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BUDGET CREDIBILITY REPORT FOR THE KISUMU COUNTY HEALTH SECTOR NUTRITION PROGRAMME

FROM FY 2021/22 TO FY 2023/24

Prepared by

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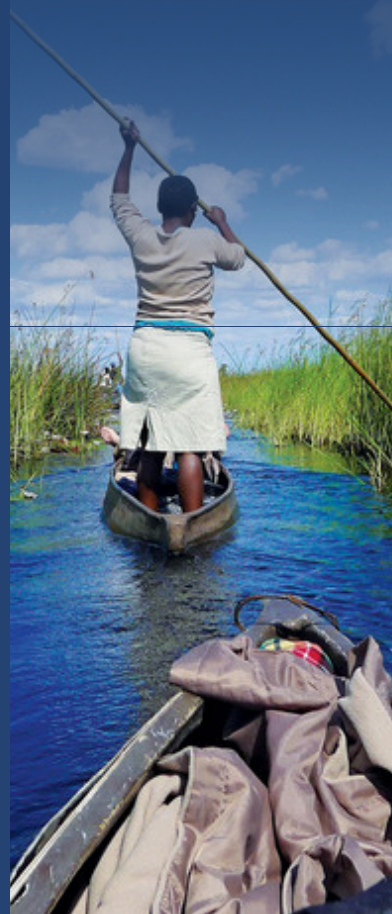


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Acronym

BFCI	Baby Friendly Community Initiative
CBROP	County Budget Review and Outlook Paper
FY	Financial Year
GF	Global Fund
HIV	Human Immunodeficiency Virus
KES	Kenya Shillings
NGOs	Non-Governmental Organizations
OSR	Own Source Revenue
O&M	Operations and Maintenance
PEPFAR	President's Emergency Plan for AIDS Relief
PFM	Public Finance Management
SHA	Social Health Authority
TB	Tuberculosis
USAID	United States Agency for International Development
UNICEF	United Nations Children's Fund

Introduction

Budget credibility refers to the extent to which actual government expenditures align with the approved budget plan. In other words, a credible budget is “executed as planned”. Low credibility often means significant deviations between what was budgeted and what was spent, leading to unfinished projects or pending bills. This analysis reviews Kisumu County’s health sector budgets for FY 2021/22–2023/24, assessing approved versus actual spending, absorption rates, and deviations. Objectives include identifying gaps in execution (especially for nutrition and development programs), understanding causes (e.g., delayed fund releases, procurement issues), and evaluating the impact of donor funding cuts (notably USAID) on health services.

Scope

The focus is on Kisumu’s health department budget (both recurrent and development). We examine FY2021/22 and FY2022/23 in detail (using published budget documents and implementation reports) and draw on the approved FY2023/24 budget for trends. The analysis also includes supplementary budgets (mid-year adjustments) since they can significantly alter original allocations. Nutrition spending is assessed within health (mostly under Preventive/Promotive Health). Donor contributions such as USAID, PEPFAR, UNICEF, and Global Fund to health and nutrition are tracked where data exist, particularly noting recent withdrawals. Data sources include county-approved budget estimates, County Budget Review and Outlook Papers (CBROPs), budget implementation reports, and reputable news reports. Key indicators are: approved vs actual expenditure, absorption rate, and variance reasons.

Methodology

The methodology included a desktop review of budget documents from Kisumu County’s official budget documents (approved estimates, CBROP, budget implementation reports) for FY2021/22–2023/24 and the Controller of Budgets reports. Supplementary estimates (Mid-year budget revisions) were examined to see how approved allocations changed. The research also included a survey of the recent county news and expert reports on donor activity. Data were extracted on approved health budgets and actual spending (by recurrent categories – personnel, operations, and development). Given limited published actuals for FY22/23–23/24, trends are inferred from partial data and stakeholder reports. Key quantitative findings (budgets, spending, and absorption) are cited from budget reports. The report highlights discrepancies (e.g., under-spending on capital projects) and cross-checks with budget narrative (CBROP) comments. Qualitative information on causes (cash delays, procurement bottlenecks) and nutrition and donor context comes from county communications and media.

