PARLIAMENTARY SERVICE COMMISSION

PARLIAMENTARY BUDGET OFFICE

DEVOLUTION BUDGET WATCH 2025

Smart Spending for Stronger County-led Economic Growth

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The findings, interpretations, and conclusions expressed in this publication are entirely those of the authors and do not necessarily represent the views of the Parliament of Kenya.

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ACKNOWLEDGEMENT

This second edition of the *Devolution Budget Watch 2025* is a publication of the Parliamentary Budget Office (PBO) of Kenya. The series assesses key issues in the implementation of approved county budgets, with the objective of providing strategic oversight tools for the Senate, County Assemblies, and the public to enhance the management of public resources.

This report monitors the implementation of county budgets for the 2025/2026 Financial Year. By examining county governments' priority programmes and projects, the *Devolution Budget Watch* serves as a critical instrument for promoting government accountability and advancing the principles of efficiency, effectiveness, equity, and accountability in public finance.

The publication was prepared by a team from the PBO, led by **CPA. Joash Kosiba**, Chief Fiscal Analyst and Deputy Head of Department, Senate Affairs & Inter-fiscal Relations; and **Ms. Millicent Makina**, Senior Fiscal Analyst and Chief Editor. The team benefited from the lead contributions of **Dr. Abel Nyagwachi**, Senior Fiscal Analyst; **Ms. Amran Yunis**, Senior Fiscal Analyst; and **FA Jonathan Lemurt**, Senior Fiscal Analyst.

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This document is available for download at: www.parliament.go.ke.

ACRONYMS AND ABBREVIATIONS

ADP	Annual Development Plan
BETA	Bottom-Up Economic Transformation Agenda
CAIPs	County Aggregation and Industrial Parks
CARA	County Allocation of Revenue Act
CCCAPs	County Climate Change Action Plans
CCIS	County Climate Institutional Support
CCRI	County Climate Resilience Investment
CGAAA	County Governments Additional Allocation Act
CGAAB	County Governments' Additional Allocation Bill
CHP	Community Health Promoters
CIDP	County Integrated Development Plans
CRF	County Revenue Fund
DORA	Division of Revenue Act
e-GP	Electronic Government Procurement
FLoCCA	Financing Locally Led Climate Change Action
FY	Financial year
IBEC	Intergovernmental Budget and Economic Council
KEMSA	Kenya Medical Supplies Agency
KMPDU	Kenya Medical Practitioners and Dentists Union
K-WASH	Kenya Water, Sanitation and Hygiene
MDT	Medium-Term Plan
NHIF	National Health Insurance Fund
NESP	National Equipment Support Programme
PCN	Primary Care Networks
PSASB	Public Sector Accounting Standards Board
SCOA	Standard Chart of Accounts
SHA	Social Health Authority
SHIF	Social Health Insurance Fund
UHC	Universal Health Coverage
WSDP	Water and Sanitation Development Programme

FOREWORD

Devolution remains one of Kenya's most transformative governance reforms, not only through reshaping the country's political landscape, but also transforming the economy through decentralized spending and bringing services closer to the people. Fifteen years after devolution, county governments now provide key services in health, early childhood education, agriculture, trade, urban development and climate resilience. As fiscal responsibilities expand and economic conditions in counties become more complex, evidence-based oversight is more important than ever.

The Devolution Budget Watch 2025, the second edition of this flagship publication by the Parliamentary Budget Office (PBO), provides a timely and comprehensive analysis of the state of county budgeting and service delivery. It assesses how counties are implementing their FY 2025/26 budgets within a constrained fiscal environment. It also highlights the growing role of counties in driving Kenya's economic performance, underscoring the need for equitable resource allocation and strengthened fiscal accountability.

This publication is undertaken at a critical moment when counties are facing mounting operational challenges, from delayed exchequer releases and slow uptake of electronic procurement to legal uncertainties surrounding bursary administration and persistent wage pressures in the health sector. At the same time, ambitious national programmes such as Universal Health Coverage, County Aggregation and Industrial Parks, and locally led climate action programmes require robust local systems and predictable financing to achieve their intended outcomes.

The insights provided in this report are designed to support the Senate, County Assemblies, policymakers and the public in strengthening devolution. By shedding light on budget implementation realities, sectoral trends and emerging risks, the Devolution Budget Watch 2025 contributes to a more transparent, accountable and performance-driven devolved system.

I commend the PBO team for their rigorous analysis and commitment to providing Parliament with high quality fiscal and economic information. It is my hope that this report will guide constructive dialogue, enhance oversight and ultimately support better service delivery for all Kenyans as we continue to consolidate the gains of devolution.

MR. JEREMIAH M. NYEGENYE, CBS

CLERK OF THE SENATE AND SECRETARY, PARLIAMENTARY SERVICE COMMISSION.

EXECUTIVE SUMMARY

The Devolution Budget Watch 2025 presents an in-depth assessment of county budget implementation for FY 2025/26, focusing on the evolving fiscal environment, sectoral investments and the performance of devolved services. The analysis is anchored on Kenya's broader macroeconomic outlook, with real GDP expected to grow by 5.3 percent in FY 2025/26, supported by favourable weather patterns, recovery in services and implementation of critical government projects under the Bottom-Up Economic Transformation Agenda. However, external risks such as slower global demand, geopolitical tensions and tighter global financial conditions pose a significant downside risk.

The Devolution Budget Watch underscores the growing importance of county governments in national growth, with subnational economic activity recognized as the main contributor to Kenya's GDP. Yet, disparities remain stark: five counties account for nearly half of total economic activity, while fifteen marginalised counties contribute just 7.5 percent. Effective county performance, therefore remains central to inclusive and sustainable economic growth.

County financing in FY 2025/26 is shaped by constrained fiscal space, with equitable share allocations set at Ksh. 415 billion – equivalent to 15.1 percent of projected ordinary revenue. While this marks a nominal increase from the previous year, delayed exchequer releases continue to undermine budget execution, stall development projects, and contribute to rising pending bills. The Fourth Basis of Revenue Sharing is in force, guaranteeing baseline allocations and introducing an affirmative action allocation to address historically low development spending in twelve counties.

This report highlights mixed progress across key devolved sectors. In health, UHC reforms are gaining traction through expansion of primary care networks and Social Health Insurance, but challenges persist: including delayed claim settlements under SHA, delayed CHPs stipend payments and uneven implementation of the Facility Improvement Financing Act. Early childhood education and Vocational Training Centres are not fully prioritized in counties and continue to face infrastructure and financing gaps. In trade, CAIPs represent a transformative opportunity for agro-industrial growth but implementation delays, land acquisition disputes and weak regulatory frameworks threaten progress.

The Devolution Budget Watch 2025 calls for strengthened fiscal discipline, timely transfers, improved procurement efficiency, and sector-specific reforms to ensure county governments deliver on their mandates and contribute meaningfully to national development.

F.A (Dr.) MARTIN MASINDE, OGW

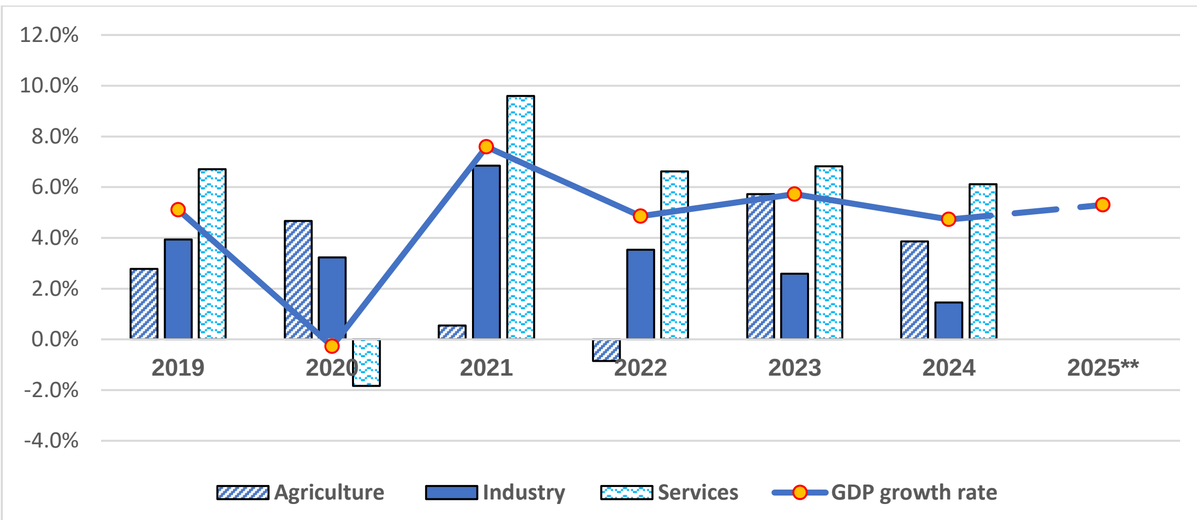
DIRECTOR, PARLIAMENTARY BUDGET OFFICE

1 CHAPTER ONE: ECONOMIC GROWTH PERFORMANCE AND OUTLOOK

1.1 Macroeconomic Outlook

1. **The FY 2025/26 budget is based on a stable macroeconomic framework, underpinned by expectations of improving domestic conditions.** Real GDP is projected to grow by 5.3 percent in 2025/26 and over the medium term, supported by anticipated favourable weather, recovery in key service sectors and ongoing implementation of the BETA agenda. Inflation is expected to remain within the 2.5 – 7.5 percent target band, while a more accommodative monetary stance is expected to gradually lower interest rates and reinforce private sector credit growth. The outlook also assumes a stable exchange rate, reflecting improved foreign exchange inflows and decreased refinancing risk following issuance and buy-back operations of the June 2024 Eurobond[1].

Figure 1: Economic Growth for the period 2019 to 2024



Data Source: Economic Survey & National Treasury Growth Projections

2. **Fiscal policy aims to balance consolidation with economic growth support, anchored on stronger revenue performance and rationalization of non-essential expenditure.** Total revenue is projected at 17.2% of GDP in FY 2025/26 and expected to increase to 18.1% over the medium term based on administrative reforms and a broader tax base. Conversely, expenditures are expected to decline from 22 percent of GDP in FY 2025/26 to approximately 21.1 percent of GDP as fiscal consolidation gains traction. Achieving these targets will require realistic revenue assumptions and tight expenditure controls especially over non-core recurrent spending.

[1] The National Treasury (2025). Budget Summary for the Fiscal Year 2025/26 and Supporting Information

1.2 External Outlook

3. **External conditions are expected to weigh on Kenya's growth prospects as the global economy slows down and policy uncertainty increases.** With global growth projected to ease to 2.8 percent in 2025 and 3.0 percent in 2026 down from 3.3 percent in 2024, weakening demand across major export markets will likely dampen Kenya's external sector performance especially in exports and tourism. The escalation of trade tensions due to new U.S import tariffs and retaliatory measures poses a risk to global supply chains and could induce commodity shortages and price volatility with adverse effect on export revenues. Slower global growth could also slow down remittance inflows.[2]

4. **Tightening global financial conditions and persistent geopolitical tensions further constrain Kenya's macroeconomic outlook.** Higher risk premiums for emerging markets coupled with higher interest rates in major economies are expected to sustain upward pressure on Kenya's borrowing costs and limit access to affordable external financing. This environment heightens rollover risks for external debt and constrains fiscal space in the near term. Ongoing geopolitical tensions continue to pose risk to global trade and commodity markets. Although global energy and commodity prices have eased, the uncertainty could potentially lead to price volatility. The resulting combination of weaker external demand, higher global uncertainty and tighter financing conditions underscores a challenging external backdrop for sustaining Kenya's growth momentum in FY 2025/26.

1.3 Domestic outlook

5. **The services sector is expected to register a modest improvement in FY 2025/26, supported by easing domestic pressures and improving macroeconomic conditions.** Recent data shows early signs of resilience, with the sector expanding by 5.5 percent in the second quarter of 2025 (Table 1), reflecting stabilizing demand as inflation moderates and the government assumes an accommodative monetary policy stance. Lower interest rates are expected to ease credit costs, improve liquidity conditions and boost business confidence – an important catalyst for activities in wholesale and retail trade, finance, ICT among other service industries. As household purchasing power recovers and operating conditions improve, activity in core service areas is expected to strengthen.

6. **However, the service sector outlook remains subject to downside risks stemming from financing constraints, external uncertainties and uneven sub-sector performance.** A sustained recovery will depend on the pace at which private sector credit rebounds, particularly for SMEs engaged in services, where lending has weakened sharply in

[2] IMF, World Economic Outlook, October 2025

recent years. Externally, the moderation in global growth and persistent geopolitical tensions could weigh on tourism, transport and business services, limiting gains from externally linked sub-sectors. Sub-sectors such as accommodation and food services, transport, real estate and some segments of finance remain vulnerable to reduced demand. Additionally, unexpected fiscal tightening due to revenue underperformance could dampen public consumption and investment, further constraining activity in the services sector. Overall, the services outlook for FY 2025/26 is cautiously positive but heavily contingent on domestic credit conditions, macroeconomic policy support and the stabilization of global economic trends.

7. **The agricultural outlook for FY 2025/26 is broadly favourable, supported by improving weather patterns.** The 2025 long-rains season was assessed by the NDMA as near-to-above average rainfall even though uneven in time and space. This provided a strong base for crop and livestock performance, consistent with robust Q1 agricultural growth (Table 1). Prospects for the 2025 short rains season are similarly positive, with forecasts indicating enhanced rainfall in many areas which should boost short-cycle crops, pasture regeneration and water availability. Ongoing input support through fertilizer subsidies, e-vouchers and value chain programmes is expected to reinforce productivity gains and improved credit conditions should strengthen agro-processing.

8. **The agriculture outlook is nonetheless subject to considerable downside risks stemming from flooding, fiscal pressures and structural constraints.** Enhanced short rains combined with already saturated soils raises the likelihood of flooding, waterlogging and landsides which could reverse yield gains and damage rural infrastructure. Revenue underperformance and delayed budget releases may hinder irrigation expansion, extension services and county level implementation capacity. Persistent productivity challenges, limited irrigation coverage, high post-harvest losses and weak extension systems continue to hinder the sector's progress and will remain a stumbling block unless extensive reforms accelerate. Under these conditions, sustaining agriculture as a core driver of the projected 5.3 percent GDP growth will require favourable rains, continued subsidy support and firm export demand in 2025; and stable seasonal patterns as well as improved financing and budget execution in 2026.

9. **Budget execution in FY 2025/26 is facing mounting pressure from operational bottlenecks, particularly delays in exchequer releases and the slow uptake of e-GP procurement.** Full transition to the e-GP platform has encountered implementation challenges including system downtime, limited user capacity and protracted approval workflows. These constraints have slowed procurement cycles for key programmes, potentially delaying the initiation and completion of critical public investment projects and weakening the overall fiscal multiplier. Further, delayed exchequer releases stemming from

tight cash flow conditions could slow budget execution, contributing to the accumulation of pending bills and undermining the efficiency of government operations.

10. **Challenges are more pronounced at the county level, where delays in exchequer disbursements and the late passage of the County Governments Additional Allocations Act have constrained service delivery and disrupted development planning.** Counties rely heavily on predictable transfers from the national government to fund their expenditure. Interruptions in cash flow typically force them to defer payments, scale back on development activities and delay procurement processes, compounding absorption challenges already caused by the e-GP rollout. The resulting implementation lags poses a risk to essential devolved functions and may weaken local economic activity particularly in regions where county spending constitutes a major source of liquidity. Efficient county budget execution and timely exchequer releases are critical to sustaining the national GDP growth trajectory. Local economic bottlenecks or delays in capital spending can quickly aggregate into macroeconomic headwinds at the national level.

Table 1: Quarterly GDP growth for the period 2023 to 2025

	2023 Q1	**2023 Q2**	**2023 Q3**	**2023 Q4**	**2024 Q1**	**2024 Q2**	**2024 Q3**	**2024 Q4**	**2025 Q1**	**2025 Q2**
1. Primary	**5.4%**	**7.0%**	**4.8%**	**5.4%**	**4.5%**	**4.0%**	**2.9%**	**3.9%**	**6.2%**	**4.9%**
Agriculture	6.5%	7.9%	5.1%	6.3%	5.6%	4.5%	4.0%	4.3%	6.0%	4.4%
Mining and quarrying	-10.6%	-8.1%	0.6%	-7.5%	-16.1%	-5.5%	-12.2%	-2.3%	10.8%	15.3%
2. Industry	**2.1%**	**1.9%**	**3.4%**	**2.9%**	**1.5%**	**0.5%**	**0.3%**	**3.4%**	**2.6%**	**3.3%**
Manufacturing	2.1%	2.0%	2.8%	1.8%	1.9%	3.2%	2.3%	3.9%	2.1%	1.0%
Electricity and water supply	3.8%	3.1%	3.8%	2.0%	2.8%	1.2%	0.9%	2.7%	3.6%	5.7%
Construction	1.4%	1.4%	4.1%	4.9%	0.4%	-3.7%	-2.6%	2.9%	3.0%	5.7%
3. Services	**6.6%**	**6.4%**	**7.3%**	**7.0%**	**6.8%**	**6.2%**	**5.7%**	**5.8%**	**4.8%**	**5.5%**
Wholesale and retail trade	3.7%	2.8%	3.7%	3.0%	3.6%	2.5%	2.6%	6.4%	5.4%	4.0%
Accommodation and food services	46.3%	42.3%	34.5%	18.9%	38.1%	35.0%	22.9%	10.9%	4.1%	7.8%
Transport and storage	6.8%	3.8%	4.5%	7.2%	4.1%	3.4%	4.6%	5.6%	3.8%	5.4%
Information and communication	10.4%	8.4%	9.8%	12.5%	9.2%	6.7%	6.9%	5.6%	5.8%	6.0%
Financial & insurance	4.7%	11.1%	13.7%	10.7%	9.6%	8.0%	7.3%	6.0%	5.1%	6.6%
Public administration	8.4%	4.0%	5.0%	3.0%	7.5%	9.0%	7.3%	9.2%	6.5%	6.0%
Professional admin and support services	8.6%	6.7%	10.1%	13.7%	9.4%	6.7%	4.5%	4.7%	4.6%	8.5%
Real estate	6.6%	7.5%	7.8%	7.3%	6.9%	5.9%	4.8%	3.6%	5.3%	5.5%
Education	3.6%	2.9%	2.6%	2.5%	2.4%	3.2%	4.8%	5.4%	2.9%	3.2%
Health	4.8%	4.2%	4.5%	4.5%	5.4%	8.1%	6.2%	5.6%	4.8%	6.8%
other services	4.1%	3.0%	6.3%	3.9%	5.1%	4.8%	4.9%	4.0%	2.8%	1.4%
FISIM	*0.4%*	*5.1%*	*8.2%*	*-2.0%*	*15.4%*	*10.3%*	*11.0%*	*0.7%*	*1.9%*	*1.4%*
All industries at basic prices	*5.7%*	*5.7%*	*6.1%*	*6.3%*	*5.1%*	*4.6%*	*4.0%*	*5.2%*	*4.8%*	*5.1%*

Taxes on products	*2.7%*	*3.0%*	*3.1%*	*3.7%*	*2.9%*	*3.8%*	*6.3%*	*4.5%*	*5.7%*	*3.3%*
GDP at market prices	**5.4%**	**5.5%**	**5.9%**	**6.1%**	**4.9%**	**4.6%**	**4.2%**	**5.1%**	**4.9%**	**5.0%**

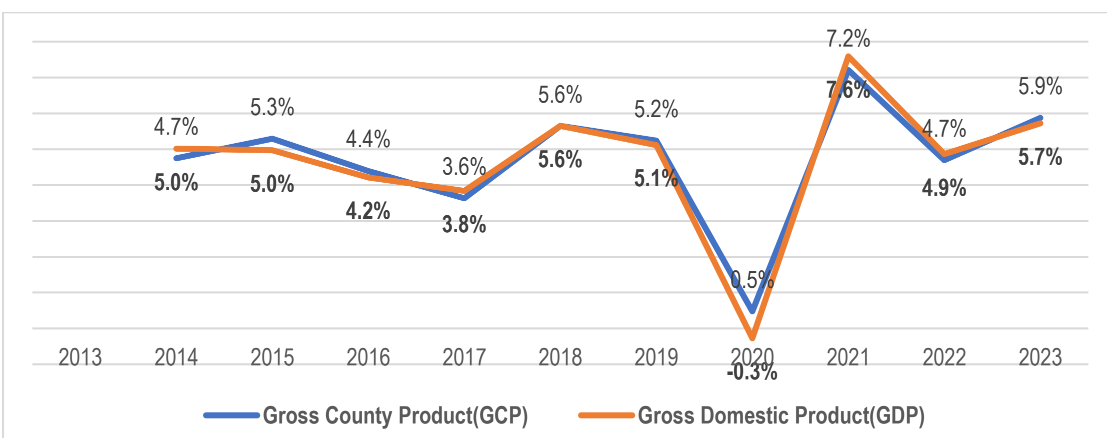
Data Source: Kenya National Bureau of Statistics.

1.4 County Governments economic performance

11. **Counties play an increasingly central role in Kenya's GDP performance, with GCP data showing that subnational economic activity is highly correlated with national growth dynamics.** Counties collectively drive more than half of Kenya's economic output, with major urban economies such as Nairobi, Nakuru, Kiambu, Mombasa and Machakos providing bulk of value added through services, trade, manufacturing, logistics and finance. Similarly, agriculturally dominant counties contribute substantially to national food production, agro-processing supply chains and rural consumption. Variations in county-level performance, driven by differences in infrastructure quality, fiscal capacity, sectoral composition and service delivery, therefore translate directly into differences in the national growth momentum.

12. **The disaggregation of Kenya's GDP into GCP for each county gives an idea of the size of the economy associated with a given county.** The Kenya National Bureau of Statistics (KNBS), in furtherance of the Kenyan governance under the devolved system, compiles the data of economic activities across counties christened as Gross County Product (GCP). The Gross County Product (GCP) for each individual county mirrors the Gross Domestic Product (GDP) of the overall economic activities of the country. The GCP for the forty-seven (47) counties adds up to the overall country's GDP. This implies that the growth of the GCP should be similar to the GDP performance. Notably, the GCP growth compared to GDP growth indicates GDP growing slightly higher than GCP growth. This is because the GDP figure is adjusted for taxes and subsidies on products.

Figure 2: GDP growth compared with GCP growth over the years



Source: KNBS

13. **GCP growth rate across the individual counties reveals inconsistency in the trends.** In some years GCP growth has been negative, while in other years the growth is positive across counties, despite the overall GCP growth rate remaining positive since 2013. For instance, in 2023, seven counties experienced positive GCP growth of more than 9 percentage points. These counties include Baringo-9.4%; Kajiado-9.5%; Trans nzoia-9.5%; Isiolo-9.5%; Uasin Gishu-9.8%; Nakuru-10.6% and Lamu-12.3%. Overall, 22 counties performed (GCP growth rate) above the GDP growth of 5.7%. Conversely, seven counties had a negative GCP growth, namely, Embu-(1.7%), Nyamira-(1.3%), Bungoma-(0.8%), Migori-(0.6%), Kakamega-(0.5%), Bomet-(0.4%), and Wajir-(0.1%). Annex I show the GCP Percentage Change for the 47 counties between 2013 and 2023.

14. **The real GCP distribution across the 47 counties is highly unequal, with economic activity heavily concentrated in urban centres.** An Average of real GCP contribution to the overall GDP for the years 2021, 2022, and 2023 reveals that the top five counties, that is, Nairobi - 29.5%, Kiambu - 5.6%, Nakuru -5.2%, Mombasa -5.2% and Machakos -3.4% together account for approximately 49% of Kenya's GDP. These are major urban and peri-urban centres with diversified economic activities. At the bottom tier, a total of 15 Counties shows the lowest contributions (from Isiolo at 0.3% to Vihiga at 0.7%), collectively contributing only about 7.5% of the national GDP. Many of these regions are marginalized, facing challenges such as drought, poor infrastructure, and limited economic investment.

