COUNTY GOVERNMENT OF TAITA TAVETA

FINANCE AND ECONOMIC PLANNING

ANNUAL BUDGET

IMPLEMENTATION REPORT(BIR)

FINANCIAL YEAR 2025/2026

JULY 2026.

ANNUAL BUDGET IMPLEMENTATION REPORT FY 2025/2026

The review report is compiled by the Directorate of Planning and Budgeting.

Comments, suggestions, as well as requests for clarification of information contained in this report are welcome and should be addressed to

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The document is also available on the County Government website:
www.taitataveta.go.ke

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ABBREVIATIONS AND ACRONYMS

ADP	**Annual Development Plan**
A-I-A	**Appropriation in Aid**
BIR	**Budget Implementation Report**
CBEF	**County Budget and Economic Forum**
CBO	**Community Based Organization**
CECM	**County Executive Committee Member**
CIDP	**County Integrated Development Plan**
CRA	**Commission on Revenue Allocation**
CRF	**County Revenue Fund**
CSO	**Civil Society Organization**
ECDE	**Early Childhood Development Education**
FLLoCA	**Financing Locally-Led Climate Action Program**
FY	**Financial Year**
FIF	**Facility Improvement Fund**
HRIS	**Human Resource Information System**
IFMIS	**Integrated Financial Management Information System**
KCB	**Kenya Commercial Bank**
KDSP	**Kenya Devolution Support Programme**
Kshs	**Kenya Shillings**
KISIP	**Kenya Informal Settlement Improvement Project**
KUSP	**Kenya Urban Support Programme**
NAVCDP	**National Agricultural Value Chain Development Project**
OSR	**Own Source Revenue**
PFM	**Public Finance Management**
SHA	**Social Health Authority**
SHIF	**Social Health Insurance Fund**
SWG	**Sector Working Group**
UDG	**Urban Development Grant**
UHC	**Universal Health Coverage**
UIG	**Urban Institutional Grant**
VTC	**Vocational Training Centre**
WSDP	**Water and Sanitation Development Project**

FOREWORD

Section 166 of the Public Finance Management Act, 2012, mandates the preparation of the Budget Implementation Reports. This annual Budget Implementation Report for FY 2025/26 presents the financial and non-financial budget performance of Taita Taveta County Government from 1st July 2025 to 30th June 2026. The report covers key aspects of budget implementation as outlined in the 2025/26 County Annual Development Plan (C-ADP) and in line with the County Integrated Development Plan (CIDP) 2023–2027.

The report highlights financial and non-financial performance for county departments and entities. It includes the approved budget for the financial year 2025/26, revenue performance, actual expenditures, and the County Government's budget absorption rates for the period under review.

The Budget Implementation Report incorporates financial data generated from the Integrated Financial Management Information System (IFMIS) and hospital-generated Appropriations-in-Aid (AIA). It also presents non-financial performance data from departments. It highlights key challenges encountered and lessons learned by departments during budget execution, along with recommendations and areas for improvement. These insights are critical in decision-making and enhancing the effective implementation of programmes and projects in the subsequent financial year.

The preparation of this report reaffirms the commitment to ensuring the efficient and effective utilization of public resources. Additionally, it acknowledges the dedication and hard work of county staff, whose tireless efforts have contributed to these successes in line with Article 10 and Article 201 of the Constitution of Kenya, which emphasizes on transparency, accountability, and public participation in public finance. The County Government will publish and publicize this report to facilitate informed citizen engagement and oversight.



CPA(K) MWAZO ELIJAH. M

COUNTY EXECUTIVE COMMITTEE MEMBER

FINANCE AND ECONOMIC PLANNING

ACKNOWLEDGEMENT

The preparation of the FY 2025/26 annual Budget Implementation Report was a collaborative and consultative process involving various stakeholders across the County Government of Taita Taveta. The successful completion of this report demonstrates the County's continued commitment to prudent, transparent, and accountable management of public resources in line with the Constitution of Kenya, 2010 and the Public Finance Management Act, 2012.

The development of this annual Budget Implementation Report has been a collaborative effort, and we would like to extend our deepest appreciation to all those who contributed their time, expertise, and support to ensure its successful completion. The County Treasury extends its sincere appreciation to the County Executive Committee Member (CECM) for Finance and Economic Planning, CPA Elijah Mwazo, for providing overall leadership, policy guidance, and strategic direction throughout the preparation of this report. We also acknowledge the support and cooperation of all departments led by County Executive Committee Members, Chief Officers, and Sector Working Groups (SWGs) for the timely submission of accurate financial and non-financial performance information that enabled a comprehensive compilation of the report.

Sincere recognition goes to the technical team under the guidance of the Assistant Director, Planning and Budgeting, Mr Benjamin Odago. Their adeptness and commitment have been the driving force behind the successful realization of this report.

Finally, we appreciate the citizens of Taita Taveta County, Development Partners, Civil Society Organizations (CSOS), Community Based Organizations (CBOs), County Budget and Economic Forum (CBEF) and the private sector for their active participation and continued collaboration, which remains vital in promoting accountability, inclusivity, and effective service delivery.



CPA(K) LABAN MBELENGA KINYAI

COUNTY CHIEF OFFICER

PLANNING AND RESOURCE MOBILIZATION

EXECUTIVE SUMMARY

The annual Budget Implementation Report for the FY 2025/26 has been prepared in accordance with Article 228(6) of the Constitution of Kenya (2010) and Section 166 of the Public Finance Management Act (2012). The report enhances transparency and accountability by monitoring budget execution, identifying implementation challenges, and proposing measures to improve financial efficiency and service delivery. It provides a comprehensive assessment of County budget implementation for the period 1st July, 2025 to 30th June, 2026, covering both financial and non-financial performance. The report is divided into four chapters, with each chapter highlighting the following:

Chapter One outlines the rationale for preparing County Budget Implementation Reports, presents budget trends, and provides an overview of the FY 2025/26 approved budget, aligned with the County Integrated Development Plan (CIDP) 2023–2027, and the FY 2025/26 County Annual Development Plan (ADP).

The approved county budget for FY 2025/26 amounted to Kshs. 8.29 Billion, of which Kshs. 2.58 billion (31%) was allocated to development expenditure and Kshs. 5.71 Billion (69%) to recurrent expenditure, in line with the fiscal responsibility principles under the Public Finance Management Act, 2012. The personnel ratio for the financial year was Kshs. 3.70 Billion (55%), exceeding the required 35% according to the PFM Regulations, 2015.