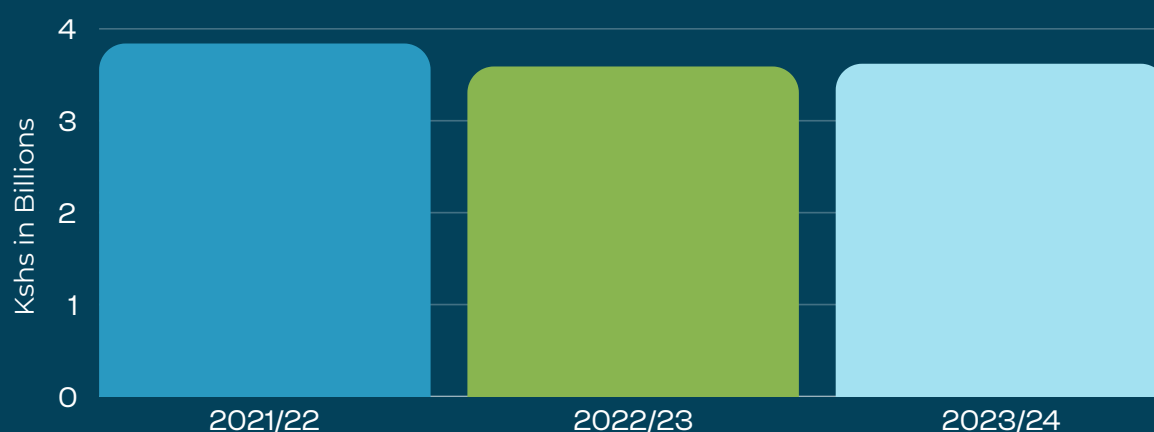
Literature Review: Budget Credibility in Devolution

Budget credibility is a well-recognized issue in Kenyan counties. Studies find that across Kenya, counties typically spend only around 80–90% of their budget, with development spending much lower than planned. In one analysis, Kenya’s social sectors (health, education, etc.) often face under-execution, leading to pending bills and fiscal rule breaches. The Public Finance Management Act even highlights the need for credible budgets and public participation in budget reviews. Our analysis of Kisumu aligns with these broader findings: the health sector shows high recurrent absorption (salaries met) but chronic shortfalls in development projects. This review is consistent with the literature that delays in national transfers, procurement inefficiencies, and wage pressures commonly undermine budget credibility in devolved governments.

Health Budget Trends (FY2021/22 - 2023/24)

Kisumu’s health department has commanded roughly 30–32% of the county’s annual budget. In FY2021/22, the approved health budget was KES 3.8447 billion; FY2022/23 was KES 3.5895 billion; and FY2023/24 was about KES 3.616 billion. These amounts include staff salaries (Personnel), operating costs (O&M), and development (capital) projects. For example, FY2023/24’s breakdown was KES 2.6882 billion (salaries), KES 692.9 million (O&M), and KES 235.2 million (development).

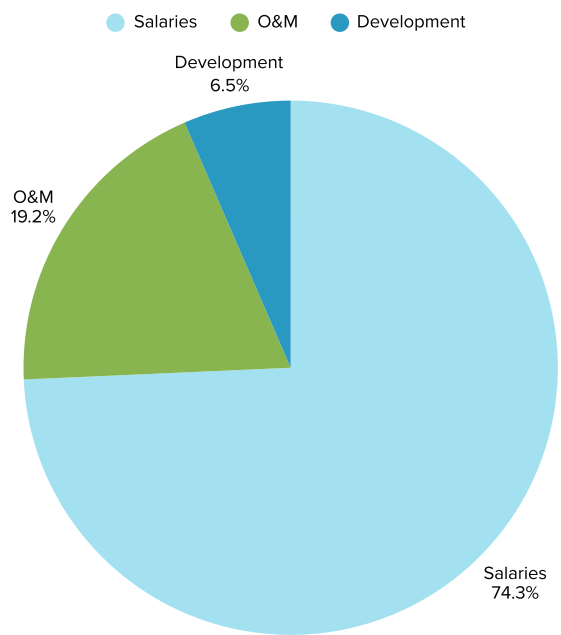
Figure 1: Health Sector Approved Budgets Trends



