



**REPUBLIC OF KENYA**



**COUNTY GOVERNMENT OF HOMA BAY**

**DEPARTMENT OF FINANCE AND ECONOMIC  
PLANNING**

**COUNTY BUDGET REVIEW AND OUTLOOK PAPER**

**October, 2024**

## FOREWORD

In compliance with Section 118 of the Public Finance Management Act (PFMA), 2012, I humbly present the 2024 Homa Bay County Budget Review and Outlook Paper (CBROP-2024); a critical blueprint that shapes our financial future while reflecting on our fiscal journey over the past year. This paper not only reviews the fiscal performance of the FY 2023/24 but also lays out the economic and financial forecasts that will steer our county's growth trajectory. As a government committed to transparency, accountability, and sustainable development, this document sets the tone for effective budgeting, resource mobilization and allocation, and compliance with fiscal responsibility principles.

The FY2023/24 was a defining moment for Homa Bay County. We navigated through challenges and seized opportunities to enhance effective service delivery. Our revised budget stood at **KSh. 11,167,226,300**, which represented a significant 10.79% growth from the **KSh. 10,079,114,198** in FY 2022/23. To finance this budget estimate, we had projected to received **KSh. 8,128,387,250** from the equitable share of revenue from the National Government, **KSh. 1,392,206,351** from our own sources (both ordinary and A-In-A), **KSh. 1,372,154,607** from loans and conditional grants, Share of Equalizations funds of **KSh. 131,603,304** and unspent cash balance of **KSh. 142,874,787** from the FY 2022/23.

Generally, our fiscal performance was commendable, despite inevitable political, social, economic and environmental challenges experienced. We received **KSh. 7,626,705,709**, excluding the June capitation, as our equitable share of national revenue, representing a turnout of 94%. From our internal revenue sources, we generated **KSh. 1,200,495,831** (Consisting of Appropriation-In-Aid from Health **KSh. 841,232,651**; Ordinary OSR **KSh. 359,263,180**) against a target **KSh. 1,392,206,352**, representing a turnout of 86% of the target. Conditional grants received amounted to **KSh. 999,314,288** against a target of **KSh. 1,372,154,607**, represents a turnout of 73%.

Regarding county expenditures for the FY2023/24, **KSh. 6,054,995,717** was utilized for recurrent expenses against an approved budget of **KSh. 7,659,925,512**, which represent 79% absorption rate. On the other hand, **KSh. 3,025,193,358** was incurred on development projects

against a budgeted amount of **KSh. 3,507,300,788** which represents 86% absorption rate. These figures reflect our firm commitment to fiscal discipline, ensuring that we maximize the value for every coin received by Homa Bay County.

As we look forward to FY 2025/26, we project a total revenue of **KSh. 11,023,318,604**, which is expected to be expensed as on recurrent at **KSh. 8,100,201,064** and **KSh. 3,473,279,810** for development programs. The projected budget reflects a strategic balance between sustaining current operations and pushing forward with transformative development that will uplift our county's socioeconomic standing in compliance with the various provisions of the laws governing public resources. Therefore, this policy document, we renew our commitment to delivering on our mandate for realizing sustainable socio-economic developments for improving the livelihoods and wellbeing of the people of Homa Bay County.

**SOLOMON OBIERO,**

**CECM - FINANCE AND ECONOMIC PLANNING**

**COUNTY GOVERNMENT OF HOMA BAY**

## **ACKNOWLEDGEMENT**

The preparation of the 2024 Homa Bay County Budget Review and Outlook Paper (CBROP 2024) is a testament to our unwavering dedication and collaborative spirit. This document represents our commitment to fiscal transparency and responsibility, as it serves as a strategic blueprint for sustainable development that addresses the pressing needs of our community.

First, I extend my deepest gratitude to Her Excellency, Hon. Gladys Nyasuna Wanga, E.G.H. the Governor of Homa Bay County, and His Excellency, Hon. Joseph Oyugi Magwanga, the Deputy Governor of Homa Bay County for their transformational leadership and steadfast commitment to transformative governance. Their visionary approach inspires us all to pursue excellence and accountability.

The CBROP 2024 reflects her relentless drive for progress, laying the groundwork for a brighter, more prosperous future for the people of Homa Bay County. Besides, special thanks is extended to the County Executive Committee Member for Finance and Economic Planning, Hon. Solomon Obiero, whose strategic leadership has been crucial in shaping our fiscal responsibilities.

Further, I extend my sincere appreciation all the County Executive Committee Members, Chief Officers, Directors, and Technical Officers from all our county entities for their unwavering support and strategic guidance, hence contributing to the successful development of this important policy document. In particular, I am heartfelt appreciation to our staff from the Directorate of Economic Planning and Budget, for coordinating the technical works towards the development of the Homa Bay CBROP 2024.

**LAWRENCE SMITH,**

**AG. CHIEF OFFICER - ECONOMIC PLANNING & BUDGET**

**COUNTY GOVERNMENT OF HOMA BAY**

## EXECUTIVE SUMMARY

The 2024 Homa Bay County Budget Review and Outlook Paper (CBROP) is prepared in accordance with Section 118 of the Public Finance Management Act (PFMA), 2012. This document serves as a critical tool for shaping the county's financial strategy by evaluating fiscal performance in the 2023/24 financial year and providing projections for future economic growth. It lays the foundation for transparent and accountable governance while ensuring that budgetary decisions reflect the county's development priorities. Through this CBROP, we aim to align our financial plans with the broader objectives of fostering inclusive growth, promoting fiscal discipline, and enhancing service delivery to the people of Homa Bay County.

The CBROP is structured into five distinct sections. Section One provides background information, explaining the objectives and significance of the CBROP and offering an overview of its structure. The primary objective of the CBROP is to review fiscal performance over the past financial year, analyze its impact on the county's financial objectives set in the County Fiscal Strategy Paper (CFSP), and offer a forward-looking outlook for the county's fiscal policy. This document plays a vital role in guiding budgetary allocation and aligning resources to meet both current needs and future aspirations, all while adhering to the principles of fiscal responsibility.

Section Two offers a detailed review of the county's fiscal performance during the 2023/24 financial year. The county's revised budget for the fiscal year stood at **KSh. 11,167,226,300**, a 10.79% increase from the previous year's **KSh. 10,079,114,198**. Revenue streams were primarily drawn from the equitable share of national revenue amounting to **Ksh 8,128,387,250** (72.9%), internal revenue sources amounting to **Ksh 1,392,206,351** (12.4%) loans, and conditional grants of **KSh. 1,372,154,607** (13.46%), Share of equalization fund amounting to **Ksh 131,603,304** and **Ksh. 142,874,787** (1.2%) as balance brought from the previous year.

The county achieved 94% of its equitable share revenue target (**Ksh. 7,626,705,709**) and 86% of its own-source revenue target (**Ksh. 1,200,495,831**), with notable contributions from health services, which generated **KSh. 841,232,651** as Appropriation-In-Aid (AIA). Despite these successes, development expenditure fell slightly short, achieving 86% (**Ksh. 3,026,219,505**) of

the budgeted Estimates of **Kshs. 3,507,300,808**. Nevertheless, this performance demonstrates the county's commitment to fiscal discipline and efficiency in managing resources for the benefit of its citizens.

Section Three highlights recent economic developments and provides an updated macroeconomic outlook for Homa Bay County. The global economic context, marked by challenges such as inflationary pressures, the Russia-Ukraine conflict, and tighter global financial conditions, continues to affect local economies, including Kenya. However, Kenya's economy remains relatively stable, with moderate growth projections of 5.2% for 2024 and 5.4% for 2025. The county's economic outlook is optimistic, driven by its strategic focus on diversifying sectors such as agriculture, rural development, education, health, and ICT. As the county navigates global uncertainties, these sectors will be pivotal in supporting sustained growth and improving the livelihoods of its residents.

Section Four outlines the medium-term fiscal framework, emphasizing the importance of revising the current budget to ensure that resources are optimally allocated to priority sectors. The county's projected budget Estimates for FY2025/26 is **KSh. 11,223,318,604** comprising of **Ksh 8,441,255,975** as Equitable Share, **Ksh. 1,007,902,009** as Conditional grants, **Ksh. 1,639,426,986** own source revenue and **Ksh. 134,763,634** as Share of Equalization fund.

The overall expenditure is projected at **Ksh. 11,223,318,604** with **KSh. 7,606,089,837** allocated to recurrent expenditure and **KSh. 3,617,228,767** set aside for development initiatives. This balanced approach is designed to maintain the momentum of ongoing development projects while sustaining the efficient operation of county services. The resource allocation framework is rooted in the county's commitment to driving growth, promoting equity, and ensuring that the benefits of development are felt across all wards.

Finally, Section Five concludes the CBROP by recommending the next steps towards achieving the financial objectives for FY 2025/26. The document calls for continued collaboration between county departments, the county assembly, and other stakeholders to ensure that fiscal planning remains responsive to emerging challenges and opportunities.

By adhering to the principles of fiscal responsibility and aligning budgetary allocations with development goals, Homa Bay County is well-positioned to achieve its vision of sustainable prosperity for all its citizens.

The 2024 CBROP underscores the county's commitment to fiscal prudence, transparency, and growth, while laying out a clear roadmap for the future. It provides the strategic direction needed to guide the county's budgeting process and ensure that resources are allocated in a manner that maximizes impact and fosters development. As the county moves forward, this document will serve as a key reference point for financial planning, helping to ensure that the goals set for FY 2025/26 are achieved and that the people of Homa Bay County continue to benefit from prudent and effective financial management.