Chapter Two reviews the County's revenue performance for FY 2025/26, covering equitable share transfers, conditional allocations, loans and grants, and Own Source Revenue (OSR). As at 30th June 2026, the County realized total revenue of Kshs. 7.53 Billion, representing 90.7% of the annual revenue target. The equitable share amounted Kshs. 8.98 Billion, while Own Source Revenue amounted to Kshs. 648 Million, comprising Kshs. 343 Million from ordinary sources and Kshs. 304 Million from Health Appropriation-in-Aid. This was against an approved budget of Kshs. 8.29 Billion.

Although overall revenue performance was affected by delayed disbursement of conditional grants and lower-than-expected collections from some Own Source Revenue streams, the County continues to strengthen revenue mobilisation through enhanced automation, improved compliance, and targeted enforcement measures.

Chapter Three presents the expenditure performance for the period, including overall expenditure trends, departmental spending, and the settlement of pending bills from FY 2024/25. Total expenditure during the period amounted to Kshs. 6.97 Billion, representing an overall absorption rate of 84% of the approved budget. Of this, Kshs. 5.71 Billion was spent on recurrent expenditure, while Kshs. 1.26 Billion was incurred on development expenditure. The County Executive accounted for Kshs. 6.24 Billion

of total expenditure, while the County Assembly incurred Kshs. 731 Million.

As at 1st July 2025, the County Government's pending bills stood at Kshs. 2.33 Billion. During the period under review, the County Government settled Kshs. 530 Million of these trade payables, and incurred Kshs. 487 Million with an outstanding balance of Kshs. 2.29 Billion as at 30th June 2026. The county will prioritise settlement of the balance in the subsequent financial year.

Chapter Four highlights departmental achievements and variances between planned and actual outputs, covering recurrent operations, development projects, and service delivery outcomes to inform policy and decisions, and suggests measures to address the challenges.

1.0 INTRODUCTION

The annual Budget Implementation Report for the FY 2025/26 has been prepared in accordance with Article 228(6) of the Constitution of Kenya (2010) and Section 166 of the Public Finance Management Act (2012).

1.1 Rationale for County Budget Implementation Reports

Section 166(4)(a) of the Public Finance Management Act, 2012, mandates the County Treasury to prepare Budget Implementation Reports and submit to the County Assembly, with copies to the Office of the Controller of Budget, the National Treasury, and the Commission on Revenue Allocation (CRA) within one month after the end of each quarter. These reports are key accountability tool, ensuring that public funds are utilized in line with the approved budget. They give an overview of the county's revenue and expenditure performance, highlighting achievements during the reporting period, identifying challenges affecting budget execution and offering recommendations to improve the efficiency and effectiveness of budget implementation.

1.2 Financial Year 2025/2026 Budget

During the Financial Year 2025/2026, the County Government revised its budget from Kshs. 8,335,021,824 to Kshs. 8,297,521,824. The revised budget comprised Kshs. 2,587,042,669 (31%) for development expenditure and Kshs. 5,710,479,155 (69%) for recurrent expenditure. Within the recurrent component, Kshs. 3,707,722,281 was allocated to salaries and Kshs. 2,002,756,874 to operations and maintenance. This allocation kept operations running smoothly and continued support for infrastructure and service delivery.
See Table 1 below:

Table 1: Breakdown of Revenue by Source of Fund

Receiver/ Item	Total Funding Approved Estimates 2025/2026	Variance	Total Funding Revised Estimates 2025/2026
	KShs.	KShs.	KShs.
3309001101 Equitable Share			
9910201 Exchequer Releases/ Receipts / Provisioning Account	5,760,449,685	-	5,760,449,685
9910200 General Provisions	5,760,449,685	-	5,760,449,685
3309001305 Road Maintenance Fuel Levy Fund			
1330399 Grants rec'd by Fund Accounts	78,389,752	-	78,389,752
1330300 Grants Received by Fund Accounts from Central Government Budget	78,389,752	-	78,389,752
3309001401 World Bank			
1330399 Grants rec'd by Fund Accounts	650,818,844	-37,500,000	613,318,844
1330300 Grants Received by Fund Accounts from Central Government Budget	650,818,844	-37,500,000	613,318,844
3309001402 DANIDA			
1330399 Grants rec'd by Fund Accounts	16,080,000	-	16,080,000
1330300 Grants Received by Fund Accounts from Central Government Budget	16,080,000	-	16,080,000
3309001501 Other Grants & Loans			
1330399 Grants rec'd by Fund Accounts	1,159,683,543	-	1,159,683,543
1330300 Grants Received by Fund Accounts from Central Government Budget	1,159,683,543	-	1,159,683,543
Total Revenues from Other Sources	7,665,421,824	-37,500,000	7,627,921,824
County Own Revenues			
3309001201 Ministry of Finance and Economic Planning			
1140501 Liquor Licences	45,620,413	-	45,620,413
1140500 Receipts from Permission to Use the Goods or to Perform Services and Act	45,620,413	-	45,620,413
1420102 Other Revenues	185,457,392	-	185,457,392
1420100 Sales of Market Establishments	185,457,392	-	185,457,392
1420299 Other Receipts from Administrative Fees and Charges	4,427,366	-	4,427,366
1420200 Receipts from Administrative Fees and Charges	4,427,366	-	4,427,366
1420328 Single Business Licences - Local Authority Revenue	85,141,086	-	85,141,086

1420345 Agricultural Cess	34,983,172	-	34,983,172
1420300 Receipts from Administrative Fees and Charges - Collected as AIA	120,124,258	-	120,124,258
1420404 Parking Fees - Local Authority Revenue	33,864,228	-	33,864,228
1420405 Market Fees - Local Authority Revenue	76,160,067	-	76,160,067
1420400 Receipts from Incidental Sales by Non-Market Establishments	110,024,295	-	110,024,295
1520101 Land Rates Current Year	93,631,594	-	93,631,594
1520100 LAND RATES	93,631,594	-	93,631,594
1520501 Ground Rent - Current Year	48,908,431	-	48,908,431
1520500 PLOT RENTS	48,908,431	-	48,908,431
1530103 Plot Transfer Fee	755,793	-	755,793
1530123 Weights & Measures Fees	902,778	-	902,778
1530125 Building Plan Approval Fee	20,681,057	-	20,681,057
1530126 Advertising Fee	20,515,797	-	20,515,797
1530100 ADMINISTRATIVE SERVICES FEES	42,855,425	-	42,855,425
1530203 Impounding Charges	1,058,189	-	1,058,189
1530200 VARIOUS FEES	1,058,189	-	1,058,189
1530301 Sand, Gravel, and Ballast Extraction Fees	17,492,637	-	17,492,637
1530300 COUNCIL'S NATURAL RESOURCES EXPLOITATION	17,492,637	-	17,492,637
Total Revenues from County Sources	669,600,000	-	669,600,000
Total Revenues for County 3309000000 Taita/Taveta County -County Revenue Fund for All Sources	8,335,021,824	-37,500,000	8,297,521,824