Source: Approved Budget Estimates FY2021/22 - County Government of Kisumu (Part F: Summary of Expenditure by Programme and Sub-programme)

On a per-year basis, the health budget grew only slightly from 3.845 billion to 3.616 billion over three years. This modest growth is flat to a bit higher by FY2023/2024 and reflects the county’s fiscal envelope. A bar chart of Approved vs Actual budgets, Figure: Health Budget by Year, would show that approved health budgets rose slightly year on year, roughly in line with overall revenues. The main takeaway is that health remains a top funding priority, about one-third of the budget, consistent with national norms

Crucially, actual spending closely tracked allocations in the recurrent categories but lagged sharply in development (capital) spending. In FY2021/22, Kisumu spent KES 3.5711 billion out of the KES 3.8447 billion approved (93% absorption). Breakdown: Personnel Emoluments were spent 100%; O&M 75%; but Development only 28%. In FY2023/24 (first full year of the new administration), preliminary reports indicate 95% total absorption. Anecdotal data suggest recurrent categories reached 98% use, while development reached only 50%. For instance, the CBROP highlighted that development funds “could not be utilized fully” due to planning delays. Overall, the health department consistently spent nearly all its wage bill (so salaries and allowances were fully paid out but left large balances unspent in projects and capital works.

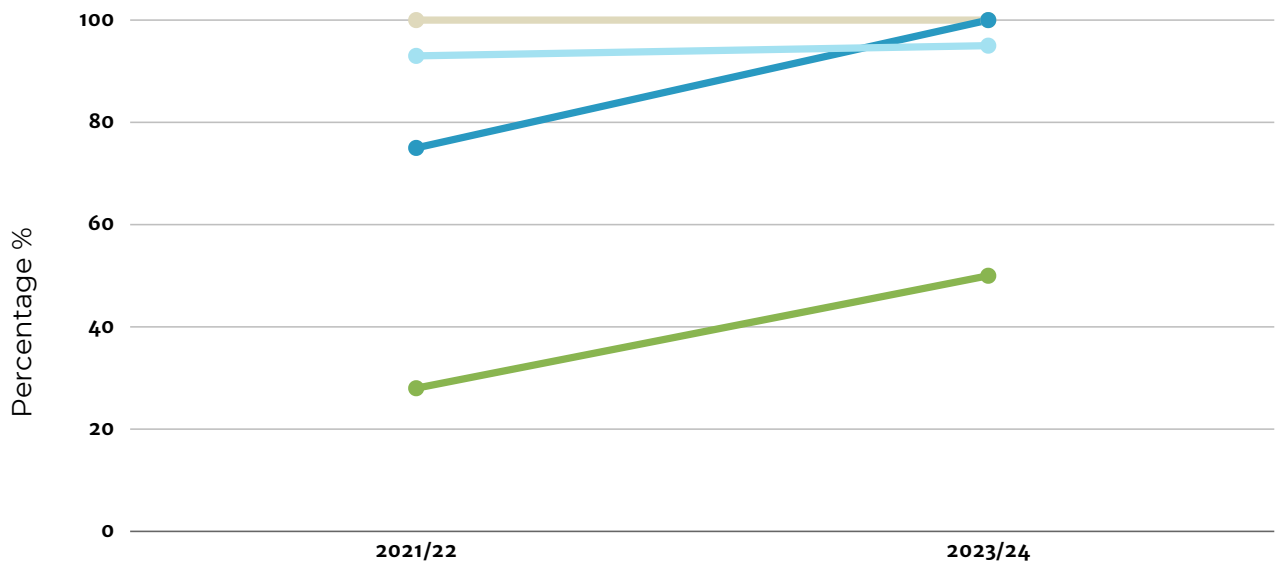


Source: County Government of Kisumu, Approved Programme-Based Budget FY2023/24.

