bilateral agencies, reflect strong external confidence but expose the County to compliance-related fiscal risks. Project execution delays, counterpart funding constraints, and conditionalities could affect cash flow stability. The County must, therefore, institutionalise a **Grant Performance Framework (GPF)** to enhance coordination, absorption, and accountability of donor-funded projects.

c) Own Source Revenue Growth

Own-source revenue demonstrates a promising upward trend—from **KSh 895.4 million (actual FY 2024/25)** to **KSh 1.05 billion (FY 2025/26 projection)**. This 17.3% increase signals operational reforms in revenue collection, particularly through automation, compliance monitoring, and the digitisation of markets, cess points, and property registers. The Treasury should capitalise on this trajectory by implementing a **Revenue Expansion and Automation Strategy (REAS)**, aimed at achieving a 10% year-on-year growth in local receipts.

6.3 Policy Prescriptions for Fiscal Consolidation

To sustain fiscal stability and improve budget credibility, the County Treasury proposes the following **medium-term policy actions**:

Policy Area	Strategic Action	Policy Rationale	Expected Outcome
Revenue Mobilisation	Expand digital tax collection infrastructure across sub-counties; integrate e-payment and e-certificate systems.	To minimise leakages, enhance compliance, and improve auditability of revenues.	Increased own-source revenue share from 6% to 8% of total resource envelope by FY 2027/28.
Expenditure Rationalisation	Conduct quarterly expenditure reviews; link allocations to output-based performance contracts.	To ensure spending efficiency and reduce wasteful expenditure.	Improved budget absorption and service delivery efficiency.

Policy Area	Strategic Action	Policy Rationale	Expected Outcome
Development Financing	Introduce a County Public Investment Management (PIM) Framework.	To appraise, prioritise, and monitor capital projects.	Higher development impact and reduced pending bills.
Fiscal Risk Management	Establish and operationalise a County Fiscal Risk Register.	To monitor contingent liabilities, off-balance sheet exposures, and revenue volatility.	Early identification and mitigation of fiscal threats.
Debt and Liability Management	Develop a medium-term Debt and Liabilities Strategy (MTDLS).	To maintain debt sustainability and enhance creditor confidence.	Controlled debt-to-revenue ratio below 15%.
Public Sector Reforms	Strengthen payroll audit systems and integrate IFMIS with HRMIS.	To curb ghost workers and payroll inefficiencies.	Leaner, transparent, and accountable wage bill management.

6.4 Descriptive Outlook and Fiscal Sustainability

Over the medium term, fiscal sustainability will hinge on balancing the **expenditure trajectory** against **realistic revenue forecasts**. The County's fiscal health will depend on the following factors:

1. **Macroeconomic Stability:** Inflation control, interest rate trends, and national revenue performance will directly influence equitable share transfers.
2. **Revenue Autonomy:** Strengthened enforcement of local laws (Finance Act, 2025) will determine the pace of growth in own-source revenue.
3. **Budget Efficiency:** Rationalisation of non-core spending, elimination of duplicated functions, and alignment to CIDP III priorities will enhance fiscal value.
4. **Institutional Reforms:** Enhanced automation, interdepartmental integration, and performance-based resource allocation will promote efficiency.

The County Treasury aims to uphold **fiscal discipline**, maintain an **optimal wage bill ratio below 35%**, and ensure that at least **30% of total expenditure** continues to finance **development programmes**, in accordance with the **PFM Act, 2012** and the **County Governments Act, 2012**.

6.5 Strategic Fiscal Outlook for FY 2025/26–2027/28

Considering the projections and prevailing fiscal constraints, the County Government of Kitui will implement a **three-pronged strategic fiscal reform pathway**:

1. **Revenue Expansion and Diversification:** Deepen the revenue base through formalisation of the informal sector, automation of market fees, sand cess, and property rates, and revision of outdated revenue by-laws.
2. **Fiscal Consolidation:** Prioritise high-impact, low-cost development interventions and enhance value-for-money audits.
3. **Institutional Strengthening:** Improve treasury operations through capacity building, audit reforms, and digital systems integration.

7.0 MACROECONOMIC DEVELOPMENT AND OUTLOOK

7.1. Overview

Kenya's macroeconomic landscape has been shaped in recent years by overlapping global and domestic pressures: climate shocks, currency depreciation, fiscal consolidation, and subdued global growth. These conditions directly affect the fiscal space available to both the National Government and counties, influencing the pace and quality of budget implementation. This chapter reviews the current macroeconomic performance, draws on authoritative data sources, and sets out the outlook with clear implications for county governments.

7.2. Recent Macroeconomic Performance

7.2.1 Economic Growth

Kenya's real GDP expanded by 5.6 per cent in 2023 before moderating to a projected 4.5 per cent in 2024, reflecting tighter fiscal conditions, high debt service obligations, and recurring weather-related shocks (World Bank, *Kenya Economic Update*, December 2024). The IMF projects growth to recover modestly to 4.8 per cent in 2025, contingent on improved agricultural performance and sustained resilience in services (IMF, *Regional Economic Outlook for Sub-Saharan Africa*, April 2025).