Source: County Treasury

In the FY 2025/26 revised Budget, the County allocated Kshs. 2,587,042,669 to development expenditure.
See Table 2 below:

Table 2: Development Budget FY 2025/2026

DEPARTMENT	APPROVED BUDGET 2025/2026	AMENDMENTS IN 2025/2026	REVISED BUDGET 2025/2026
	Kshs.	Kshs.	KShs
3261000000 COUNTY ASSEMBLY	85,000,000	-	85,000,000
3262000000 DEVOLUTION, PUBLIC SERVICE AND ADMINISTRATION	352,500,000	-	352,500,000
3264000000 FINANCE AND ECONOMIC PLANNING	212,500,000	-	212,500,000
3265000000 AGRICULTURE, LIVESTOCK, IRRIGATION, COOPERATIVE DEVELOPMENT AND BLUE ECONOMY	292,050,000	(9,300,000)	282,750,000
3267000000 WATER, SANITATION, ENVIRONMENT, CLIMATE CHANGE AND NATURAL RESOURCES	679,063,217	(5,000,000)	674,063,217
3268000000 EDUCATION, LIBRARIES AND VTCs	131,220,000	(11,000,000)	120,220,000
3269000000 HEALTH SERVICES	133,335,000	(16,500,000)	116,835,000
3270000000 TRADE, TOURISM, CULTURE AND INDUSTRIALIZATION	21,300,000	-	21,300,000
3271000000 COUNTY PUBLIC SERVICE BOARD	3,000,000	-	3,000,000
3272000000 PUBLIC WORKS, HOUSING, ROADS, TRANSPORT, ENERGY AND INFRASTRUCTURE	255,039,752	2,300,000	257,339,752
3273000000 LANDS, MINING AND URBAN DEVELOPMENT	112,521,755	-	112,521,755
3276000000 YOUTH, GENDER, SPORTS AND SOCIAL SERVICES	244,534,656	16,200,000	260,734,656
3279000000 MWATATE MUNICIPALITY	72,278,289	(1,000,000)	71,278,289
3280000000 VOI MUNICIPALITY	11,000,000	(1,000,000)	10,000,000
3281000000 TAVETA MUNICIPALITY	8,000,000	(1,000,000)	7,000,000
TOTAL DEVELOPMENT	**2,613,342,669**	**(26,300,000)**	**2,587,042,669**

Source: County Treasury

In the FY 2025/26 revised Budget, the County allocated Kshs. 5,710,479,155 to development expenditure.
See Table 3 below:

Table 3: Recurrent Budget FY 2025/2026

DEPARTMENT	APPROVED BUDGET 2025/2026	AMENDMENTS IN 2025/2026	REVISED BUDGET 2025/2026
	Kshs.	**Kshs.**	**KShs**
3261000000 COUNTY ASSEMBLY	731,797,720	-	731,797,720
3262000000 DEVOLUTION, PUBLIC SERVICE AND ADMINISTRATION	1,729,788,494	(39,138,513)	1,690,649,981
3263000000 OFFICE OF THE GOVERNOR	255,074,878	27,802,518	282,877,396
3264000000 FINANCE AND ECONOMIC PLANNING	642,710,998	(9,283,333)	633,427,665
3265000000 AGRICULTURE, LIVESTOCK, IRRIGATION, COOPERATIVE DEVELOPMENT AND BLUE ECONOMY	117,988,944	14,895,871	132,884,815
3267000000 WATER, SANITATION, ENVIRONMENT, CLIMATE CHANGE AND NATURAL RESOURCES	66,829,423	4,193,237	71,022,660
3268000000 EDUCATION, LIBRARIES AND VTCs	314,197,911	5,559,033	319,756,944
3269000000 HEALTH SERVICES	1,582,417,368	(11,207,439)	1,571,209,929
3270000000 TRADE, TOURISM, CULTURE AND INDUSTRIALIZATION	35,350,285	(1,872,036)	33,478,249
3271000000 COUNTY PUBLIC SERVICE BOARD	37,541,894	2,173,649	39,715,543
3272000000 PUBLIC WORKS, HOUSING, ROADS, TRANSPORT, ENERGY AND INFRASTRUCTURE	59,351,641	(5,445,346)	53,906,295
3273000000 LANDS, MINING AND URBAN DEVELOPMENT	29,461,969	1,177,661	30,639,630
3276000000 YOUTH, GENDER, SPORTS AND SOCIAL SERVICES	39,443,330	2,394,698	41,838,028
3279000000 MWATATE MUNICIPALITY	46,509,300	(950,000)	45,559,300
3280000000 VOI MUNICIPALITY	17,555,000	(100,000)	17,455,000
3281000000 TAVETA MUNICIPALITY	15,660,000	(1,400,000)	14,260,000
TOTAL RECURRENT	**5,721,679,155**	**(11,200,000)**	**5,710,479,155**

Source: County Treasury

The FY 2025/2026 budget increased considerably compared to the FY 2024/2025 budget. See Table 4 below:

Table 4: Budget Comparison

Budget Type	**Amount (Kshs)**	**% of Total**
FY 2025/26		
Development Budget	2,588,842,669	31
Recurrent Budget	5,708,679,155	69
Total Budget	**8,297,521,824**	**100**
FY 2024/25		
Development Budget	2,406,197,010	29
Recurrent Budget	5,773,500,815	71
Total Budget	**8,179,697,825**	**100**

Source: County Treasury

2.0 REVENUE PERFORMANCE

The total projected revenue for the County in the revised budget FY 2025/26 was Kshs. 8,297,521,824. The biggest share, Kshs. 5,760,449,685, was expected from the equitable share provided by the National Government. In addition, Kshs. 1,071,078,272 was projected from conditional allocations, which included donor-funded loans and grants. The county also aimed to collect Kshs. 343,453,597 from ordinary sources of revenue, Kshs. 304,953,453 from the Facility Improvement Fund and Kshs. 51,756,326 from the share of mineral royalties.
See Figure 1 below:

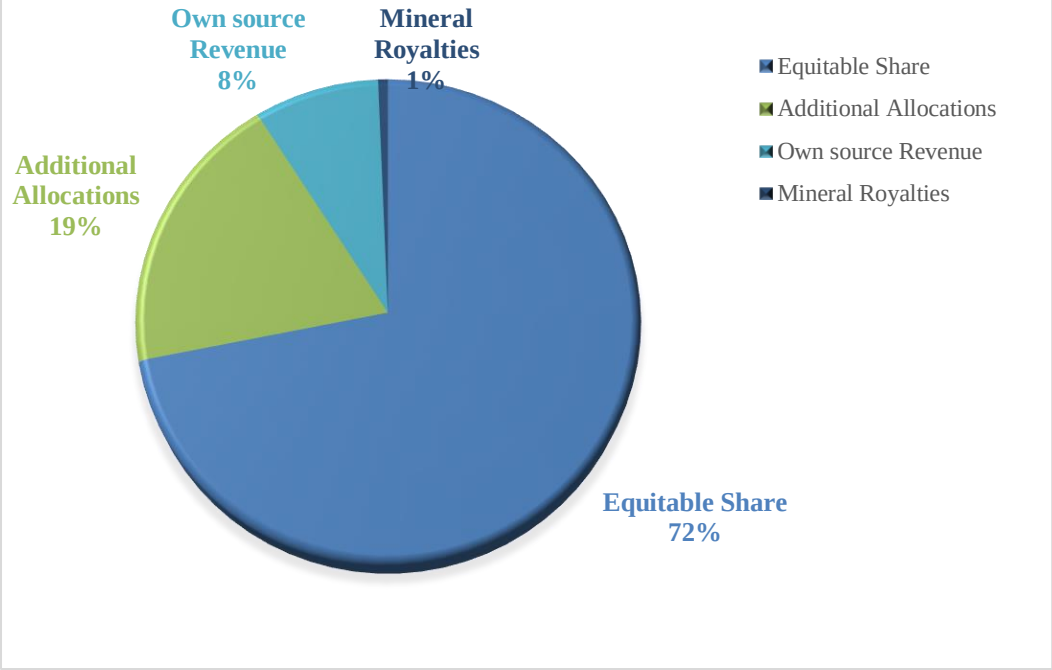


Figure 1: A graphical Representation of the Revenue Budget

In the period under review, out of the projected revenue, the County was able to realize Kshs 7,531,702,137 in actual revenues against the target. This performance resulted from the achievement of Kshs. 5,760,449,685 from the County Allocation through Exchequer, Kshs. 1,071,078,272 from Transfers from Donor Funded projects, Kshs. 343,453,597 from ordinary sources of revenue, Kshs. 304,953,453 from Facility Improvement Fund and Kshs. 51,756,326 from share of mineral royalties.
See Table 5 below:

Table 5: Breakdown of Revenue Performance

Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Realisation (%)
	A	**B**	
Unspent Balance from FY 2024/25			
Balance at CRF			
County Executive Refunds to CRF	-	1,796	-
County Assembly Refunds to CRF	-	9,008	-
Sub-Total	**-**	**10,804**	-
Equitable Share of Revenue Raised Nationally			
Equitable Share	5,760,449,685	5,760,449,685	100
Sub-Total	**5,760,449,685**	**5,760,449,685**	**100**
Additional Allocations (Including Grants)			
National Agricultural Value Chain Development Programme (NAVCDP)	231,250,000	231,052,357	99
Water and Sanitation Development Project (WSDP)	450,000,000	366,000,000	81
KCB-JABEIC grant	2,000,000	-	-
Financing Locally Led Climate Action (FLLoCAP Grant B/F 2024-25)	49,172,775	14,862,557	30
Financing Locally Led Climate Action (FLLoCAP Grant 2025-26)	95,504,442	85,685,019	89
Danida Grant - Primary Health	9,547,500		-
Danida Grant - Primary Health Brought Forward	6,532,500	6,834,000	104
Kenya Devolution Support Programme (KDSP II-Level I)	72,909,500	70,503,589	96
Kenya Devolution Support Programme (KDSP II-Level II)	352,500,000	102,740,646	29
Kenya Informal Settlement Improvement Project (KISIP)	60,000,000	56,379,296	93
Kenya Informal Settlement Improvement Project (KISIP)B/F	26,321,755	26,321,755	100
Kenya Urban Support Programme (World Bank)-(KUSP)-UIG B/F	32,309,300	32,309,300	100
Kenya Urban Support Programme (World Bank)-(KUSP)-UDG B/F	18,278,289	-	-
Kenya Urban Support Programme (World Bank)-(KUSP)	51,000,000	-	-
Roads Maintenance and Fuel Levy Fund	78,389,752	78,389,752	100
Sub-Total	**1,535,715,813**	**1,071,078,272**	**69**

Ordinary Own Source Revenue (OSR)			
Own Source Revenue	669,600,000	343,453,597	51
Sub-Total	**669,600,000**	**343,453,597**	**51**
Facility Improvement Financing (FIF)			
SHIF	280,000,000	304,953,453	108
Defunct NHIF			
Other			
Sub-Total	**280,000,000**	**304,953,453**	**108**
Other Revenues			
Share of mineral royalties	51,756,326	51,756,326	100
Sub-Total	**51,756,326**	**51,756,326**	**100**
Grand Total	**8,297,521,824**	**7,531,702,137**	**90**

Source: County Treasury

Revenue performance for FY 2025/26 amounted to Kshs. 7,531,702,137, representing 90% of Kshs. 8,297,521,824 in projected revenues. This represents an increase of Kshs. 500,316,270 from Kshs. 7,031,385,867 recorded in FY 2024/25.

Table 6: Analysis of FY 2024/2025- 2025/2026 Cumulative Revenue Performance

Revenue Source	FY 2024/2025 Revenue Target (Kshs)	Performance as at 30th June 2025 (Kshs)	Realization (%)	FY 2025/2026 Revenue Target (Kshs)	Performance as at 30th June 2026 (Kshs)	Realization (%)
Equitable Share	5,137,160,592	5,066,138,539	99	5,760,449,685	5,760,449,685	100
Conditional Allocations, Loans and Grants	1,789,537,232	1,013,967,614	57	1,535,715,813	1,071,078,272	69
Return to CRF Issues	403,000,000	403,292,470	100	-	10,804	-
Ordinary Sources of Revenue	600,000,000	315,017,024	53	669,600,000	343,453,597	51
Health Sector Facility Improvement Fund	250,000,000	229,471,918	92	280,000,000	304,953,453	108
Share of Mineral Royalties	-	-	-	51,756,326	51,756,326	100
Total	**8,179,697,824**	**7,031,385,867**	**86**	**8,297,521,824**	**7,531,702,137**	**90**

Source: County Treasury

2.1 Revenue Performance Per Source

Revenue was realised from various sources: county own-source revenue collections, equitable share, additional allocations and mineral royalties.