Across FY21/22–23/24, health budget absorption improved slightly from 94%, driven by better overall execution. However, this masks a persistent imbalance: nearly all of the allocated salary budget was expended each year, while over half of the development funds remained idle. In FY2021/22, KES 106.6 million of development funds went unspent. A line chart of absorption rates by category would highlight the high recurrent vs low dev execution each year.

The CBROP and implementation reports note causes of under-execution. National fund disbursements to the county often arrived late, delaying procurements and project start-ups. The County’s finance office has cited the need for better planning and procurement. Moreover, high payroll demands around 85% of the health’s recurrent budget, leaving little flexibility.

This suggests that more strategic budgeting and a stronger finance unit are needed by the county government as per the CBROP. In sum, Kisumu’s health budget execution signals a chronic credibility issue leading to planning projects routinely spilling over or being cancelled because approved development funding cannot be absorbed.

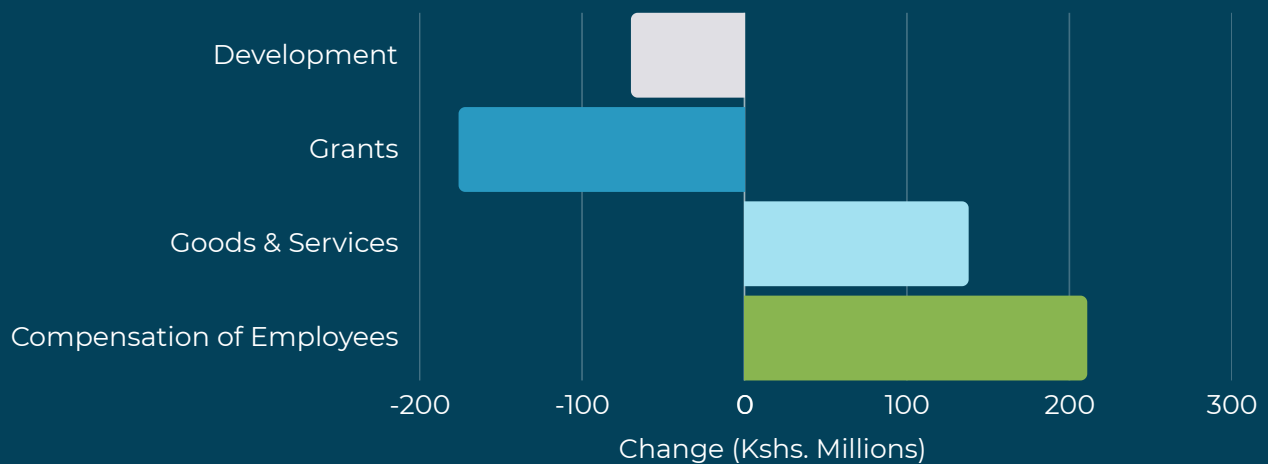


This chart highlights the persistent imbalance between high absorption in recurrent spending (salaries and O&M) versus low development fund absorption. It helps illustrate the structural credibility gap in Kisumu's health budget execution.

Supplementary Budgets and Revisions

Supplementary budgets in Kisumu have further reshaped the health budget. For example, FY2021/22's original approved budget was KES 4.0182 billion, but a mid-year Supplementary Budget revised it down to KES 3.8447 billion. This revision cut KES 173.4 million overall. Notably, supplementary reallocations boosted salaries and trimmed capital spending: Compensation of Employees was increased by KSh211 million, while Goods/Services and Grants were cut by KSh138 million and KSh176 million respectively, and the development Acquisition of Assets was cut by KSh69.9 million. In short, the supplementary exercise shifted resources towards personnel and away from projects. Such mid-year changes are key to credibility as they alter the original budget baseline. The pattern suggests that, in Kisumu, supplementary estimates have been used to align budgets with what is realistically executable, but at the cost of reducing investment.