Implication for counties: Growth moderation translates into weaker revenue buoyancy, thereby constraining both equitable share transfers and counties' own-source revenues. Counties heavily dependent on agricultural output remain more vulnerable to climate variability.

7.2.2 Inflation and Exchange Rates

Annual inflation eased to 4.1 per cent in July 2025 and 4.5 per cent in August 2025, largely within the Central Bank's target band (KNBS, *Consumer Price Indices Releases*). However, inflation remains volatile, driven by fuel, transport, and food prices. Concurrently, the Kenya Shilling depreciated significantly against major currencies through 2024, amplifying the cost of imports and increasing the burden of external debt service (National Treasury, *Budget Review and Outlook Paper 2024*).

Implication for counties: Input costs for construction materials, fuel, and imported medical supplies are likely to remain elevated. Counties must incorporate realistic cost adjustments in procurement and project budgeting.

7.2.3 Fiscal and Debt Dynamics

Kenya's fiscal position remains under pressure. According to the National Treasury, the fiscal deficit is expected to narrow to 4.5 per cent of GDP in FY2025/26, down from 5.7 per cent in FY2023/24 (National Treasury, *2024 Budget Review and Outlook Paper*). Yet, public debt service already absorbs over 60 per cent of ordinary revenue, reducing fiscal flexibility (Parliamentary Budget Office, *Budget Options for FY2024/25*).

Implication for counties: High national debt service obligations raise the risk of delayed exchequer releases to counties. This can disrupt project sequencing and lead to low absorption rates, particularly for development expenditures.

7.3. Medium-Term Outlook

7.3.1 Growth Prospects

The World Bank's December 2024 forecast revised Kenya's 2024 growth to 4.7 per cent, citing fiscal challenges and subdued global demand. The IMF projects a recovery towards 4.8 per cent in 2025 under assumptions of improved agricultural output and continued resilience in ICT and financial services. The outlook remains highly sensitive to rainfall patterns, regional stability, and global commodity prices.

3.2 Inflation Outlook

Inflation is expected to remain within target in 2025 provided that global oil prices stabilise and domestic food supplies normalise. However, Kenya remains vulnerable to imported inflation through fuel, fertiliser, and grain markets.

7.3.3 Fiscal Outlook

Fiscal consolidation is expected to continue, anchored on revenue mobilisation measures and expenditure restraint. Tax policy reforms (Finance Act 2025) aim to broaden the tax base, while counties are expected to enhance efficiency in own-source revenue mobilisation.

7.4. Implications for County Budget Implementation

7.4.1 Revenue Mobilisation

- **National transfers:** County revenue predictability will remain contingent on timely exchequer disbursements, which may be constrained by rising national debt obligations.
- **Own-source revenues:** Inflationary pressures and subdued household purchasing power may dampen local revenue collections, particularly from markets, business permits, and land rates.

7.4.2 Expenditure Pressures

- Development budgets are squeezed by high recurrent costs (salaries, operations, utilities).
- Rising input costs (cement, steel, fuel) risk cost overruns in infrastructure projects.

7.4.3 Budget Absorption

Persistent low absorption of development budgets, averaging below 60 per cent in several counties during FY2024/25 (Controller of Budget, *Draft County Budget Implementation Review Report, Fourth Quarter 2024/25*), highlights weaknesses in procurement, project planning, and cash-flow management.

7.5. Risks and Uncertainties

1. **Climate shocks:** Erratic rainfall, floods, or droughts will affect agricultural yields, household incomes, and county service delivery needs.
2. **Debt vulnerabilities:** Elevated debt service obligations at the national level may crowd out development spending and delay county transfers.
3. **External shocks:** Fluctuations in global oil and grain prices could reignite inflation, undermining procurement plans.
4. **Political and policy risks:** Legislative disputes or delayed reforms (e.g. revenue-raising measures) could affect fiscal stability.

7.6. Strategic Recommendations

1. **Prioritise fiscal discipline at county level:** Limit recurrent expansion, safeguard development allocations, and adopt zero-based budgeting for new projects.
2. **Enhance revenue administration:** Digitise collections, integrate geospatial land and property databases, and broaden compliance to reduce leakages.
3. **Build resilience in procurement:** Use framework contracts and early procurement planning to mitigate inflation shocks and delays.
4. **Improve development absorption:** Fast-track procurement, strengthen project management units, and align cash flows with project milestones.
5. **Climate-proof County budgets:** Mainstream adaptation and disaster risk management into county planning and budgeting.

8.0 CHALLENGES EXPERIENCED DURING IMPLEMENTATION OF THE FY2024/25 BUDGET

8.1 Challenges

1. Access to Financial Resources

- i) Inadequate financial resources to match increased public demand for projects.
- ii) Limited operating loan schemes hinder local contractors and suppliers from effectively delivering on projects.
- iii) Delayed disbursement of funds by the National Treasury disrupted project schedules and caused cost adjustments.

2. Budget Variations and Cost Overruns

- i) High electricity costs at pumping stations, especially Kiambere-Mwingi and Masinga-Kitui, led to overspending on subsidies.
- ii) Breakdown of critical infrastructure, such as Kiambere high-lift pumps, necessitated budget reallocations, affecting planned projects like earth dams desilting.