2.1.1 Own Source Revenue

Own source revenue collection for FY 2025/26 amounted to Kshs. 648,407,050 against a target of Kshs. 949,600,000. This translates to an 18% increase from the Kshs. 547,987,244 realised in FY 2024/25. The improved performance was largely driven by strengthened revenue administration, enhanced automation across all own-source revenue streams, the rollout of new registrations, and the timely processing and reimbursement of SHA claims.
See Table 7 below:

Table 7: Trend in Own Source Collection

Financial Year	OSR Receipts (Excluding Health)	A-I-A/FIF/Health	Total
FY 2020/21	302,005,400	41,378,133	343,383,533
FY 2021/22	315,437,150	113,999,927	429,437,077
FY 2022/23	265,254,255	161,118,235	426,372,490
FY 2023/24	251,061,302	210,125,350	461,186,652
FY 2024/25	318,639,000	229,348,244	547,987,244
FY 2025/26	343,453,597	304,953,453	648,407,050

Source: County Treasury

There has been an upward trend in OSR performance through the years.
See Figure 2 below:

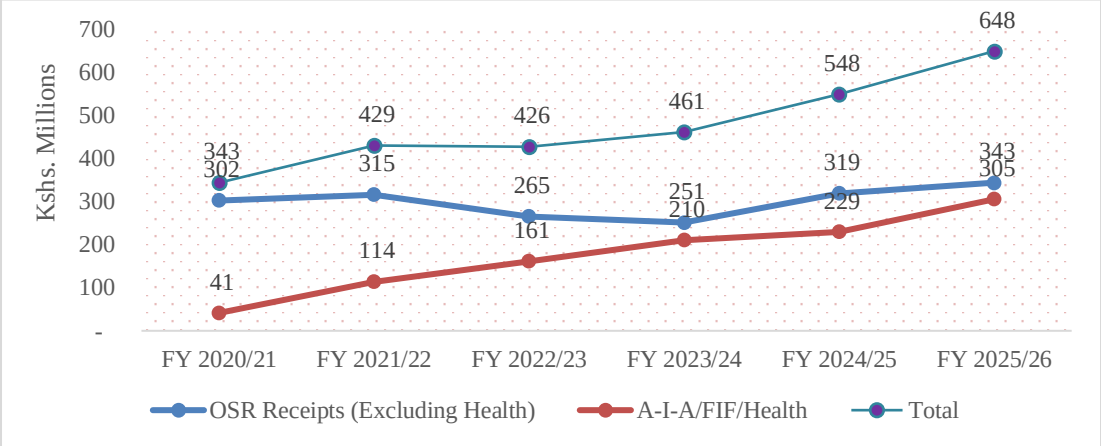


Figure 2: OSR Performance Trend

Own Source Revenue Performance Per Stream

The collections were generated from various revenue streams, with the highest contribution recorded from SHA and SHIF reimbursements, medical and healthcare service fees, cess and single business permits.
See Table 8 below:

Table 8: Own Source Revenue Performance Per Stream

OSR Revenue Stream	Amount
Health/Hospital Fees/FIF	Kshs.304.95 M
Cess	Kshs.161.57 M
Single/Business Permits	Kshs.69.21 M
Property Rent	Kshs.25.08 M
Parking Fees	Kshs.18.37 M
Land Rate	Kshs.16.25 M
Market Fees	Kshs.10.79 M
Administration Control Fees and Charges	Kshs.9.53 M
Other Sources	Kshs.32.66 M

Source: County Treasury

See Figure 3 below:

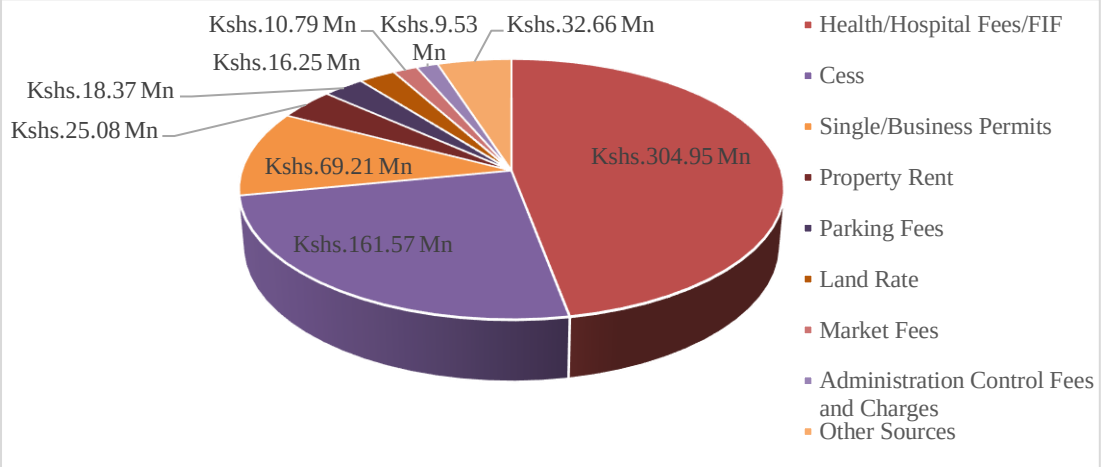


Figure 3: Own Source Revenue Sources

See Table 9 below:

Table 9: Breakdown of the Facility Improvement Fund

Hospital and Public Health Units Revenues (FIF)				
FY 2025 - 2026				
1st July 2025 to 30th June 2026				
	Health Facility	**User Fees**	**Sha Reimbursements**	**Amount (Ksh)**
1	Moi (Voi) County Referral Hospital	35,708,313.00	140,620,315.37	176,328,628.37
2	Mwatate Sub County Hospital	3,578,299.00	25,904,892.83	29,483,191.83
3	Taveta Sub County Hospital	4,843,030.00	56,490,246.57	61,333,276.57
4	Wesu Sub County Hospital	5,688,119.00	16,772,757.23	22,460,876.23
5	Voi Public Health	4,528,262.00	-	4,528,262.00
6	Mwatate Public Health	4,836,062.00	-	4,836,062.00
7	Taveta Public Health	3,494,556.00	-	3,494,556.00
8	Wundanyi Public Health	2,488,600.00	-	2,488,600.00
	Total	**65,165,241.00**	**239,661,659.00**	**304,953,453.00**