Figure 2: Kisumu FY2021/22 Supplementary Budget Adjustments by Category



Source: County Government of Kisumu, Supplementary Budget Estimates FY2021/22; Budget Implementation Report FY2021/22.

This chart clearly shows how the supplementary budget reshaped priorities by increasing personnel spending while cutting development and grants. It's a powerful visual for budget credibility and planning discussions

Nutrition Program Financing

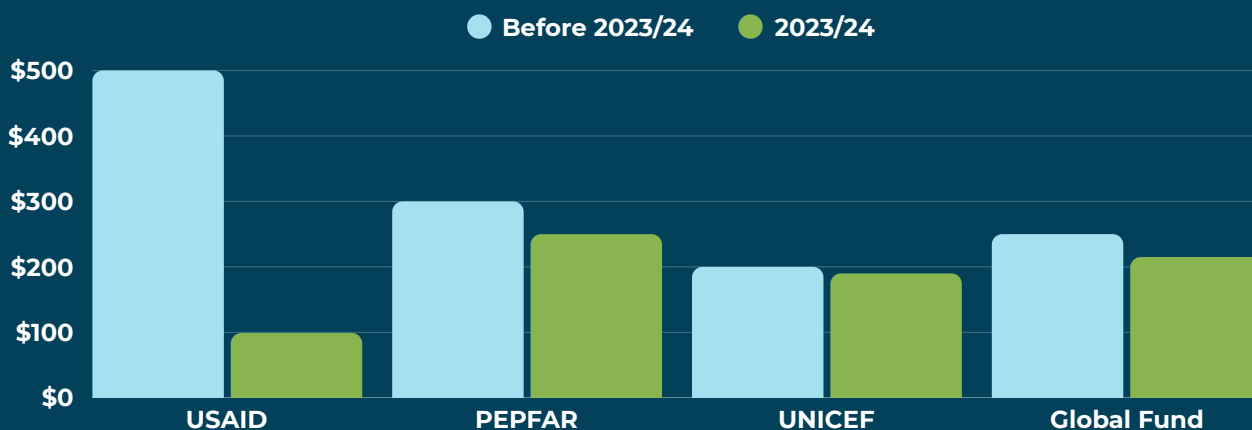
Nutrition services are embedded in the healthbudget but lack a dedicated ring-fenced allocation. Kisumu’s budgets categorize “Nutrition Services” under Preventive/Promotive Health, but no standalone figures are reported in the public documents. In other words, funds for nutrition (maternal/child feeding programs, malnutrition screening, etc.) are blended into larger community health allocations. For example, the FY22/23 budget lists “040302 Nutrition Services – Prevent population malnutrition” as a sub-program, but does not specify a separate line-item. This means tracking of nutrition spending is opaque. In practice, nutrition initiatives have been largely donor-supported: UNICEF and other partners have financed Baby-Friendly Community Initiatives (BFCI) and training for maternal-child nutrition. Kisumu County is actively implementing BFCI in Nyando and other sub-counties (with UNICEF guidance) to improve feeding practices. However, without its own budget, nutrition relies on reallocations or external grants.

County health officials acknowledge malnutrition remains a serious problem: a recent press release reports 3% of Kisumu children are wasted, 9.1% stunted, and 3.5% underweight. To address this, Kisumu has expanded BFCI and plans to provide school feeding with iron-rich beans. But these programs compete for the same limited funds. The lack of a dedicated nutrition line means that if overall health funding falls short, nutrition interventions are vulnerable. In effect, nutrition spending is a credibility issue: its achievements depend on flexible budgeting or donors, not guaranteed county allocations. The UNICEF-backed MIYCN policy provides guidance, but without ring-fencing, the county may need formal budget reforms (e.g., a separate nutrition vote) to ensure promised expenditures actually occur.