Table 2: 3-year (2021,2022&2023) Average distribution of GCP contribution to National GDP by County

Low contributors (less than 1%)		Contributors below the medium		High contributors	
County	**Contribution**	**County**	**Contribution**	**County**	**Contribution**
Isiolo	0.3%	Siaya	1.0%	Kakamega	2.1%
Samburu	0.3%	Nyamira	1.0%	Kilifi	2.1%
Tana River	0.3%	Turkana	1.0%	Uasin-Gishu	2.4%
Lamu	0.3%	Makueni	1.1%	Kisumu	2.5%
Wajir	0.5%	Kwale	1.2%	Meru	3.0%
Mandera	0.5%	Kirinyaga	1.2%	Machakos	3.4%
Garissa	0.6%	Migori	1.2%	Mombasa	5.2%
Tharaka Nithi	0.6%	Homa Bay	1.2%	Nakuru	5.2%
Marsabit	0.6%	Kitui	1.2%	Kiambu	5.6%
Taita Taveta	0.6%	Nyandarua	1.2%	Nairobi	29.5%

Low contributors (less than 1%)		Contributors below the medium		High contributors	
County	**Contribution**	**County**	**Contribution**	**County**	**Contribution**
West Pokot	0.7%	Embu	1.4%		
Baringo	0.7%	Nandi	1.5%		
Vihiga	0.7%	Bomet	1.5%		
Busia	0.8%	Trans Nzoia	1.5%		
Laikipia	0.9%	Kajiado	1.6%		
Elgeyo Marakwet	0.9%	Narok	1.6%		
		Kericho	1.6%		
		Kisii	1.8%		
		Muranga	1.9%		
		Bungoma	1.9%		
		Nyeri	1.9%		

Source: PBO Computations

1.4.1 County Manufacturing Sector Growth Trends in Kenya (2014–2023)

15. An analysis of Kenya's Gross County Product (GCP) data from 2014 to 2023 shows that the country's manufacturing sector has been on a steady upward path, demonstrating resilience in the face of both local and global challenges. This growth underscores the sector's expanding role as a key driver of industrial transformation, employment creation, and regional economic diversification under Kenya's devolved system of governance.

16. Across counties, the pace and consistency of manufacturing growth vary considerably, reflecting the unique economic strengths and challenges of each region. In 2023, **Bomet (24.6%)**, **Vihiga (25.7%)**, **Nandi (15.2%)**, **Machakos (15.0%)**, and **West Pokot (14.8%)** stood out as the fastest-growing manufacturing counties. Their strong performance was largely driven by the expansion of small-scale agro-processing and the continued revival of cottage industries supporting local value chains.

17. Counties such as **Busia**, **Laikipia**, **Meru**, and **Tana River** sustained stable growth averaging between **8% and 12%**, supported by improved infrastructure, better access to markets, and rising private-sector investment.

18. **Nairobi, Kisumu**, **Nakuru**, and **Mombasa** continued to anchor national manufacturing output, even as competition from emerging regional industries intensified. Nairobi recorded **8.2% growth** in 2023, while Mombasa posted a strong **14.8%**, both reflecting renewed investor confidence and capacity expansion. However, some counties such as **Migori**, **Kericho**, **Narok**, and **Kisii** experienced high fluctuations in growth due to seasonal agricultural dependence and limited industrial diversification.

19. On the other hand, previously low-industrialized counties like **Mandera (10.6%)**, **Marsabit (9.2%)**, and **Garissa (2.8%)** are beginning to show promise, particularly in livestock-based manufacturing and the production of construction materials. With continued investment in energy, transport, and trade infrastructure, these frontier counties are poised to become Kenya's next frontiers of industrial development.

1.4.2 County Health Sector Growth Trends in Kenya (2014–2023)

20. **Since 2014, Kenya's county health sector has exhibited a generally positive but uneven growth pattern, reflecting both the opportunities and challenges of devolved healthcare management.** The sector's nominal Gross County Product (GCP) grew at an average rate of around **9%** annually, supported by expanded health infrastructure, human resource recruitment, and allocations through the equitable share and conditional grants. The strongest growth momentum occurred between **2016 and 2017**, when most counties scaled up investments in new hospitals and universal health coverage pilots.

21. In 2023, Several counties like **Kakamega (24.0%)**, **Isiolo (12.2%)**, **Marsabit (11.6%)**, **Elgeyo Marakwet (10.9%)**, **Laikipia (9.5%)**, and **Kitui (9.4%)** recorded the highest growth and continued to grow strongly. The growth could be attributed to new health facilities, better hospital management, and efficient use of health budgets.

22. On the other hand, some counties; **Mandera (-34.6%)**, **West Pokot (-14.7%)**, and **Baringo (-1.2%)** saw little or negative growth, mainly because of weak budgeting, poor infrastructure, and shortages of health workers.

23. Meanwhile, major urban counties such as **Nairobi (7.2%)**, **Kisumu (8.1%)**, **Mombasa (8.7%)**, and **Nakuru (7.8%)** achieved steady growth, supported by private hospitals and growing demand for outpatient services. Overall, the health sector between 2021 and 2023 shows steady recovery, with counties like **Kakamega, Laikipia, Kitui, and Isiolo** standing out in terms of county health sector management.

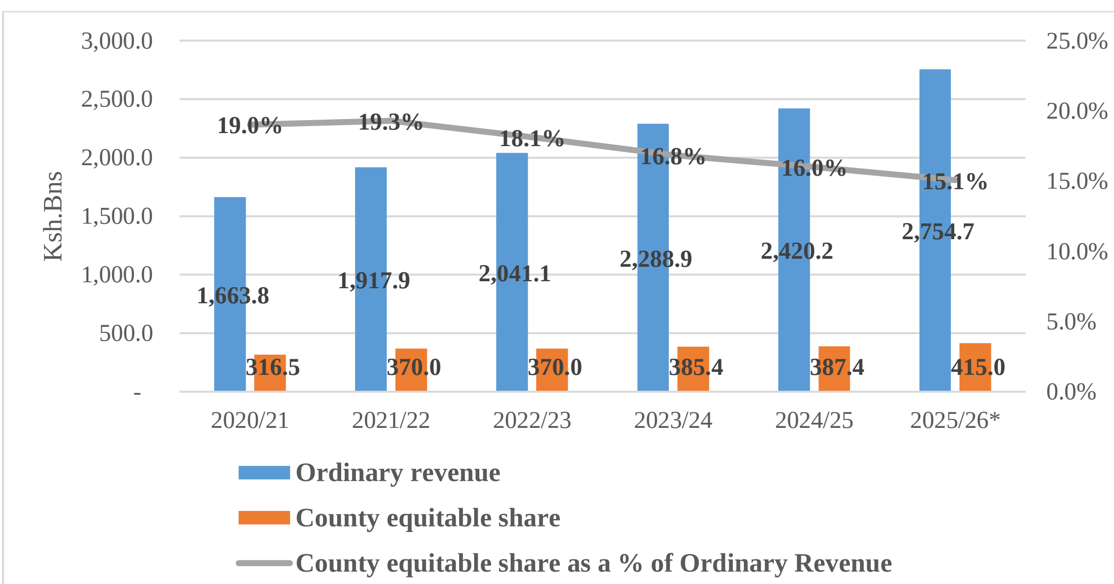
2 CHAPTER TWO: DEVOLUTION FUNDING

2.1 County Equitable Share

24. **Since the onset of devolution, between FY 2013/14 and FY 2024/25, county governments have cumulatively received approximately Ksh.4.1 trillion from the national government as equitable share of revenue.** This allocation is enshrined in Article 202(1) of the Constitution which provides for equitable sharing of nationally raised revenue between the national and county governments to enable them to provide basic services and perform their allocated functions. Notably, Article 203(2) of the Constitution stipulates that the share of revenue to be allocated to counties in any given financial year should *not be below fifteen per cent* of the most recent audited accounts of revenue.

25. **Though the annual equitable share to counties has grown substantially over the years, the amount as a share of ordinary revenue has been decreasing.** Since FY 2013/14, the annual allocation to counties has increased by approximately 118 percent, from Ksh.190 billion allocated in FY 2013/14 to Ksh. 415 billion allocated in FY 2025/26. The FY 2025/26 allocation is equivalent to 15.1 percent of the projected ordinary revenue of Ksh. 2,754.7 billion, and translates to an increase of Ksh. 27.58 billion *(7 percent increase*) from Ksh.387.425 billion allocated to counties in FY 2024/25. However, despite this increase, Annex II shows a decline in county equitable share as a percentage of ordinary revenue, from 19.1 % in FY 2020/21 to 15.1 % in FY 2025/26.

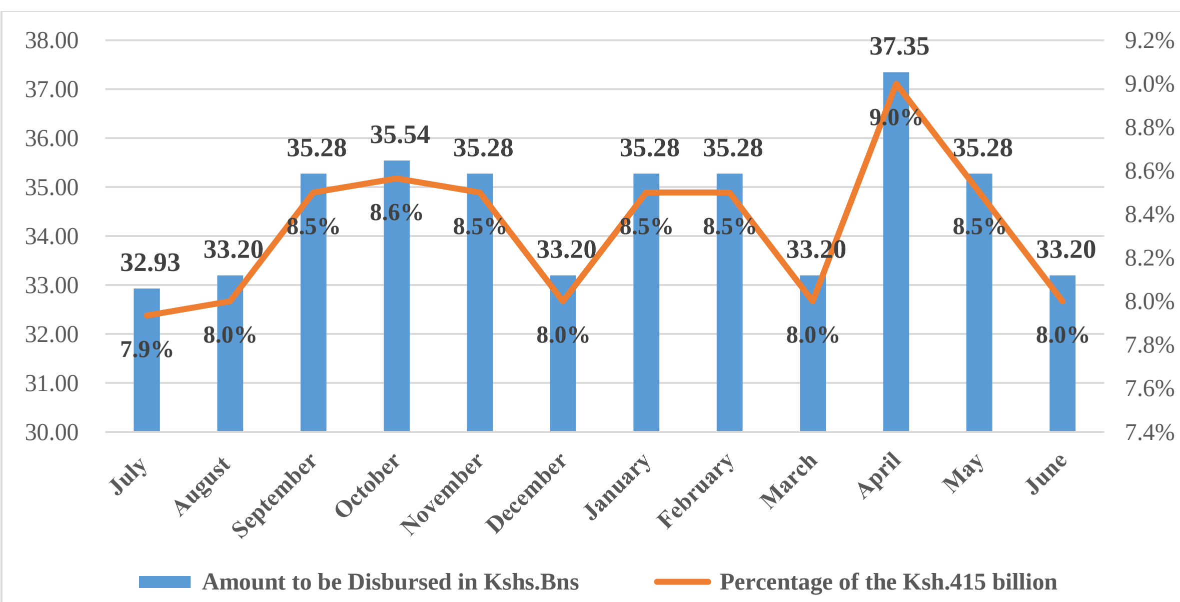
Figure 3: Allocation to Counties between FY 2020/21 to FY 2025/26



*Source: Various DORA and National Treasury. * Projections*

26. **The justification of the Ksh. A constrained fiscal space largely informs 415 billion allocation to counties in FY 2025/26.** The overall country's debt servicing burden has grown over the years to approximately 70 percent of GDP. As such, the government has committed to fiscal consolidation, aiming to reduce the fiscal deficit to 4.3 percent of GDP in FY 2025/26. Further, the yearly underperformance of the projected ordinary revenues due to unexpected economic outcomes requires a cautious stance to mitigate against budget carryover of the equitable share. Under these circumstances therefore, the Ksh. 415 billion was deemed adequate for counties to perform the functions assigned to them and to meet other developmental needs.
27. **Successful budget implementation at the county level will depend on timely cash disbursement.** The National Treasury, in consultation with the Intergovernmental Budget and Economic Council (IBEC), is required to prepare and adhere to a cash disbursement schedule indicating the monthly payments of the equitable share to be made to counties (Section 17(6) and (7) of the Public Finance Management Act (Cap. 412A)). For FY 2025/26, the county government's cash disbursement schedule of the Ksh. 415 billion County Equitable Share for Financial Year 2025/26 was approved by the Senate on 7th October 2025. This disbursement is spread across twelve months of the Financial Year from 15th July 2025 to 15th June 2026. The amount to be transferred to each county government per month averages 8.4 percent of the total allocation, with overall monthly remittance to all counties being Ksh.34.58 billion. According to the schedule, the highest disbursement (Ksh. 37.35 billion – approx. 9 percent of total equitable share) will be undertaken in April 2026. Figure 4 shows the monthly total amounts to be disbursed to counties between July 2025 and June 2026.

Figure 4: Monthly disbursement of the County's Equitable share



Source: National Treasury and PBO Analysis

Keep an eye on…

i) **Delayed disbursement of equitable share:** In previous years, national revenue underperformance in the course of the financial year has led to delayed disbursement and sometimes budget carryover of the equitable share. This constrains operations at the counties and hampers budget implementation leading to stalled projects, pending bills accumulation, delayed salaries and interrupted service delivery in critical areas like healthcare. Such an outcome will limit a county's economic performance and its contribution to national GDP growth. In turn, lower GDP growth constrains revenue performance. Policymakers should therefore monitor revenue performance and its implications on the timely disbursement of the county's equitable share.

ii) **Adherence to the cash disbursement Schedule:** While the disbursement schedule provides for predictable revenues expected to be received by counties each month, actual monthly disbursements have been falling short of the target. For instance, in FY 2024/25, the schedule wasn't adhered to, leading to approximately 42 percent of the total Ksh.387.425 billion equitable share being disbursed in the fourth quarter. Policy makers should watch out for this back-loading of cash disbursements to the fourth quarter, since this runs the risk of slowing down county budget implementation and consequently, GDP growth. Notably, the monthly transfers as proposed in the schedule are based on revenue performance. **Given the uncertainty in the monthly revenue performance across different revenue streams, it is critical to consider the preparation of a cash disbursement schedule every quarter. This calls for amendments of Section 17(6) of the Public Finance Management Act (Cap. 412A).**

2.2 The Fourth Basis of Revenue Sharing

28. **The equitable share allocation of FY 2025/26 is based on the fourth basis/formula of revenue sharing which is divided into three main components that relate to revenue allocation to counties.** In the first part of the formula, Ksh.387.425 billion is shared through a baseline allocation which retains allocation to counties as previously received in FY 2024/25. The second part of the formula sets aside an **Affirmative Action Allocation** of Ksh.4.46 billion, shared equally among twelve (12) identified counties based on historically low expenditure on development. This allocation is therefore meant to incentivize these counties to undertake meaningful development projects. The twelve counties are as follows: Elgeyo/Marakwet, Embu, Isiolo, Kirinyaga, Laikipia, Lamu, Nyamira, Nyandarua, Samburu, Taita/Taveta, Tharaka-Nithi, and Vihiga.

29. **The last part of the formula is the sharing of the remaining equitable share after netting off the baseline allocation of Ksh.387.425 billion and the**

affirmative allocation Ksh.4.46 billion. The balance is shared among all the counties through an allocation ratio generated from the following four parameters: Population weighted at 45%, Poverty Index weighted at 12%; Geographical Size Index weighted at 8 % (capped at 10 %), and Basic Share index weighted at 35%. This means the allocation ratio is applied to any equitable share above Ksh.391.89 billion throughout the period of use of the fourth Basis. For FY 2025/26, this part is applied to a balance of Ksh.23.12 billion.

Table 3: Summary of the application of the Fourth Basis

SN	Component	Amount in Ksh.Billions	Beneficiary counties
1	Baseline Allocation: Allocation as per the previous allocation in FY 2024/25.	387.425	All 47 counties
2	Affirmative Action allocation: Shared equally, each county receiving Ksh.371.7 million.	4.46	**12 Counties, namely;** Elgeyo/Marakwet, Embu, Isiolo, Kirinyaga, Laikipia, Lamu, Nyamira, Nyandarua, Samburu, Taita/Taveta, Tharaka-Nithi and Vihiga
3	**Allocation ratio from the 4 Parameters for each county:** Population weighted at 45%, Poverty Index weighted at 12%, Geographical Size Index weighted at 8 %, and Basic Share index weighted at 35%.	23.115	All 47 counties
	Total	**415**	

Source: CARA, 2025

30. **The average revenue growth rate in the county's equitable share from FY 2024/25 to FY 2025/26 is 7.12 percent, representing an increase of Kshs. 27.6 billion.** However, the growth is shared differently among the counties, with the identified twelve counties showing the highest improvement from the previous allocation in FY 2024/25. Table 2 shows the allocation to counties in FY 2025/26 and respective increases from FY 2024/25.

Keep an eye on…

i) **Development expenditure, especially in the 12 designated counties:** The approved fourth basis for sharing revenue between FY 2025/26 to FY 2029/30 has retained the baseline allocation and further designated Ksh.4.46 billion for 12 counties to boost their development expenditure. It will be critical to keep an eye on the actual development expenditures across counties, given the guaranteed resources for each county through the baseline allocation.

ii) **Reduction of the equitable share to below Ksh. 392 billion:** The baseline allocation that shares Ksh.387.425 billion from previous FY allocation and the Ksh. 4.46 billion affirmative action sets out the minimum allocation to counties in the subsequent Division of Revenue Acts for the next five years. The matter to watch out for in the next five years, therefore, is the reduction of the equitable share to below Ksh.392 billion, since this will disrupt the application of the fourth basis.

2.3 Additional Allocations to County Governments in FY 2025/26

31. **County governments are entitled to conditional and unconditional additional allocations from the National government in line with Article 202(2) of the Constitution and section 191(1) of the Public Finance Management Act (Cap. 412A).** These can either be from the national government's share of revenue or from development partners' funding through loans and grants contracted by the government on behalf of the counties. Unlike the equitable share allocations, these funds have specific conditions to be met for the county governments to access or receive them.

32. **The County Governments Additional Allocations Bill is increasingly becoming one of the most problematic yet crucial instruments for the actualization of Kenya's devolution financing framework.** Although it is the main instrument for the disbursement of additional allocations to counties, its biggest challenge is that it is consistently delayed, sometimes passed when the financial year is almost coming to an end. For instance, in FY 2023/24 and 2024/25, the Bill was enacted in Q2 and Q3 of the financial year, respectively. This not only delays implementation of donor-funded projects but also undermines fiscal discipline in counties. Notably, the County Governments Additional Allocations Act, 2025 was passed in November, five months into the financial year.

33. **CGAAB, 2025 proposes to allocate a total of Ksh.70.67 billion as additional resources to counties in FY 2025/26.** The additional allocations are spread across the following three broad categories: Unconditional additional allocations financed from court

fines and mineral royalties-**Ksh.2.95 billion**; Conditional additional allocations from the national government's share of revenue **-Ksh.9.98 billion;** and Conditional allocations from loans and grants from development partners- **Ksh.57.74 billion.**

2.3.1 Unconditional Additional Allocation

34. **These are funds collected by the national government agencies on behalf of the counties and are therefore not tied to any specific conditions or purpose.** The County Government Additional Allocation Bill is therefore simply a framework for the transfer of these funds. In FY 2025/26, the unconditional additional allocations comprise the following:

    i. **Court fines - Ksh.11.5 million:** These resources emanate from contravention of county legislations and the amount is for court fines collected in ten counties in FY 2023/24.

    ii. **Mineral Royalties - Ksh.2.93 billion:** This amount contains the 20 per cent share of Mineral Royalties collected in thirty-two (32) counties from 2016 to 2022. Mineral royalties are entitlements to counties pursuant to Section 183(5) of the Mining Act (Cap. 306).

2.3.2 Conditional Additional Allocations from the National Government.

35. **These are additional allocations financed by the national government from its annual share of revenue.** These funds are meant for a specific government programme and have conditions attached to them, some of which require counties to meet them before receiving the funds. The transfer of the funds is made to counties through the relevant state department and agency of the national government. In FY 2025/26, the government intends to implement the following five programmes through additional conditional allocations:

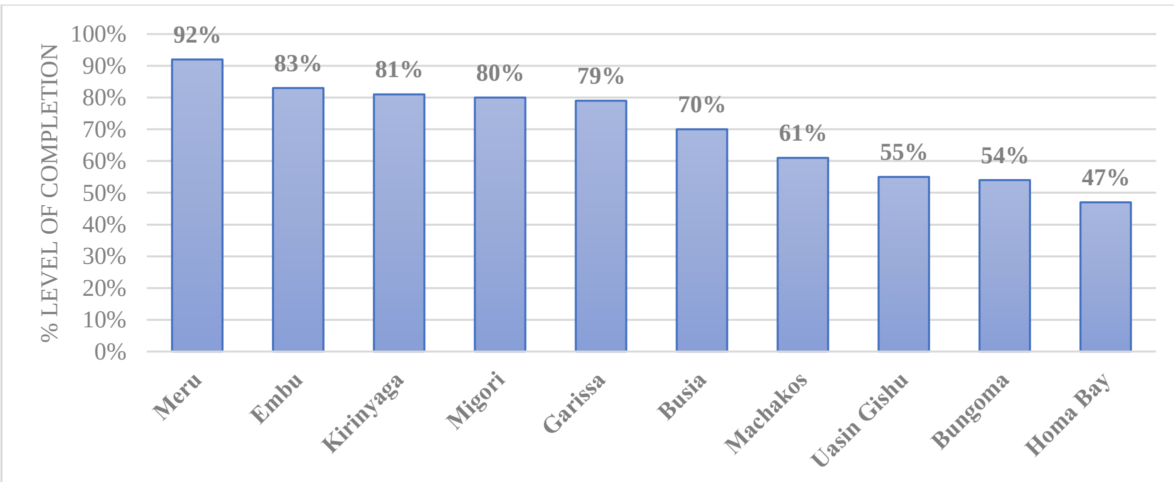
    i. **Settlement of Phase II Doctor's Salary Arrears- Ksh.1.759 billion:** this is to be shared across all the 47 counties as per the number of doctors. The allocation is for the settlement of salary arrears owed to doctors as per the Return-to-Work Formula agreement between the Government and the Kenya Medical Practitioners, Pharmacists, and Dental Union (KMPDU).

    ii. **Community Health Promoters (CHPs) Programme - Ksh.3.23 billion:** this is to be shared among the 47 counties as per the number of CHPs per county. The amount is meant to supplement the county government's allocation towards the payment of a monthly stipend to CHPs. The total number of CHPs in the country is estimated to be 107,831, and they assist in providing adequate and quality health care services to citizens under the Universal Health Coverage (UHC).

    iii. **Construction of County Headquarters - Ksh.449 million:** this is to support the construction of county administration offices in five counties that did not inherit adequate facilities that could accommodate the new administration at the onset of devolution. The five counties are: Isiolo-Ksh.59 million, Lamu-Ksh.120 million, Tana River-Ksh.120 million, Tharaka Nithi-Ksh.30 million, and Nyandarua-Ksh.120 million, and the sharing of the funds is per the status of the project implementation.

iv. **County Aggregation and Industrial Parks (CAIPs) Programme - Ksh.4.45 billion:** the CAIPs project is being implemented in phases by the national government in all 47 counties since 2023. In FY 2025/26, this programme will prioritize completion of the project in another set of 24 counties, following completion of CAIPs project in 10 counties in FY 2024/25. The ten counties that have so far received full contribution of Ksh.250 million from the national government, and their level of completion is as shown in Figure 5.

Figure 5: Status of completion of the CAIPs project in 10 counties



Source: State Department for Industry

Thirteen counties are yet to start the projects and are at zero percentage implementation level. These are: Bomet, Elgeyo/Marakwet, Isiolo, Kisumu, Lamu, Mandera, Makueni, Nairobi, Samburu, Taita Taveta, Tharaka Nithi, Turkana, and West Pokot.

The 24 counties prioritized for full funding in FY 2025/26 are summarized in Table 4.