Source: Department of Health Services

2.1.2 Equitable Share, Conditional Allocations, Loans and Grants

During FY 2025/26, revenue from the equitable share, conditional allocations, loans, and grants increased to 93%, up from 87% in the corresponding period. The increase was attributed to the improved disbursement of the funds.
See Table 10 below:

Table 10: Equitable Share, Conditional Allocations, Loans and Grants Performance

Revenue Source	FY 2024/2025 Revenue Target (Kshs)	Performance as at 30th June 2025 (Kshs)	Realization (%)	FY 2025/2026 Revenue Target (Kshs)	Performance as at 30th June 2026 (Kshs)	Realization (%)
Equitable Share	5,137,160,592	5,066,138,539	99	5,760,449,685	5,760,449,685	100
Conditional Allocations, Loans and Grants	1,789,537,232	1,013,967,614	57	1,535,715,813	1,071,078,272	69
Total	**6,926,697,824**	**6,080,106,153**	**87**	**7,296,165,498**	**6,831,527,957**	93

Source: County Treasury

3.0 EXPENDITURE ANALYSIS

In FY 2025/26, the County's cumulative expenditure amounted to Kshs. 6,979,778,678 against a budget of Kshs. 8,297,521,824. This translated to an overall absorption rate of 84%. The expenditure comprised 53% compensation to employees, 29% on operations and maintenance and 18% on development.
See Figure 4 below:

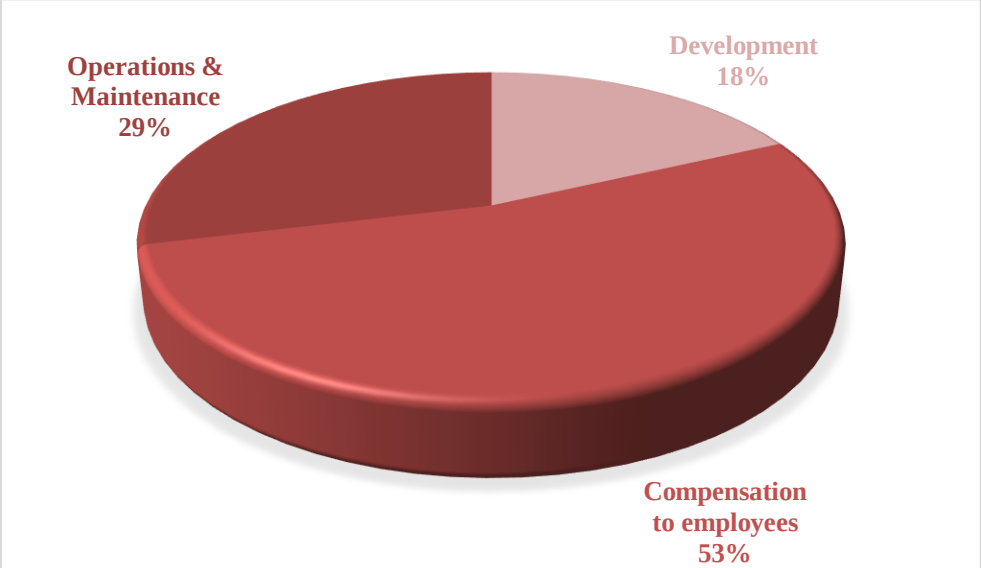


Figure 4: Overall Expenditure Performance FY 2025/2026

3.1 Expenditure by Economic Classification

In FY 2025/26, the actual expenditure was Kshs. 6,979,778,678, representing an 84% absorption rate, compared to a 98% absorption rate recorded during the same period in FY 2024/25. During this period, the County Executive expended Kshs. 6,248,038,293 against its allocated budget of Kshs. 7,480,724,104, achieving an absorption rate of 84%. Similarly, the County Assembly spent Kshs. 731,740,385 out of its budget allocation of Kshs. 816,797,720, reflecting an absorption rate of 90%.
See Table 11 below:

Table 11: Expenditure of the County Executive and County Assembly by Economic Classification

Sector / Category	Budget (Kshs)	Amount Paid in the FY 2025/26 (Kshs.) (b)	Expenditure Accrued in the FY 2025/26 (Kshs.) (c)	Total Expenditure in the FY 2025/26 (Kshs.) (d=b+c)	Absorption (%) (d/a*100)
County Executive					
Recurrent	**4,976,881,435**	**4,708,377,292**	**278,779,217**	**4,987,156,509**	**100**
Compensation to Employees	3,108,293,077	3,108,293,077	278,779,217	3,387,072,294	109
Operations & Maintenance	1,868,588,358	1,600,084,215		1,600,084,215	86
Development	2,503,842,669	1,260,881,783		1,260,881,783	50
Executive Sub-total	**7,480,724,104**	**5,969,259,076**	**278,779,217**	**6,248,038,293**	**84**
County Assembly					
Recurrent	**731,797,720**	**731,740,385**		**731,740,385**	**100**
Compensation to Employees	320,649,987	320,649,987		320,649,987	100
Operations & Maintenance	411,147,733	411,090,398		411,090,398	100
Development	**85,000,000**	**85,000,000**			**-**
Assembly Sub-total	**816,797,720**	**816,740,385**		**731,740,385**	**90**
Combined County Totals					
Total Recurrent	**5,708,679,155**	**5,440,117,677**	**278,779,217**	**5,718,896,894**	**100**
Compensation to Employees	3,428,943,064	3,428,943,064	278,779,217	3,707,722,281	108
Operations & Maintenance	2,279,736,091	2,011,174,613		2,011,174,613	88
Total Development	**2,588,842,669**	**1,345,881,783**		**1,260,881,783**	**49**
Grand Total	**8,297,521,824**	**6,785,999,461**	**278,779,217**	**6,979,778,678**	**84**

Source: County Treasury

3.1.1 Compensation to Employees

In FY 2025/2026, the actual expenditure on compensation to employees was Kshs. 3,707,722,281 against its allocated budget of Kshs. 3,428,943,064. There were both HRIS and manual payments.