## TABLE OF CONTENTS

<b>FOREWORD .....</b>	<b>i</b>
<b>ACKNOWLEDGEMENT .....</b>	<b>iii</b>
<b>EXECUTIVE SUMMARY .....</b>	<b>iv</b>
<b>TABLE OF CONTENTS .....</b>	<b>vii</b>
<b>ABBREVIATIONS AND ACRONYMS .....</b>	<b>ix</b>
<b>LIST OF TABLES AND FIGURES .....</b>	<b>xi</b>
List of Tables.....	xi
List of Figures .....	xi
<b>1.0 INTRODUCTION.....</b>	<b>1</b>
1.1 Background.....	1
1.2 Objectives of the 2024 CBROP .....	2
1.3 Significance of CBROP.....	3
1.4 Structure of the CBROP 2024.....	3
<b>2.0. REVIEW OF THE FY 2022/23 FISCAL PERFORMANCE .....</b>	<b>4</b>
2.1 Overview of the budget FY 2023/24 .....	4
2.2 County Revenue Performance Review .....	4
2.2.1 Equitable Share of Revenue .....	6
2.2.2 Own Source Revenue (OSR).....	7
2.2.3 Conditional Grants Source: .....	12
2.2.4 Other Receipts.....	14
2.3 County Expenditures Performance Review .....	14
2.3.1 Recurrent Expenditure. ....	15
2.3.2 Development Expenditure. ....	17
2.3.4 Summary of Expenditure by Broad Economic Classification.....	18
2.4 Budget Outturn for the FY 2023/2024.....	19
2.5 Fiscal Pressures, Debts and Deficits/Surplus.....	25
2.6 Analysis of Departmental Performance.....	27
2.6.1 Department of Finance and Economic Planning.....	27
2.6.2 County Public Service Board.....	28
2.6.3 County Assembly Service Board.....	28
2.6.4 Homa Bay Municipal Board.....	29
2.6.5 Office of The Deputy Governor and Department of Agriculture and Livestock.....	29
2.6.6 Department of Gender Equality and Inclusivity, Youth, Sports, Talent Development, Cultural Heritage and Social Services.....	30
2.6.7 Department of Roads, Public Works, Transport and Infrastructure.....	30
2.6.8 Department of Blue Economy, Fisheries, Mining and Digital Economy.....	31
2.6.9 Department of Education, Human Capital Development and Vocational Training.....	32
2.6.10 Department of Public Health and Medical Services.....	33
2.6.11 Department of Lands, Housing, Urban Development and Physical Planning.....	34
2.6.12 Department of Trade, Industry, Tourism, Cooperative Development and Marketing.....	35
2.6.13 Department of Water, Sanitation, Irrigation, Environment, Energy and Climate Change.....	35
2.6.14: Department of Governance, Administration, Communication and Devolution.....	37
2.6.15 The Executive Office of the Governor.....	38
2.6.16 Kendubay Municipal Board.....	38
2.6.17 Mbita Municipal Board .....	39
2.6.18 Ndhiwa Municipal Board .....	39
2.6.19 Oyugis Municipal Board.....	40
<b>3.0. MACROECONOMIC DEVELOPMENTS AND OUTLOOK .....</b>	<b>42</b>



3.1 Overview .....	42
3.2. Fundamental Economic Developments .....	43
3.2.1 Inflation Rate .....	43
3.2.2 Kenya Shilling Exchange Rate.....	44
3.2.3 Domestic Employment.....	45
3.3 Economic Outlook .....	47
3.3.1 National Economic Outlook.....	47
3.3.2 County Economic Outlook .....	48
3.4 Fiscal Policy .....	49
3.4.1 Revenue policy .....	49
3.4.3 Deficit Financing policy .....	51
3.5 Risks to Economic outlook .....	51
3.5.1 Risks to the National Economic Outlook .....	51
<b>4.0 RESOURCE ALLOCATION FRAMEWORK.....</b>	<b>53</b>
4.1 Implementation of the FY 2024/25 Budget.....	53
4.2 Fiscal Policy for the FY 2025/26 and the Medium Term .....	53
4.2.1 Incentivizing Economic Growth.....	54
4.2.2 Upholding Fiscal Responsibility.....	54
4.2.3 Enhancing Revenue Mobilization .....	55
4.2.4 Improving Risk Management .....	55
4.3 FY 2025/26 Fiscal Projections.....	55
4.4 FY2025/26 and Medium-Term Budget Framework .....	56
4.5 Resource Allocation Criteria.....	57
4.6 Expenditure Allocation by Spending Entity .....	58
<b>5.0 CONCLUSION AND WAY FORWARD .....</b>	<b>61</b>

## ABBREVIATIONS AND ACRONYMS

A-I-A	Appropriations in Aid
ARUD	Agriculture Rural and Urban Development
ASDSP	Agricultural Sector Development Support Programme
CBK	Central Bank of Kenya
CBR	Central Bank Rate
BETA	Bottom-Up Economic Transformation Agenda
CADP	County Annual Development Plan
CAIP	County Aggregated Industrial Parks Programme
CARA	County Allocation Revenue Act
CBROP	County Budget Review and Outlook Paper
CCIS	Chambers of Commerce and Industry
CDMSP	County Debt Management Strategy Paper
CEC	County Executive Committee
CECMs	County Executive Committee Members
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
DANIDA	Danish Development Agency
EAC	East African Community
EIICT	Energy, Infrastructure and Information Communication Technology
EYE	Early Year Education
FDI	Foreign Direct Investment
FIF	Facility Improvement Fund
FY	Financial Year
GECA	General Economics and Commercial Affairs
HBCTRH	Homa Bay County Teaching and Referral Hospital
ICT	Information, Communication and Technology
IFMIS	Integrated financial management system
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
KShs	Kenya Shillings
KISIP	Kenya Informal Settlement Improvement Project
MCA	Member of County Assembly
NARIG	National Agriculture and Rural Inclusive Growth
NAVCDP	National Value Chain Development Project
MTEF	Medium Term Expenditure Framework

OSR	Own Source Revenue
PFMA	Public Finance Management Act
POS	Point of Sale
PPP	Public Private Partnership
Q	Quarter
SBP	Single Business Permit
SACCO's	Savings and Credit Cooperatives
SGBV	Sexual Gender Based Violence
SHIF	Social Hospital Insurance Fund
SMEs	Small and Medium Enterprises
TCR	Total County Revenue
UDG	Urban Development Grant
UIG	Urban Institutional Grant
VET	Vocational Education and Training
VTC	Vocational Training Centres

## LIST OF TABLES AND FIGURES

### List of Tables

Table 1 County Revenue Performance by Source FY2023/24 .....	4
Table 2 Own Source Revenue Performance by Stream per Quarter .....	7
Table 3 Top Performing Own Source Revenue Streams in the FY 2023/24.....	11
Table 4 Conditional Grants Performance FY2023/24.....	12
Table 5 Breakdown of Recurrent Expenditure by Spending Entities.....	16
Table 6 Breakdown of Development Expenditure by Spending Entities .....	17
Table 7 Breakdown of Actual Expenditure by Economic Classification .....	19
Table 8 Budget Outturn for the FY2023/24 .....	20
Table 9 Summary of the absorption rates by the county spending entities FY2023/24 .....	23
Table 10 Stock of Pending Bills FY 2023/2024. ....	26
Table 11 Table Global Economy Performance .....	42
Table 12 FY 2025/26 Indicative ceilings by spending entities .....	59

### List of Figures

Figure 1: Quarterly Exchequer Receipts from the National Government .....	6
Figure 2 Trend in OSR Revenue Collection against the Target FY2021-FY2023/24 .....	10
Figure 3 Own Source Revenue Performance against Target (FY 2022/23 – 2023/24).....	11
Figure 4 Conditional Performances against the target FY2021/22-FY2023/24.....	13
Figure 5 Expenditure Performance against the target FY2021/22-FY2023/24.....	15
Figure 6 Budget Outturn Analysis FY2021/22-FY2023/24.....	21
Figure 7 Top spenders county Departments.....	22
Figure 8 Rate of Absorption by Spending Entities FY2023/24 .....	22
Figure 9 Pending Bills Analysis FY2021/22-FY2023/24 .....	27
Figure 10 Kenya Shillings Rate .....	45

## 1.0 INTRODUCTION

### 1.1 Background

1. The County Budget Review and Outlook Paper (CBROP) is prepared in accordance with Section 118 of the Public Finance Management Act (PFMA), 2012. The Act requires
  - a) The County Treasury to:
    - i. Prepare a CBROP for each financial year, and
    - ii. Submit it to the County Executive Committee by September 30th of that year.
  - b) In formulating the CBROP, the County Treasury must:
    - i. Review the actual fiscal performance of the previous year against the budget appropriation,
    - ii. Provide updated economic and financial forecasts, highlighting any changes from those in the latest County Fiscal Strategy Paper (CFSP).
    - iii. Present information on any forecast adjustments compared to the CFSP, and how actual financial performance impacts compliance with fiscal responsibility principles or financial objectives for that year.
  - c) The County Executive Committee must consider and approve the CBROP, with or without amendments, within fourteen days of its submission.
  - d) Within seven days of approval by the County Executive Committee, the County Treasury must:
    - i. Lay the CBROP before the County Assembly, and
    - ii. Publish and publicize the paper as soon as practicable thereafter.
2. The CBROP is typically submitted to the County Assembly by October 21st and made publicly available. It serves as a year-end report, reviewing the budget performance of the previous financial year, 2023/24, and offering insights into the successes and challenges of its implementation. Prepared roughly three months after the close of the fiscal year, it also provides an update on the county's fiscal position for the first quarter of the current financial year.

3. In February, the County Government issues the County Fiscal Strategy Paper, outlining financial projections for the coming year. Six months later, the CBROP evaluates the accuracy of those projections. The CBROP summarizes the county's revenue collection and sectoral program expenditures for FY2023/24, identifying any significant deviations and making recommendations for correction. It also presents financial forecasts to establish the fiscal framework for the coming year and medium term.
4. A crucial function of the CBROP is to set the provisional sector ceilings for the next financial year, which guide sector hearings between November and January. These ceilings are finalized and published in February in the County Fiscal Strategy Paper.
5. The 2024 CBROP provides a review of the fiscal performance for FY 2023/24, updates on national macroeconomic and fiscal forecasts influencing the county's fiscal framework, deviations from the CFSP 2024, and indicative sector ceilings for the FY 2025/26 budget and the medium term. These ceilings initiate the budget preparation process for FY 2025/26, to be revised and confirmed in the CFSP 2025.

#### 1.2 Objectives of the 2024 CBROP

6. The CBROP 2024 will serve the following purposes;
  - Providing an update on the county government's fiscal position for the first quarter of the current financial year 2024/2025 which provides the basis for revising the current budget and fiscal framework as contained in the 2024 CFSP.
  - Providing an assessment of actual budget performance for the FY 2023/24 compared to the budgetary appropriation for that financial year and further shows how this has affected the economic performance of the county;
  - Providing an updated economic and financial forecast with sufficient information to show changes from the forecasts in the 2024 County Fiscal Strategy Paper and giving reasons for any deviation from the county's financial objectives as set out in that CFSP together with the proposals to address the deviation and the time estimated for doing so.
  - Finally, it will set indicative budget ceilings that will be distributed to different sectors for the next financial year 2025/26

### 1.3 Significance of CBROP

7. The paper is a policy document that links planning with budgeting. It is critical in the budget making process within the Medium-Term Expenditure Framework (MTEF). It ensures that the County Government reviews its previous year's performance as it also guarantees that the County Government makes forecasts based on both the County and the national economic outlook and their likely impact on the level of future revenues and prompts the County Government to set preliminary sector ceilings in light of this review of revenue.