Table 4: Funding of CAIPs in FY 2025/26

SN	County	FY 2025/26 Allocation	% Completion
1	Kisii	127,894,743	75
2	Wajir	127,894,742	65
3	Kwale	75,263,158	60
4	Kiambu	133,368,421	60
5	Tana River	250,000,000	50
6	Marsabit	250,000,000	45
7	Kitui	250,000,000	41

SN	County	FY 2025/26 Allocation	% Completion
8	Kericho	250,000,000	40
9	Nakuru	133,368,421	30
10	Nandi	133,368,421	30
11	Nyamira	133,368,421	30
12	Baringo	250,000,000	30
13	Kilifi	250,000,000	30
14	Trans Nzoia	133,368,421	25
15	Nyeri	250,000,000	25
16	Siaya	133,368,421	23
17	Kakamega	50,000,000	22
18	Laikipia	250,000,000	20
19	Nyandarua	250,000,000	17
20	Kajiado	250,000,000	16
21	Vihiga	250,000,000	15
22	Mombasa	133,368,421	10
23	Murang'a	133,368,421	10
24	Narok	250,000,000	10
	Total	**4,448,000,011**	

Source: State Department for Industry

v. **0.5 % Housing Levy Fund - Ksh.93.4 million:** this allocation is for the county rural and urban affordable housing committees pursuant to section 11(4)(c) of the Affordable Housing Act. The law mandates the Board to allocate out of the Fund, not less than one half percent (0.5%) of the monies to the county committees for administrative expenses. The amount is shared equally among the 47 counties, with each receiving Ksh.1.99 million. The money will be used to cover the recurrent expenses of the County Rural and Urban Affordable Housing Committee.

2.3.3 Conditional Allocation from Loans and Grants from Development Partners

36. **These are allocations through loans and grants from development partners.** In FY 2025/26, county governments are expected to receive a total of Ksh.57.74 billion from development partners. The projects include Water & Sanitation, Environmental Protection & Climate Change activities, taking the substantial allocation of Ksh.16.6 billion; Agricultural sector-based activities amounting to Ksh.11.5 billion; Infrastructure and urban support programme of Ksh.13.5 billion; and devolution support program to incentivize performance of the county, amounting to Ksh.14.8 billion.

37. **The following development partners are supporting the programmes:** International Fund for Agricultural Development (IFAD), International Development Association (World Bank), Government of Germany (KfW-Germany), Government of Denmark (DANIDA), and Government of France (AFD-FRANCE). IDA -World Bank accounts for the significant donor funds to the county governments, providing about 92% of the total donor funding. Table 5 provides a summary of the donor funds per programme and the number of beneficiary counties per project.

Table 5: Development partners' funding to counties in FY 2025/26

SN	Development partners projects	Allocation in Ksh.	No of beneficiary counties
1	IFAD-Aquaculture Business Development Programme (ABDP)	200,000,000	15
2	IDA (World Bank)-Credit (Financing Locally- Led Climate Action Program, FLLoCA) CCIS Grant	121,000,000	7
3	IDA (World Bank) -Credit (Financing Locally-Led Climate Action Program, FLLoCA) CCRI Grant	6,187,500,000	45
4	(KfW-Germany)-Credit Co- Financing of Financing Locally- Led Climate Action Program, (FLLoCA) CCRI-grant	1,200,000,000	16
5	IDA (World Bank) Food Systems Resilience Project (FSRP)	3,200,000,000	13
6	(KfW-Germany)-Drought Resilience Programme in Northern Kenya (DRPNK)	1,276,654,208	2
7	IDA-World Bank-Kenya Devolution Support Programme II (KDSP II) – Institutional Grant (Level 1 Grant)	3,426,746,500	47
8	IDA-World Bank-Kenya Devolution Support Programme II (KDSP II) - Service Delivery and Investment Grant (Level 2)	11,378,253,500	47
9	IFAD-Kenya Livestock Commercialization Project (KELCOP)	634,500,000	10
10	IDA (World Bank)-Kenya Urban Support Project (KUSP) - Urban Institutional Grant (UIG)	1,300,000,000	45
11	IDA (World Bank)-Second Kenya Urban Support Project (KUSPII)- Urban Development Grant (UDG)	10,325,754,660	45
12	IDA (World Bank)-Kenya Water, Sanitation and Hygiene (K-WASH) Program	4,607,526,599	19

13	IDA (World Bank)-National Agricultural Value Chain Development Project (NAVCDP)	7,700,000,000	34
14	DANIDA (Government of Denmark) Grant -Primary Health Care in Devolved Context (PHDC)	510,000,000	47
15	IDA (World Bank)-Water and Sanitation Development Project (WSDP)	3,000,000,000	6
16	AFD-(France)-Kenya Informal Settlement Improvement Project II (KISIP-II)	2,500,000,000	17
17	IDA (World Bank)-Kenya Informal Settlement Improvement Project II (KISIPII).	167,500,000	13
	Total	**57,735,435,467**	

Source: CGAAB,2025

38. Keep an eye on…

i) **Timely passage of the County Government Additional Allocation Bill.** Since the inception of the County Government Additional Allocation Bill, approvals of the Bill have been delayed to as late as two months to the end of the financial year. These delays have had implications on the implementation of the projects, spanning from currency fluctuations to unmet conditions. In FY 2025/26 and subsequent years, keen interest should be taken on the timely approval of the Bill.

ii) **Adjustments to conditional allocations in the supplementary budget:** The approval of County Government Additional Allocations is designed on two fronts: First, through the annual appropriations, and secondly, through the County Government Additional Allocations Acts. Policy makers should keep an eye on allocations in the Act that are sometimes adjusted downwards during the preparation and approval of supplementary budgets.

3 CHAPTER THREE: COUNTIES' SECTORAL INVESTMENTS: EXPENDITURE & IMPACT

3.1 County Social Investments

3.1.1 Health

3.1.1.1 Universal Health Coverage

39. **Universal Health Coverage (UHC) is one of the five pillars under the national government's Bottom-Up Economic Transformation Agenda.** The Constitution of Kenya guarantees all citizens the right to quality healthcare, yet out-of-pocket payments for health services remain a significant financial barrier to accessing quality healthcare in Kenya. Other barriers include supply chain issues, insufficient infrastructure and inadequate workforce. The main aim of UHC, therefore, is to ensure that all Kenyans have access to and receive essential quality health services without suffering any financial hardship. These services include promotive, preventive, curative, rehabilitative and palliative health services. Additionally, the government seeks to cushion the poor and other vulnerable groups from financial risk through various mechanisms, including sponsoring vulnerable groups.

40. **Universal Health Coverage is anchored on four key pillars: Healthcare Financing; Health Products and Technologies; Human Resources for Health; and Healthcare Infrastructure.**
    i) **Health Products and Technologies** focuses on KEMSA reforms to enhance operational efficiency. Specifically, the target is to increase the KEMSA fill rate; ensure availability of essential medical supplies; and increase the number of regional distribution centres to minimize on the distance to access the medical supplies.
    ii) **Healthcare infrastructure** focuses on the construction and maintenance of health care facilities; and equipping health facilities with new technology machinery to enhance access to advanced and specialized treatment across the country. A key initiative is the Medical Equipped Services which was later integrated into the National Equipment Support Programme (NESP).
    iii) **Healthcare financing** focuses on a Social Health Insurance Fund requiring all Kenyans to register and contribute to the scheme to minimize out-of-pocket payments for healthcare services. It also includes a Primary Healthcare Fund to cater for primary healthcare and a Chronic and Critical Illness Fund for the treatment of chronic diseases. Further, to enhance the financial autonomy of healthcare facilities, revenue collected by health facilities from the services they offer should be retained at the facility to offset their operational cost.
    iv) **Human Resources for Health** focuses on the human capital for health, which comprises all cadres of the healthcare personnel, including the Community Health Promoters. Each of the personnel is key in ensuring that a patient receives the required level of care. It further includes the distribution of healthcare workers across the 47

county governments. Especially, the employment of specialised human personnel is key to ensuring people can travel shorter distances to access these services.

3.1.1.2 Human Resources for Health

41. **The UHC seeks to expand and improve Human Resources for Health, but some challenges persist.** Persistent maldistribution of staff leaves rural areas and informal settlements underserved, even as urban centres attract more health workers. Rationalizing deployment is therefore key to equity. Beyond numbers, other challenges pertain to health worker motivation and responsiveness which must be enhanced through timely and adequate remuneration, clear job descriptions, fair schemes of service, professional development, supportive supervision, and safe work environments.
42. **UHC implementation emphasizes Primary Care Networks (PCNs) as the cornerstone of service delivery.** A major shift under UHC is the recognition of Family Medicine Physicians and multi-disciplinary teams (MDTs) which include nurses, clinical officers, pharmacists, nutritionists, lab technologists, social workers and public health officers in establishing Primary Care Networks (PCNs). These teams, supported by Community Health Promoters (CHPs), form the foundation of people-centred comprehensive care; ensuring referrals are coordinated and services remain accessible at the community level.
43. **Persistent industrial action by healthcare workers is a stress point that threatens progress towards the primary healthcare pillar of the UHC.** In 2025 alone, three counties - Kiambu, Nairobi and Machakos – have experienced industrial action of varying degrees from their healthcare workers; doctors, clinical officers and nurses. Kiambu County in particular, endured a 5-month doctors' strike that was called off recently in October 2025. To motivate and stabilize the health workforce, the national government has allocated Ksh.1.759 billion for the settlement of FY 2024/25 salary arrears owed to County Government health workers, to be transferred through the County Government Additional Allocations Act, 2025 (CGAAA). This allocation follows a return-to-work formula agreement signed in March 2024 between the national government and the Kenya Medical Practitioners, Pharmacists and Dentists Union (KMPDU), which resolved that year's industrial action. By resolving industrial action, primary healthcare facilities are able to support continuity of UHC rollout. This also sets the stage for a more structured dialogue, thereby reducing frequent service disruptions.

Keep an Eye On…

i. **Structural causes of wage arrears:** this is typically an outcome of delays in fund transfers to counties as well as weak county payroll management. Policymakers should therefore ensure that the cash disbursement schedule is adhered to so as to mitigate against such occurrences. Additionally, the one-off arrears payment should be complemented with long-term strategies for predictable remuneration and performance management.

ii. **Passage of the County Governments Additional Allocations Act, 2025:** this was passed in the second quarter of the financial year. Such delay in the passage of this Bill implies that the salary arrears payments may not be released on time, and this is likely to prompt further industrial action. Policymakers should therefore prioritize the passage of this Bill to ensure that the disbursement of the funds for the payment of the basic salary arrears for the County Government healthcare workers is undertaken on time.

3.1.1.3 Community Health Promoters

44. **Community Health Promoters (CHPs) provide the first layer of healthcare service provision and are the link between households and the formal health system, but failure to adequately resource them jeopardizes the 'leave no one behind' principle of UHC.** CHPs form the basis for access to healthcare and management at the household level; focusing mainly on diabetes management, hypertension assessment, under five children assessment for illnesses including malnutrition, diarrhoea, malaria, and pneumonia; referral of pregnant women for antenatal care; and other palliative care for chronic diseases. The CHP's role is to ensure that primary health care services are strengthened by providing wider coverage and improved healthcare delivery at the grassroots level.

45. **The CHPs project is severely underfunded by both sponsors, with only Ksh. 786 million disbursed out of the Ksh. 3 billion allocated to the project in FY 2024/25.** Currently supporting 107,831 CHPs, the project is co-funded by the National Government and County Governments on a 50:50 basis. However, according to reports by the Controller of Budget, only four (4) counties - Bomet, Kwale, Tharaka Nithi and Uasin Gishu - received the National Government contribution for CHPs in FY 2024/25. With respect to county governments contribution, only fourteen (14) counties have contributed and spent on CHPs stipend and payment is therefore not up to date. This affects the working morale of the CHPs who are expected to form a crucial basis for the achievement of UHC. Annex III contains the contribution from the national and county governments for CHPs and salary arrears for health workers for FY 2024/25.

46. **Functioning supply chains and requisite training are also essential for CHPs to achieve UHC objectives.** CHPs need to be equipped with kits of work and reagents, as well as training which is the responsibility of the national government, especially on instances of palliative care of cancer patients and chronic diseases such as diabetes.

47. **Keep an eye on…**

i) **Co-funding of the 107,831 CHPs project** by both the national Government and the County Governments to ensure that they are paid their stipend in a timely manner and uphold their morale for the delivery of services expected of them.
ii) **Refill rate of CHP Kits and continuous training of CHPs:** policy makers should ensure that CHPs are not only supplied with enough essential kits but that these kits are continuously replenished to enable them perform their duties without interruption. Further, the national government should provide resources towards training and capacity development of CHPs.

3.1.1.4 Healthcare Financing

48. **Out-of-pocket payments for health services remain a major financial barrier to accessing health services in Kenya.** As a result, the government is implementing the Social Health Insurance Fund (SHIF) and has embarked on onboarding all Kenyans into the Social Health Insurance (SHI). There are two main categories of the people contributing: contributors paying for themselves (formal and informal setups), and those sponsored by different entities including the National government and the County Governments (the vulnerable people in the society).

49. **The SHA membership has increased to 28.8 million Kenyans in one year since its enrolment compared to 8 million of the defunct NHIF membership.** People in the formal sector are automatically onboarded, while those in the informal sector are required to enrol. The main concern is if those who self-enrol will contribute to SHA to benefit.

50. **So far, the SHA financing base appears weak as it is heavily dependent on contributions from formal sector/ salaried employees who are a minority in the workforce.** In FY 2024/25, the formal sector contributions accounted for Ksh. 47.5 billion while the informal sector accounted for only Ksh. 23 billion, yet the informal sector constitutes approximately 80% of the workforce. Anecdotal evidence suggests that of the approximately 27 million registered in SHA, only 4.3 million from the formal sector and approx. 860,000 from the informal sector are contributing to it. This not only leaves a significant financing gap but also shrinks the risk-pool. Non-contribution by majority of the informal sector is largely informed by irregular incomes and affordability concerns.

51. To address affordability issues by the vulnerable in society, the National and county governments as well as other schemes contributed approximately Ksh.5 billion. Currently, the National government is sponsoring 558,000 households, cumulatively amounting to 2.2 million people. County Governments, National Government CDF and UNHCR have also onboarded 100 million people who account for 62,461 households. This is summarized by Table 6 as shown.

Table 6: COUNTIES, NG-CDF & DONORS

S/NO.	Description	No of Indigents
1.	UNHCR	22,115
2.	Murang'a County	37,110
3.	Kasipul NGCDF	479
4.	Laikipia East NGCDF	484
5.	Nakuru East NGCDF	366
6.	Kikuyu Constituency Empowerment Welfare Association	546
7.	Langata Constituency NGCDF	380
8.	Rana Motors Kisumu	105
9.	Turbo Constituency	384
10.	Bahati Constituency	492
	TOTAL	**62,461**

Source: Ministry of Health, SHA

52. **The turnaround time for the payment of claims made to SHA through services offered under SHI, Primary Healthcare Fund and Chronic and Critical Illness Fund should be adhered to (within 90 days of verified claims) to ensure that healthcare facilities do not hit financial hardships.** As reported by the COB, by the end of FY 2024/25, government facilities owed Ksh. 20 billion of the approved claims, out of which Ksh. 12.5 billion was paid, leaving a balance of Ksh. 7.5 billion. Currently, the claim settlement rate is at 59 percent, as shown in Table 7. Claims arrears undermine the confidence of health service providers and compromise the quality and availability of health services as providers refuse to accept SHA payments, citing financial strain and operational challenges.

Table 7: Summary of Hospitals' Claim Settlement Rate

S/NO.	Ownership	Settlement Rate %
1.	County Government	59.62
2.	Faith Based Organization (FBO)	64.56
3.	National Referral	61.71
4.	Private	56.55
	Average	60.61

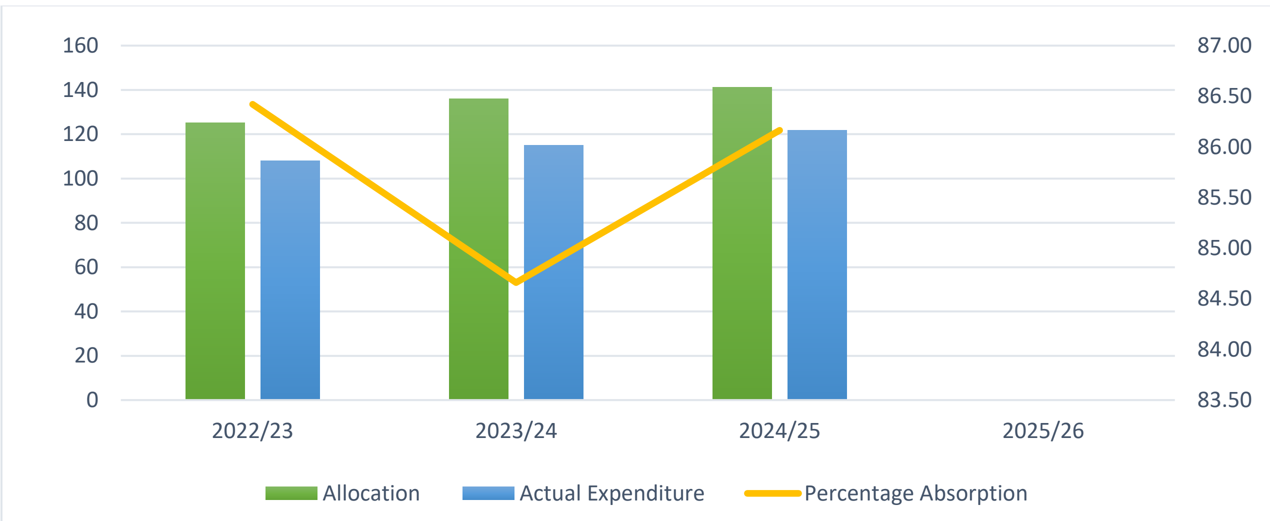
Source: Ministry of Health, SHA

53. **The defunct NHIF still owes the government health facilities Ksh. 5 billion one year after its transition to SHA.** Further to this, the defunct NHIF is *still owed* a total of Ksh. 22.56 billion by different government entities including Ksh.12.48 billion by MDAs; Ksh.

8.89 billion by the National Treasury for WIBA contracts; and Ksh. 879 million owed by County Governments and parastatals. Annex IV illustrates the approved claims for NHIF and SHIF for all counties as at 30th June 2025.

54. Over the last three financial years, County governments have allocated Ksh. 125 billion in FY 2022/23, Ksh. 136 billion in FY 2023/24 and Ksh. 141 billion in FY 2024/25 towards their health budgets. On average, the sector absorbs 86 percent of its allocation, with the majority of the expenditure going towards the personnel emoluments of health workers. Going forward, health infrastructure spending should also be prioritized to improve service delivery. Figure 6 shows county health budgets against expenditure since FY 2022/23.

Figure 6: County Health Budget vs. Actual Expenditure and % Budget Absorption



Source: Controller of Budget Reports.

55. The passage of the Facility Improvement Financing Act, 2023 has seen county health facilities collect, retain and utilize the funds at the facility level. In FY 2022/23, facilities collected Ksh.12 billion; in FY 2023/24 they collected Ksh.16.7 billion; and in FY 2024/25 they collected Ksh. 24.6 billion. At the end of FY 2024/25, 24 of the 47 counties (51 per cent) developed regulations to give effect to different provisions of the FIF Act, 2023 but one consistent issue of concern across the counties is the management committees of the facilities that are yet to be put in place. These committees play a key role in ensuring efficient and prudent utilization of resources collected at the facility.

56. There is potential in the collection of FIF with proper controls, especially if automated across different hospital departments. Annex V provides the Facility Improvement Funds actual collections as well as counties with an Act and guiding regulations to implement FIF Act, 2023.

Keep an eye on…

i) **The repayments of the SHA claims**: time taken for repayments to be done, should adhere to the Social Health Insurance Regulations 2025 of 90 days from verification of a claim to ensure that health care facilities do not face any financial hardship as a result.

ii) **Payment of NHIF claims:** The monies owed to and by the defunct NHIF should be prioritized and be repaid as these were services offered by different facilities and they need to be compensated.

iii) **Timeliness of sponsored indigents contribution:** this should be up to date to avoid the cashflow challenge that NHIF faced with pending bills from government entities that were sponsoring the indigents. Delayed payment affects cash flows, claim repayment and service delivery by healthcare facilities.

iv) **The full implementation of the FIF Act, 2023** specifically, to ensure that healthcare facilities have the autonomy they need. The setting up of managing committees of facilities will reduce any delays when decisions need to be made on the financial expenditures of the healthcare facility.

v) **Infrastructure spending in the health sector:** The health budget in counties should include a fair share for development to ensure that every aspect of healthcare is well-financed to improve service delivery.

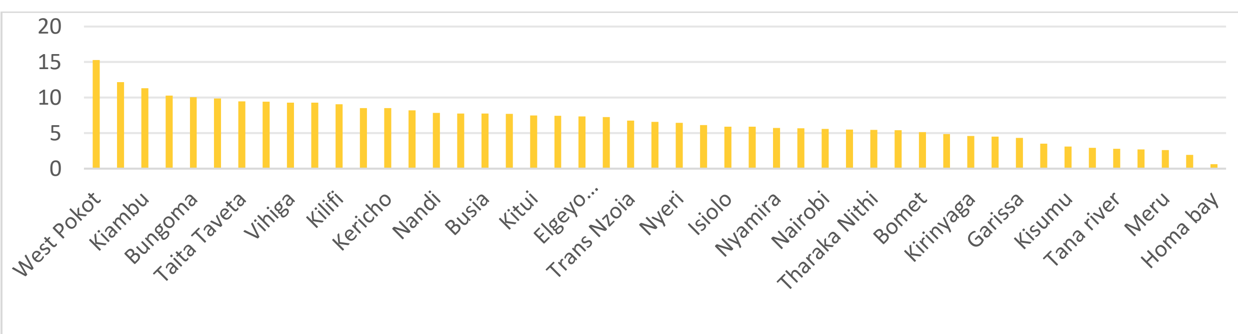
3.1.2 Education

57. **The National Government has put in place policies to support early childhood development in counties.** The National Pre-Primary Education Policy identifies strategies to increase access, equity and inclusion, quality and relevance, governance and accountability, as well as research, monitoring, and evaluation of pre-primary education in the country**.** Additionally, the County Early Childhood Education Act provides a framework for the establishment of systems for the administration of early childhood education within counties. The Act emphasises on equality, equity, and non-discrimination in the provision of education and the recognition of children with disabilities. It further provides that ECDE teachers should be paid according to their qualifications and the establishment of learning centres. Through this legislation, ECDE is expected to be free and compulsory in all public centres. Most counties have expanded ECDE access by establishing ECDE centres, but quality staffing, financing and resourcing remains a challenge**.**

3.1.2.1 Analysis of budgets for the education sector in the counties

58. **According to data from the Controller of Budget for FY 2024/25, the percentage allocation to the education budget in counties ranges between 2% to 15%, with majority of the counties allocating below 10% of their total budgets.** Notably, this data is aggregated for both ECDE and VTC and as such, it is a challenge to determine the actual percentage allocation to ECDE vis-à-vis VTC. Figure 7 shows a graphical representation of the allocation to education in the forty-seven counties as a percentage of the total budgets in the respective counties. According to the data, the counties ranking high in allocation to education are West Pokot (15%), Narok (12%), Kiambu (11%), Samburu (10%), Makueni (10%), and Bungoma (10%). Conversely, Homabay and Laikipia County had the lowest allocation at 1% and 2 %.

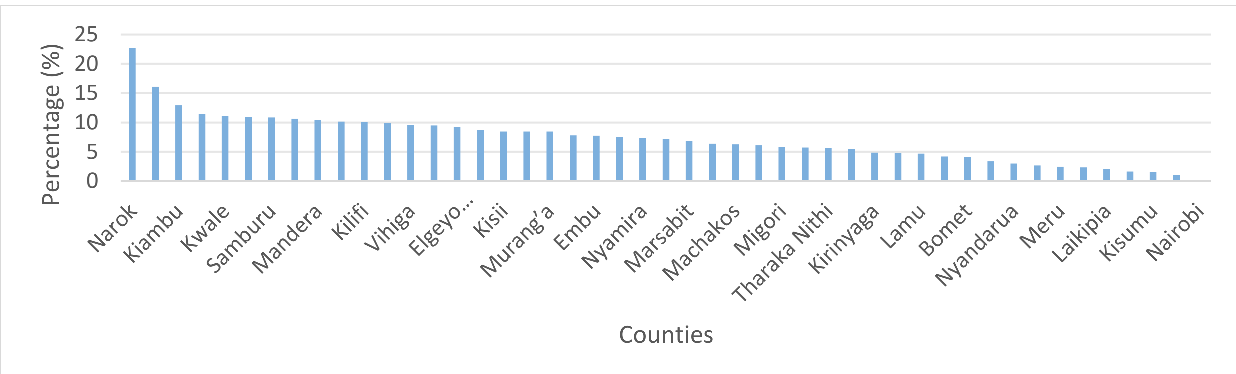
Figure 7: Allocation to the Education Sector as a percentage of the Total Budget



Source: Controller of Budget Reports.