3. Procurement and Contractor Capacity

- i) Lengthy procurement processes delayed project initiation and completion.
- ii) Some contractors lacked the technical and financial capacity to deliver projects within the stipulated timeframe, leading to pending bills and delayed outputs.
- iii) Inadequate awareness and technical skills among contractors resulted in compliance challenges.

4. Infrastructure and Service Delivery Constraints

- i) Inadequate office space, staff quarters, and service delivery points affected effective implementation.
- ii) Frequent breakdowns of medical equipment paralyzed diagnostic services, while erratic supply of health products from KEMSA and MEDS disrupted healthcare delivery.
- iii) Poor road networks, vast county coverage, and logistical constraints increased project delivery costs and delayed implementation, especially for ambulance referral systems, cold chain management, and water supply schemes.

5. Technology and Communication Limitations

- i) Low adoption of appropriate technologies among farmers due to limited resources and climate variability reduced effectiveness of agricultural and water projects.
- ii) Poor network connectivity hindered IFMIS-based payments, delaying financial transactions.

6. Environmental, Security, and Social Challenges

- i) Encroachment and insecurity in protected areas constrained development activities.
- ii) Vaccine hesitancy and poor health-seeking behaviour in certain communities affected health programme outcomes.
- iii) Poorly distributed and unreliable rainfall caused frequent droughts, affecting water availability and agricultural productivity.

- iv) High levels of poverty (63.1% vs. national average of 36.1%) and malnutrition (stunting 29.8%, GAM 6.1% in 2023) posed additional service delivery challenges.

7. Monitoring, Evaluation, and Oversight Gaps

- i) Inadequate project supervision and weak involvement of sub-county and ward administrators led to compromised quality of works and delayed completion.
- ii) Insufficient M&E frameworks limited tracking of project progress, timely decision-making, and reporting on performance indicators.

8.2 LESSONS LEARNT AND RECOMMENDATIONS

8.2.1 Lessons Learnt

- i) Ministries and departments with comprehensive annual work plans, realistic procurement schedules, and cash flow projections achieved timelier project implementation.
- ii) Medium-Term Expenditure Framework (MTEF) budgeting ensures proper planning and resource allocation and should be adopted universally.
- iii) Alignment of projects in the CIDP, BIRR, and CFSP enhances coordination and promotes the county's development vision.
- iv) Effective Monitoring and Evaluation (M&E) systems improve decision-making, track progress, and ensure quality outcomes.
- v) Early planning and coordination between County Assembly and Executive fosters timely budget approval and smooth implementation.

8.2.2 Recommendations

- i) Streamline procurement processes, strengthen technical and financial capacity of local contractors, and sensitize them on procurement requirements.
- ii) Implement comprehensive M&E systems to track project progress, quality, and impact in real time.
- iii) Employ and train adequate personnel across sectors to improve public service delivery.
- iv) Support formation of SACCOs and local financing mechanisms to improve access to funds for contractors and suppliers.
- v) Enhance stakeholder collaboration, ensuring county leaders work together to foster community participation and cooperation.
- vi) Begin procurement of programmes early in the financial year to improve completion rates of projects.
- vii) Harmonise County Assembly and Executive operations to ensure timely budget approval and project execution.
- viii) Gradually increase health sector budgets to improve service delivery, reduce dependency on external grants, and enhance outcomes under programmes such as THS-UCP.
- ix) Finalise and implement the Kitui County Facility Financing Act to retain locally generated revenue within hospitals and public health facilities.
- x) Allocate contingency funds and plan for potential infrastructure breakdowns, such as high-lift

pumps and water schemes.

- xi) Advocate for faster disbursement of funds by the National Treasury to enhance timely project implementation.
- xii) Invest in ICT infrastructure and improve network connectivity to support IFMIS payments, monitoring, and reporting.
- xiii) Strengthen local administrative involvement in project oversight, handover, and inspection to ensure quality and accountability.

FY2024/25 Budget Implementation Mind Map

FY2024/25 Budget Implementation

Challenges

Access to Financial Resources

Budget Variations & Cost Overruns

Procurement & Contractor Capacity

Infrastructure & Service Delivery

Technology & Communication

Environmental, Security & Social

Monitoring & Evaluation Gaps

Lessons Learnt

Comprehensive work plans

MTEF budgeting ensures proper planning

Project alignment enhances coordination

Effective M&E improves decision-making & quality

Early Assembly-Executive coordination

Recommendations

Streamline procurement & contractor capacity

Implement real-time M&E systems

Employ & train personnel across sectors

Support local financing mechanisms

Enhance stakeholder collaboration

Start procurement early

Harmonise Assembly & Executive operations

Increase health sector budgets gradually

Implement Facility Financing Act

Allocate contingency funds for infrastructure

Advocate for faster Treasury disbursement

Invest in ICT & network connectivity

Strengthen local administrative oversight



FY 2024/25

BUDGET IMPLEMENTATION REVIEW REPORT

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