### 1.4 Structure of the CBROP 2024

8. This CBROP 2024 has been organized into five sections, namely;
  - Section one that provides the background information on CBROP, explains the objectives of the CBROP, explains the significance of CBROP and expounds on the structure of the document;
  - Section two that provides a review of the county's fiscal performance during the FY 2023/24 and the effect of that performance on the financial objectives of the county set out in the CFSP 2024;
  - Section three that provides a brief highlight of the recent economic developments and the county's updated macroeconomic outlook;
  - Section four that provides the medium-term fiscal framework including the resource allocation framework, the need to revise the current budget; and
  - Section five that provides the conclusion and recommends the next steps towards achieving the financial objectives of FY 2025/26.

## 2.0. REVIEW OF THE FY 2022/23 FISCAL PERFORMANCE

### 2.1 Overview of the budget FY 2023/24

9. During the financial year under review, the County Government had an overall revised budget of **KSh. 11,167,226,300** compared to **KSh. 10,079,114,198** for the **FY2022/23**, representing a **10.79%** growth. In order to finance the budget for **FY 2023/24**, the County expected to receive **KSh. 8,128,387,250** (72.9%) as equitable shares of revenue raised nationally, generate **KSh. 1,392,206,351** (12.4%) from its own sources of revenue, and use a cash balance of **KSh. 142,874,787** (1.2%) from **FY 2022/23**. The County also expected to receive **KSh. 1,372,154,607** (13.46%) in loans and conditional grants from various development partners.

### 2.2 County Revenue Performance Review

10. In the FY2023/24, the County received **Kshs.9.97 billion** comprising **Kshs 7.63 billion** as equitable share of the revenue raised nationally, **Kshs.999.31 million** as additional allocations/conditional grants, a cash balance of **Kshs.142.87 million** from FY 2022/23 and raised **Kshs.1.20 billion** as own-source revenue (OSR). The raised OSR includes **Kshs.841.23 million** as Appropriation in Aid/Facility Improvement Fund (AIA/FIF) and **Kshs. 359.26 million** as ordinary own source revenue.

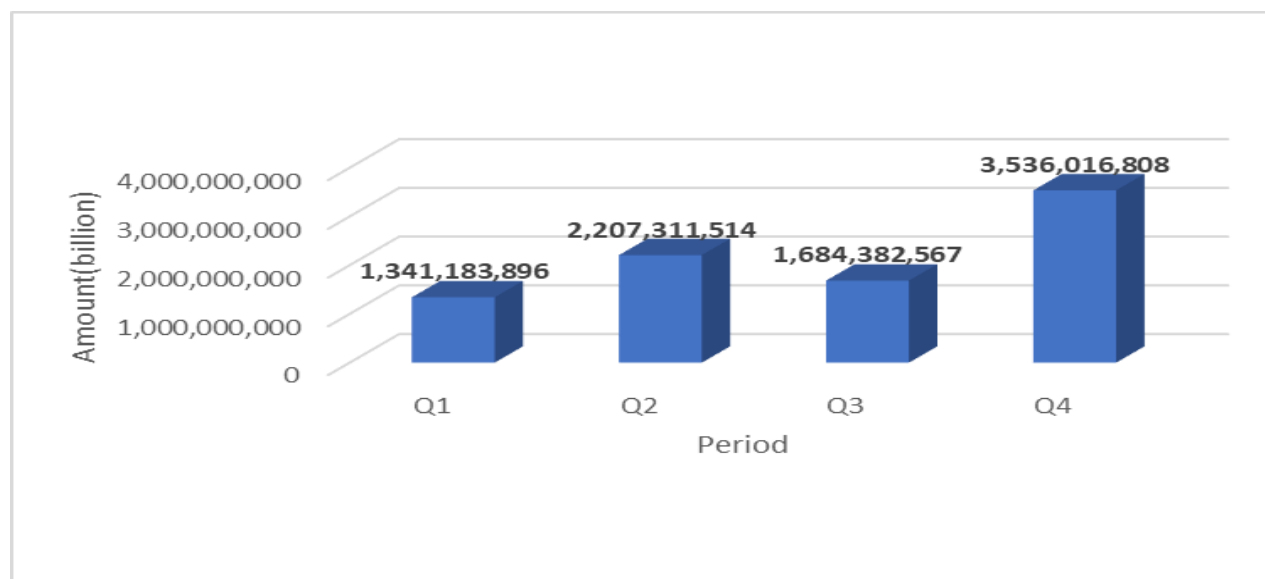
*Table 1 County Revenue Performance by Source FY2023/24*

Revenue Source	Annual Budget Allocation (KSh.)	Actual Receipts (KSh.)	Performance (%)	Deficit/Surplus
Equitable Share	8,128,387,250	7,626,705,709	94%	-501,681,541
<b>Conditional Grants</b>				
National Agriculture and Rural Inclusive Growth Project (NARIG)	5,000,000	4,374,252	87.50%	-625,748
National Value Chain Development Project (NAVCDP)	200,000,000	199,803,473	99.90%	-196,527
Provision of Fertilizer Subsidies	165,917,803	-	0.00%	-165,917,803
Aquaculture Business Development Programme	12,909,422	-	0.00%	-12,909,422



Livestock Value Chain Support Project	14,323,680	-	0.00%	-14,323,680
Agricultural Sector Development Support Programme (ASDSP)	3,159,580	3,159,580	100.00%	-
DANIDA/ Primary Health Care Project	25,520,063	25,520,063	100.00%	-
Financing Locally-Led Climate Actions Programme (CCIS)	11,000,000	-	0.00%	-11,000,000
Financing Locally-Led Climate Actions Programme	251,984,144	241,617,006	95.90%	-10,367,138
Kenya Informal Settlements Improvement Programme	463,000,000	460,000,000	99.40%	-3,000,000
Kenya Urban Support Programme-UIG	1,145,356	1,145,355	100.00%	-1
County Aggregated Industrial Parks Programme (CAIP)	217,000,000	62,500,000	28.80%	-154,500,000
Kenya Urban Support Programme-UDG	1,194,559	1,194,559	100.00%	-
<b>Sub Total</b>	<b>1,372,154,607</b>	<b>999,314,288</b>	<b>72.80%</b>	<b>-372,840,319</b>
<b>Own Source Revenue</b>				
Ordinary Own Source Revenue	341,139,710	359,263,180	<b>105.30%</b>	18,123,470
Appropriation in Aid (A-I-A)/Facility Improvement Fund (FIF)	1,051,066,642	841,232,651	<b>80.00%</b>	-209,833,991
<b>Sub Total</b>	<b>1,392,206,352</b>	<b>1,200,495,831</b>	<b>86.20%</b>	<b>-191,710,521</b>
<b>Other Revenue Sources</b>				
Balance brought forward FY2022/23	142,874,788	142,874,788	<b>100.00%</b>	-
Share of Equalization funds	131,603,304	-	<b>0.00%</b>	-131,603,304
<b>Sub Total</b>	<b>274,478,092</b>	<b>142,874,788</b>	<b>52.10%</b>	<b>-131,603,304</b>
<b>GRAND TOTAL</b>	<b>11,167,226,301</b>	<b>9,969,390,616</b>	<b>89.30%</b>	<b>-1,197,835,685</b>

Figure 1: Quarterly Exchequer Receipts from the National Government



### 2.2.1 Equitable Share of Revenue

11. The County Government of Homa Bay received **KShs 7,626,705,709** the Equitable share of Revenue for 2023-2024 (CARA, 2022) representing **68.29%** of the total resource envelope.
12. The County Government continues to record an overreliance on exchequer releases, a trend that is being addressed through enhancement of own source revenue collections. The bulk of the receipts **KSh. 2,767,782,666** (36%) came in the final quarter of the year (Q4) while **KSh. 501,016,541** in the reporting period. These delays in disbursement of exchequer continue to negatively impact service delivery and county government operations including payment of staff salaries as well as execution of county development agenda.

### 2.2.2 Own Source Revenue (OSR)

13. In the period under review, the County generated a total of **KSh.1.20 billion** from its own source of revenue against a target of **KSh. 1.30 billion**. The Health Sector Appropriation in Aid (AIA)/Facility Improvement Fund (FIF) amounted to **KSh. 841.23 million** that is (70%) of the overall OSR in the reporting period while **KSh. 359.26 million** (30%) was generated from Ordinary Own Source Revenue.

14. The top performing ordinary revenue streams includes Singles Business Permits, Natural Resources Road fees, Bus Parking fees and Market Dues contributing to 68% of the total OSR.

*Table 2 Own Source Revenue Performance by Stream per Quarter*

Revenue Streams/Income Sources	Approved Supplementary Estimates II (FY2023/24)	Actual Revenue Q1 (July-Sept 2023)	Actual Revenue Q2 (Oct-Dec 2023)	Actual Revenue Q3 (Jan-Mar 2024)	Actual Revenue Q4 (Apr-May 2024)	Actual Revenue Cumulative	VARIANCEE
Land Rates/Plot Rent	9,353,870	1,281,296	1,141,581	3,143,238	2,781,711	8,347,826	-1,006,044
Land Transfers/Sales/Change of Use	216,100	166,500	94,000	572,600	623,400	1,456,500	1,240,400
Lease Charges/Consent/Transfers	2,993,740	10,000	2,247,625	39,300	9,000	2,305,925	-687,815
Land/Ground rents	3,813,900	725,000	537,580	419,610	564,400	2,246,590	-1,567,310
Single Business Permit	86,361,970	7,191,995	2,509,388	55,616,322	34,015,461	99,333,166	12,971,196
Market Dues	38,931,210	8,803,648	10,694,698	11,014,947	10,134,821	40,648,114	1,716,904
Approval plans/Transfers/Certificates	4,785,300	935,379	982,500	2,779,300	2,582,700	7,279,879	2,494,579

Housing Fees (Rents)	<b>1,968,800</b>	490,900	221,700	163,600	246,500	<b>1,122,700</b>	-846,100
Fish Cess	<b>11,926,669</b>	1,642,781	2,397,035	2,493,206	2,589,360	<b>9,122,382</b>	-2,804,287
Other Cess Income	<b>17,331,489</b>	3,313,998	4,514,904	3,031,432	1,285,714	<b>12,146,048</b>	-5,185,441
Taxi /Motorbike Fees	<b>7,852,740</b>	1,365,113	2,053,641	1,883,275	1,819,810	<b>7,121,839</b>	-730,901
Site Value Rates	<b>115,343</b>	-	-	28,800	6,400	<b>35,200</b>	-80,143
Stall /Kiosk Rents	<b>9,698,200</b>	3,406,458	3,195,362	1,604,810	2,326,150	<b>10,532,780</b>	834,580
Slaughter House Fees	<b>2,630,306.00</b>	460,474	421,621	441,700	431,710	<b>1,755,505</b>	-874,801
Stock Auction Fees (Cattle/Goat/sheep)	<b>5,138,480</b>	1,405,950	1,804,930	1,792,420	1,324,920	<b>6,328,220</b>	1,189,740
Stock Movement Fees	<b>944,250</b>	5,150	2,700	17,435	36,200	<b>61,485</b>	-882,765
Veterinary Charges (Meat Inspection)	<b>1,137,970</b>	298,161	272,755	396,551	365,650	<b>1,333,117</b>	195,147
Advertising /Bill Board	<b>14,528,643</b>	1,476,142	103,100	5,694,831	3,268,980	<b>10,543,053</b>	-3,985,590
Landing Fees (Boats, Ferry, water bus)	<b>132,150</b>	28,900	32,200	30,150	19,800	<b>111,050</b>	-21,100
Bus Park Fees	<b>41,831,108</b>	9,307,501	12,602,354	12,951,886	11,922,890	<b>46,784,631</b>	4,953,523
Liquor Licencing	<b>12,750,600</b>	365,500	2,142,961	2,326,850	6,311,025	<b>11,146,336</b>	-1,604,264
Search and clearance certificates	<b>223,600</b>	500	30,000	74,000	26,500	<b>131,000</b>	-92,600
Noise Pollution Fees	<b>601,844</b>	123,020	134,200	94,900	61,200	<b>413,320</b>	-188,524