Donor Funding Withdrawal & County Response

Figure 3: Donor Funding Trends in the Health Sector



Source: Kisumu County Health Department & Donor Reports (USAID, PEPFAR, UNICEF, Global Fund)

A major shock to budget credibility has been the recent withdrawals of donor funding, especially from USAID. In 2024–25, the U.S. suspended all USAID operations in Kenya, abruptly halting hundreds of health programs nationwide. Kisumu was heavily impacted: county health officials reported that 567 health workers (hired under USAID projects) now must be absorbed onto the county payroll. These include nurses, counselors, and outreach workers in HIV and TB programs. Those staff had been paid by USAID (via PEPFAR/TB grants) and provided services to about 115,000 clients (e.g., key populations, HIV patients). Their sudden funding gap also threatens services: for example, a Kisumu HIV clinic serving 2,000 patients (many in key populations) is facing closure. More broadly, USAID’s exit jeopardized nutrition supplements for HIV patients and maternal health projects. Media reports confirm that health programs supporting maternal health, HIV care, and general primary care are at risk after the USAID pullout. In Kisumu specifically, the closure of targeted clinics (MSM and sex worker outreach) is being offset by merging those services into mainstream facilities or contracting private care.

Kisumu, like other counties, now must find hundreds of millions of shillings locally to replace donor funds. Expert note: Kenya’s health system relies on donors for most HIV/TB/nutrition programs, so these gaps are large. The Kisumu government is drafting measures such as integration of those 567 USAID-funded staff into its payroll, while consolidating clinics into public facilities. Some health services may be shifted to partners (e.g., NGOs with World Bank or GF funding) in the new reorganization process. The county has also proposed mid-year reallocations of its own revenues to health, and is exploring policies such as the Facility Improvement Financing Act to sustain services.

Systemic Issues Affecting Credibility

Beyond specific sector issues, several systemic Public Finance Management (PFM) problems undermine Kisumu’s budget credibility. First, delays in fund releases from the national treasury frequently cause late starts. The CBROP notes that late disbursement of exchequer releases often meant development projects had no funds to commence, leaving large unspent balances by year's end. Relatedly, procurement bottlenecks (complex tender processes, lack of procurement planning) repeatedly push project implementation into the following year. These administrative delays mean that even with an adequate budget, actual spending falls short.

Impact of Revenue Performance on Budget Credibility in Kisumu County

Figure 3: Kisumu County's OSR Target Vs Actual Collections (FY2021/22 - 2023/24)