See Table 12 below:

Table 12:HRIS and Manual Payroll Expenditure

Category	County Executive	County Assembly	Total	% of Total Personnel Emoluments
HRIS	3,315,610,207	283,864,929	3,599,475,136	97
Manual	71,462,087	36,785,058	108,247,145	3
Total	3,387,072,294	320,649,987	3,707,722,281	

Source: County Human Resource

Over the years, the County wage bill has significantly increased, posing a threat to development. The personnel ratio for the financial year was Kshs. 3,707,722,281 (55%), exceeding the required 35% according to the PFM Regulations, 2015.

See Table 13 below:

Table 13: Analysis of Wage Bill

	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
County Executive Wage Bill	2,276,382,588	2,621,371,742	2,629,603,848	2,955,405,282	3,247,630,083	3,387,072,294
County Assembly Wage Bill	224,864,268	296,761,740	253,000,000	231,438,400	328,689,266	320,649,987
Total Wage Bill	**2,501,246,856**	**2,918,133,482**	**2,882,603,848**	**3,186,843,682**	**3,576,319,349**	**3,707,722,281**
Executive Revenue	5,098,897,926	4,789,527,056	5,240,960,991	5,070,224,047	5,878,795,379	5,969,259,076
Assembly Revenue	681,965,352	646,916,963	902,223,168	805,520,757	808,904,160	816,740,385
Total Overall Revenue	**5,780,863,278**	**5,436,444,019**	**6,143,184,159**	**5,875,744,804**	**6,687,699,539**	**6,785,999,461**
% Executive Wage Bill to Executive Revenue	**45**	**55**	**50**	**58**	**55**	**57**
% Assembly Wage Bill to Assembly Revenue	**33**	**46**	**28**	**29**	**41**	**39**
% Total Wage Bill to Total Revenue	**43**	**54**	**47**	**54**	**53**	**55**

Source: County Human Resource

See Figure 4 below:

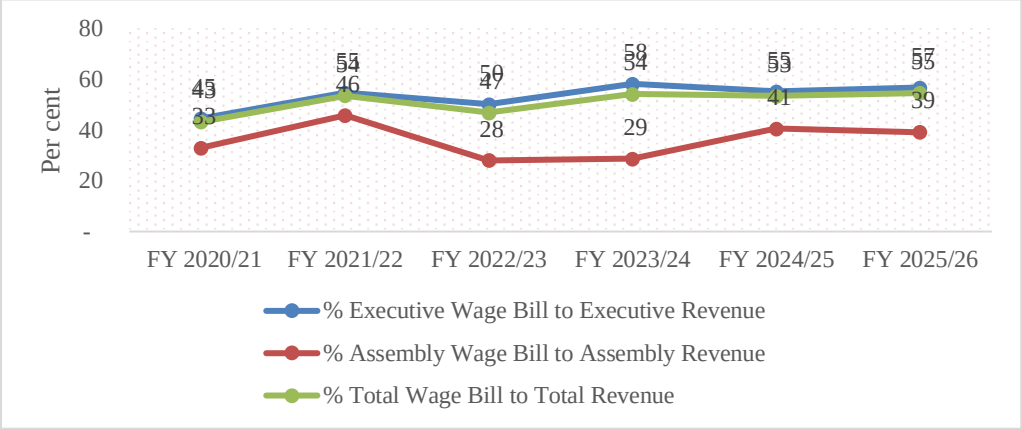


Figure 5: Trend in Wage Bill

3.2 Pending Bills

As at 1st July 2025, the County Government's pending bills stood at Kshs. 2,339,935,732. During the period under review, the County Government settled Kshs. 530,782,743 of these trade payables, and incurred Kshs. 487,559,213, with an outstanding balance of Kshs. 2,296,712,202 as at 30th June 2026. The outstanding balance consists of Kshs. 2,255,718,129 from County Executive and Kshs. 40,994,073 from County Assembly.
See Table 14 below:

Table 14: Outstanding Trade Payables

	County Entity	Development	Recurrent	Total
As at 1st July 2025 (End of FY 2024/25)	County Executive	655,448,681	1,569,473,980	2,224,922,660
	County Assembly	-	115,013,072	115,013,072
	Total	**655,448,681**	**1,684,487,052**	**2,339,935,732**
Amount paid in FY 2025/26	County Executive	206,088,803	236,740,456	442,829,259
	County Assembly	-	87,953,484	87,953,484
	Total	**206,088,803**	**324,693,940**	**530,782,743**
Trade Payables Incurred in FY 2025/26	County Executive	331,027,146	142,597,581	473,624,727
	County Assembly	-	13,934,486	13,934,486
	Total	**331,027,146**	**156,532,067**	**487,559,213**
Outstanding Trade Payables as of 30th June 2026 (Kshs.)	County Executive	780,387,024	1,475,331,105	2,255,718,129
	County Assembly	-	40,994,073	40,994,073
	Total	**780,387,024**	**1,516,325,178**	**2,296,712,202**

Source: County Treasury

The County Executive pending bills as at 30th June 2026 were Kshs. 2,255,718,029 comprising Kshs. 1,325,506,088 from recurrent expenditure and Kshs. 930,211,941.50 from development expenditure.
The County Assembly had recurrent pending bills amounting to Kshs. 40,994,173.
See Table 15 below:

Table 15: Trade Payables Aging Analysis

11. Trade Payables Ageing Analysis					
Category	**Ageing analysis (Amount in Kshs.)**				**Total**
	Under one year	**1-2 years**	**2-3 years**	**Over 3 years**	
County Executive					
Development Trade Payables	**331,027,145.78**	**130,706,734.95**	**78,528,737.18**	**389,949,323.57**	**930,211,941.5**
Recurrent Trade Payables (Goods & Services)	139,246,861	140,770,089	37,592,119	374,660,534	692,269,604
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	50,052,625	127,566,213	452,266,926	629,885,764
Recurrent Trade Payables (Staff Claims)	3,350,720	-	-	-	3,350,720
Total Recurrent Trade Payables	**142,597,581**	**190,822,714**	**165,158,333**	**826,927,459**	**1,325,506,088**
Total Trade Payables	**473,624,727**	**321,529,449**	**243,687,070**	**1,216,876,783**	**2,255,718,029**
% of Total	21	14	11	54	100
County Assembly					
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	11,444,518	11,600,918	5,272,081	8,805,120	37,122,637
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	2,489,968	1,381,568	-	-	3,871,536
Total Recurrent Trade Payables	**13,934,486**	**12,982,486**	**5,272,081**	**8,805,120**	**40,994,173**
Total Trade Payables	**13,934,486**	**12,982,486**	**5,272,081**	**8,805,120**	**40,994,173**
% of Total	34	32	13	21	100