Fire Inspection Fees	1,182,100	93,200	192,050	223,311	293,250	801,811	-380,289
Tractor Hire Services	993,240	241,600	66,150	608,210	55,850	971,810	-21,430
Hire of Machineries & Equipment	500,800	196,000	-	16,000	25,000	237,000	-263,800
Conservancy Fees/Wildlife Grants	224,000	73,680	13,800	-	-	87,480	-136,520
Water Charges	532,480	150,828	141,856	155,995	144,005	592,684	60,204
Fines & Penalties	3,639,630	523,002	773,815	593,260	434,500	2,324,577	-1,315,053
Survey/Sub Division Fees	561,010	58,000	137,000	249,000	77,000	521,000	-40,010
Weight and Measures Fees	782,040	34,940	134,100	101,800	322,180	593,020	-189,020
Bricks/Sand/Murram/Stones	44,575,100	9,746,818	15,720,789	14,669,810	15,968,030	56,105,447	11,530,347
Hire of stadium, open spaces & Park	3,270,500	568,374	552,229	277,648	325,475	1,723,726	-1,546,774
Miscellaneous Incomes	9,610,528	1,706,121	2,786,075	4,691,979	5,813,784	14,997,959	5,387,431
<b>Sub-Total</b>	<b>341,139,710</b>	<b>56,196,929</b>	<b>68,654,699</b>	<b>128,198,176</b>	<b>106,213,376</b>	<b>359,263,180</b>	<b>18,123,470</b>
Health Sector Charges(A-I-A)	1,051,066,642	232,792,722	206,237,392	227,394,123	174,808,414	841,232,651	-209,833,991
<b>Total Revenue Collected</b>	<b>1,392,206,352</b>	<b>288,989,651</b>	<b>274,892,091</b>	<b>355,592,299</b>	<b>281,021,790</b>	<b>1,200,495,831</b>	<b>-191,710,521</b>

**Source: County Treasury**

15. The government has specifically embarked on Own Source Revenue generation and collection as a key priority area and a Revenue Management Board has already been formed to review systems and processes in this area to ensure optimal collections and address all revenue collections related challenges.

16. One of the major reforms the County Government of Homa Bay will continue to embrace in revenue collection is the cashless collection through the use of technologically enhanced methods of revenue collection while also ensuring minimal downtimes in the collection machines (POS), use of mobile telephone Applications and enhanced supervision of collectors which has also been a major challenge.

### Trend in the OSR Collection

Figure 2 Trend in OSR Revenue Collection against the Target FY2021-FY2023/24

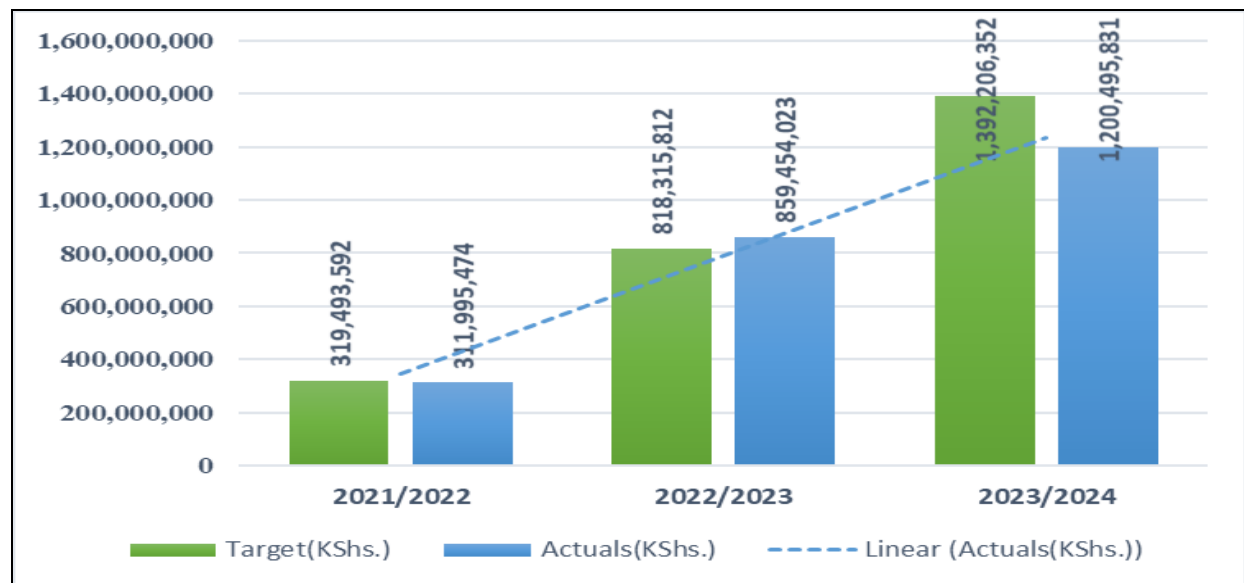
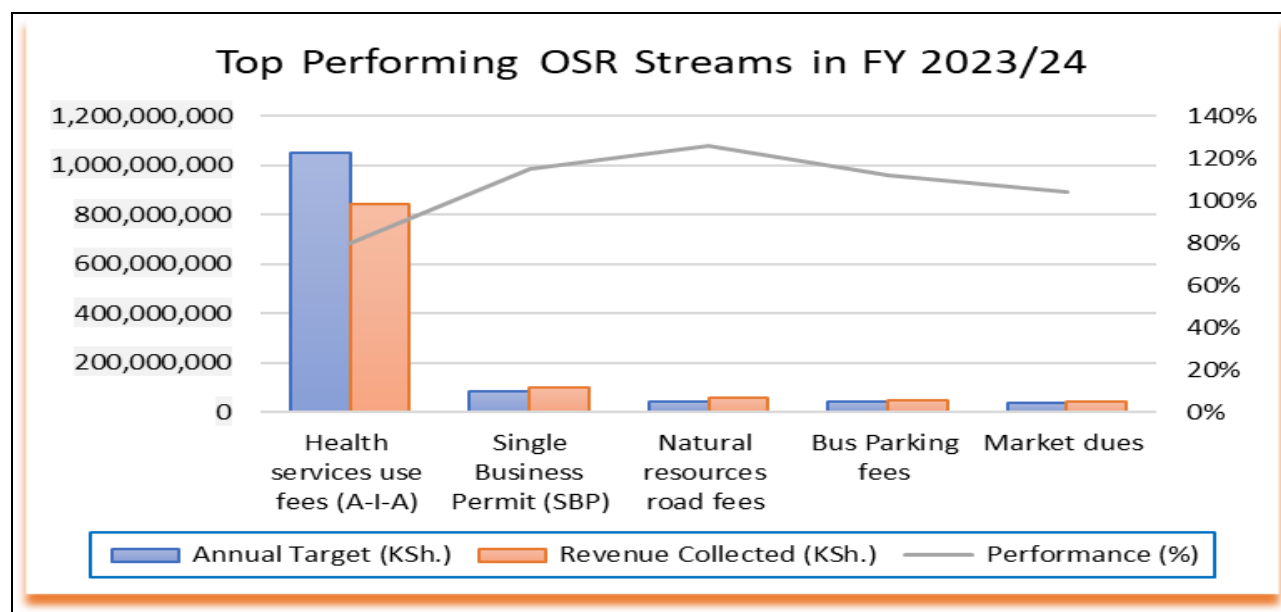
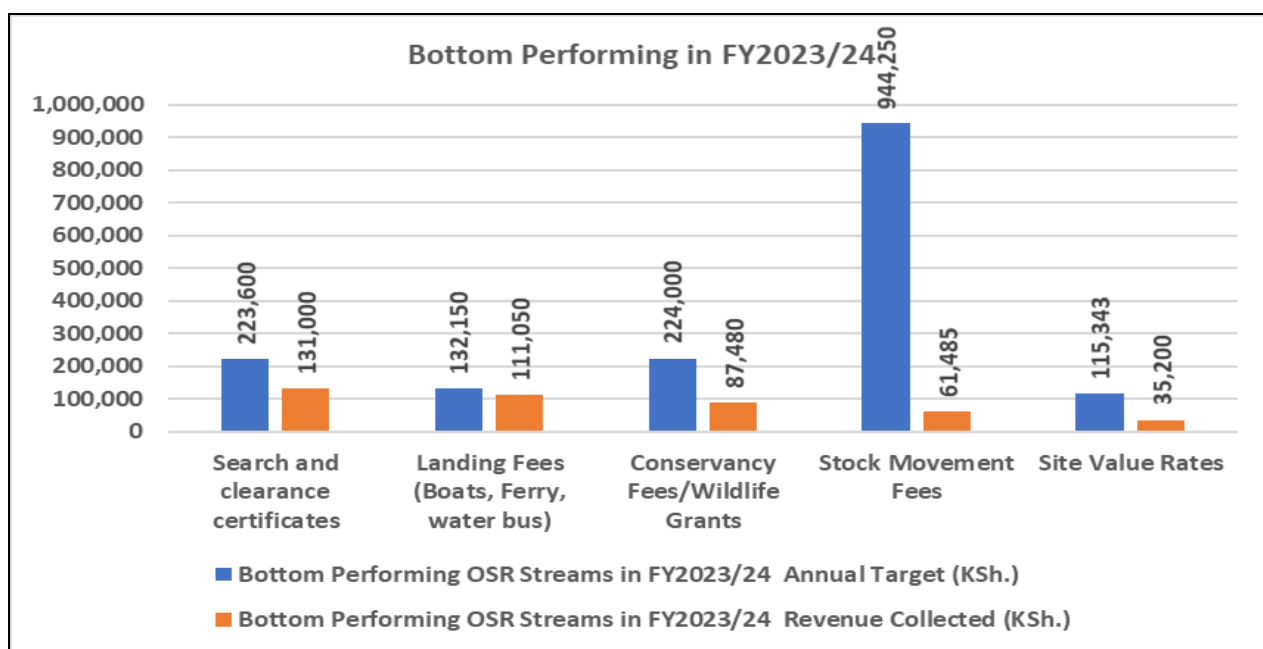


Table 3 Top Performing Own Source Revenue Streams in the FY 2023/24

Top Performing OSR Streams in FY 2023/24			
OSR Stream	Annual Target (KSh.)	Revenue Collected (KSh.)	Performance (%)
Health services use fees (A-I-A)	1,051,066,642	841,232,651	80%
Single Business Permit (SBP)	86,361,970	99,333,166	115%
Natural resources road fees	44,575,100	56,105,447	126%
Bus Parking fees	41,831,108	46,784,631	112%
Market dues	38,931,210	40,648,114	104%

Figure 3 Own Source Revenue Performance against Target (FY 2022/23 – 2023/24)





### 2.2.3 Conditional Grants Source:

17. In the year under review the county expected to receive **Ksh. 1,372,154,137** as condition allocation from national government compared to **Kshs. 690,323,994** for FY2022/23 presenting an increase of **Kshs. 681,830,143**. From the budgeted the county only received grants amounting to **Ksh. 999,314,288** resulting in a deficit of **Ksh. 372,840,319**.