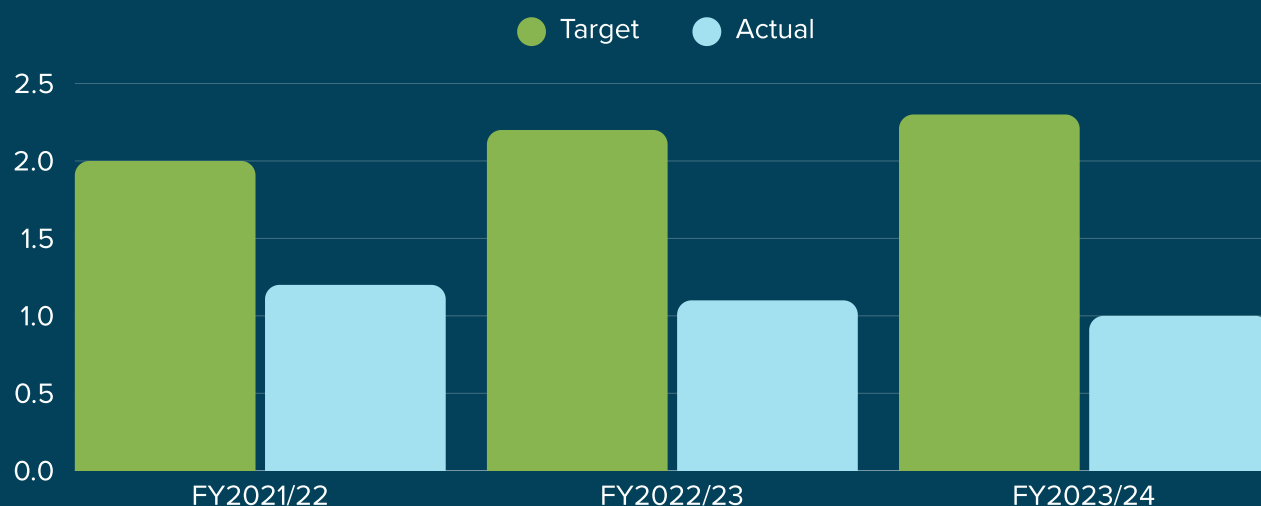
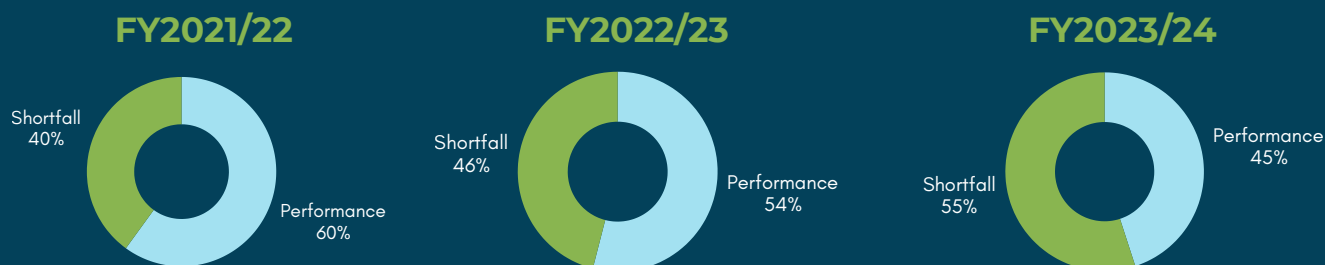


Figure 3: Kisumu County's OSR Target Vs Actual Collections (FY2021/22 - 2023/24)

Figure 5 the Performance vs Shortfall (%) for each year.



Source: Kisumu County Government, Full-Year Budget Implementation Report FY2021/22. kisumu.go.ke

Second, Revenue performance directly shapes the credibility of Kisumu County's budget. Persistent revenue shortfalls undermine the county's ability to implement planned programmes as approved. When projected revenues are not realized, the county is forced to revise priorities, delay procurement, or accumulate pending bills, leading to under-execution of development projects. This weakens public trust in the budget as a tool for service delivery.

Overly optimistic revenue forecasts, coupled with low local revenue mobilization and delayed disbursements from the National Treasury, exacerbate credibility challenges. While recurrent expenditures, especially salaries, remain protected and fully absorbed, development allocations suffer the greatest cuts, signaling a misalignment between planning and actual fiscal capacity.

Overall, weak revenue credibility reduces predictability in financing, distorts implementation of the Annual Development Plan, and limits the county's ability to meet citizen expectations, ultimately eroding the accountability of the budget process.

Third, there is an inherent wage vs projects trade-off: health's recurring wage obligations consume about 85% of its recurrent budget and 25% of total health allocation, which leaves scant resources for capital investments. This imbalance is entrenched by PFM rules: counties must pay salaries, often exceeding the 35% of their own revenues allowed by law, in practice, squeezing development spending. Kisumu's CBROP explicitly called for a stronger finance function and more realistic wage planning to avoid crowding out projects.

Fourth, reporting and transparency gaps hinder accountability. Kisumu's public budget documents do not disaggregate pending bills by department, nor do they separately report nutrition expenditures. Stakeholders note that pending bills are not fully tracked or published, contrary to best practice. Without transparent quarterly reports by program, it is hard for citizens to hold the government accountable. This opacity exacerbates credibility issues, where if promises are not met, the lack of clear performance data makes it difficult to diagnose and remedy shortfalls. In effect, Kisumu's credibility is compromised by common PFM flaws such as misaligned releases, weak procurement capacity, and limited financial disclosure. These issues echo national critiques that poor budget execution breeds pending bills and non-compliance with fiscal rules.