59. Significant differences in budgetary allocation and actual expenditure ratios point to in-year budget revisions that de-prioritize education in a number of counties. Figure 8 shows the actual expenditure on education in the forty-seven counties as a percentage of total actual expenditure in the respective counties. This analysis is helpful in deducing counties that prioritize expenditure in the education sector during budget implementation. The data indicates that Narok County has the highest ratio at 23%, West Pokot (16%), Kiambu (13%), and Bungoma (11%). Narok, West Pokot, and Kiambu allocation and expenditure ratios were relatively unchanged which indicates that they prioritized education during allocation and spending. However, since the budgets are lumped up with other items, it may not be possible to analyse if education was prioritized in reality.

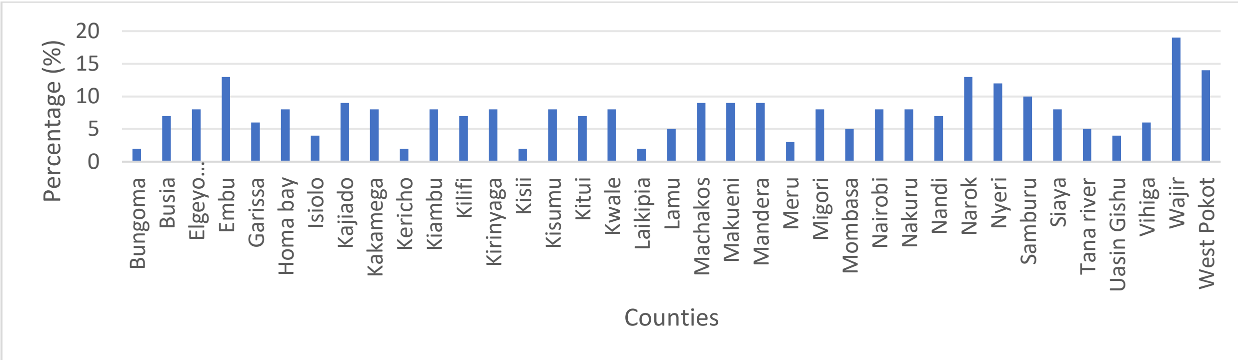
Figure 8: Analysis of Expenditure as a Percentage of Total Budget



Source: Controller of Budget Reports

60. In FY 2025/26, an analysis of allocations to the education sector in sampled counties shows high allocations relative to total budgets in Wajir (19%), West Pokot (14%), Homabay (13%), Narok (13%), and Nyeri (12%). Other counties allocated relatively low figures to the education sector, for instance, Laikipia (2%), Kisii (2%), and Bungoma (2%). It is worth noting that some of the counties that allocate high amounts to education in their annual budgets typically re-allocate the funds to other sectors during in-year budget revisions. Therefore, this is a critical area for policymakers to keep track of. Figure 9 shows the allocation to education as a percentage of the total county budget.

Figure 9: Allocation to Education as a % of Total Budget



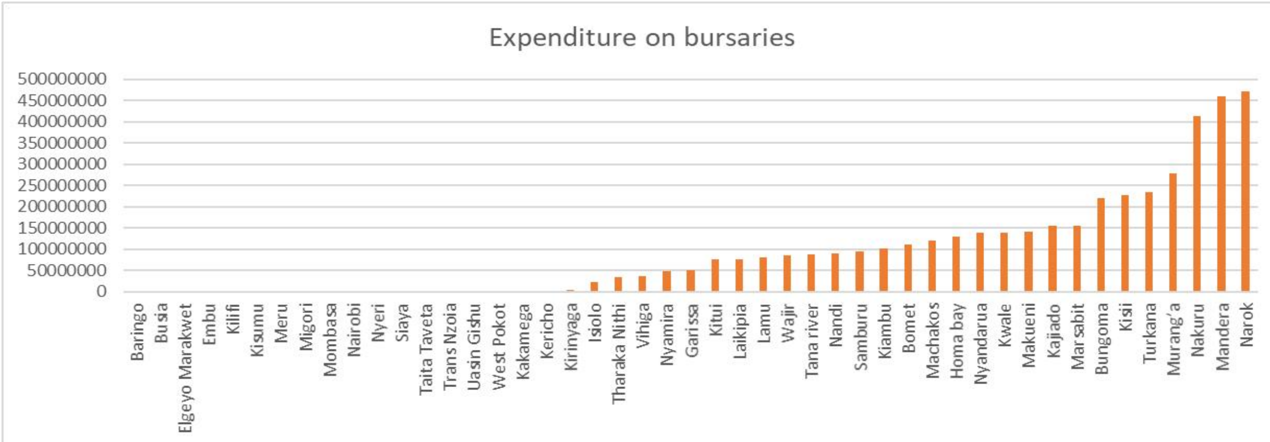
Source: Controller of Budget Reports.

61. **There are no clear guidelines and a standardized framework for how budgeting for ECDE and VTC should be undertaken to ensure both are adequately funded.** Analysis of ECDE and VTC budgets in counties indicates that several counties are allocating relatively enough resources while others relatively little resources to these devolved functions. It is even harder to determine specific allocation to each of these sub-sectors as ECD and VTC expenditure is combined with several other sectors such as ICT, Youth Affairs and Sports & Social Services, making it difficult to ascertain exact expenditure on ECD and VTC. With no clear budget lines on how to allocate resources to ECDE and VTC appropriately, there is variation in the standards and implementation of ECD policy across different counties.

3.1.2.2 Analysis of Bursary Allocations

62. **Uncertainty regarding the legality and governance of bursaries issued by county governments has impaired county issuance of bursaries.** The core legal concern is whether county governments are legally allowed to issue bursaries to learners in all three categories of education (primary, secondary, tertiary) and if so, which framework they use. In June 2025, the High court barred county governments from issuing bursaries citing overstepping of their constitutional mandate. This legality question is yet to be conclusively addressed hence non-approval of withdrawal by the Controller of Budget. Figure 10 shows expenditure on bursaries per county as at June 2024, highlighting differing approaches by counties. From the figure, at least eighteen counties did not spend any amount on bursaries in that financial year. These include Baringo, Busia, Elgeyo Marakwet, Embu, Kilifi, Kisumu, Meru, Migori, Mombasa, Kericho, among others. Notably, some counties such as Narok, Mandera, Nakuru and Muranga spent significant amounts on bursaries as shown in annex VI.

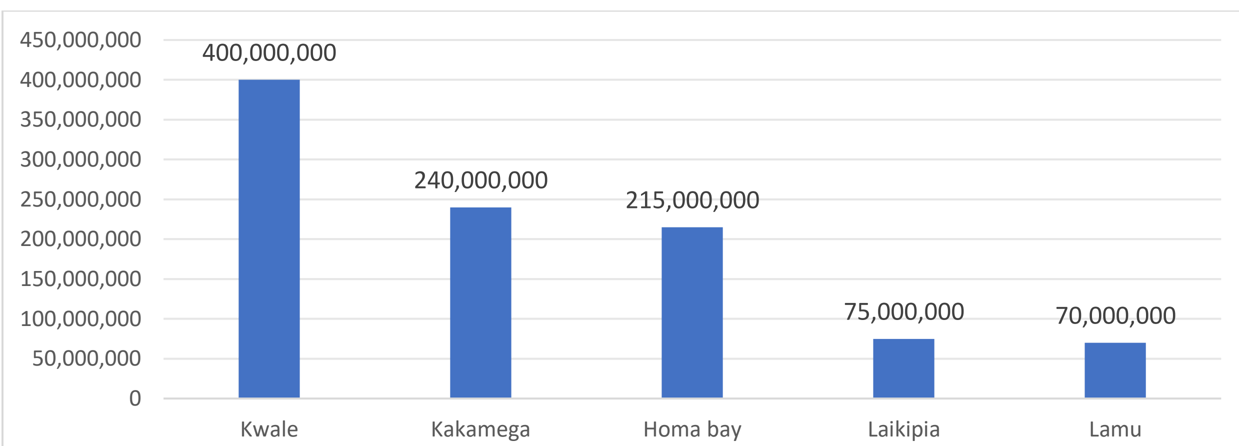
Figure 10: Expenditure on Bursaries in FY 2024/25



Source: Controller of Budget Reports

63. **Despite the ongoing challenges, county governments continue to allocate significant amounts to bursaries – a potential PFM breach.** In the FY 2025/26 budget, analysis of budgetary allocations in a sample of randomly selected counties indicates that counties are still allocating huge amounts to bursaries, as shown in Figure 11. A speedy resolution of the potential legal breach is therefore critical to ensure that county governments are properly formulating their budgets within the appropriate legal mandates. **Further, county governments should focus on ensuring the bursary budgets are also funding ECDE and VTC.**

Figure 11: Allocations to Bursaries for FY 2025/26



Source: Various County Budgets

64. **ECDE centres face infrastructure and staffing challenges.** ECDE centres are within primary school land and the management is indirectly with the head of primary schools. Given that the infrastructure responsibility of primary schools is with the national government, this

may pose a challenge in the general infrastructure development of ECDE which is county funded. It is further observed that in most counties, expenditure tends to be biased towards capital expenditure items including physical infrastructure and neglects other critical expenditure items such as teacher training and quality assurance. This may be attributable to lack of proper guidelines for budgeting for equitable quality pre-primary education. The student-teacher ratio in most counties is still below the recommended Ministry of Education and UNICEF target of 25 students and 20 students per teacher respectively.

Keep an eye on…

a) **In-year re-allocation of education budget to other sector** to ensure the education budget is implemented as planned and the specific targets are achieved especially on infrastructure development, as well as staffing, capacity building and quality assurance.
b) **Court ruling on the issuance of bursaries by counties:** conclusive guidance is urgently required to ensure that county budgets are formulated within the appropriate legal mandates. The ongoing uncertainty is disadvantaging students reliant on these schemes.
c) **The progress of implementation of government ECDE policies in counties:** existing policies address a number of issues including access, equity and quality. So far, county implementation of these policies is uneven. **Development of a policy to give autonomy to ECDE centres to ease administration and ensure efficiency, including policies by county governments aimed at achieving the optimal teacher-pupil ratio.**

3.1.3 County Trade and Infrastructure

65. **County Aggregation and Industrial Parks (CAIPs) are a flagship, agriculture-led industrialization push with clear potential for the economy.** They are county-level agro-industrial hubs that combine aggregation centres (for collection, sorting, cleaning, grading, and short-term storage) with light industrial / value-addition facilities (cold rooms, processing lines, packaging, small-scale manufacturing, and linkages to exporters). Smallholder farmers collectively bring their produce, which is sorted, graded, and machinery is available for processing in bulk to be supplied to a larger market. The industrial hubs include cold storage, value addition facilities and business support services which are all done in-house. As such, the smallholder farmers can move up the value chain instead of selling raw produce.

66. **The main objective of CAIPs is to grow manufacturing and investments through agro-industries and sustainably enhance the productivity of the agriculture sector.** Some of the benefits of the programme include reduction of post-harvest losses, quality

improvement and standardization of products, economies of scale to strengthen bargaining power, and market linkages both locally and outside the country. It is expected that this will anchor local value chains, create inclusive decent jobs, raise farmers' incomes and provide a platform where farmers, processors, exporters, research institutions, industrial bodies and the Government can engage for agro-industrial development. Launched under the Government's Bottom-Up Economic Transformation Agenda (BETA) and the Fourth Medium-Term Plan (MTP-IV) of the Vision 2030, the programme provides a platform where farmers, processors, exporters, research institutions, industrial bodies, and the Government can engage for agro-industrial development. The target is to raise manufacturing contribution to the economy from the current levels of 7 per cent up to 15 per cent by 2027.

67. **The roll-out of the programme is multi-phase.** The first phase, implemented in FY 2023/24, targeted thirteen (13) counties. For the FY 2024/25, the national government prioritized an additional 10 counties for the funding of CAIPS, as the delay of the passage of CGAAA in the previous year made the rollout of the Phase II be segmented. The implementing counties have all received their share from the national government and are well advanced in their completion. Phase III of the Project will capture the remaining 24 counties, bringing the total to all 47 targeted counties by the end of the current FY 2025/26.

68. **Two-level government co-financing is a significant bottleneck to the timely implementation of CAIPs.** The terms of financing under the framework of agreement entered between both levels of government indicated a 50:50 counterpart funding from both levels of government; each contributing Ksh. 250 million for a combined Ksh. 500 million per county. However, significant delay in the passage of the County Government Additional Allocation Act 2023/24 severely affected the implementation status of the first 13 counties. Perennial delay in the passage of the CGAA Bill is a significant challenge that delays disbursement of national tranches. Some counties have also failed to commit their side of the funding towards the County Revenue Fund (CRF). Notably, phase one of the grant by the National Government, passed by the Senate through the County Government Additional Allocation Act (CGAAA) FY 2023/24, allocated a total allocation of Ksh. 4.7 billion to CAIPs with an additional Ksh. 200 million channeled towards the State Department for Industry for operations and administration.

69. **Land ownership and documentation challenges also remain a key risk to successful implementation of CAIPs.** Under the framework of agreement, each county was to set aside a minimum of 10 hectares with a clear status of ownership by the county and at an appropriate location to major transport facilities. Further, a detailed feasibility study with a governance structure for the management of the CAIPs was to be undertaken. However, some counties such as Kilifi are yet to secure the required land due to missing supporting land acquisition documents. In others, CAIP sites overlap with university, railway, or contested

lands. Ongoing court petitions (e.g., Nakuru/Egerton case) and unresolved county-level disputes may continue to delay implementation and access. Also, some counties have started implementation of the programme without a comprehensive feasibility study which runs the risk of some projects ending up as "white-elephant" projects once the structures are complete if the area is later deemed unsuitable for CAIPs development.

70. **Multi-agency roles (trade, industry, public works and county utilities) requires careful coordination.** There should be a clear roadmap of how enablers such as road and electricity connectivity, ICT infrastructure, and water will be prioritized across all implementing counties to support effective project delivery and long-term sustainability. Counties should come up with an overall policy and regulatory framework to guide the implementation of the programme as well as identify incentives for investors to trade within the industrial parks. Without a clear framework, it will be challenging to adhere to timelines and transaction costs are likely to increase.

Keep an Eye On…

i. **Financing/ Cash-flow gaps:** funding shortfalls and delayed disbursements can slow civil works and procurement. Lawmakers should focus on ensuring that the County Government Additional Allocations Act is passed within reasonable time and the Cash disbursement Schedule is adhered to so that the national tranche is disbursed on time. Further, Counties should allocate funding for CAIPs in their County Revenue Fund.

ii. **Feasibility studies/ Master-planning:** ensure feasibility studies are undertaken before the projects begin. Further, the slow completion rate of the programme with contract periods lapsing over 45 weeks behind the initial contract period agreement reflects weak project management and poor coordination between implementing agencies. Policymakers should fast-track development of a comprehensive policy and regulatory framework to guide uniform program implementation across all counties.

iii. **Utilities/ Last-mile Infrastructure:** prioritize enablers, such as road and electricity connectivity, ICT infrastructure, and water across all implementing counties to support effective project delivery and long-term sustainability.

iv. **Court Petitions on land acquisition:** a speedy resolution of ongoing land disputes and court petitions will ensure project rollout remains on track. Policymakers should ensure that land for CAIPs is acquired lawfully and transparently, with full documentation as required under contract terms. Notably, Kilifi County lacks supporting documents for land acquisition for the 10 hectares as stipulated in the contracts. This highlights gaps in due diligence and compliance that must be addressed to safeguard implementation.

v. **Procurement and contract performance**: delayed contractors, terminated contracts, and outstanding Expression of Interest (EOI) / management service procurement issues were publicly reported. The issue of Irregularities in the Tender for Extra works, Alteration of the Contract sum of Kirinyaga, Wajir and Uasin Gishu County are beyond the Ksh. 500 million, which was originally agreed. Policymakers should focus on speedy resolution of these issues.

Table 8: Implementation of Phase I of CAIPS as at 30th June 2025

	County	Contract Sum (Kshs.)	Nation Gov't Disbursement (Ksh.millions)	County Disbursement (Ksh.millions)	Percentage Completion (%)	Amount Paid (Ksh.millions)
1	Meru	492,212,741	193.5	250	92	422
2	Embu	489,042,713	193.5	250	83	277
3	Kirinyaga	499,988,904 Additional contract 91,868,579	193.5	250	81	350
4	Migori	499,380,603	193.5	56.5	80	307
5	Garissa	490,636,205	193.5	56.5	79	380
6	Kisii	477,941,470	76.9	250	75	295
7	Busia	448,960,875	193.5	250	70	225
8	Machakos	476,634,987	193.5	250	61	212
9	Wajir	601,000,9731	193.5	250	65	317
10	Kwale	497,431,884	193.5	250	60	124
11	Uasin Gishu	535,317,419	193.5	250	55	239
12	Bungoma	474,153,713	193.5	250	54	155
13	Homa Bay	498,338,151	193.5	250	47	169

Source: Ministry of Trade and Investment

Table 9: CAIPs Completion Rates and Funding Level

No.	County	Ng Funding (Ksh.)	Ng Deficit (Ksh.)	Completion Rate (%)
1.	Kiambu	116,631,579	133,368,421	60%
2.	Nandi	116,631,579	133,368,421	30%
3.	Nyamira	116,631,579	133,368,421	30%
4.	Nakuru	116,631,579	133,368,421	30%
5.	Trans – Nzoia	116,631,579	133,368,421	25%
6.	Siaya	116,631,579	133,368,421	23%
7.	Mombasa	116,631,579	133,368,421	10%
8.	Murang'a	116,631,579	133,368,421	10%
		Total	**1,066,947,368**	

Source: Ministry of Industry

Figure 12: Busia County CAIPs Progress

Source: Senate of Kenya

The image above represents some of the physical structures for the proposed Aggregated Industrial Park in Busia County.

Source: Senate of Kenya

The image above represents some of the physical structures for the proposed Aggregated Industrial Park in Busia County.

3.2. Climate Change and Agriculture

3.2.1. Water and Environment Protection

3.2.1.1. Introduction

71. **Counties are mandated, under the Climate Change Act (2016), to mainstream their climate actions with the national priorities.** This should be undertaken especially when formulating the County Integrated Development Plans (CIDPs) and sectoral plans. Counties are required to designate a County Executive Committee Member responsible for coordinating climate change affairs. They may enact their own climate laws to define the implementation of their obligations. Counties must report annually on implementation to County Assemblies, with the report forwarded to the National Climate Change Directorate. Counties are also expected to conduct climate risk and vulnerability assessments, integrate climate risk into planning, and establish institutional structures such as county climate change committees.

72. **County Climate Change Acts create climate funds that enable county governments to commit budget, structure, accountability, and public participation for climate action and mitigation.** Currently, **all the 47 counties** have passed local climate laws. Enactment of the Climate Laws by County Governments has had a positive impact in these areas:
    a) **Improved Local Climate Resilience Projects:** Counties have initiated locally relevant projects: climate-smart agriculture; reforestation; water conservation; solarization of water pumps; biogas plants for schools; early warning systems; and rehabilitation of degraded lands. These help communities adapt to changes and shocks.
    b) **Institutionalization & Continuity:** Passing County climate laws and creating climate funds ensure that climate action becomes part of counties' statutory obligations. This gives predictability over political cycles.
    c) **Budget Commitments & Resource Mobilization:** Counties are allocating portions of their development budgets (1-3%) to climate initiatives. In addition, through FLLoCA grants, counties receive external funding to scale up priority interventions.
    d) **Community Engagement and Participatory Planning:** Through structures such as Ward Climate Change Planning Committees, county and ward level risk assessments, public participation is being more systematically integrated. This helps ensure interventions align with local needs.

3.2.1.2. Conditional Allocations Supporting Climate Change Action

73. **The National Government and development partners are supporting counties' climate action efforts through conditional allocations.** The Environment Protection and Water Sector has three conditional allocations under water and climate change, namely: IDA (World Bank) credit: Financing Locally led Climate Action (FLLoCA) Program and Water

& Sanitation Development Project (WSDP), and Kenya Water, Sanitation and Hygiene (K-WASH).

74. The **Financing Locally-Led Climate Action (FLLoCA)** Program is a major initiative providing grants and technical support to enable counties to prepare and implement County Climate Change Action Plans (CCCAPs), establish climate funds, and carry out participatory climate risk assessments at the ward level. Table 10 highlights the FLLoCA funds since the inception of the programme in FY 2022/23. The allocation for FY 2025/26 is Kshs**. 7,508.5 million** meant to benefit all counties.

Table 10: FLLoCA funds allocations for FY 2022/23-FY 2025/26(Kshs. Million)

S/NO	Project	2022/23	2023/24	2024/25	2025/26
1	IDA-Financing of FLLoCA - County Climate Institutional Support (CCIS) Grant	517	0	0	121
2	IDA (World Bank)-Financing of FLLoCA - County Climate Resilience Investment (CCRI) Grant	5,433	517	3,712	6,187.5
3	KfW (German Development Bank) -Financing of FLLoCA - County Climate Resilience Investment (CCRI) Grant	0	1,200	1,200	1,200
Total		**5,950**	**1,717**	**4,912**	**7,508.5**

Source: Various CGAAA

75. **Over the last three years, County governments have received less funding than they had budgeted for under the FLLoCA programme, resulting in low absorption rates.** Consequently, project implementation has been adversely affected, with prolonged completion timelines that deny residents the intended benefits. In FY 2023/24, the percentage of funds received against the annual budget allocation stood at 81.37%, while in FY 2024/25 it was only 12.3%. The late enactment of the County Governments Additional Allocations Acts has significantly contributed to the low absorption of FLLoCA funds, as detailed in Annexes VII and VIII.

76. **Water & Sanitation Development Project (WSDP) is** a project whose main objective is implementation of Water and Sanitation activities meant to increase water and sanitation

coverage in Wajir, Garissa, Mombasa, Taita Taveta, Kwale and Kilifi counties. Table 11 shows the allocations of the WSDP funds to the benefiting counties over the years. The allocation for FY 2025/26 is **Kshs.5.9 billion**. **Kenya Water, Sanitation and Hygiene (K-WASH)** which is a new programme has an allocation of **Kshs.4.6 billion** in FY 2025/26.

Table 11: Allocations to the six benefiting counties from FY 2018/19 to FY 2025/26 (in Kshs. Millions)

Details		**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Water & Sanitation Development Project (WSDP)	Garissa	1,000	500	550	450	450	600	450	150
	Kilifi	400	700	1,500	2,000	2,000	1,300	1,700	900
	Kwale	400	400	600	1,150	1,150	900	1,000	450
	Mombasa	600	1,100	800	950	950	1,000	1,000	500
	Taita Taveta	400	350	950	800	800	950	850	450
	Wajir	1,000	350	600	550	550	600	700	550
	Total	**3,800**	**3,400**	**5,000**	**5,900**	**5,900**	**5,350**	**5,700**	**5,900**
(K-WASH) Programme									**4,607**

Source: Various CARAs and CGAAAs

77. **In addition to receiving conditional grants, county governments are required to allocate funds from their respective budgets to the Water and Environment sectors, as provided under the Fourth Schedule of the Constitution.** Available data on budget allocations in FY 2025/26 for a sample of counties indicates that on average, counties allocate an average of 6% of their budgets to the Environment Protection and Water sectors, with some allocating up to 14%.

78. **The lack of uniformity in the titling and structuring of departments responsible for the Water and Environment sectors across county governments poses a challenge in tracking, comparing, and evaluating budget allocations and performance.** The naming and structuring of these departments are not uniform across the county governments. This inconsistency hampers effective oversight and accountability, making

it difficult to determine whether counties are meeting constitutional obligations and national development priorities related to environmental protection and water resource management.