*Table 4 Conditional Grants Performance FY2023/24*

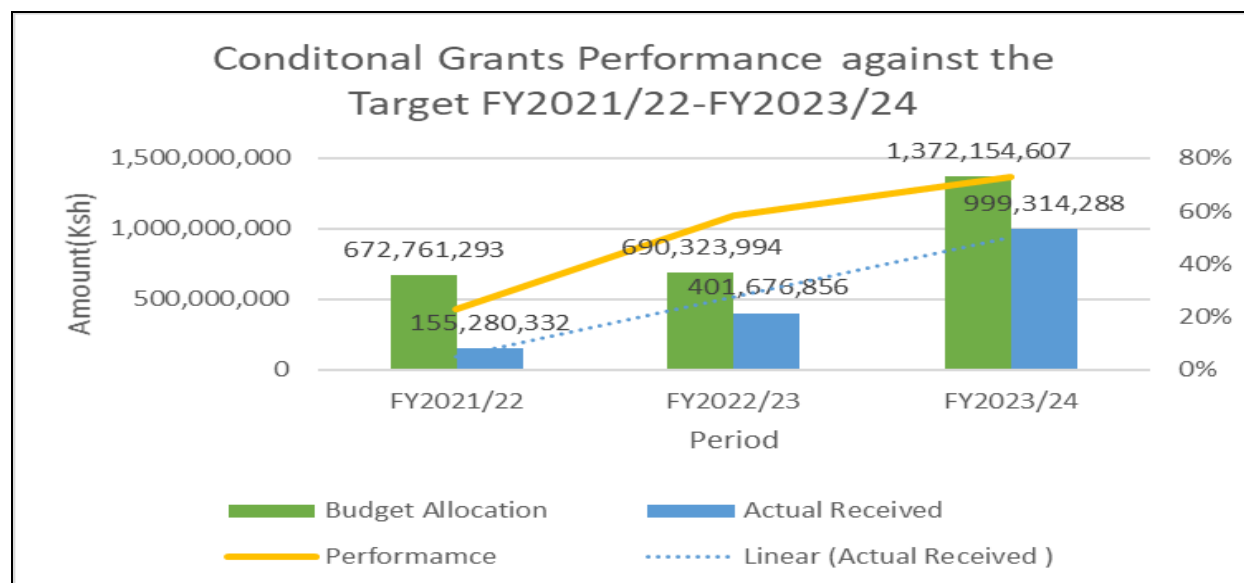
Revenue Source	Annual Budget (KSh.)	Actual Receipts (KSh.)	Performance (%)	Deficit/ Surplus
National Agriculture and Rural Inclusive Growth Project (NARIG)	5,000,000	4,374,252	87.50%	-625,748
National Value Chain Development Project (NAVCDP)	200,000,000	199,803,473	99.90%	-196,527
Provision of Fertilizer Subsidies	165,917,803	-	0.00%	-165,917,803
Aquaculture Business Development Programme	12,909,422	-	0.00%	-12,909,422
Livestock Value Chain Support Project	14,323,680	-	0.00%	-14,323,680
Agricultural Sector Development	3,159,580	3,159,580	100.00%	



Support Programme (ASDSP)				-
DANIDA/ Primary Health Care Project	25,520,063	25,520,063	100.00%	-
Financing Locally-Led Climate Actions Programme (CCIS)	11,000,000	-	0.00%	-11,000,000
Financing Locally-Led Climate Actions Programme	251,984,144	241,617,006	95.90%	-10,367,138
Kenya Informal Settlements Improvement Programme	463,000,000	460,000,000	99.40%	-3,000,000
Kenya Urban Support Programme-UIG	1,145,356	1,145,355	100.00%	-1
County Aggregated Industrial Parks Programme (CAIP)	217,000,000	62,500,000	28.80%	-154,500,000
Kenya Urban Support Programme-UDG	1,194,559	1,194,559	100.00%	-
<b>Sub Total</b>	<b>1,372,154,607</b>	<b>999,314,288</b>	<b>72.80%</b>	<b>-372,840,319</b>

Source: The County Treasury

Figure 4 Conditional Performances against the target FY2021/22-FY2023/24



18. The County Government is setting up the Debt Management and External resource mobilization unit in efforts aimed at raising funds from the Stock market and bringing on board additional donor funds and grants. Efforts will be made to ensure strict compliance with donor funding conditions such as enhancing allocations towards counterpart funding

to facilitate disbursements by development partners. More importantly, the new administration will work to ensure ease of doing business and prudent utilization of conditional grants and loans and proper implementation of donor funded projects.

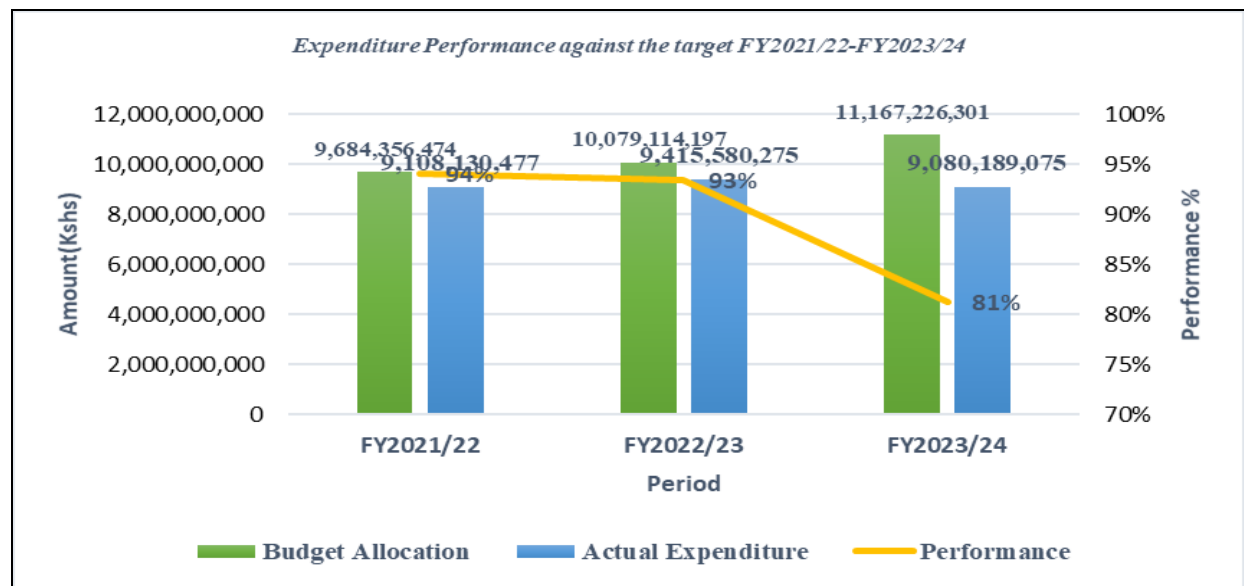
#### **2.2.4 Other Receipts**

- 19.** During the financial year under review, the County had budgeted with a cash balance of **KSh. 142,874,787** from the previous FY2022/2023, being late exchequer receipts. This cash balance brought forward was appropriated in the supplementary budget and approved for expenditure by the County Assembly.

#### **2.3 County Expenditures Performance Review**

- 20.** The actual expenditure during the FY2023/24 amounted to **KSh. 9,080,189,075** which represented 81% of the total revised expenditure target of **KSh. 11,167,226,300** for the year under review. This total expenditure included **KSh. 1,205,017,905** transferred to the County Assembly Service Board. Out of this total, the county spent **KSh. 6,054,995,717** (66.68%) on its recurrent activities and a further **KSh. 3,025,193,358** (33.32%) on development related activities.
- 21.** This under absorption of the budget was attributable to delays in receipts of funds from the national treasury with 10% of Exchequer Receipts not received by the close of the financial year. Such delays continue to put fiscal pressures on county expenditure.

Figure 5 Expenditure Performance against the target FY2021/22-FY2023/24



### 2.3.1 Recurrent Expenditure.

22. The County Government continued to observe fiscal discipline by keeping its recurrent expenditure for the financial year under review under 70% of all revenues available for operations. Out of the recurrent expenditure of **KShs 6,054,995,717** compensations to employees took the biggest share with **KSh. 4,390,497,183** used to pay salaries and other benefits while **KSh. 1,664,498,534** was utilized for operations and maintenance. In comparison to the previous financial year, recurrent expenditure decreased by **KShs. 1,311,588,893** up from **KSh. 6,185,616,951** spent in 2023/2024
23. Managing the county staff wage bill remains a key priority in compliance with the provisions of the PFM Act, 2012 that requires this expenditure item to be below 35% of all total county expenditure.