Key Findings from Kisumu Credibility research.



Budget Performance

High recurrent absorption vs low development spending: Personnel costs consistently absorb nearly 100%, while development utilization remains below 50%.



Prioritization of Wages

Supplementary budgets prioritize wages. Mid-year budget adjustments routinely shift funds from development to salaries and operations, undermining capital projects.



Weak Nutrition Financing

Nutrition programs lack a ring-fenced allocation and depend heavily on donors. Without dedicated lines, these services face recurrent funding instability.



Donor Withdrawal

Donor withdrawals destabilize services such as USAID's 2024 suspension forced Kisumu to absorb over 560 health workers and left gaps in HIV, TB, and nutrition programs



Revenue Shortfall

Kisumu's over-optimistic revenue projections and delayed national transfers reduce available funds, especially for development.



Systemic PFM Challenges

Late cash disbursements, procurement delays, and limited transparency persist.

Recommendations

To enhance budget credibility in Kisumu's health sector, we recommend:

01

Transparency & Participatory Budgeting

Publicize detailed budget estimates and execution reports by department/program (including nutrition, maternal health, etc.). Engage local stakeholders in reviewing the CBROP and estimates (as mandated by PFM Act, Sec. 118) so that assumptions are tested, and ownership is built.

02

Improve Procurement Planning

Align the procurement cycle with budget releases. For development projects, ensure bidding and contract awards are completed early in the year so works can commence without delay. Strengthen the County's procurement and project management units (possibly by hiring or training specialized staff) to execute capital projects efficiently.

03

Strengthen Revenue Mobilization

Diversify and increase own-source revenue to reduce dependence on donors. This could involve improving the collection of user fees, property rates, or SHA enrolment. For instance, incentives for SHA registration (particularly among informal sector workers) could unlock additional health funding. Growing the revenue base will give Kisumu more flexibility to cover gaps left by donor exits.

04

Protect & Scale Nutrition

Institutionalize nutrition financing by establishing a protected line item or a county nutrition fund. Explore partnerships with remaining donors (UNICEF, World Bank, Global Fund) specifically for nutrition-related projects. Expand community programs like BFCI and school feeding (notably the fortified beans initiative) with clear local funding commitments. Monitoring malnutrition indicators quarterly can ensure that nutrition outcomes are tracked alongside budget performance.

05

Monitor & Report Performance

Adopt regular tracking metrics. For example, publish quarterly absorption rates for each health sub-program and category. Disclose the status of pending bills and commitments in each report.

06

Coping with Donor Cuts

In the wake of USAID's exit, formalize the integration of donor-funded staff into county payroll with clear positions and performance contracts. Seek transitional funding from national contingency funds for critical services (e.g., HIV clinics. Collaborate with NGOs to maintain outreach programs (perhaps by shifting them into the public health system or contracting community groups).

Conclusion

Kisumu County's health sector has shown mixed budget credibility. On one hand, it consistently spends nearly all its recurrent allocations, especially salaries, reflecting a high commitment to paying staff. Overall absorption 95% is relatively high compared to some counties. On the other hand, the county chronically under-executes its development budget. Only about 28% of health development funds were spent in FY2021/22, a pattern likely repeated in other years. This means that even though health is well-funded on paper, about one-third of the budget, many capital projects, new facilities, and equipment remain uncompleted. Nutrition programs are recognized as priorities (e.g., the Baby-Friendly Initiative), but without a protected budget line, they rely on donors or reallocated funds.

Improving health budget credibility in Kisumu means ensuring allocations translate into spending. Strengthen PFM by timely disbursements and procurement; enhance transparency so stakeholders see where money goes; and safeguard priority areas (nutrition, HIV care) through dedicated funding. With sustained attention to these issues, Kisumu can better match budgets to delivered services, securing health outcomes despite fiscal challenges

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