Keep an eye on…

a) **Close monitoring of County Integrated Development Plans (CIDPs), Annual Development Plans (ADPs), and County Sectoral Plans during formulation and reviews** to ensure that they incorporate climate change adaptation and mitigation measures.

b) **Ensuring timely passage of the County Governments' Additional Allocations Bill (CGAAB)** in the subsequent years to allow for timely disbursement of the donor funds to the County Climate Change Funds for seamless implementation of the intended projects.

c) **Equitable Distribution of Funds:** Oversight on whether funds (both county and donor-sourced) are equitably distributed across wards — especially to marginalized and climate-vulnerable communities.

d) **Propose the development of standard guidelines on the naming and structuring of Water and Environment departments** to enhance consistency across counties.

e) **Regular monitoring** should be conducted to assess the impact of allocations, ensure accountability in the utilization of funds, and verify that county allocations to the Water and Environment sectors align with constitutional requirements and established sectoral priorities.

3.2.2. Agriculture

3.2.2.1. County Agriculture Budget Overview

79. **In FY 2025/26, conditional grants to the Agriculture, Livestock and Fisheries sector across all 47 counties total Ksh.13,011.15 million.** These allocations are appropriated by Parliament through the County Governments Additional Allocations Bill (CGAAB). Table 12 sets out the development partner–financed conditional grant **budget allocations** for the period FY 2022/23 to FY 2025/26. Agriculture budgets for sampled counties for FY 2025/26 are listed on Annex IX.

Table 12: Development Partner–Financed Conditional Grants – Ksh. Millions

S/No	Project (Development Partner)	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	Implementing MDA
1	(IFAD) Loan – Aquaculture Business Development Project (ABDP)	-	245.88	245.88	200.00	State Dept. for Blue Economy & Fisheries
2	IDA – Food Systems Resilience Project (FSRP)	-	-	2,250.00	3,200.00	State Dept. for Agriculture
3	KfW – Drought Resilience Programme in Northern Kenya (DRPNK)	825.00	765.00	781.97	1,276.65	State Dept. for Livestock Development
4	IFAD – Kenya Livestock Commercialization Project (KeLCoP)	-	344.30	378.73	634.50	State Dept. for Livestock Development
5	IDA – National Agricultural Value Chain Development Project (NAVCDP)	-	6,600.00	5,000.00	7,700.00	State Dept. for Agriculture
6	IDA – Emergency Locust Response Project (ELRP)	1,199.81	2,302.63	1,900.00	-	State Dept. for Agriculture
7	Sweden – Kenya Agricultural Business Development Project (KABDP)	-	-	513.19	-	State Dept. for Agriculture
8	IDA – National Agricultural and Rural Inclusive Growth Project (NARIGP)	3,563.13	410.00	-	-	State Dept. for Agriculture
9	Sweden – Agricultural Sector Development Support Programme (ASDSP II)	775.13	72.80	-	-	State Dept. for Agriculture
10	IDA – Kenya Climate Smart Agriculture Project (KCSAP)	1,999.97	-	-	-	State Dept. for Agriculture
	Total	8,363.04	10,740.61	11,069.77	13,011.15	

Source: CGAAA FY 2022/23 – FY 2025/26

80. Annex X presents a consolidated summary of development partner–funded projects in the sector. It captures the total financing, key development partners, project timelines, objectives, intended beneficiaries, and the specific counties targeted for implementation.

3.2.2.2. National Fertilizer Subsidy Programme

81. **Beyond conditional grant financing, the national government has also pursued sector support through the National Fertilizer Subsidy Programme, a flagship intervention aimed at lowering agricultural production costs and enhancing food security.** The National Fertilizer Subsidy Programme (NFSP) is implemented through the Ministry of Agriculture and Livestock Development, State Department for Crop Development; and financed by the National Treasury. Fertilizer is procured centrally, quality-assured, and distributed through the National Cereals and Produce Board (NCPB) depots, while counties are mandated to handle the last-mile distribution to farmers. Access is managed through farmer e-registration and an e-voucher system to curb leakages and ensure accountability.

The NCPB is central to implementation, with a footprint of approximately 110 depots and 58 certified warehouses forming the backbone of distribution, while counties establish satellite outlets to reduce the distance farmers must travel. The expected outputs include enhanced farmer coverage, increased adoption of certified inputs, and higher productivity across staple crops. Fertilizer continues to retail to farmers at a subsidized price of Ksh. 2,500 per 50kg bag, roughly half the prevailing market rate.

The drop in targeted coverage between FY 2023/24 and FY 2024/25 raises oversight questions about funding sustainability, intergovernmental coordination in last-mile delivery, and the adequacy of control systems to prevent leakages and ensure equity. During FY 2023/24, the programme had ambitious targets as indicated in the Programme-Based Budget (PBB). It aimed to reach 456,000 farmers and distribute 200,500 metric tonnes (MT) of fertilizer, alongside 2,750 MT of agricultural lime. However, in FY 2024/25, the official PBB figures showed a significant reduction in the programme's coverage. The revised targets are 202,512 farmers and 93,283 MT of fertilizer. This represents a drop of more than 50 percent compared to the previous financial year.

Keep an eye on…

a) **Delays in counterpart funding** by both the National Government and County Governments continue to stall project implementation. These delays not only affect service delivery but also erode development partner confidence and disrupt the timely release of external financing.
b) **Low absorption of project funds** remains a persistent challenge, with significant resources lying idle in accounts. This undermines fiscal efficiency and delays the delivery of intended benefits to farmers and local communities.
c) **Non-compliance with conditions precedent**, including reporting obligations, procurement milestones, and beneficiary verification, is slowing disbursements and impeding implementation at both national and county levels.

d) **Implementation delays**, driven by prolonged procurement processes, late commissioning of infrastructure and slow execution of county-level micro-projects, defer socio-economic benefits while increasing costs due to inflation and currency fluctuations.
e) **Senate should monitor beneficiary tracking systems** at the county level, including the adoption of platforms such as KIAMS, to ensure that actual outcomes—rather than just targets—are captured, verified and reported for accountability.
f) **Weak agricultural extension services** continue to limit farmer access to technical support, input utilisation and adoption of best practices. Senate should assess county capacity, staffing and integration of digital extension tools to ensure that extension services translate budget allocations into tangible farm-level outcomes.
g) **Sustainability of producer organisations** established under donor-supported projects is at risk where long-term handover strategies and capacity-building plans are weak. Without continued support, many of these organisations may collapse once project funding ends.
h) **Rising project costs**, caused by inflation and exchange rate volatility, are inflating the cost of inputs and infrastructure. This often leads to project restructuring or additional borrowing, placing further pressure on the fiscal framework.
i) **Delays in passing the County Governments Additional Allocations Bill (CGAAB)** continue to disrupt the timely release of donor-funded conditional grants. The Senate may consider prescribing statutory timelines to safeguard predictability in disbursements.

3.3. Public Reforms and Accountability

3.3.1. Public Reforms

3.3.1.1. Introduction

82. **The national government, through the National Treasury, has proposed various public reforms to enhance accountability, but limited technical capacity in counties is hindering progress.** Key reforms include the electronic-government procurement (e-GP) system, integrated human resource management systems, transition to IPSAS accrual accounting, among other reforms. These reforms are aimed at strengthening expenditure control, improving efficiency and effectiveness in public spending; strengthening accountability and transparency; and improving management of the wage bill. County Governments are expected to comply and implement these reforms to improve service delivery, strengthen fiscal discipline, and build public confidence in devolution. However, counties have challenges in implementing some of these reforms partly due to limited technical capacity, inadequate ICT infrastructure, incomplete data (particularly on payroll and assets) among others.

3.3.1.2. Integrated Human Resource Management System -HR reforms

83. **As part of public service transformation, the Government is seeking to implement a Unified Personal Identification system for all personnel working across the three arms of Government, including constitutional commissions.** The System seeks to

improve human resource management and eliminate the 'ghost worker' payroll fraud at all levels of Government including in county governments[3]. Currently, management of Payroll and HR Data in the Public Service (except for some state agencies) is done through two systems namely; the Integrated Payroll and Personnel Database (IPPD) system and the Government Human Resource Information System (GHRIS) which are stand-alone installations in Government Ministries, Departments, Counties and Agencies (MDCAs) and hence the need to have an integrated system[4]. The unified integrated Human Resource System (HRIS) is therefore an upgrade of the IPPD and GHRIS Systems and is intended to bring uniformity in HR data, reduce instances of 'ghost workers' and inefficiencies, and thereby potentially enable better management of wage bill and human resources.

84. **According to payroll data from the Controller of Budget, the majority of county governments process a substantial amount of payroll costs through manual payroll, which could lead to potential abuse.** In FY 2024/25, counties processed personnel emoluments (PE) costs amounting to Ksh. 12.88 billion (6% of total PE costs) through the manual payroll, with cumulative PE costs totalling Ksh. 207.67 billion having been processed through the Human Resource Information System (HRIS). Indeed, except for Baringo and Nyamira, all the other forty-five (45) counties had a component of their personnel emolument (PE) costs processed through the manual payroll. Notably, Turkana county had the highest amount of PE costs (Ksh. 1.4 billion) processed through manual payroll, followed by Nyeri (Ksh.725.5 million), Kiambu (Ksh. 713 million) and Wajir (Ksh.682 million. Table 13 shows the overall personnel emoluments processes through HRIS and manual payrolls while Annex XI gives the breakdown per county.

Table 13: Personnel emolument costs processed through HRIS and manual payroll

S/No	Description	Amounts (in Ksh. billion)
1	Personnel emoluments costs processed through the HRIS	207.67
2	Personnel emoluments costs processed through manual payroll	12.88
Total processed through HRIS & Manual		**220.55**

Source: Controller of Budget

85. **The use of manual payroll by counties poses various challenges including potential abuse which may result in the loss of public funds through inflated wage bills.** Manual payroll costs in counties majorly comprise of salary payments for casual workers,

[3] 2025 Budget Policy Statement
[4] https://www.pfmr.go.ke/wp-content/uploads/2024/02/Consolidation-of-Public-Service-Human-resource-Data.pdf

Community Health Promoters (CHP) and salaries for staff not onboarded into the HRIS; gratuity remittances to pension schemes for staff on contract; and top-up allowance for security personnel. Integration of HR information systems across government including county governments will be instrumental in addressing payroll inefficiencies and possibly reducing wage bill in counties, improving planning for staffing needs, enhancing transparency in HR expenditure (salaries, allowances) and accuracy in budgeting for these items. However, counties face a number of challenges in implementing this reform including lack of capacity to manage HR systems and weak data on staff inventories, deployment and performance among others.

Keep an eye on…

i. **Training and user adoption:** Counties should invest in ICT systems and staff training to reduce reliance on manual payrolls. Oversight should ensure continuous training and adequate ICT support.

ii. **Payroll cleansing and ghost worker elimination:** Counties should undertake audits of their existing HR data to help identify and eliminate ghost workers and reconcile payroll records and possibly address challenges of high personnel emolument costs. Confirm that IHRMS interfaces with staff attendance systems to eliminate ghost workers. Further, counties to align HR planning with service delivery outcomes to ensure that staffing reflects actual demand.

3.3.1.3. Electronic Government Procurement (e-GP)

86. **In the current financial year (FY 2025/26), all government procurement processes including county governments are required to be conducted exclusively through the e-GP system, but uncertainties relating to its implementation may delay procurement processes.** The electronic government procurement (e-GP) system is an end-to-end digital platform for government procurement of goods, works, and services, in line with the Public Procurement and Asset Disposal Act, 2015. Its rollout is expected to enhance transparency in procurement processes, reduce opportunities for corruption and mis-procurement, and standardize procurement across counties and national government entities. The system was piloted in three counties - Makueni, Busia, and Elgeyo-Marakwet - and encountered several challenges including unreliable system functionality, difficulties experienced by counties in uploading budgets and procurement plans, inadequate consultation by the National Treasury with county governments, and the need for enhanced user training, among other concerns. These uncertainties could potentially result in delays in procurement processes, thereby affecting the timely acquisition of essential goods and services at the county level, including critical items such as medical supplies.

87. **To address the challenges, there is need to consider a phased implementation of the e-GP system** to ensure that service delivery is not halted by the technicalities that may be experienced by the e-GP system. Further, county budgeting and procurement plans should

be aligned, with timelines adjusted to allow full system submission and approvals, so that delayed procurement does not stall service delivery. Collaboration and consultation between counties and the National Treasury should also be strengthened to facilitate quick resolution of technical bottlenecks that may be faced by counties in the use of the system.

3.3.1.4. Transition from Cash Basis to Accrual Basis of Accounting

88. **In March 2024, the Cabinet approved the transition of government (national, county, and their entities) from IPSAS cash accounting to IPSAS accrual accounting, formalized under Gazette Notice No. 11033.** A three-year transition roadmap is currently in place covering the period from 1st July 2024 to 30th June 2027, with specific milestones, including re-engineering IFMIS, revising the Standard Chart of Accounts (SCOA), and integrating asset and liability recognition. The Public Sector Accounting Standards Board (PSASB) has also issued annual and quarterly accrual-based reporting templates for FY 2024/25. The transition to IPSAS accrual accounting is expected to improve cash management and enhance financial and fiscal reporting as well as enable Government including county governments to accurately account for all assets and liabilities. All entities, including county governments, are required to have fully compliant IPSAS accrual financial statements by 30th June, 2027.
89. **IPSAS accrual readiness by counties differ greatly with some counties having fully completed key milestones in readiness for accrual while others have not initiated any core IPSAS Accrual activities.** Some counties have gaps in financial disclosures, reconciliation, and liabilities documentation, gaps in asset registers, valuation of assets and liabilities, pending bills, and other non-cash items – with some counties lacking updated registers or precise data. There is need therefore for tailored support strategies for these counties and also visits by the National Technical committee.
90. **Of key interest for counties is the disclosure and reporting of financial liabilities which include pending bills which will now be reported as payables in the Statement of financial position.** This was supposed to be implemented by 30th June 2025, but several counties have not completed the verification of their pending bills.

Keep an eye on…

i. **Verification of historical pending bills:** Counties should audit assets, liabilities and fast-track verification of historical pending bills, which as of 30th June 2025 stood at Ksh. 176.9 billion, to establish accurate opening balances.

ii. **Coordination between the National Treasury and County governments:** Counties should be fully involved in all phases of the transition, including key processes such as IFMIS re-engineering by the National Treasury, so that their concerns are incorporated and challenges promptly addressed.

iii. **Regular monitoring:** The National Technical Committee should conduct quarterly county readiness audits to track lagging counties and offer tailored support to ensure achievement of key transition milestones by all counties.

iv. **Capacity building of county staff:** Counties should strengthen capacity by investing in continuous training of accounting officers and finance staff on IPSAS accrual requirements, asset valuation methodologies, and the application of revised reporting templates to ensure accurate and consistent reporting.

3.3.2. Accountability in County Governments.

3.3.2.1. Introduction

91. Effective public service delivery remains the hallmark of accountable governance under Kenya's devolved system. Despite comprehensive constitutional and legislative frameworks, persistent fiduciary risks undermine the financial health and operational efficiency of devolved institutions. This section analyses the status of accountability in counties based on two broad perspectives: the County Executive and Assemblies; and County Special Funds.

3.3.2.2. County Executives and County Assemblies

92. County governments financial reporting has improved over the year with positive audit opinion issued by the Auditor General. In particular, improved financial reporting has been noted in county assemblies, with eight (8) county assemblies issued with a certificate of unqualified audit opinions in the FY 2023/24 up from three (3) county assemblies in the FY 2019/20. Further, County executives had only one (1) county executive issued with an unqualified audit opinion in the past five (5) financial years, with the majority of the county executives issued with qualified audit opinions. A significant number of county executives had a disclaimer audit opinion in the past five (5) years, with Nairobi City and Kisumu County Executives being issued with a Qualified Opinion during the FY 2023/24 for the first time since the onset of devolution.

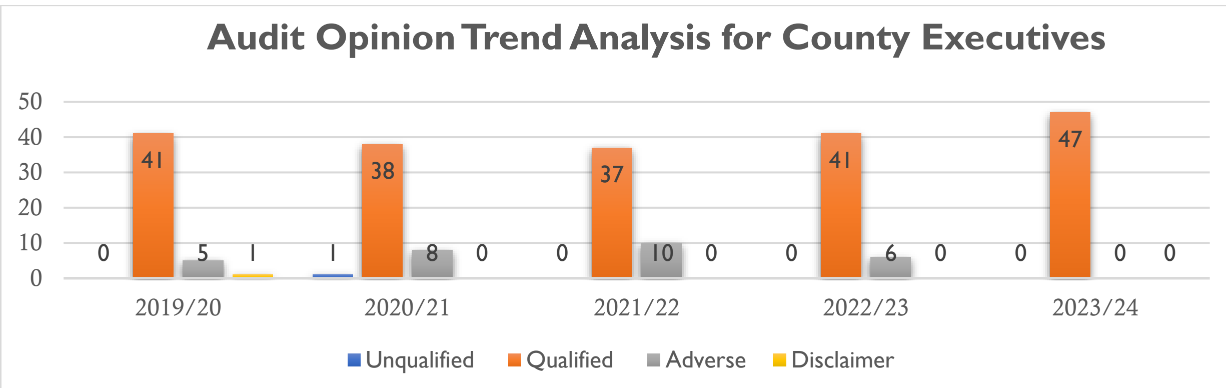
93. The Auditor General attributed this improvement in financial statements presentation and accounting records to the adoption of the International Public Sector Accounting Standards Cash Basis Accounting Framework; National Treasury intervention towards accountability of public funds; improved capacity of county staff responsible for financial reporting; and implementation of recommendations by oversight institutions such as the Senate.

Table 14: Trend Analysis of County Governments' Audit Opinions

Opinion	County Executives					County Assemblies				
FY	2019/20	2020/21	2021/22	2022/23	2023/24	2019/20	2020/21	2021/22	2022/23	2023/24
Unqualified	0	1	0	0	0	3	5	1	3	8
Qualified	41	38	37	41	47	41	38	44	41	37
Adverse	5	8	10	6	0	3	3	2	3	2
Disclaimer	1	0	0	0	0	0	1	0	0	0
Total	**47**	**47**	**47**	**47**	**47**	**47**	**47**	**47**	**47**	**47**

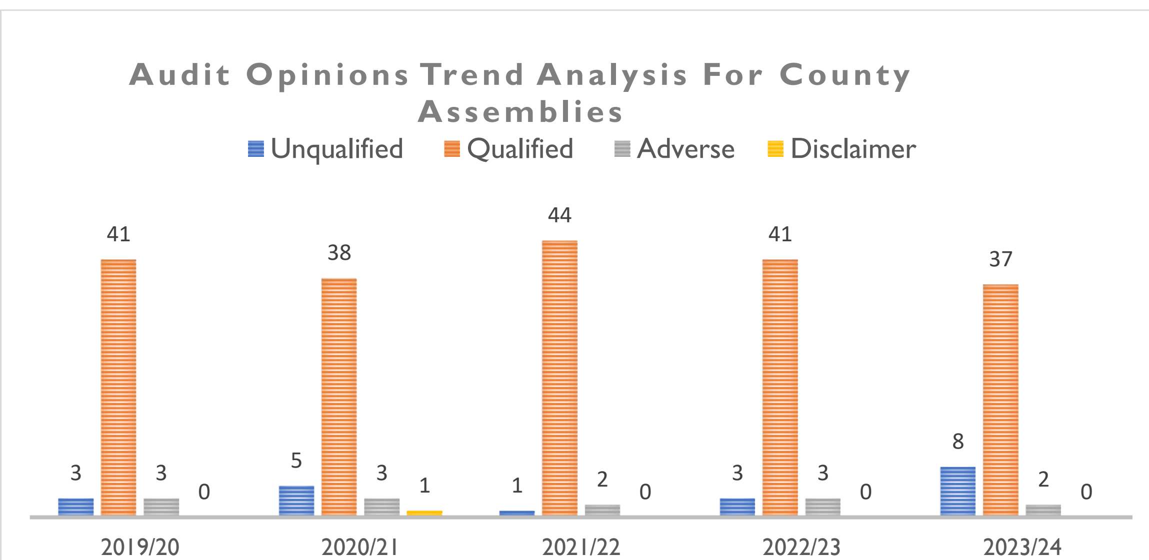
Source: Auditor General Reports

Figure 13: Audit Opinion Trend Analysis for County Executives



Source: Auditor General Reports, Various

Figure 14: Audit Opinions Trend Analysis for County Assemblies



Source: Auditor General Report, Various

94. **Despite improved financial reporting by county government, there are some persistent challenges.** According to various Auditor general reports, there are various systemic issues affecting county governments ranging from compliance with legal framework; inadequacies in financial reporting; inadequacies in project implementation; poor internal control and governance; poor assets managements; and poor human resource management and practice.

i. Inaccuracies in Financial Reporting

95. **Some county government entities have been issued with either adverse or disclaimer opinion certificates by the Auditor General due to inadequacies in financial reporting.** Some of the inaccuracies in the financial statement are due to unreconciled variances between the financial statement and other records such as the IFMIS, unsupported expenditure, misclassification of expenditure, unsupported balances, voided transactions, and presentation and disclosure of financial statements. During the FY 2023/24, the Auditor General reported that 17 county executives had a total of 10.6 billion audit queries relating to inaccuracies in financial statements, meaning that Accounting Officers failed to ensure the accuracy of the financial statements presented for Audit.

    i. **Unsupported expenditure** – Unsupported expenditure arises where expenditure incurred by county governments has no supporting documents or sufficient documents/records to support the expenditure. In the FY 2023/24, a total of Ksh. 5.4 billion has been reported by the Auditor General as unsupported expenditure by county executives.
    ii. **Unauthorized Reallocation of Expenditure-** The Public Finance Management Act, 2012 gives the Accounting Officer the authority to reallocate appropriates funds by county government. the Auditor General reported an amount of Ksh.2.2 billion as an expenditure reallocated contrary to the provision of the Public Finance Management Act, 2012.
    iii. **Unsupported Balances-** the Auditor General reported a total of Ksh.13.2 billion by county executives resulting from unsupported balances reported by county governments in form of county governments balances in county operated bank accounts.
    iv. **Voided Transaction-** voided transaction is rampant in county government financial operations with Auditor General reporting Ksh.110.5 billion as payments whose transaction was voided.
    v. **Presentation of the financial statements-** presentation of county governments financial statements should comply with Public Sector Accounting Standards Board reporting standards. It was reported that during the FY 2023/24, seven (7) county executives failed to comply with the PSASB financial reporting standards.

Keep an eye on…

i. **The transition from cash to accrual accounting by county governments and their respective entities** to address audit issues flagged out by the Auditor General in the application of the cash accounting basis.
ii. **The implementation of Senate Audit recommendations** by county governments that seek to address some of the systemic queries and challenges reported by the Auditor General.
iii. **The National Treasury's compliance with Article 225(3) and section 96 of the Public Finance Management Act, 2012** on county government financial management, where the Auditor General has expressed unsatisfactory financial reporting and management.
iv. **Accounting Officers' adherence to the reporting framework** that complies with the relevant accounting standards prescribed and published by the Public Sector Accounting Standards Board in accordance with the Public Finance Management Act, 2012.

Compliance

96. **Auditor General reports portray worrying trends of non-compliance by county governments to the legal provisions relating to the use and management of public funds.** Audit reports confirm whether public money has been applied lawfully and in an effective way and whether, in all material respects, the activities, financial transactions, and information reflected in the financial statements follow the law and other authorities that govern them. Most of the laws violated by county governments include the laws on fiscal responsibilities, principles on county wages and benefits, county development expenditure, the law on ethnic balance and diversity, and other human resources legal provisions.
97. **Only four (4) county governments, namely: Turkana, Narok, Kilifi, and Tana River, have complied with the law on the wage bill during the FY 2023/24.** The Public Finance Management (county government) Regulations, 2015 require that the County Government's expenditure on wages and benefits for its public officers shall not exceed 35% of the County Government's total revenue. In FY 2023/24, 40 County Executives exceeded their wages and benefits to their employees by more than the 35% legal threshold. To illustrate, Kisii County Executive spent 68% of their revenue on wages and benefits to their employees, while Taita Taveta County Executive spent 66% of their total revenue towards personnel emoluments.