Figure 6: MTEF Recurrent expenditure Performance (FY 2021/22- FY 2023/24)

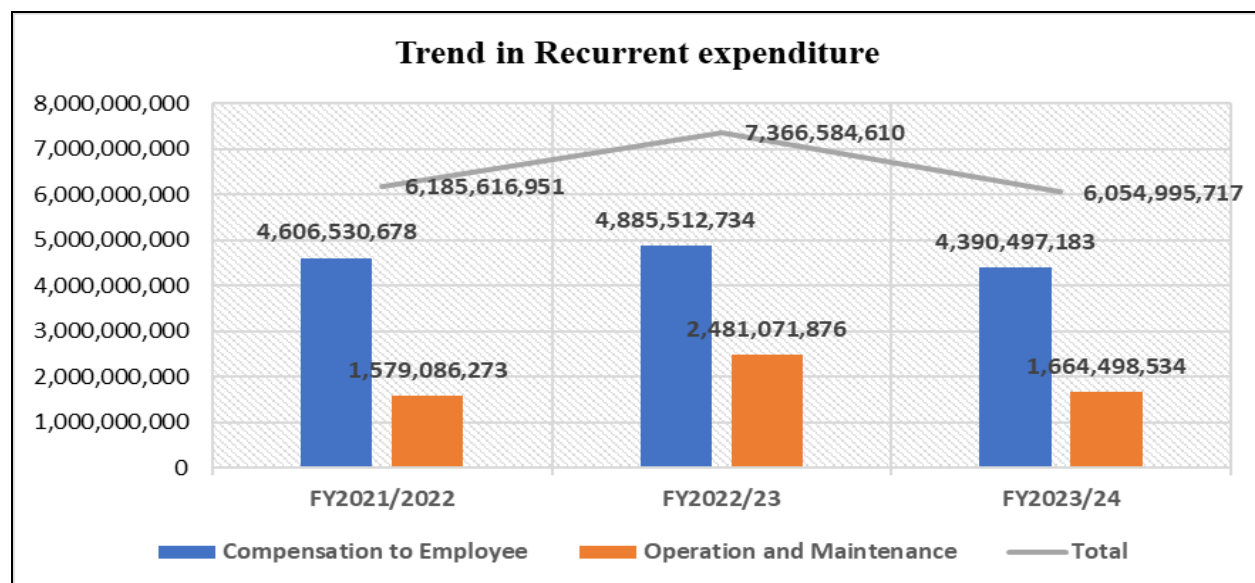


Table 5 Breakdown of Recurrent Expenditure by Spending Entities

Recurrent Expenditure FY 2023/24			
Spending Entity	Allocated Amount (KSh.)	Actual Expenditure (KSh.)	Absorption Rate (%)
Finance and Economic Planning.	690,607,338	536,449,797	78%
County Public Service Board	73,503,515	61,675,311	84%
County Assembly Service Board	1,053,468,687	987,426,006	94%
Homa Bay Town Municipal Board	26,756,691	24,521,380	92%
Office of the Deputy Governor and Department of Agriculture and Livestock	216,283,168	179,222,914	83%
Gender, Inclusivity, Sports, Culture, Sports and Talent Development	135,719,567	113,147,898	83%
Department of Roads, Public Works, Transport and Infrastructure	157,385,190	133,029,026	85%
Blue Economy, Fisheries, Mining and Digital Economy	93,286,892	75,512,868	81%
Education, Human Capital Development and Vocational Training	1,153,301,659	863,204,328	75%
Public Health and Medical Services	2,502,832,931	2,104,237,850	84%

Lands, Housing, Urban Development and Physical Planning	49,313,342	44,965,076	<b>91%</b>
Trade, Industry, Tourism, Cooperative Development and Marketing	160,259,292	135,046,621	<b>84%</b>
Water, Sanitation, Irrigation, Environment, Energy and Climate Change	237,828,320	162,134,119	<b>68%</b>
Governance, Administration, Communication and Devolution	442,603,860	253,657,272	<b>57%</b>
Executive Office of The Governor	634,330,618	380,996,383	<b>60%</b>
Kendu Municipal Board	7,870,274	0	<b>0%</b>
Mbita Municipal Board	7,870,274	0	<b>0%</b>
Ndhiwa Municipal Board	7,870,274	0	<b>0%</b>
Oyugis Municipal Board	8,833,620	0	<b>0%</b>
<b>Total</b>	<b>7,659,925,512</b>	<b>6,055,226,849</b>	<b>79%</b>

Source: County Treasury

### 2.3.2 Development Expenditure.

**24.** In the FY 2023/24, the County reported expenditure of **Kshs.3.026,219,505 (86.2%)** on development programmes against **Kshs. 3,507,300,808** budget allocations representing an increase of 22.2% compared to FY2022/23 when the County spent **Ksh. 2.47 billion**

*Table 6 Breakdown of Development Expenditure by Spending Entities*

Spending Entity	Development Expenditure FY 2023/24		
	Budget Allocation (KSh.)	Actual Expenditure (KSh.)	Absorption Rate (%)
Finance and Economic Planning.	36,349,250	33,750,000	<b>93</b>
County Public Service	3,140,000	0	<b>0</b>
County Assembly Service Board	151,549,218	22,613,674	<b>15</b>
Homa Bay Town Municipal Board	17,243,538	17,221,397	<b>100</b>
Office of the Deputy Governor and Department of Agriculture and Livestock	451,267,512	349,740,156	<b>78</b>
Gender, Inclusivity, Sports, Culture, Sports and Talent Development	63,032,848	62,851,751	<b>100</b>
Department of Roads, Public Works, Transport and Infrastructure	716,293,071	716,292,651	<b>100</b>
Blue Economy, Fisheries, Mining and Digital Economy	68,570,646	53,551,120	<b>78</b>

Education, Human Capital Development and Vocational Training	266,918,150	266,533,859	<b>100</b>
Public Health and Medical Services	257,145,592	257,003,856	<b>100</b>
Lands, Housing, Urban Development and Physical Planning	485,008,472	484,755,429	<b>100</b>
Trade, Industry, Tourism, Cooperative Development and Marketing	486,220,222	258,046,857	<b>53</b>
Water, Sanitation, Irrigation, Environment, Energy and Climate Change	387,462,091	387,462,091	<b>100</b>
Governance, Administration, Communication and Devolution	15,000,000	15,000,000	<b>100</b>
Executive Office of The Governor	70,000,000	69,600,614	<b>99</b>
Kendu Municipal Board	7,850,000	7,786,852	<b>99</b>
Mbita Municipal Board	7,850,000	7,609,000	<b>97</b>
Ndhiwa Municipal Board	8,550,198	8,550,198	<b>100</b>
Oyugis Municipal Board	7,850,000	7,850,000	<b>100</b>
<b>Total</b>	<b>3,507,300,808</b>	<b>3,026,219,505</b>	<b>86</b>

Source: County Treasury

### 2.3.4 Summary of Expenditure by Broad Economic Classification

25. An analysis of expenditure by economic classification indicates that the County Executive spent **Kshs.3.92billion** on employee compensation, **Kshs.1.14 billion** on operations and maintenance and **Ksh. 3.0 billion** on development activities. Similarly, the County Assembly spent **Ksh. 465.58 million** on employee compensation, **Kshs.521.62 million** on operations and maintenance and **Kshs.21.59 million** on development activities, as shown below.

*Table 7 Breakdown of Actual Expenditure by Economic Classification*

Economic Classification	Annual Budget (KSh.)		Expenditure (KSh.)		Absorption Rate (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Compensation to Employees	5,377,196,084	465,579,343	3,924,917,840	465,579,343	73	100
Operations & Management	1,229,260,741	587,889,344	1,142,883,002	521,615,532	93	88.7
Total Recurrent	6,606,456,825	1,053,468,687	5,067,800,842	987,194,875	76.7	93.7
Development	3,355,751,570	151,549,218	3,003,605,832	21,587,526	89.5	14.2
<b>Total (R+D)</b>	<b>9,962,208,395</b>	<b>1,205,017,905</b>	<b>8,071,406,674</b>	<b>1,008,782,401</b>	<b>81</b>	<b>83.7</b>

Source: County Treasury

## 2.4 Budget Outturn for the FY 2023/2024.

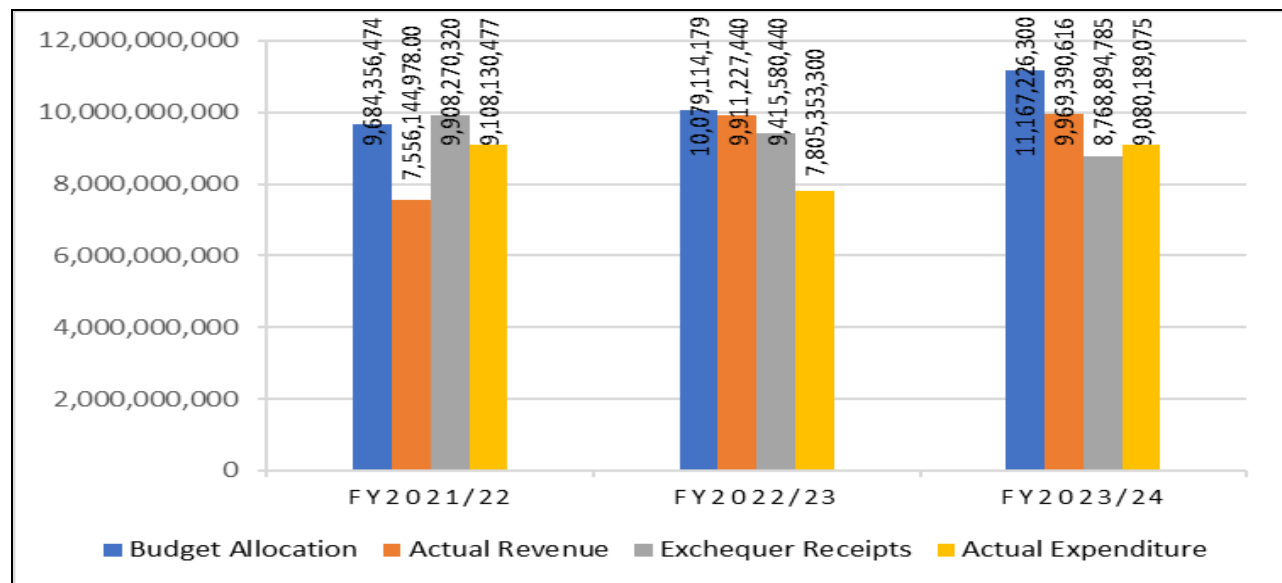
- 26 During the financial year under review, an analysis of the budget out-turn indicates that operating income made available for spending by the various county entities decreased by **KSh. 420,646,702**
27. Analysis of the budget performance for the FY2023/2024 shows that actual receipts for the period stood at **KSh. 9,969,390,616** against an expected revenue of **KSh. 11,167,226,300** due to late exchequer receipts and shortfall in own source revenue collection for the FY2023/24. Actual exchequer receipts however fell short of the target by **KSh. 501,681,541** while actual expenditure also fell short of the targeted amount by **KSh. 2,087,037,225** comprising of **KShs. 1,604,929,795** recurrent and **KShs. 482,107,430** for Development.