Source: County Treasury

3.3 Departmental Expenditure

In FY 2025/26, analysis of expenditure performance indicates that most departments absorbed 80% of their budgets.
See Table 15 below:

Table 16: Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	731,797,720	85,000,000	731,740,385	85,000,000	100.0	100.0	100.0	100.0
Public Service And Administration	1,693,346,517	352,500,000	1,690,649,981	3,500,000	100.0	100.0	99.8	1.0
The Governor's And Deputy Governor's Office	282,877,396	-	261,384,303	-	100.0	-	92.4	-
Finance and Economic Planning	630,731,129	212,500,000	608,955,984	190,427,990	100.0	100.0	96.5	89.6
Agriculture, Livestock and Fisheries	132,884,815	282,750,000	105,519,406	257,930,447	100.0	100.0	79.4	91.2
Water and Irrigation	71,022,660	674,063,217	54,426,180	468,520,376	100.0	100.0	76.6	69.5
Education and Libraries	319,756,944	127,220,000	300,661,067	49,723,713	100.0	100.0	94.0	39.1
Health	1,569,409,929	116,835,000	1,532,264,734	11,240,627	100.0	100.0	97.6	9.6
Trade, Tourism and Cooperative Development	33,478,249	21,300,000	24,732,159	-	100.0	-	73.9	-
County Public Service Board	39,715,543	3,000,000	33,381,592	-	100.0	-	84.1	-
Infrastructure and Public Works	53,906,295	261,339,752	29,924,480	122,342,973	100.0	100.0	55.5	46.8

Lands, Environment and Natural Resources	30,639,630	112,521,755	21,424,500	48,482,422	100.0	100.0	69.9	43.1
Youth, Gender, sports, Culture and Social Services	45,559,300	71,278,289	21,985,949	108,713,235	100.0	100.0	48.3	152.5
Mwatate Municipality	17,455,000	10,000,000	6,406,514	-	100.0	-	36.7	-
Voi Municipality	14,260,000	7,000,000	8,271,035	-	100.0	-	58.0	-
Taveta Municipality	41,838,028	251,534,656	8,389,407	-	100.0	-	20.1	-
					-	-	-	-
					-	-	-	-
Total	**5,708,679,155**	**2,588,842,669**	**5,440,117,677**	**1,345,881,783**				

Source: County Treasury

4.0 EMERGING ISSUES, CHALLENGES AND RECOMMENDATIONS

This chapter highlights the key emerging issues, challenges and recommendations arising from the implementation of county programmes and projects during FY 2025/26. It identifies the factors that affected programme performance, budget execution, and service delivery, and provides strategic recommendations to strengthen implementation, optimize resource utilization, and improve the effectiveness and sustainability of county programmes and projects.

4.1 Emerging Issues and Trends

1. Climate change and extreme weather events:
The County experienced unpredictable weather patterns, including heavy rainfall, which disrupted project implementation and service delivery. These conditions highlight the need to integrate climate resilience, disaster risk management, and climate-smart approaches into county planning and project implementation.

2. Inflation and price fluctuations:
The County experienced rising and fluctuating prices of goods, fuel, construction materials, and other inputs driven by external economic shocks such as global supply chain disruptions and market fluctuations. This affected purchasing power, increased the cost of implementing programmes and projects, strained household incomes and heightened demand for social protection and other public services.

3. Increasing Demand for Public Services:
Urbanization, rising youth unemployment and increasing household vulnerability have intensified demand for essential public services, infrastructure, employment opportunities and social protection programmes. This has placed additional pressure on limited county resources, affecting prioritization and financing.

4.2. Key Challenges

1. Delayed exchequer release and inadequate budget allocation:
Delays in disbursement of funds from the National Treasury coupled with inadequate budget allocations significantly affected timely initiation and implementation of programmes/ projects and overall service delivery.

2. Budget cuts affected implementation of planned programmes and projects:
Budget reductions constrained the effective implementation of planned programmes and projects by limiting the availability of financial resources required for key activities. As a result, some planned interventions were delayed, scaled down, or deferred, affecting the timely achievement of programme targets and overall service delivery outcomes

3. Climate-related disruptions:
Adverse weather conditions, particularly heavy rainfall experienced during the implementation period, continued to disrupt planned project schedules across the County. The rains hindered road grading, infrastructure development, and other field-based activities by limiting access to project sites, resulting in implementation delays, increased project costs, and extended completion timelines.

4. Human resource capacity constraints:
Staffing shortages, limited succession planning, and inadequate specialized technical skills continued to affect programme implementation and service delivery across several departments.

5. Increasing demand for public services:
The County continues to experience growing demand for essential public services driven by rapid urbanization and an increasing number of vulnerable households. The rising demand for healthcare, education, water, social protection, infrastructure and other public services has outpaced available financial and human resources, placing additional pressure on existing facilities and limiting the County's ability to fully meet community needs within the available budget.

6. Underutilization of digital systems and data for decision-making:
Although several management information systems have been developed, inconsistent utilization, inadequate integration, and limited staff capacity continue to hinder evidence-based planning, monitoring, and reporting.

4.3 Recommendations

1. Enhance resource mobilization and own-source revenue generation:
The County Government should strengthen own-source revenue mobilization while enhancing collaboration with development partners, the private sector, non-state actors and other stakeholders to mobilize additional financial and technical resources. This will improve fiscal sustainability and enhance the efficiency and effectiveness of programme and project implementation.

2. Strengthening interdepartmental Synergy:
By adopting a "One Government Approach", this will minimize duplication of efforts, streamline approval processes, optimize resource utilization, promote synergy across sectors and enhance the effectiveness and sustainability of programmes and projects, ultimately improving service delivery and development outcomes at the community level.

3. Strengthen human resource capacity and succession planning:
By addressing critical staffing gaps through targeted recruitment, continuous staff capacity building, and structured succession planning. Building a skilled and adequately staffed workforce will enhance institutional capacity, improve operational efficiency, ensure continuity of service delivery and support the effective implementation of county programmes and projects.

4. Leverage digital systems and automation for enhanced service delivery:
County departments should maximize the use of existing digital systems by promoting automation and integrating information systems to streamline processes, reduce service delivery turnaround time, improve data sharing and decision-making.

5. Enhance community ownership and protection of public assets:
County departments should strengthen community ownership of development projects through public participation, stakeholder engagement and awareness campaigns to promote shared responsibility, safeguard public assets and enhance the sustainability of county investments.