98. **Keep an eye on…**
    i. **County contract staff:** The perpetual engagement of casual employees has put the county wage at an unsustainable level.

3.3.2.3. County Special Funds

99. A review of audit reports for FY 2023/24 highlights **systemic weaknesses** in Water Companies, Hospitals, and Municipalities as analysed below.

3.3.2.3.1. Water Companies

100. The financial sustainability of most county water service providers remains precarious, with audit reviews pointing to governance lapses, fiscal indiscipline, and operational inefficiencies. Audit findings reveal the following challenges:

a) **Financial Sustainability:** An overwhelming 86% of water companies operated under financial distress, largely due to negative working capital. This was exacerbated by persistent non-revenue water losses, outdated tariff regimes, and high recurrent costs. The inability to recover operational costs poses a threat to the continuity of service and undermines the constitutional right to water. It is important to note that only twelve (12) water companies (13% of water companies) recorded positive working capital positions with no indicators of financial distress.

b) **Non-Revenue Water (NRW) losses:** Water companies consistently exceeded the WASREB benchmark of 25% NRW, with audit findings indicating losses averaging 46% of total production. Further, a total of 440,389,854 cubic meters of water was produced for the seventy-six (76) water companies that maintained and submitted production records, of which only 235,984,081 cubic meters were billed. This reflects a loss of 204,405,773 cubic meters, equivalent to 46% of total production; significantly exceeding the regulatory benchmark of 25%. Illegal connections, aged infrastructure, faulty meters, and reliance on flat-rate billing were major contributors. The magnitude of lost water volumes points to both weak enforcement and inadequate investment in infrastructure rehabilitation.

c) **Outdated Tariff Structures:** Nearly half of the water companies (44%) continued to apply obsolete tariffs, in breach of the Water Act, 2016 and WASREB guidelines. This constrained revenue mobilization and impeded their ability to cover costs, thereby worsening financial fragility.

d) **Misuse of Customer Deposits:** Some water service providers irregularly appropriated customer deposits—totalling Ksh. 245 million—to fund recurrent expenditures without board approval. Such practices erode public trust, weaken financial accountability, and compromise consumer protection.

e) **Wage Bill Pressures:** Personnel costs exceeded the statutory 35% threshold in over half of the companies, with certain entities recording wage bills as high as 71% of total revenues. This level of fiscal indiscipline contravenes regulation 25(1)(b) of the Public Finance Management (County Governments) Regulations, 2015 and severely restricts capital investments.

f) **Ethnic Inclusivity:** At least 20 companies failed to comply with diversity requirements under the National Cohesion and Integration Act, with some institutions such as Naromoru Water and Sanitation Company Limited and Matungulu Kangundo Water and Sewerage Company Limited, having all employees (100%) from one community. This is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008, which requires that no public establishment shall have more than one-third of its staff from the same ethnic community. This undermines inclusivity, meritocracy, and compliance with constitutional values.

g) **Trade Receivables and Payables:** Outstanding receivables of Ksh. 15.3 billion highlight inefficiencies in revenue collection, while pending payables amounting to Ksh. 20.3 billion reflects liquidity challenges. The failure to honor statutory obligations such as PAYE, NHIF, and NSSF deductions exposes companies to penalties and legal risks. Table 15 provides a breakdown of trade payables. (Annex XII contains the trade payables for Water Companies).

Table 15: Breakdown of Trade Payables

Description	Amount (Kshs)	Percentage
Trade Payables	13,740,172,959	67%
Staff Accounts	3,464,974,724	17%
Other Payables	3,178,700,644	16%
Total	**20,383,848,327**	**100%**

h) **Weak Financial Reporting and IPSAS Compliance:** Recurring inaccuracies in financial statements, coupled with inadequate capacity in IPSAS application undermined transparency. Financial reporting inaccuracies highlight poor adaptation to the IPSAS framework. This contravenes Regulation 22(1) of the PFM (County Governments) Regulations, 2015. Variances in reporting indicate weak internal controls and gaps in professional capacity, contrary to PFMA provisions.

i) **Recurrent Audit Queries:** Many companies failed to address prior audit observations, in contravention of the Public Audit Act. The recurrence of these issues reflects governance inertia and weak oversight by boards of directors.

3.3.2.3.2. Hospitals

101. **The audit of Level 4 and 5 hospitals reveals critical governance and operational weaknesses that undermine accountability and service delivery in the health sector.** The audit underscores systemic weaknesses in hospital financial management and governance. Without decisive reforms and accountability mechanisms, health sector funding

risks being diverted thereby compromising service delivery. Audit findings reveal the following challenges:

a) **Non-Submission of Financial Statements:** Review of the FY 2023/24 audit reports reveal that about 37% of hospitals failed to submit accounts on time, violating Section 164(1) of the PFMA. Such delays weaken oversight, delay remedial actions and diminish fiscal transparency.

b) **Budgetary indiscipline:** Some hospitals are engaged in both unauthorized overspending and underutilization of critical budget lines. This disregard for approved ceilings erodes fiscal discipline and contravenes PFMA provisions on lawful budget reallocation. There is need to strengthen budget monitoring through requiring prior approvals for re-allocations and enforcing accountability for unauthorized spending.

c) **Weak Financial Reporting:** Audit reports revealed inaccurate disclosures, unsupported expenditure and misclassifications. These findings indicate poor compliance with PSASB standards, undermining the reliability of financial information.

d) **Revenue Leakages:** The audit findings revealed gaps in management of Facilities Improvement Fund (FIFs). The newly enacted Facilities Improvement Financing Act, 2023 provides a framework for hospitals to retain and utilize their own-source revenue for service enhancement subject to county approval and accountability safeguards. Audit findings show weak readiness to implement the Act's provisions, risking mismanagement of FIF resources.

e) **Procurement Irregularities:** Breaches of the Public Procurement and Asset Disposal Act 2015 were observed, including unsupported payments and direct procurements. Weak procurement planning and oversight increase the risk of wastage and corruption.

f) **Internal Control Deficiencies:** Many hospitals lacked functional audit committees and internal audit units, contravening Section 155 of PFMA. Weak stores and inventory systems also exposed facilities to loss of assets and mismanagement of pharmaceuticals.

g) **Asset Management Failures:** Hospitals operated without updated asset registers and cases of idle or stalled projects were prevalent. This reflects poor stewardship of public investments and reduced efficiency in resource utilization.

h) **Service Delivery Gaps:** Understaffing, lack of critical facilities such as ICUs and persistent mismanagement of drugs compromised the Kenya Quality Model for Health standards. These deficiencies directly affect patient care and public trust.

i) **NHIF and UHC Claim Inefficiencies:** Delayed or unsupported NHIF claims resulted in significant revenue losses. Weak oversight of UHC funds undermined the objectives of universal health coverage. Annex XIII contains trade payables for county hospitals.

3.3.2.3.3. Municipalities

102. **Municipalities, as urban governance entities, remain constrained by weak institutional capacity and financial mismanagement.** They face persistent governance and fiscal management challenges. Their dependence on county executives compromises accountability, while weak capacity in financial reporting and budgeting undermines service delivery in urban areas. Audit findings reveal the following challenges:

a) **Limited autonomy**: Many municipalities lacked operational independence from county executives, particularly in financial and functional management. This contravened sections 12 on management independence; 20 on functional independence; 45 and 46 on financial independence of the Urban Areas and Cities Act, 2011 CAP. 275. This undermines devolution's intent to create accountable and autonomous urban governance.

b) **Weak Financial Reporting:** Audit findings revealed inaccuracies in financial statements, pointing to the inadequate capacity of officers and challenges in applying IPSAS standards. This hinders the comparability and credibility of financial data.

c) **Asset Management Deficiencies:** Municipalities failed to maintain updated asset registers, with many assets still controlled by county executives. This contravenes the Public Finance Management Act and prevents municipalities from presenting accurate financial positions.

d) **Delayed Submission of Documents:** Auditors faced significant challenges due to the untimely submission of records, contrary to the Public Audit Act. Such delays impede transparency and the timely resolution of audit issues.

e) **Budgetary Control Weaknesses:** Municipalities either under- or overspent against approved ceilings, with some preparing unbalanced budgets. This violates PFMA Regulations and reflects weak planning and fiscal indiscipline.

Keep an eye on…

103. The audit findings underscore recurring weaknesses across water companies, hospitals and municipalities. Despite clear statutory provisions, accountability gaps persist due to weak governance, fiscal indiscipline and poor institutional capacity.

i. **Enforcement of statutory provisions:** Water Companies should enforce WASREB tariff reviews, strengthen NRW reduction strategies, and ensure strict compliance with PFMA on wage bills and financial reporting.

ii. **Implementation of the Facilities Improvement Financing Act, 2023:** Hospitals should fast-track implementation of the Facilities Improvement Financing Act, 2023; operationalize internal audit committees; and automate NHIF/UHC claims.

iii. Implementation of the Urban Areas and Cities Act 2011: Municipalities should implement the Urban Areas and Cities Act 2011 by granting municipalities autonomy, enforce IPSAS training, and strengthen asset management systems.

ANNEXURES

Annex I: Individual County GCP growth rates between 2014 and 2023.

SN	County	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1	Baringo	3.2%	4.2%	1.9%	6.9%	-1.14%	9.0%	0.0%	8.0%	-1.2%	9.4%
2	Bomet	3.0%	6.5%	12.2%	4.7%	8.9%	-0.8%	5.4%	5.3%	6.6%	-0.4%
3	Bungoma	7.3%	-1.3%	1.1%	6.7%	4.8%	2.3%	0.4%	4.6%	4.3%	-0.8%
4	Busia	2.8%	3.4%	4.1%	2.1%	6.0%	9.8%	1.8%	4.8%	7.2%	0.5%
5	Elgeyo Marakwet	6.8%	-12.5%	13.4%	10.9%	19.2%	7.5%	1.8%	4.4%	-14.0%	6.1%
6	Embu	-5.4%	0.6%	10.6%	-1.3%	8.8%	-3.3%	3.7%	6.1%	-0.2%	-1.7%
7	Garissa	4.2%	3.6%	15.0%	1.4%	9.6%	2.0%	4.2%	7.0%	-3.4%	5.1%
8	Homa Bay	4.3%	0.7%	1.0%	4.1%	7.3%	1.1%	-0.6%	13.1%	5.8%	1.7%
9	Isiolo	-1.9%	12.6%	3.4%	2.4%	11.6%	7.6%	2.0%	6.8%	4.4%	9.5%
10	Kajiado	5.0%	3.7%	11.1%	-1.0%	8.9%	7.2%	1.6%	-0.3%	13.4%	9.5%
11	Kakamega	4.8%	3.4%	6.0%	-0.8%	6.7%	4.5%	-0.9%	9.9%	3.4%	-0.5%
12	Kericho	6.8%	1.8%	2.7%	4.9%	5.8%	2.2%	4.0%	7.0%	1.4%	4.1%
13	Kiambu	5.0%	5.9%	4.8%	2.4%	2.1%	5.3%	-0.6%	7.1%	2.8%	5.3%
14	Kilifi	4.6%	6.6%	1.8%	3.5%	3.5%	5.7%	-2.2%	8.5%	6.3%	6.9%
15	Kirinyaga	2.1%	5.3%	4.4%	5.2%	-5.0%	5.2%	1.2%	6.1%	1.6%	7.2%
16	Kisii	4.8%	3.5%	5.6%	4.6%	0.7%	0.8%	0.6%	5.2%	5.0%	2.3%
17	Kisumu	3.1%	5.2%	2.4%	5.8%	6.0%	5.0%	2.2%	4.3%	5.5%	4.7%
18	Kitui	8.8%	5.7%	-6.2%	6.6%	10.5%	20.5%	2.4%	-11.3%	4.4%	4.3%
19	Kwale	0.8%	-1.1%	2.3%	10.1%	5.1%	1.7%	2.6%	7.8%	6.1%	2.2%
20	Laikipia	1.9%	12.7%	10.1%	-1.5%	7.1%	3.8%	0.6%	1.0%	6.6%	4.6%
21	Lamu	2.1%	8.9%	1.2%	6.7%	10.2%	6.6%	-2.1%	3.3%	9.2%	12.3%
22	Machakos	3.5%	5.1%	1.3%	2.4%	5.9%	1.1%	0.3%	10.3%	2.9%	6.5%
23	Makueni	2.8%	8.5%	3.0%	1.4%	9.7%	7.0%	-3.9%	6.8%	3.8%	5.2%
24	Mandera	-0.5%	8.0%	3.9%	2.1%	12.2%	8.7%	9.9%	5.8%	-4.5%	3.0%
25	Marsabit	-2.2%	12.3%	4.1%	-5.1%	10.7%	28.2%	2.4%	9.3%	1.3%	5.5%
26	Meru	5.0%	4.4%	1.9%	1.3%	2.9%	6.0%	0.0%	7.2%	0.4%	7.6%
27	Migori	7.4%	-0.5%	-3.7%	13.2%	5.3%	4.3%	-0.4%	11.5%	1.0%	-0.6%
28	Mombasa	4.0%	3.6%	5.4%	6.0%	4.5%	4.5%	-3.1%	8.6%	6.8%	6.1%
29	Muranga	5.0%	1.8%	2.5%	-2.5%	4.5%	2.0%	4.3%	7.8%	1.4%	0.9%
30	Nairobi	5.9%	6.5%	5.2%	5.7%	5.8%	6.5%	0.1%	8.8%	7.7%	7.4%
31	Nakuru	11.4%	6.4%	8.0%	-3.8%	4.1%	7.0%	0.0%	10.9%	5.9%	10.6%
32	Nandi	6.3%	2.3%	6.1%	0.9%	9.3%	-2.5%	3.3%	5.3%	3.9%	6.4%
33	Narok	0.2%	8.6%	5.3%	7.7%	5.9%	3.4%	-0.1%	7.9%	1.3%	7.5%
34	Nyamira	-1.1%	4.4%	6.3%	2.1%	11.8%	0.3%	2.9%	3.0%	4.6%	-1.3%
35	Nyandarua	9.4%	13.1%	-0.8%	9.7%	-2.8%	8.5%	-2.3%	2.4%	0.3%	6.5%
36	Nyeri	5.6%	6.1%	1.8%	-0.7%	3.3%	7.1%	2.0%	3.7%	-0.7%	5.6%
37	Samburu	-2.0%	19.5%	10.1%	-2.6%	6.7%	12.5%	-0.6%	2.3%	5.6%	8.4%
38	Siaya	5.4%	5.9%	-3.9%	7.1%	8.3%	5.1%	-0.4%	7.8%	4.3%	2.1%
39	Taita Taveta	6.8%	4.3%	3.9%	2.2%	5.2%	5.0%	-0.4%	10.2%	4.6%	5.7%

40	Tana River	-7.6%	24.4%	-6.5%	-3.7%	6.6%	11.2%	4.2%	15.7%	-2.0%	8.8%
41	Tharaka Nithi	1.6%	4.0%	4.5%	5.2%	7.3%	1.1%	4.3%	8.2%	4.2%	4.2%
42	Trans Nzoia	4.4%	6.3%	0.8%	3.4%	15.6%	0.6%	3.1%	2.8%	1.3%	9.5%
43	Turkana	1.3%	12.5%	0.1%	2.8%	12.5%	8.0%	1.3%	-1.9%	11.2%	8.5%
44	Uasin-Gishu	4.1%	4.8%	4.7%	5.4%	5.1%	5.5%	-1.9%	9.8%	3.2%	9.8%
45	Vihiga	-1.0%	1.8%	6.3%	0.7%	9.1%	4.7%	1.0%	3.5%	5.1%	1.8%
46	Wajir	-4.8%	21.5%	5.1%	3.5%	2.9%	6.5%	0.6%	14.2%	4.0%	-0.1%
47	West Pokot	4.7%	11.0%	9.4%	-6.5%	8.5%	8.5%	6.2%	4.9%	-3.0%	8.9%

Source: PBO Computations.

Annex II: Equitable Share Allocations to each County Government in FY 2025/26

SN	County	FY 2024/25	FY 2025/26	Increase	%growth
1	Baringo	6,683,873,223	7,083,683,384	399,810,161	5.98
2	Bomet	7,015,121,755	7,447,200,499	432,078,744	6.16
3	Bungoma	11,170,673,599	11,838,054,666	667,381,067	5.97
4	Busia	7,514,935,582	7,956,564,058	441,628,476	5.88
5	Elgeyo-Marakwet	4,826,732,019	5,515,146,712	688,414,693	14.26
6	Embu	5,369,896,832	6,077,441,672	707,544,840	13.18
7	Garissa	8,290,447,365	8,877,784,676	587,337,311	7.08
8	Homa-Bay	8,170,280,800	8,646,376,063	476,095,263	5.83
9	Isiolo	4,923,507,187	5,631,357,298	707,850,111	14.38
10	Kajiado	8,345,013,610	8,894,254,886	549,241,276	6.58
11	Kakamega	12,980,503,320	13,674,848,566	694,345,246	5.35
12	Kericho	6,738,465,302	7,178,668,356	440,203,054	6.53
13	Kiambu	12,293,696,674	13,071,817,986	778,121,312	6.33
14	Kilifi	12,169,843,476	12,813,396,770	643,553,294	5.29
15	Kirinyaga	5,449,272,719	6,151,661,892	702,389,173	12.89
16	Kisii	9,305,835,688	9,819,721,768	513,886,080	5.52
17	Kisumu	8,405,328,573	8,902,026,938	496,698,365	5.91
18	Kitui	10,885,968,099	11,503,907,837	617,939,738	5.68
19	Kwale	8,625,411,603	9,078,699,643	453,288,040	5.26
20	Laikipia	5,387,034,732	6,104,082,008	717,047,276	13.31
21	Lamu	3,254,430,723	3,857,621,205	603,190,482	18.53
22	Machakos	9,597,223,940	10,179,132,681	581,908,741	6.06
23	Makueni	8,497,308,272	8,976,335,654	479,027,382	5.64
24	Mandera	11,690,618,560	12,265,064,993	574,446,433	4.91
25	Marsabit	7,597,151,194	8,105,669,078	508,517,884	6.69
26	Meru	9,944,340,480	10,553,946,059	609,605,579	6.13
27	Migori	8,385,076,399	8,883,939,719	498,863,320	5.95

SN	County	FY 2024/25	FY 2025/26	Increase	%growth
28	Mombasa	7,899,674,038	8,383,385,281	483,711,243	6.12
29	Murang'a	7,511,867,031	7,969,464,876	457,597,845	6.09
30	Nairobi City	20,178,711,957	21,417,128,397	1,238,416,440	6.14
31	Nakuru	13,666,997,646	14,455,147,658	788,150,012	5.77
32	Nandi	7,346,071,107	7,771,778,066	425,706,959	5.80
33	Narok	9,241,860,519	9,770,317,146	528,456,627	5.72
34	Nyamira	5,359,987,994	6,073,434,356	713,446,362	13.31
35	Nyandarua	5,936,521,652	6,662,675,631	726,153,979	12.23
36	Nyeri	6,518,609,255	6,896,132,673	377,523,418	5.79
37	Samburu	5,623,228,509	6,336,970,364	713,741,855	12.69
38	Siaya	7,301,473,431	7,754,478,885	453,005,454	6.20
39	Taita-Taveta	5,066,138,383	5,760,449,685	694,311,302	13.70
40	Tana-River	6,824,718,834	7,222,474,730	397,755,896	5.83
41	Tharaka-Nithi	4,399,508,312	5,058,286,293	658,777,981	14.97
42	Trans-Nzoia	7,540,500,922	7,991,120,837	450,619,915	5.98
43	Turkana	13,213,283,320	13,892,577,371	679,294,051	5.14
44	Uasin-Gishu	8,472,398,961	8,977,014,770	504,615,809	5.96
45	Vihiga	5,292,921,648	6,008,751,224	715,829,576	13.52
46	Wajir	9,902,799,041	10,507,580,683	604,781,642	6.11
47	West Pokot	6,609,735,714	7,002,426,008	392,690,294	5.94
	Total	**387,425,000,000**	**415,000,000,000**	**27,575,000,000**	**7.12**

Source: CARA,2025, and PBO computations

Annex III: Community Health Promoters Budgets and Health Workers Salary Arrears for FY 2024/2025						
		Community health promoters				
		National Government Contribution		**County Government Contribution**	**Basic Salary Arrears for Health Workers**	
No	**Counties**	**Approved Budget 2024/2025 (Ksh.)**	**Amount Received (Ksh.)**	**(Ksh.)**	**Allocation 2024/2025 (Ksh.)**	**Amount Received (Ksh.)**
1	Baringo	63,810,000	0	0	19,263,318	0
2	Bomet	74,070,000	43,207,500	76,970,000	21,261,693	0

Annex III: Community Health Promoters Budgets and Health Workers Salary Arrears for FY 2024/2025						
		Community health promoters				
		National Government Contribution		County Government Contribution	Basic Salary Arrears for Health Workers	
No	Counties	Approved Budget 2024/2025 (Ksh.)	Amount Received (Ksh.)	(Ksh.)	Allocation 2024/2025 (Ksh.)	Amount Received (Ksh.)
3	Bungoma	107,400,000	0	80,550,000	39,854,059	0
4	Busia	0	0	65, 700, 000		0
5	Elgeyo Marakwet	37,200,000	0	0		0
6	Embu	37,603,527	0	0		0
7	Garissa	74,520,000	0	0	32,981,339	0
8	Homa Bay	88,620,000	0	0		0
9	Isiolo	21,630,000	0	14,505,000		0
10	Kajiado	50,070,000	0	0	43,495,118	0
11	Kakamega	127,500,000	0	0	44,529,977	0
12	Kericho	45,690,000	0	0		0
13	Kiambu	94,680,000	0	0	119,957,202	0
14	Kilifi	90,953,531	0	0	0	0
15	Kirinyaga	0	0	31,972,500	0	0
16	Kisii	88,200,000	0	0		
17	Kisumu	165,339,627	0	0		
18	Kitui	74,100,000	0	0	43,756,694	0
19	Kwale	59,140,000	59,140,000	0	28,773,123	
20	Laikipia	25,230,000	0	0	0	
21	Lamu	0	0	0	0	
22	Machakos	83,250,000	0	0	58,646,293	0
23	Makueni	113,700,000	0	0	30,568,273	0
24	Mandera	18,540,000	0	0	19,809,159	0
25	Marsabit	47,074,916	0	0	0	
26	Meru	111,480,000	0	0	43,915,785	0
27	Migori	88,380,000	0	25,410,000	27,687,815	0
28	Mombasa	71,610,000	0	0	108,971,914	0

Annex III: Community Health Promoters Budgets and Health Workers Salary Arrears for FY 2024/2025						
		Community health promoters				
		National Government Contribution		**County Government Contribution**	**Basic Salary Arrears for Health Workers**	
No	**Counties**	**Approved Budget 2024/2025 (Ksh.)**	**Amount Received (Ksh.)**	**(Ksh.)**	**Allocation 2024/2025 (Ksh.)**	**Amount Received (Ksh.)**
29	Murang'a	46,050,000	0	0	0	
30	Nairobi City	224,010,000	0	195,587,167	0	
31	Nakuru	99,390,000	0	0	0	
32	Nandi	96,660,000	0	0	0	
33	Narok	49,800,000	0	0	21,496,514	
34	Nyamira	44,370,000	0	0	0	
35	Nyandarua	41,610,000	0	0	0	
36	Nyeri	74,250,000	0	76,600,656		
37	Samburu	59,219,798	0	41,051,485.00	0	
38	Siaya	63,810,000	0	51,048,000		
39	Taita Taveta	41,070,000	0	23,346,308	0	
40	Tana river	28,890,000	0	0	0	
41	Tharaka Nithi	37,950,000	37,950,000	0	0	
42	Trans Nzoia	67,200,000	0	0	0	
43	Turkana	0	0	0	0	
44	Uasin Gishu	61,980,000	61,980,000	59,347,500	9,600,471	9,600,471
45	Vihiga	43,380,000	0	37,176,960	15,044,112	0
46	Wajir	60,810,000	0	0	0	
47	West Pokot	60,706,194	0	72,690,000	13,933,594	0
	TOTALS	**3,060,947,593**	**202,277,500**	**786,255,576**	**743,546,453**	**9,600,471**

Source: Controller of Budget Report, 2025

Annex IV: Approved Claims for NHIF and SHIF for County Governments as at 30th June 2025

S/NO.	County	SHA/ SHIF (Kshs. .Million)			NHIF (Kshs. .Million)
		Approved Claims	Claims Paid	Balance	Pending Debt (Kshs.)
1	Baringo	247.68	223.78	23.90	74.11
2	Bomet	229.91	128.56	79.83	1.26
3	Bungoma	957.92	721.49	236.43	0.84
4	Busia	209.21	122.31	86.90	20.51
5	Elgeyo Marakwet	182.05	96.56	85.50	34.17
6	Embu	378.26	274.47	100.51	82.71
7	Garissa	279.62	140.53	139.10	-
8	Homa Bay	1,470.26	1,015.05	455.21	267.04
9	Isiolo	49.78	45.04	4.74	16.56
10	Kajiado	306.38	176.48	129.91	-
11	Kakamega	722.22	448.90	273.32	176.82
12	Kericho	278.90	170.90	107.90	22.30
13	Kiambu	733.28	528.74	275.70	313.30
14	Kilifi	542.79	313.49	229.30	145.67
15	Kirinyaga	180.67	131.47	49.20	-
16	Kisii	574.12	381.71	192.41	124.12
17	Kisumu	1,396.13	1,061.97	334.16	336.26
18	Kitui	520.55	308.79	211.76	125.91
19	Kwale	157.44	119.27	38.18	37.69
20	Laikipia	70.94	70.94	-	-
21	Lamu	140.28	101.39	38.89	10.49
22	Machakos	465.98	235.12	229.52	111.18
23	Makueni	562.16	383.38	178.78	185.40
24	Mandera	303.51	184.19	119.32	40.40
25	Marsabit	72.68	42.43	30.24	26.01
26	Meru	545.52	332.88	212.64	101.33
27	Migori	242.15	140.56	101.59	110.69
28	Mombasa	1,673.44	916.99	763.93	562.41
29	Murang'a	308.34	153.75	154.59	-
30	Nairobi City	850.44	548.89	301.55	937.39

31	Nakuru	1,525.62	639.69	885.94	412.86
32	Nandi	216.10	129.81	77.54	-
33	Narok	77.71	46.96	29.75	3.81
34	Nyamira	808.00	608.00	200.00	55.00
35	Nyandarua	335.35	122.54	212.81	-
36	Nyeri	597.29	388.54	208.75	231.85
37	Samburu	33.90	15.33	18.83	4.20
38	Siaya	370.92	194.26	176.66	200.30
39	Taita Taveta	160.04	93.71	66.33	-
40	Tana river	56.40	43.47	12.93	-
41	Tharaka Nithi	154.84	100.45	54.38	22.08
42	Trans Nzoia	146.00	76.27	69.73	102.81
43	Turkana	129.75	123.18	6.57	20.42
44	Uasin Gishu	146.84	133.77	13.07	-
45	Vihiga	257.31	92.36	164.92	62.65
46	Wajir	172.17	132.94	39.23	-
47	West Pokot	110.79	76.19	34.60	35.70
	Totals	**19,951.64**	**12,537.50**	**7,457.05**	**5,016.25**

Source: Controller of Budget Report, 2025.