Table 8 Budget Outturn for the FY2023/24

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% Of Utilization
	A	B	C= A+B	D	E= C-D	F= D/C %
<b>RECEIPTS</b>						
Exchequer Releases	8,128,387,250	0	8,128,387,250	7,626,705,709	501,681,541	93.83%
Internal Revenue	2,378,948,918	-986,742,567	1,392,206,351	1,200,495,831	191,710,520	86.23%
Loans and Grants	948,933,530	423,221,077	1,372,154,607	999,314,288	372,840,319	72.83%
Other receipts	131,603,304	142,874,788	274,478,092	142,874,788	131,603,304	52.05%
<b>Total Receipts</b>	<b>11,587,873,002</b>	<b>-420,646,702</b>	<b>11,167,226,300</b>	<b>9,969,390,616</b>	<b>1,197,835,684</b>	<b>89.27%</b>
<b>EXPENDITURES</b>						
Compensation of Employees	5,494,584,222	362,991,205	5,857,575,427	4,390,497,183	1,467,078,244	75%
Operations and Maintenance	2,127,059,273	-324,709,188	1,802,350,085	1,664,498,534	137,851,551	92%
<b>Recurrent Payments</b>	<b>7,621,643,495</b>	<b>38,282,017</b>	<b>7,659,925,512</b>	<b>6,054,995,717</b>	<b>1,604,929,795</b>	<b>79%</b>
Development Payments	3,966,229,507	- 458,928,719	3,507,300,788	3,025,193,358	482,107,430	86%
<b>Total Payments</b>	<b>11,587,873,002</b>	<b>-420,646,702</b>	<b>11,167,226,300</b>	<b>9,080,189,075</b>	<b>2,087,037,225</b>	<b>81%</b>



Figure 6 Budget Outturn Analysis FY2021/22-FY2023/24



28. Resource consumption by spending entities for the FY2023/24 indicate that the Departments of Public Health and Medical Services, Department of Education, Human Capital Development and Vocational Training, The County Assembly Service Board, Department of Roads, Public Works, Transport and Infrastructure were the biggest spenders accounting for **26%,12%, 11%** and **9%** of the actual total spending respectively. On the other hand, the lowest spending entities included Municipal Boards i.e., Mbita, Kendubay, Oyugis and Ndhiwa (**0.1%**), the Homa Bay Municipal Boards (**0.5%**) and Count Public Service Board (**0.7%**). Other lowest spenders included the department of Blue Economy, Fisheries, Mining and Digital Economy (**1.4%**), the department Gender Equality and Inclusivity, Youth, Sports, Talent Development, Cultural Heritage and Social Services (**1.9%**) and the department of Governance, Administration, Communication and Devolution (**3%**).
29. In terms of absorption, the department of Lands, Physical Planning, Housing and Urban Development (**99%**), the department of Roads, Public Works, Transport and Infrastructure (**97%**), and the Homa Bay Municipal Board (**95%**) had the highest absorption rates of their Budget allocations for the FY2023/24.

30. The department Gender Equality and Inclusivity, Youth, Sports, Talent Development, Cultural Heritage and Social Services, the department of Water, Sanitation, Irrigation, Environment, Energy and Climate Change, the department of Public Health and Medical Services and the County Assembly Service Board also has an of over **84%**. Overall, spending entities absorbed **81%** of their budgets.

Figure 7 Top spenders county Departments

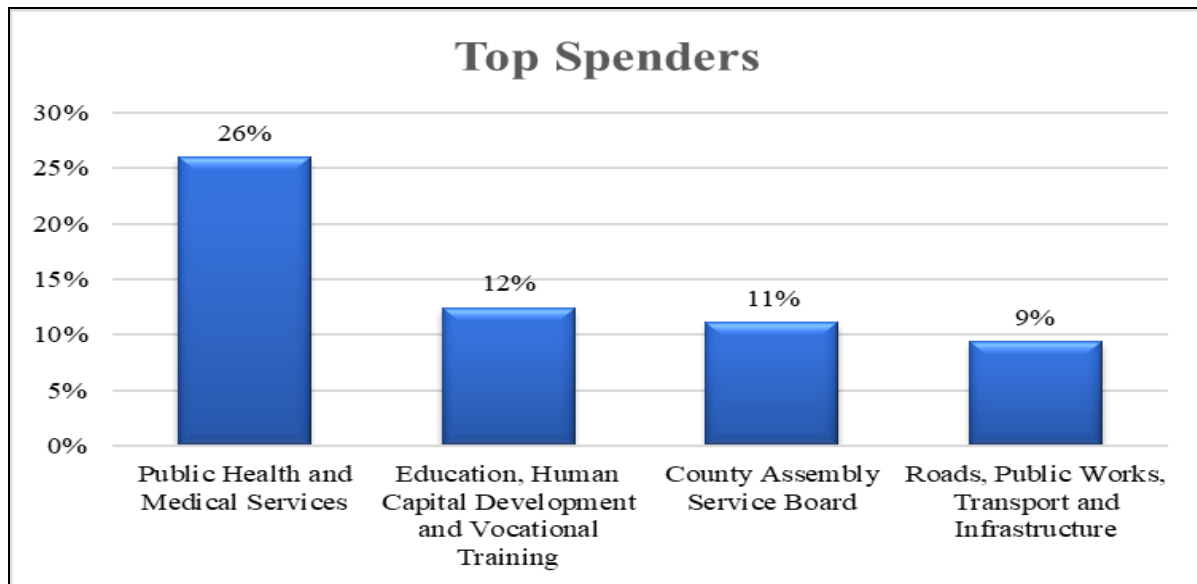


Figure 8 Rate of Absorption by Spending Entities FY2023/24

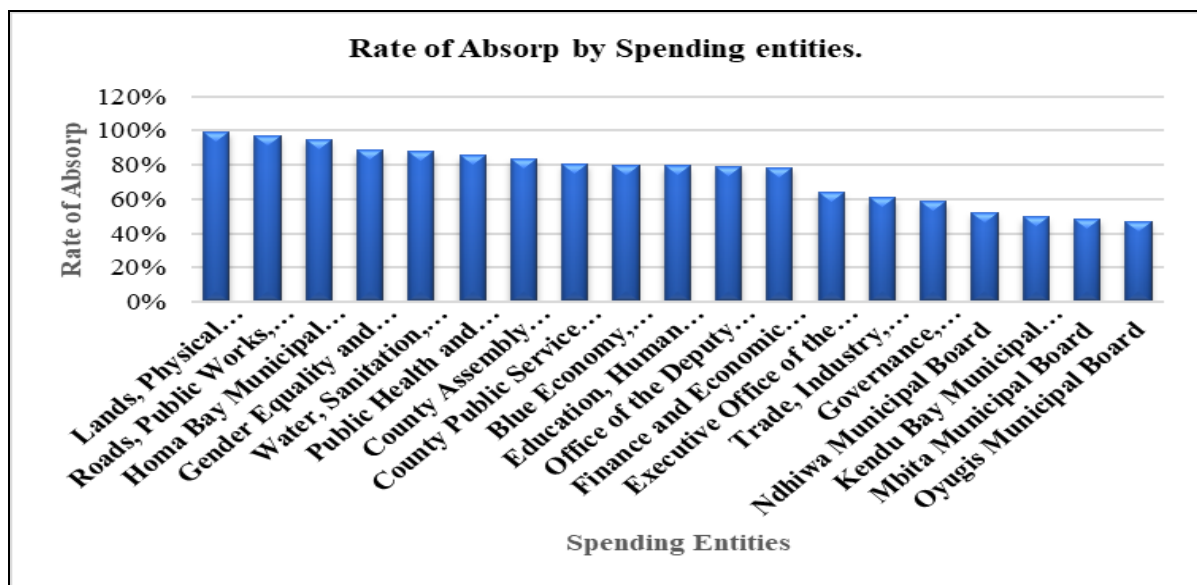


Table 9 Summary of the absorption rates by the county spending entities FY2023/24

Analysis of the FY 2023/2024 Expenditure									
County Spending Entity	Recurrent			Development			Total Expenditure		
	Revised Budget II	Actual Expenditure	Rate of Absorp.	Revised Budget II	Actual Expenditure	Rate of Absorp.	Revised Budget II	Actual Expenditure	Rate of Absorp.
Finance and Economic Planning	690.61	536.45	78%	36.35	33.75	93%	726.96	570.20	78%
County Public Service Board	73.5	61.68	84%	3.14	0	0%	76.64	61.68	80%
County Assembly Service Board	1053.47	987.19	94%	151.55	21.59	14%	1205.02	1008.78	84%
Homa Bay Municipal Board	26.76	24.52	92%	17.24	17.22	100%	44	41.74	95%
Office of the Deputy Governor, Agriculture and Livestock	216.28	179.22	83%	451.27	349.74	78%	667.55	528.96	79%
Gender Equality and Inclusivity, Youth, Sports, Talent Development, Cultural Heritage and Social Services	135.72	113.15	83%	63.03	62.85	100%	198.75	176.00	89%
Roads, Public Works, Transport and Infrastructure	157.39	133.03	85%	716.29	716.29	100%	873.68	849.32	97%
Blue Economy, Fisheries, Mining and Digital Economy	93.29	75.51	81%	68.57	53.55	78%	161.86	129.06	80%

Education, Human Capital Development and Vocational Training	1153.3	863.2	75%	266.92	266.53	100%	1420.22	1129.73	80%
Public Health and Medical Services	2502.83	2104.24	84%	257.15	257	100%	2759.98	2361.24	86%
Lands, Physical Planning, Housing and Urban Development	49.31	44.97	91%	485.01	484.76	100%	534.32	529.73	99%
Trade, Industry, Tourism, Cooperative Development and Marketing	160.26	135.05	84%	486.22	258.05	53%	646.48	393.10	61%
Water, Sanitation, Irrigation, Environment, Energy and Climate Change	237.83	162.13	68%	387.46	387.46	100%	625.29	549.59	88%
Governance, Administration, Communication and Devolution	442.6	253.66	57%	15	15	100%	457.6	268.66	59%
Executive Office of the Governor	634.33	381	60%	70	69.6	99%	704.33	450.60	64%
Kendu Bay Municipal Board	7.87	0	0%	7.85	7.79	99%	15.72	7.79	50%
Mbita Municipal Board	7.87	0	0%	7.85	7.61	97%	15.72	7.61	48%
Ndhiwa Municipal Board	7.87	0	0%	8.55	8.55	100%	16.42	8.55	52%
Oyugis Municipal Board	8.83	0	0%	7.85	7.85	100%	16.68	7.85	47%
<b>Grand Total</b>	<b>7,659.92</b>	<b>6,055.00</b>	<b>79%</b>	<b>3,507.30</b>	<b>3025.19</b>	<b>86%</b>	<b>11,167.22</b>	<b>9,080.19</b>	<b>81%</b>