Annex V: Facility Improvement Funds Actual Collections Since FY 2022/23 and Counties with Acts and Regulations to Implement FIF Act, 2023.

Facility Improvement Funds Actual collections for each Financial Year					
S/NO.	**County**	**FY 2022/23 Kshs.**	**FY 2023/24 Kshs.**	**FY 2024/25 (Kshs. Million)**	**County developed Regulations/Acts**
1	Baringo	153,444,583	181,622,619	210.87	✓
2	Bomet	103,404,864	80,612,871	211.61	None
3	Bungoma	797,606,548	681,424,515	663.26	None
4	Busia	142,150,000	136,138,244	239.05	✓
5	Elgeyo Marakwet	159,513,347	177,663,632	288.02	None
6	Embu	245,110,000	329,749,667	517.75	✓
7	Garissa	61,130,000	151,912,817	384.15	✓
8	Homa Bay	258,689,520	841,232,651	1,099.71	✓
9	Isiolo	894,555	94,481,928	64.89	None
10	Kajiado	198,990,023	369,952,762	316.40	✓
11	Kakamega	444,802,800	546,510,693	894.80	None
12	Kericho	221,147,570	482,263,360	682.90	✓
13	Kiambu	164,348,571	1,197,762,046	1,816.89	✓
14	Kilifi	407,626,965	472,221,668	622.11	✓
15	Kirinyaga	188,596,803	233,562,098	431.52	None
16	Kisii	563,229,532	683,218,135	982.09	None
17	Kisumu	422,015,272	603,376,939	1,659.67	✓
18	Kitui	-	-	631.30	✓
19	Kwale	154,566,417	169,533,420	242.57	None
20	Laikipia	475,888,673	561,020,491	695.97	✓
21	Lamu	94,205,709	85,840,210	139.12	None
22	Machakos	120,317,958	204,409,376	755.68	✓
23	Makueni	472,840,000	554,088,153	773.59	None
24	Mandera	25,340,525	25,548,681	224.59	✓
25	Marsabit	74,979,289	90,223,090	104.43	None
26	Meru	317,884,152	580,129,111	758.50	None
27	Migori	141,897,995	175,412,262	354.19	None
28	Mombasa	1,236,990,806	1,127,265,714	916.99	✓
29	Murang'a	123,750,039	382,537,843	534.64	None
30	Nairobi City	937,801,901	1,072,234,069	1,398.05	✓

Facility Improvement Funds Actual collections for each Financial Year					
S/NO.	**County**	**FY 2022/23 Kshs.**	**FY 2023/24 Kshs.**	**FY 2024/25 (Kshs. Million)**	**County developed Regulations/Acts**
31	Nakuru	1,519,361,041	1,468,498,216	1,797.79	None
32	Nandi	30,734,055	238,623,583	391.02	None
33	Narok	46,384,910	59,479,796	152.53	None
34	Nyamira	171,110,000	220,814,736	606.60	None
35	Nyandarua	188,860,892	205,746,307	282.53	✓
36	Nyeri	469,530,000	740,425,500	769.20	✓
37	Samburu	10,027,783	11,130,343	9.41	None
38	Siaya	167,799,996	388,626,776	199.84	✓
39	Taita Taveta	152,897,744	210,125,350	229.35	✓
40	Tana river	3,385,020	3,785,117	3.96	✓
41	Tharaka Nithi	122,540,000	160,983,523	243.51	None
42	Trans Nzoia	209,520,518	209,852,393	251.45	✓
43	Turkana	-	95,373,844	229.69	None
44	Uasin Gishu	45,440,000	59,386,598	233.04	✓
45	Vihiga	133,000,000	171,745,774	211.39	None
46	Wajir	9,200,000	0	218.35	✓
47	West Pokot	79,035,500	119,847,000	142.41	None
	Totals	**12,067,991,876**	**16,656,393,921**	**24,587.38**	

Source: Controller of Budget Reports.

Annex VI Allocations towards Bursaries by Counties.

ALLOCATION VS EXPENDITURE ON BURSARY 2024/25			
	COUNTY	**BUDGET ALLOCATION**	**ACTUAL EXPENDITURE**
1	Baringo	94,750,000.00	
2	Bomet	130,000,000.00	111,173,875
3	Bungoma	225,000,000.00	219,345,121
4	Busia	-	-
5	Elgeyo Marakwet	-	-

6	Embu	-	-
7	Garissa	50,000,000.00	50,000,000
8	Homa bay	215,000,000.00	128,754,620
9	Isiolo	70,000,000.00	*23,213,761
10	Kajiado	180,000,000.00	154,424,226
11	Kakamega	192,000,000.00	1,669,905
12	Kericho	-	1,830,232
13	Kiambu	200,000,000.00	100,297,772
14	Kilifi	500,000,000.00	0
15	Kirinyaga	166,370,000.00	4,450,000
16	Kisii	245,000,000.00	227,724,300
17	Kisumu	105,000,000.00	0
18	Kitui	75,000,000.00	75,000,000
19	Kwale	238,000,000.00	137,711,606
20	Laikipia	75,000,000.00	75,000,000
21	Lamu	82,334,948.00	79,422,308
22	Machakos	120,000,000.00	120,000,000
23	Makueni	141,400,000.00	140,250,530
24	Mandera	460,000,000.00	459,999,999
25	Marsabit	155,000,000.00	155,000,000
26	Meru	136,000,000.00	0
27	Migori	-	0
28	Mombasa	_	_
29	Murang'a	275,000,000.00	277,163,823
30	Nairobi		
31	Nakuru	453,743,981.00	413,035,449

32	Nandi	164,000,000.00	90,000,000
33	Narok	460,000,000.00	470,000,000
34	Nyamira	120,415,513.00	48,915,513
35	Nyandarua	138,900,000.00	137,450,000
36	Nyeri	10,000,000.00	0
37	Samburu	93,400,000.00	93,400,000
38	Siaya	90,000,000.00	_-
39	Taita Taveta	240,000,000.00	_
40	Tana river	176,000,000.00	88,000,000
41	Tharaka Nithi	30,000,000.00	33,725,620
42	Trans Nzoia	125,000,000.00	_
43	Turkana	248,000,000.00	235,000,000
44	Uasin Gishu	176,000,000.00	_
45	Vihiga	35,000,000.00	36,681,680
46	Wajir	130,000,000.00	85,401,334
47	West Pokot	514,000,000.00	_

Source: Controller of Budget Reports

Annex VII: FLoCCA CCRI Grant Allocations to Counties for FY 2023/24

S/No.	County	ANNUAL BUDGET ALLOCATIONS	ACTUAL RECEIPTS	ACTUAL RECEIPT % OF ANNUAL ALLOCATION
1	Embu	148,500,000	112,946,646	76.1
2	Isiolo	136,000,000	112,141,788	83
3	Kajiado	137,511,456	137,511,456	100
4	Kiambu	99,578,725	99,578,725	100
5	Kirinyaga	131,648,937.75	83,432,040	8.4
6	Kisii	160,992,006	160,992,006	100
		84,121,480	84,121,480	100
7	Kisumu	148,500,000	184,335,666	124.1
8	Kitui	216,807,064	216,807,064	100
9	Laikipia	159,500,000	117,008,284	73.4
10	Lamu	81,196,114	70,196,114	86.5
11	Machakos	199,527,852	153,047,116	76.7
12	Makueni	142,746,435	142,746,435	100
13	Mandera	182,351,172	182,351,172	100
14	Marsabit	137,500,000	194,579,160	141.5
15	Meru	188,269,899	188,269,899	100
16	Migori	616,700,000	244,560,081	39.7
17	Murang'a	137,500,000	110,729,614	80.5
18	Nakuru	188,211,085	94,105,543	50
19	Nandi	216,577,206	230,077,206	106.2
20	Narok	198,000,000	198,053,490	100
21	Nyandarua	136,000,000	77,655,189	57.1
22	Nyeri	125,000,000	98,455,028	6.6
23	Samburu	116,000,000	52,816,262	45.5
24	Siaya	168, 555,660	128,982,155	100
25	Taita Taveta	95,053,502	95,053,502	100
26	Tharaka Nithi	205,050,000	104,989,776	-
27	Turkana	273,443,957	273,443,957	100
28	Uasin Gishu	173,363,692	-	-
29	Vihiga	173,765,059	173,765,059	100
30	Wajir	125,000,000.00	125,000,000.00	100
31	West Pokot	159,000,000.00	155,180,744.00	97.6
	Total	**5,293,415,642**	**4,402,932,657**	**81.37%**

Source: CGAAA

Annex VIII: FY 2024/25 Allocations of FLLoCA (Both Grants) to Counties

S/No	County	Budget Allocation	Total Receipts	Actual Receipt % Of Annual Allocation
1	Baringo	239,003,641	0	0
2	Bomet	130,126,688	75,000,000	57
3	Bungoma	538,096,118	22,923,814	4
4	Busia	217,000,000	0	0
5	Elgeyo-Marakwet	180,000,000	10,293,610	6
6	Embu	137,500,000	9,804,145	7
7	Garissa	137,000,000	0	0
8	Homabay	573,687,741	21,300,000	4
9	Isiolo	136,000,000	0	0
10	Kajiado	154,283,456	24,671,000	16
11	Kakamega	64,446,388	64,446,388	100
12	Kericho	203,392,898	13,742,755	7
13	kilifi	160,234,806	17,104,057	11
14	Kiambu	254,578,726	0	0
15	Kirinyaga	122,557,925	8,427,859	7
16	Kisii	84,000,000	17,168,860	20
17	Kisumu	490,984,978	36,079,883	7
18	Kitui	0	0	0
19	Kwale	0	0	0
20	Laikipia	115,769,740	115,769,740	100
21	Lamu	70,000,000	0	0
22	Machakos	234,440,930	0	0
23	Makueni	142,746,435	15,203,126	11
24	Mandera	286,447,747	0	0
25	Marsabit	194,579,160	0	0
26	Meru	188,269,899	0	0
27	Migori	372,833,613	372,833,613	100
28	Mombasa	0	0	0
29	Murang'a	110,729,613	0	0
30	Nairobi	0	0	0
31	Nakuru	188,211,085	0	0
32	Nandi	216,757,206	25,991,580	12
33	Narok	200,000,000	18,213,776	9
34	Nyamira	155,247,624	0	0

S/No	County	Budget Allocation	Total Receipts	Actual Receipt % Of Annual Allocation
35	Nyandarua	136,000,000	0	0
36	Nyeri	207,545,771	21,263,053	10
37	Samburu	314,525,777	116,632,523.00	37
38	Siaya	137,000,000	0	0
39	Taita Taveta	111,000,000	9,520,558	9
40	Tana River	150,000,000	13,014,827	8.7
41	Tharaka Nithi	298,703,582	8,913,384	3
42	Trans-Nzoia	149,730,885	28,200,799	19
43	Turkana	0	22,880,623	0
44	Uasin Gishu	273,363,692	12,084,500	4
45	Vihiga	316,350,444	0	0
46	Wajir	159,416,290	0	0
47	West Pokot	133,000,000	12,309,494	9
	Total	8,685,562,858	1,113,793,967	12.30%

Source: CGAAA

Annex IX: County Governments' Agriculture Budgets for FY 2025/26

No.	County	Recurrent (KSh)	Development (KSh)	Total (KSh)
1	Bungoma	70,058,405	535,016,861	605,075,266
2	Busia	271,088,837	545,155,479	816,244,316
3	Elgeyo Marakwet	266,753,125	698,923,122	965,676,247
4	Garissa	179,956,798	501,949,791	681,906,589
5	Homa Bay	234,742,815	253,963,679	488,706,494
6	Isiolo	164,578,116	388,653,846	553,231,962
7	Kajiado	254,747,133	504,531,928	759,279,061
8	Kakamega	73,956,902	619,086,666	693,043,568
9	Kericho	181,024,734	349,732,472	530,757,206
10	Kiambu	491,977,832	710,918,919	1,202,896,751
11	Kilifi	297,655,379	389,404,367	687,059,746
12	Kisii	289,293,249	376,260,988	665,554,237
13	Kisumu	244,833,888	426,569,641	671,403,529
14	Kitui	426,801,456	276,947,186	703,748,642
15	Laikipia	17,498,370	342,553,482	360,051,852
16	Lamu	26,000,000	350,453,846	376,453,846
17	Machakos	250,185,779	329,294,595	579,480,374

No.	County	Recurrent (KSh)	Development (KSh)	Total (KSh)
18	Makueni	269,225,924	344,529,758	613,755,682
19	Mandera	356,548,528	427,072,765	783,621,293
20	Meru	65,118,950	587,488,368	652,607,318
21	Mombasa	177,970,874	78,300,000	256,270,874
22	Nairobi	238,190,939	85,000,000	323,190,939
23	Nakuru	481,953,890	363,188,759	845,142,649
24	Nandi	565,014,088	379,315,152	944,329,240
25	Narok	468,620,000	562,418,919	1,031,038,919
26	Nyeri	239,197,177	360,365,255	599,562,432
27	Samburu	216,523,422	727,650,000	944,173,422
28	Siaya	295,896,118	578,061,666	873,957,784
29	Tana River	155,702,784	470,673,927	626,376,711
30	Turkana	142,518,066	1,134,788,846	1,277,306,912
31	Uasin Gishu	252,652,776	303,348,280	556,001,056
32	Vihiga	124,587,787	255,905,255	380,493,042
33	Wajir	263,839,062	401,903,846	665,742,908
34	West Pokot	179,088,569	461,005,986	640,094,555
	TOTAL	8,233,801,772	15,120,433,650	23,354,235,422

Source: Controller of Budget

Annex X: Development Partners' Funded Agriculture Projects

Project	Amount	Timelines	Beneficiaries (who & how many)	Objectives	Beneficiary Counties
National Agricultural and Rural Inclusive Growth Project (NARIGP) - **World** Bank (IDA)	USD 219m (IDA USD 200m + GoK USD 19m). Equivalent to Kshs. 22.18Billion	Approved Aug 2016; Effective Jul 2017; Completed 30 March 2024	Smallholder farmers & producer orgs; ~360,000 farmers targeted as direct beneficiaries. Increase yield by 30%. Increase profitability	Increase smallholder productivity & profitability; adoption of TIMPs (**Technologies, Innovations, and Management Practices);** stronger producer orgs; community-led investments	Samburu; Turkana; Makueni; Meru; Kitui; Embu; Kilifi; Kwale; Narok; Kirinyaga; Kiambu; Murang'a; Nakuru; Bungoma; Trans Nzoia; Nandi; Vihiga; Kisii; Nyamira;

Project	**Amount**	**Timelines**	**Beneficiaries (who & how many)**	**Objectives**	**Beneficiary Counties**
					Migori; Homa Bay
National Agricultural Value Chain Development Project (NAVCDP) - World Bank (IDA) + GoK	Total: KES 31.53b (~USD 275m); World Bank USD 250, GOK USD 25	Approved 29 Mar 2022; Closing 31st Dec 2027	Target ~3.8m farmers via e-vouchers, irrigation, aggregation & processing, and market linkages	Strengthen value chains; reduce post-harvest losses; expand irrigation; link producers to markets; scale CSA	33 counties – full list per MoALD/World Bank NAVCDP. These are **Meru, Machakos, Trans Nzoia, Nakuru, Kisii, Kakamega, Kilifi, Murang'a, Makueni, Nandi, Narok, Migori, Busia, Taita Taveta, Kiambu, Kitui, Uasin Gishu, Elgeyo Marakwet, Baringo, West Pokot, Turkana, Laikipia, Nyandarua, Bomet, Kericho, Kisumu,**

Project	Amount	Timelines	Beneficiaries (who & how many)	Objectives	Beneficiary Counties
					Nyamira, Homa Bay, Siaya, Bungoma, Vihiga, and Tana River
Agricultural Sector Development Support Programme II (ASDSP II) - Sweden (Sida) + GoK	Total cost KES 7.59b (Sida SEK 300m & EU SEK 60m) Gok 2.092 b (NT KES 800mio & Counties KES 1.292B)	1st Jul 2017–June 2022. Extension to February 2024	Target is 700,000 value chain actors mainly farmers, producer orgs & agribusinesses across all 47 counties. 35% women and 17% youth	County-led value chain development; climate-smart practices; market linkages; institutional capacity	All 47 counties (national coverage)
Kenya Livestock Commercialization Project (KeLCoP) - IFAD + Heifer International + PFIs + GoK	USD 93.5m (KES 5.53B) (IFAD loan 54.8m; Heifer grant 5m; PFIs 5m; GoK 14.3m; Beneficiaries 14.4m).	Approved 18 Sep 2020; Effective 5 Mar 2021; Closes 31 Mar 2027 (loan close 30 Sep 2027)	110,000 poor small-scale livestock households (≥54% women; 30% youth)	Commercialize small livestock (goats, dairy goats, poultry, beekeeping); improve vet services, finance & market access	10counties including: Baringo; Elgeyo Marakwet; Marsabit; Samburu; Nakuru; Bungoma; Kakamega; Busia; Siaya; Trans Nzoia
Kenya Climate Smart Agriculture Project (KCSAP) - World Bank (IDA) + GoK	USD 279.7m (IDA USD 250m loan + GoK USD 29.7m). Total 29.85b	9th Feb 2017–31st Jan 2022. Extension to 30th June 2023	521,500 in 24 counties households; 8,000 CIGs; 1,200 VMGs	Increase productivity & build climate resilience via irrigation, water harvesting, improved inputs, climate	Arid: Marsabit; Isiolo; Tana River; Garissa; Wajir; Mandera | Semi-Arid: West Pokot; Baringo;

Project	Amount	Timelines	Beneficiaries (who & how many)	Objectives	Beneficiary Counties
	County 1.09b			info & value chains	Laikipia; Nyeri; Tharaka Nithi; Lamu; Taita Taveta; Kajiado, Machakos | Non-ASAL: Busia; Siaya; Nyandarua; Bomet; Kericho; Kakamega; Uasin Gishu; Elgeyo Marakwet; Kisumu
Aquaculture Business Development Programme (ABDP) IFAD + Norad + GoK	USD 144.5m (IFAD loan 67.9m; Norad grant 1.2m; GoK 31.4m; Beneficiaries 43.6m)	Approved 11 Dec 2017; Effective 23 Jun 2018; Launch 25 Apr 2019; Closes 30 Jun 2026	35,500 aquaculture households; indirect benefits to wider rural communities	Scale fish farming with inputs, ponds & cold chain; training; market linkages; nutrition education	Homa Bay; Migori; Kakamega; Kirinyaga; Nyeri; Meru; Kiambu; Machakos; Kajiado; Tharaka Nithi; Siaya; Kisumu; Embu; Busia; Kisii
Food Systems Resilience Program (FSRP) - World Bank (IDA) + GoK	USD 150m (IDA) KES 20.165b GOK KES 1.8b Counties KES 365mio	Approved 31 May 2023; Effective 30 Jan 2024; Closes Aug 2029	350,000 crop and livestock farmers; plus, value chain actors including: extension officers, FPOs, SACCOs, SMEs & Agri-tech providers	Strengthen climate-smart production; rehabilitate natural resources; improve regional trade & market integration; crisis response (CERC)	Covers 275 wards in 13Tcointies including Turkana; West Pokot; Elgeyo Marakwet; Baringo; Samburu; Marsabit; Garissa; Isiolo; Lamu;

Project	Amount	Timelines	Beneficiaries (who & how many)	Objectives	Beneficiary Counties
					Tana River; Wajir; Mandera; Laikipia
Drought Resilience Programme in Northern Kenya (DRPNK) - KfW (Germany) + GoK	KES 2.625b (~€24m) (KfW €20m + GoK €4m)	2019/2021–2025/2027 (by phase)	≈595,000 people; ~10,000 jobs; 5,000 acres rangeland rehab (Marsabit/Turkana focus)	Water storage & irrigation; rangeland rehabilitation; animal health & fodder; market infrastructure	Marsabit; Turkana
Emergency Locust Response Project (ELRP). World Bank	KES 7.8B fully finance by World Bank (loan)	28th June 2020 – 31st Dec 2024. Extension to June 2025	Target 200,000 farmers from 15 counties affected by Locust infestation	Restore agriculture land, pasture/rangeland to productivity	15 counties including: **Turkana, Marsabit, Wajir, Garissa, Isiolo, Samburu, Baringo, West Pokot, Elgeyo Marakwet, Meru, Tharaka Nithi, Kitui, Machakos, Embu, and Laikipia.**

Source: Ministry of Agriculture & Livestock

Annex XI: Breakdown of personnel emolument costs processed through HRIS and manual payroll

S/No	County	P.E cost processed through the HRIS (Ksh.)	P.E cost processed through manual payroll (Ksh.)	Total PE Costs processed through HRIS and Manual
1	Baringo	3,960,000,000	-	3,960,000,000
2	Bomet	3,660,000,000	138,169,641	3,798,169,641
3	Bungoma	6,030,000,000	284,680,211	6,314,680,211
4	Busia	3,280,000,000	359,625,145	3,639,625,145
5	Elgeyo Marakwet	2,520,000,000	458,680,000	2,978,680,000
6	Embu	2,550,000,000	129,866,355	2,679,866,355
7	Garissa	4,080,000,000	470,073,484	4,550,073,484
8	Homa Bay	5,720,000,000	153,945,254	5,873,945,254
9	Isiolo	2,180,000,000	67,153,743	2,247,153,743
10	Kajiado	5,130,000,000	120,529,123	5,250,529,123
11	Kakamega	6,550,000,000	527,940,000	7,077,940,000
12	Kericho	3,630,000,000	134,758,338	3,764,758,338
13	Kiambu	7,480,000,000	713,261,980	8,193,261,980
14	Kilifi	4,500,000,000	137,993,301	4,637,993,301
15	Kirinyaga	2,580,000,000	252,208,342	2,832,208,342
16	Kisii	5,490,000,000	152,094,851	5,642,094,851
17	Kisumu	5,450,000,000	261,072,818	5,711,072,818
18	Kitui	5,090,000,000	392,943,597	5,482,943,597
19	Kwale	4,060,000,000	60,190,926	4,120,190,926
20	Laikipia	3,060,000,000	434,754,297	3,494,754,297
21	Lamu	1,640,000,000	286,354,278	1,926,354,278
22	Machakos	6,900,000,000	132,859,327	7,032,859,327
23	Makueni	4,830,000,000	37,957,498	4,867,957,498
24	Mandera	4,660,000,000	259,720,035	4,919,720,035
25	Marsabit	3,450,000,000	459,193,154	3,909,193,154
26	Meru	5,160,000,000	111,735,672	5,271,735,672
27	Migori	3,600,000,000	147,388,187	3,747,388,187
28	Mombasa	5,700,000,000	308,616,972	6,008,616,972
29	Murang'a	4,530,000,000	115,642,386	4,645,642,386
30	Nairobi City	17,950,000,000	353,284,093	18,303,284,093
31	Nakuru	6,090,000,000	381,340,869	6,471,340,869
32	Nandi	2,890,000,000	112,000,000	3,002,000,000

S/No	County	P.E cost processed through the HRIS (Ksh.)	P.E cost processed through manual payroll (Ksh.)	Total PE Costs processed through HRIS and Manual
33	Narok	5,540,000,000	887,599	5,540,887,599
34	Nyamira	3,450,000,000	-	3,450,000,000
35	Nyandarua	2,510,000,000	135,183,455	2,645,183,455
36	Nyeri	3,780,000,000	725,502,124	4,505,502,124
37	Samburu	2,620,000,000	325,850,825	2,945,850,825
38	Siaya	2,360,000,000	353,640,468	2,713,640,468
39	Taita Taveta	3,510,000,000	69,256,527	3,579,256,527
40	Tana river	2,230,000,000	163,030,273	2,393,030,273
41	Tharaka Nithi	2,950,000,000	51,131,561	3,001,131,561
42	Trans Nzoia	3,760,000,000	45,728,043	3,805,728,043
43	Turkana	6,000,000,000	1,413,404,283	7,413,404,283
44	Uasin Gishu	4,250,000,000	574,698,188	4,824,698,188
45	Vihiga	3,050,000,000	41,108,310	3,091,108,310
46	Wajir	4,250,000,000	682,310,000	4,932,310,000
47	West Pokot	3,010,000,000	341,665,446	3,351,665,446
Totals		**207,670,000,000**	**12,879,430,979**	**220,549,430,979**

Source: Controller of Budget Reports

Annex XII: Trade Payables for Water Companies

Appendix Trade payables for Water Companies		
	Water Company	**Amount (Kshs)**
1	Nairobi City Water and Sewerage Company	5,344,030,050
2	Mombasa Water and Sewerage Company Limited	2,209,904,790
3	Malindi Water and Sewerage Company Limited	965,350,866
4	Tavevo Water and Sewerage Company Limited	943,899,142
5	Nakuru Water and Sanitation Services Company Limited	683,609,870
6	Kakamega County Water and Sanitation Company Limited.	671,951,897
7	Kwale Water and Sewerage Company Limited	618,610,442
8	Kilifi Mariakani Water and Sewerage Company Limited	506,086,190
9	Ruiru Juja Water and Sewerage Company Limited	460,356,571
10	Nakuru Rural Water and Sanitation Company Limited	419,872,873

Appendix Trade payables for Water Companies		
	Water Company	**Amount (Kshs)**
11	Oloolaiser Water and Sewerage Company Limited	335,430,098
12	Eldoret Water and Sewerage Company Limited	328,180,238
13	Nol-Turesh Loitokitok Water and Sanitation Company	318,323,693
14	Garissa Water and Sewerage Company Limited	272,259,765
15	Kiambu Water and Sewerage Co	270,393,267
16	Kericho Water and Sanitation Company Limited	254,616,333
17	Embu Water and Sanitation Company Limited	247,360,294
18	Bomet water and Sanitation Company Limited	242,161,421
19	Githunguri Water and Sanitation Company Limited	236,462,858
20	Nzoia Water Service Company Limited	228,378,554
21	Thika Water and Sewerage Company Limited	220,172,727
22	Nyeri Water and Sanitation Company Limited	202,100,215
23	Busia Water and Sewerage Services Company Limited	195,753,927
24	Wajir Water and Sewerage Company Limited	192,250,789
25	Municipal Council of Machakos Water and Sewerage Company Limited	182,713,571
26	Kisumu Water and Sewerage Company Limited	173,488,352
27	Muranga Water and Sanitation Company Limited	166,113,645
28	Karuri Water and Sanitation Company Limited	162,132,111
29	Kitui Water and Sanitation Company Limited	145,404,293
30	Limuru Water and Sewerage Company Limited	145,210,230
31	SIBO Water Company Limited	137,135,422
32	Kikuyu Water Company Limited	136,571,736
33	Murang'a South Water and Sanitation Company Limited	131,323,873
34	Nanyuki Water and Sanitation Company Limited	128,311,749
35	Homa Bay Water Services Company Limited	128,023,160
36	Kirinyaga Water and Sanitation Company Limited	127,313,607
37	Gatundu Water and Sanitation Company Limited	126,007,826
38	Nyahururu Water and Sanitation Company Limited	124,351,959
39	Mandera Water and Sewerage Company Limited	124,257,270
40	Meru Water and Sewerage Company Limited	115,753,278
41	Olkejuado Water and Sewerage Company Limited	113,400,130
42	Mavoko Water Company Limited	104,377,944
43	Kibwezi Water and Sanitation Company Limited	98,372,444

Appendix Trade payables for Water Companies		
	Water Company	**Amount (Kshs)**
44	Gusii Water and Sanitation Company Limited	96,836,713
45	Lodwar Water and Sewerage Company Limited	94,082,619
46	Eldama Ravine Water and Sewerage Company Limited	84,506,730
47	Naivasha Water and Sanitation Company Limited	84,377,763
48	Amatsi Water Services Company Limited	82,527,010
49	Migori County Water and Sanitation Company Limited	81,379,432
50	Gatamathi Water and Sanitation Company Limited	69,821,271
51	Narok Water and Sanitation Company Limited	57,653,886
52	Kirandich Water Company Limited	55,288,497
53	Mathira Water and Sanitation Company	51,229,603
54	Meru Rural Water and Sanitation Company Limited	45,200,589
55	Yatta Water and Services Company Limited	45,125,056
56	Gatanga Community Water Scheme	43,929,981
57	Lamu Water and Sewerage Company	42,839,890
58	Nithi Water and Sanitation Company Limited	41,999,857
59	Ngandori Water and Sanitation Company Plc	38,207,635
60	Othaya Mukurweini Water and Sanitation Company Limited	35,700,340
61	Kiambere Mwingi Water and Sanitation Company Limited	33,819,506
62	Wote Water and Sanitation Company Limited	31,663,440
63	Nyandarua Water and Sanitation Company Limited	30,182,456
64	Iten Tambach Water Company Limited	24,769,584
65	Samburu Water and Sanitation Company Limited	24,306,940
66	Olkalou Water and Sanitation Company Limited	23,861,516
67	Mwala Water and Sanitation Company Limited	23,170,503
68	Kyeni Water and Sanitation Company Limited	22,368,922
69	Murang'a West Water and Sanitation Company Limited	21,705,994
70	Kapenguria Water Company Limited	19,412,215
71	Kapsabet-Nandi Water Services Company Limited	18,694,397
72	Embe Water and Sanitation Company Limited	16,516,877
73	Nyanas Water and Sanitation Company Limited	15,032,720
74	Matungulu - Kangundo Water and Sewerage Company Limited	12,949,010
75	Tetu Aberdare Water and Sanitation Company Limited	12,540,482

Appendix Trade payables for Water Companies		
	Water Company	**Amount (Kshs)**
76	Elwak Water and Sewerage Company Limited	10,445,603
77	Tana River Water and Sanitation Company Limited	10,057,260
78	Ngagaka Water and Sanitation Company Limited	9,133,112
79	Mbooni Water and Sanitation Company Limited (MBONWASCO)	8,480,181
80	Kakamega County Rural Water and Sanitation Company Limited.	8,387,230
81	Kathiani Water and Sanitation Company Limited	6,454,874
82	Isiolo Water and Sewerage Company Limited	3,695,071
83	Gulf Water Services Company Limited	2,791,350
84	Rukanga Water and Sanitation Company Limited	2,227,810
85	Naromoru Water and Sanitation Company Company Limited	1,848,050
86	Cherang'any Marakwet Water and Sanitation Company Limited	638,306
87	Marsabit Water and Sewerage Company (MARWASCO) Limited	208,576
	Total	**20,383,848,327**

Source: Office of the Auditor General

Annex XIII: Trade Payables for Hospitals

SNo	Name of Hospital	Level	Amount (Kshs)
1	Moi Teaching and Referral Hospital (MTRH)	Level 6	3,093,386,567
2	Kenyatta National Hospital	Level 6	2,390,953,026
3	Kenyatta University Teaching Referral and Research Hospital	Level 6	1,917,128,622
4	Nakuru County Referral Hospital	Level 5	699,542,043
5	Thika Level 5 Hospital	Level 5	591,270,887
6	Kiambu Level 5 Hospital	Level 5	556,754,982
7	Mama Lucy Kibaki Hospital	Level 5	298,043,299
8	Mbagathi County Referral Hospital	Level 5	280,746,140
9	Jaramogi Oginga Odinga Teaching and Referral Hospital	Level 5	245,738,029
10	Pumwani Maternity Hospital	Level 5	185,178,554
11	Embu Level V Hospital	Level 5	154,451,040
12	Kisii Teaching and Referral Hospital	Level 5	75,185,481
13	Kericho County Referral Hospital	Level 5	58,277,419
14	Garissa County Referral Hospital	Level 5	34,045,384
15	Machakos Level 5 Hospital	Level 5	30,611,675
16	Meru Teaching and Referral Hospital	Level 5	11,452,100

SNo	Name of Hospital	Level	Amount (Kshs)
17	Isiolo County and Referral Hospital	Level 5	1,922,501
18	Naivasha County Referral Hospital	Level 4	511,587,779
19	Nyahururu County Referral Hospital	Level 4	282,887,494
20	Nanyuki Teaching and Referral	Level 4	213,969,573
21	Kisumu County Referral Level 4 Hospital	Level 4	164,993,386
22	Makueni County Referral Hospital	Level 4	110,146,473
23	Tigoni Level 4 Hospital	Level 4	105,532,030
24	Makindu Sub-County Hospital Level 4	Level 4	100,560,475
25	Ruiru Level 4 Hospital	Level 4	78,821,477
26	Gatundu Level 4 Hospital	Level 4	78,024,419
27	Gilgil Sub-County Hospital Level 4	Level 4	66,503,628
28	Baringo County Referral Hospital	Level 4	61,193,551
29	Molo District Hospital Level 4	Level 4	59,744,946
30	Homabay County Teaching and Referral Hospital	Level 4	58,622,481
31	Iten County Referral Hospital	Level 4	57,161,418
32	Vihiga County Referral Hospital	Level 4	54,458,311
33	Jm Kariuki Memorial Hospital	Level 4	53,204,035
34	Msambweni County Referral Hospital	Level 4	52,728,286
35	Mwingi Level 4 County Hospital	Level 4	47,435,540
36	Kilifi County Referral Hospital	Level 4	45,778,650
37	Kapkatet Level 4 Hospital Kericho County	Level 4	42,150,958
38	Rachuonyo County Hospital	Level 4	37,508,114
39	Longisa County Referral Level 4 Hospital	Level 4	36,199,564
40	Annex Hospital (Nakuru) Level 4	Level 4	35,444,561
41	Migori County Referral Hospital	Level 4	34,981,003
42	Nyambene Sub-County Hospital	Level 4	34,913,177
43	Kibwezi Sub-County Hospital	Level 4	34,478,299
44	Kapsabet County Referral Hospital	Level 4	34,370,435
45	Wangige Level 4 Hospital	Level 4	33,875,394
46	Kihara Level 4 Hospital	Level 4	33,798,072
47	Mandera County Referral Hospital	Level 4	29,478,672
48	Kangundo Level 4 Hospital	Level 4	29,026,363
49	Nyamira County Referral Hospital	Level 4	28,868,885
50	Kajiado County Referral Hospital	Level 4	27,015,118
51	Webuye Level 4 Hospital	Level 4	26,070,036
52	Lodwar County Referral Level 4 Hospital	Level 4	24,792,320
53	Kitale County Referral Hospital	Level 4	24,695,798
54	Bahati Sub-County Level 4 Hospital.	Level 4	22,572,689
55	Siaya County Referral Level 4 Hospital	Level 4	21,342,471
56	Lumumba Level 4 Hospital Kisumu County	Level 4	20,207,331

SNo	Name of Hospital	Level	Amount (Kshs)
57	Sultan Hamud Sub-County Hospital	Level 4	19,577,487
58	Mbooni Sub-County Level 4 Hospital	Level 4	18,150,282
59	Migosi Sub-County Hospital	Level 4	17,203,307
60	Sigowet Sub-County Level 4 Hospital Kericho County	Level 4	17,128,653
61	Kwale Sub-County Hospital	Level 4	17,047,977
62	Kitui County Referral Hospital	Level 4	16,659,343
63	Kathiani Level 4 Hospital	Level 4	14,064,910
64	Loitoktok Sub-County Hospital	Level 4	14,047,582
65	Malindi County Level 4 Hospital	Level 4	13,772,432
66	Bondo Level 4 Hospital	Level 4	12,830,604
67	Yala Subcounty Level 4 Hospital	Level 4	12,442,940
68	Masaba Sub-County Hospital	Level 4	12,168,295
69	Engineer Sub-County Level 4 Hospital	Level 4	12,133,635
70	Tawa Sub-County Hospital	Level 4	11,745,804
71	Marsabit Level 5 Hospital	Level 4	11,622,378
72	Olenguruone Sub-County Hospital Level 4	Level 4	11,564,339
73	Mariakani Sub - County Hospital Level 4	Level 4	11,514,778
74	Moyale Level 4	Level 4	11,307,773
75	Mutuini Dagoretti Hospital	Level 4	10,676,199
76	Igegania Level 4 Hospital	Level 4	10,394,427
77	Cheptais Level 4 Hospital	Level 4	9,816,273
78	Sirisia Level 4 Hospital	Level 4	9,587,103
79	Naitiri Sub-County Hospital	Level 4	9,234,304
80	Kinango Sub-County Hospital	Level 4	8,670,306
81	Nyakach County Level 4 Hospital	Level 4	8,380,391
82	Kimilili Sub-County Hospital Level 4 Hospital	Level 4	8,378,728
83	Kilungu Sub-County Hospital	Level 4	8,102,293
84	Chwele Sub-County Hospital	Level 4	7,669,549
85	Mt.Elgon Sub-County Hospital	Level 4	7,577,556
86	Kitengela Sub-County Level 4 Hospital	Level 4	6,959,050
87	Bumula Sub-County Hospital	Level 4	6,883,944
88	Karuri Level 4 Hospital	Level 4	6,869,579
89	Ngong Sub-County Hospital	Level 4	6,803,660
90	Rangwe Sub-County Hospital	Level 4	6,615,602
91	Cheptalal Sub-County Hospital	Level 4	6,607,873
92	Mukurweini Sub-County Hospital	Level 4	6,427,556
93	Narok County Referral Hospital	Level 4	6,418,208
94	Murang'a County Referral Level 5 Hospital	Level 4	6,364,870
95	Marindi Level 4 Hospital	Level 4	6,213,155

SNo	Name of Hospital	Level	Amount (Kshs)
96	Mbita Sub-County Hospital	Level 4	6,085,000
97	Tom Mboya Memorial Hospital	Level 4	6,071,732
98	Bokoli Sub-County Hospital	Level 4	6,021,494
99	Matiliku Sub-County Level 4 Hospital	Level 4	6,011,230
100	Kandara Sub-County Hospital	Level 4	5,695,363
101	Fort Ternan Sub-County Hospital Kericho County	Level 4	5,676,554
102	Chebiemit Sub-County Hospital	Level 4	5,556,188
103	Kendu Bay Sub-County Hospital	Level 4	5,305,452
104	Kambu Sub-County Hospital	Level 4	5,091,038
105	Londiani Level 4 Sub-County Hospital Kericho County	Level 4	5,025,286
106	Mwala Level 4 Hospital	Level 4	4,918,552
107	Ekerenyo Sub-County Hospital	Level 4	4,817,938
108	Maragua Sub-County Level 4 Hospital	Level 4	4,605,919
109	Rwambwa Level 4 Hospital	Level 4	4,531,953
110	Got Agulu Subcounty Level 4 Hospital	Level 4	4,068,905
111	Kanyakine Sub-County Hospital	Level 4	3,921,743
112	Suba Sub-County Hospital	Level 4	3,852,968
113	Muriranja Level 4 Hospital	Level 4	3,779,114
114	Lusiggeti Level 4 Hospital	Level 4	3,737,466
115	Ahero County Level 4 Hospital	Level 4	3,650,700
116	Kisegi Level 4 Hospital	Level 4	3,620,738
117	Magunga Level 4 Hospital	Level 4	3,551,246
118	Elburgon Sub-District Hospital	Level 4	3,480,414
119	Roret Sub-County Hospital	Level 4	3,446,569
120	Kabartonjo Level 4 Hospital	Level 4	3,402,225
121	Kirwara Level 4 Hospital	Level 4	3,396,869
122	Ambira Level 4 Hospital	Level 4	3,388,375
123	Migwani Sub-County Hospital	Level 4	3,324,323
124	Lari Level 4 Hospital	Level 4	3,316,654
125	Sigor Sub-District Hospital Kericho	Level 4	3,268,718
126	Kijauri Level 4 Hospital	Level 4	3,178,415
127	Sigomere Level 4 Hospital	Level 4	3,088,905
128	Mukuyuni Sub-County Hospital	Level 4	3,012,295
129	Matuu Level 4 Hospital	Level 4	2,992,620
130	Muhoroni County Level 4 Hospital	Level 4	2,953,349
131	Kangema Sub-County Hospital	Level 4	2,875,637
132	Langalanga Sub-County Hospital Level 4	Level 4	2,788,188
133	Chulaimbo Level 4 Hospital	Level 4	2,783,550
134	Kandiege Level 4 Hospital	Level 4	2,759,292

SNo	Name of Hospital	Level	Amount (Kshs)
135	Njoro Sub-County Hospital Level 4	Level 4	2,734,053
136	Samburu Sub-County Hospital - Kwale	Level 4	2,662,884
137	Ogongo Level 4 Hospital	Level 4	2,605,598
138	Madiany Level 4 Hospital	Level 4	2,594,465
139	Miathene Hospital	Level 4	2,576,859
140	Uyawi Sub-County Level 4 Hospital	Level 4	2,478,324
141	Rabai Sub - County Hospital Level 4	Level 4	2,304,370
142	Bamba Sub - County Hospital Level 4	Level 4	2,237,415
143	Kisau Level 4 Hospital	Level 4	2,219,226
144	Kigumo Level 4 Hospital-Kiambu	Level 4	2,153,986
145	Wesu Sub-County Hospital	Level 4	2,112,951
146	Kyuso Sub-County Hospital	Level 4	2,102,982
147	Lokitaung Sub-County Hospital	Level 4	1,930,000
148	Manga Sub-County Hospital	Level 4	1,922,611
149	Lungalunga Sub-County Hospital	Level 4	1,892,842
150	Mutomo Sub-County Hospital	Level 4	1,831,875
151	Bondeni Sub-County Hospital Level 4	Level 4	1,809,240
152	Athi River Level 4 Hospital	Level 4	1,753,272
153	Ukwala Level 4 Hospital	Level 4	1,744,724
154	Kanyangi Sub-County Hospital	Level 4	1,720,877
155	Kanyangi Sub-County Hospital	Level 4	1,720,877
156	Elwak Sub-County Level 4 Hospital	Level 4	1,680,000
157	Rhamu Sub-County Level 4 Hospital-Mandera County Government	Level 4	1,670,300
158	Kimiti Level 4 Hospital	Level 4	1,536,930
159	Ongata Rongai Sub-County Hospital	Level 4	1,486,000
160	Nuu Sub-County Hospital	Level 4	1,447,825
161	Othaya Sub-County Hospital	Level 4	1,432,500
162	Karatina Sub-County Hospital	Level 4	1,425,619
163	Kauwi Sub-County Hospital	Level 4	1,357,111
164	Tambach Sub-County Hospital	Level 4	1,299,612
165	Kigumo Level 4 Hospital-Muranga	Level 4	1,261,702
166	Marigat Sub-County Hospital	Level 4	1,202,139
167	Subukia Sub-County Hospital	Level 4	1,195,525
168	Tseikuru Level 4 Hospital	Level 4	1,171,453
169	Marafa Sub - County Hospital Level 4	Level 4	1,167,260
170	Masinga Level 4 Hospital	Level 4	1,161,658
171	Mirugi Kariuki Sub-County Hospital Level 4	Level 4	1,136,101
172	Nyathuna Level 4 Hospital	Level 4	1,103,090
173	Mogotio Sub-County Hospital Level 4	Level 4	1,087,915
174	Keringet Level 4 Hospital	Level 4	1,060,716

SNo	Name of Hospital	Level	Amount (Kshs)
175	Imbirikani Level 4 Hospital	Level 4	1,059,915
176	Katulani Level 4 Hospital	Level 4	1,058,854
177	Kapkoros Level 4 Sub-County Hospital	Level 4	1,019,350
178	Mutituni Level 4 Hospital	Level 4	959,921
179	Nyangena Sub-County Hospital	Level 4	891,131
180	Zombe Sub-County Hospital	Level 4	887,440
181	Karatu Level 4 Hospital	Level 4	878,355
182	Kenneth Matiba Eye and Dental Level 4 Hospital	Level 4	863,262
183	Esani Sub-County Hospital	Level 4	830,858
184	Kipkelion Level 4 Sub-County Hospital Kericho County	Level 4	741,155
185	Kombewa Hospital	Level 4	665,757
186	Kayole II Sub-County Hospital	Level 4	655,500
187	Laisamis Level 4 Hospital	Level 4	532,370
188	Lopiding Sub-County Level 4 Hospital	Level 4	510,000
189	Ikanga Sub-County Hospital	Level 4	451,116
190	Mt. Kenya Sub-County Hospital	Level 4	356,529
191	Awendo Sub-County Hospital	Level 4	323,431
192	Isebania Sub-County Hospital	Level 4	321,540
193	Gede Sub - County Hospital Level 4	Level 4	297,760
194	Kabazi Sub-County Hospital	Level 4	274,624
195	Jibana Sub - County Hospital Level 4	Level 4	210,114
196	Kalama Level 4 Hospital	Level 4	195,363
197	Nyamusi Sub-County Hospital	Level 4	162,196
198	Nyandiwa Level 4 Hospital	Level 4	161,300
199	Oyani Sub-County Hospital	Level 4	141,000
200	Othoro Level 4 Hospital	Level 4	135,000
201	Chemolingot Sub-County Hospital	Level 4	126,050
202	Mashuuru Level 4 Hospital	Level 4	100,227
203	Nyangiela Level 4 Hospital	Level 4	100,000
204	Ojola Sub-County Level 4 Hospital	Level 4	80,000
	Total		**14,103,500,087**

Source: Office of the Auditor General

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