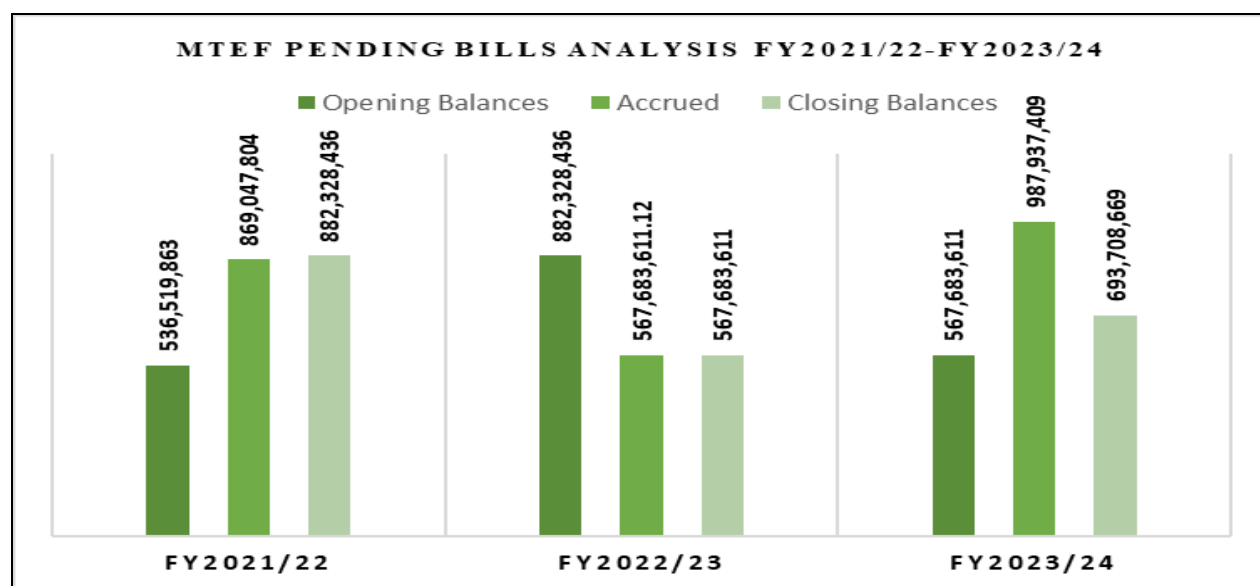
## **2.5 Fiscal Pressures, Debts and Deficits/Surplus.**

- 31.** The County Government continues to operate within the confines of the provisions of the law, and adhering to the fiscal responsibility principles. The county wage bill continues to put pressure on resource allocation and utilization. While this wage bill included gratuity payments for CECMs and Chief Officers, it is imperatively important for the government to manage and contain payments for salaries and other benefits based on the human resource audit recommendations to contain it within a sustainable level.
- 32.** The County however continues to operationalize a balanced budget without any projected borrowings in the MTEF period of 2023/24 – 2025/2026. However, due to irregular release of funds by the National Treasury, the County Treasury through the CECM – Finance, Economic Planning and Service Delivery, may engage local commercial banks for short-term lending in the form of overdraft facilities to bridge delays in payment of salaries. As and when such need arises, this short-term lending will be approved and ratified by the County Assembly.
- 33.** Finally, the county government generated pending bill amounting to **Ksh. 1,55,621,020** out of which **KSh. 861,912,351** was settled within the year under review. The Balance of **Ksh. 693,708,669** was carried forward to FY2024/2025.

*Table 10 Stock of Pending Bills FY 2023/2024.*

<b>Spending Entity</b>	<b>Contract amount(Ksh.)</b>	<b>Amount paid (KSh.)</b>	<b>Outstanding balance(Ksh.)</b>
Finance and Economic Planning	14,967,844	6,679,085	8,288,759
County Public Service Board	14,263,678	4,389,210	9,874,468
Homa Bay Municipal Board	2,599,960	200,000	2,399,960
Agriculture And Livestock	46,102,280	5,344,790	40,757,490
Gender Equality and Inclusivity, Youth, Sports, Talent Development, Cultural Heritage and Social Services	35,010,121	16,749,238	18,260,883
Roads, Public Works, Transport and Infrastructure	570,378,087	262,175,056	308,203,031
Blue Economy, Fisheries, Mining and Digital Economy	34,481,179	28,187,699	6,293,480
Education, Human Capital Development and Vocational Training	28,164,191	12,033,378	16,130,813
Public Health And Medical Service	289,468,279	204,595,854	84,872,425
Lands, Physical Planning, Housing and Urban Development	37,784,512	31,742,277	6,042,235
Trade, Industry, Tourism, Cooperative Development and Marketing	151,250,955	76,751,235	74,499,720
Water, Sanitation, Irrigation, Environment, Energy and Climate Change	253,712,492	200,230,833	53,481,659
Governance, Administration, Communication and Devolution	43,680,601	0	43,680,601
Executive Office of the Governor	33,756,841	12,833,696	20,923,145
<b>TOTAL</b>	<b>1,555,621,020</b>	<b>861,912,351</b>	<b>693,708,669</b>

Figure 9 Pending Bills Analysis FY2021/22-FY2023/24



## 2.6 Analysis of Departmental Performance

### 2.6.1 Department of Finance and Economic Planning

34. For the FY2023/24, the department was allocated a total of **KShs. 726,956,58** Out of that allocation, the department absorbed **570,199,797** translating to 78% absorption rate and was able to realize a number of outputs as follows:

- Prepared and submitted all budget documents including CADP, CBROP, CFSP, CDMSP and Annual Budget Estimates;
- Conducted Public Participation and generated relevant reports therefrom;
- Raised OSR amounting to upwards of KShs. 1 billion;
- Trained Revenue officers and transitioned to a fully automated revenue system;
- Successfully requisitioned exchequer releases and facilitated transfers to spending entities;
- Generated timely reports on revenue and expenditure, including budget implementation reports;
- Trained finance staff on IPSAS including the transition from cash to accruals basis; and
- Facilitated payment of salaries, mortgage and other allowances.

### 2.6.2 County Public Service Board.

35. FY2023/24 the board was allocated KSh. **76,643,515**. Out of that allocation, the department absorbed **61,675,311** translating to 80% absorption rate. The County Public Service Board continued to fulfill its mandate of managing the county public consequently, the Board has made significant progress in the following areas:

- **Recruitment and Selection:** The Board has made significant strides in ensuring that recruitment and selection processes are fair, transparent, and competitive. In this respect, the Board has been able to approve the establishment of 7 new offices in the County Public Service; competitively fill 31 senior positions in the public service, including those of chief officers and directors; approve the appointment of 86 health personnel and filling of 7 offices under the Office of the Governor and 3 offices under the Department of Finance and Economic Planning.
- **Performance Management:** The Board has put in place a robust performance management system to evaluate employee performance, identify their development needs, and offer rewards and recognition for high performance. In this respect, the Board has been able to confirm a total of 869 EYE teachers employed in 2014 to permanent and pensionable terms, subject 19 officers to disciplinary proceedings according to established rules, made determination on PWC report as per the category, and facilitate re-designation of 23 officers and inter-government transfer of 3 officers.
- **HR Information Management:** The Board has invested in HR information management systems to enhance the accuracy and efficiency of data management. In this respect, the Board is finalizing verification of details of each employee as confirmed through the payroll audit.

### 2.6.3 County Assembly Service Board

36. The County Assembly Service Board was allocated KShs. 1,205,017,905 in the second supplementary budget estimates for FY 2023/2024, with KShs. 1,053,468,687 set aside for recurrent expenditure while KShs. 151,549,218 was to be utilized for development expenditure. Of the recurrent allocation, KShs. 119,448,000 had been set aside for a one-off MCAs Car reimbursement while KShs. 101,851,682 was to cater for the County Assembly Mortgage loan facilities. Some of the achievements for the FY 2023/24 include:



- Prepared its Strategic Plan (2023-2027) which is currently in the stakeholder engagement stage.
- On infrastructural development, the County Assembly Service Board was able to conclude the construction of new committee rooms which are ready for use and will enhance committee engagements and oversight.
- Commenced the construction of the official Speaker's residence which is currently at 50%,
- Installed CCTV surveillance within the premises to enhance security of the County Assembly,
- Installed digital Hansard equipment in three (3) of the new committee rooms.
- Awarded tenders for the construction of twenty (20) MCA offices at the Wards. These Ward offices are expected to be completed in this current financial year.

#### 2.6.4 Homa Bay Municipal Board

37. The Board was established in compliance with Article 184 of the Constitution of Kenya, which provides for the classification, governance and management of urban areas and cities. Ultimately, the board was set up and mandated to make Homa Bay Municipality more attractive and sustainable through effective policy formulation and implementation. During the FY 2023/24, the board was allocated KSh. **44,000,229.00** with an absorption of KSh. **41,742,777.00** which was 95% absorption rate.

#### 2.6.5 Office of The Deputy Governor and Department of Agriculture and Livestock

38. During the **FY2023/24** the department was allocated a total of **KSh. 667,550,680** out of which it absorbed **KSh. 528,963,070** representing an 79% absorption rate. The department has been able to:

- Increase agricultural productivity and food security through modernized farming techniques and technologies; strengthen animal health and disease control measures leading to improved livestock productivity;
- Enhance access to markets and value chains for smallholder farmers;
- Promote sustainable land use practices and natural resource management, reducing environmental degradation;
- Support research and development to enhance the competitiveness and resilience of the agriculture and livestock sectors;

- Support registration of 140,000 farmers for the government subsidized fertilizer programme;
- Distribute 183 tons of seeds to 75,000 beneficiaries and procure 4 tractors to provide subsidized ploughing.
- Promoted and supported registration of 20 SACCOs in each ward and supported them with Computers and Printers for automation of their services

#### **2.6.6 Department of Gender Equality and Inclusivity, Youth, Sports, Talent Development, Cultural Heritage and Social Services**

**39.** To accomplish its mandate, the department was allocated **KShs. 198,752,415** including KShs. **144,121,334** for development and KShs. 69,100,342 for recurrent expenditures in the Revised Estimates budget for the FY 2023/2024. Of which, the department absorbed KSh. 175,999,649, equivalent to 89.0%.

- Under Culture and Creative Sector Development Services programme, the department was able to promote cultural practices and initiated the development of a Cultural Center at Ndiru Kagan.
- Under the Social Services and Women Empowerment programme, the department undertook teenage pregnancy campaigns in the county, sensitized the public on Sexual Gender Based Violence, facilitated women empowerment programmes and the launch of the County SGBV Policy.
- Under Management and Development of Sports and Sports Facilities programme, the department oversaw the ongoing construction of the Homa Bay County Stadium to 95% completion status as well as sports talent development programmes.

#### **2.6.7 Department of Roads, Public Works, Transport and Infrastructure.**

**40.** The department was allocated **KSh. 873,678,261** out of which it absorbed **KSh. 849,321,677** representing an absorption rate of **97%** in implementing its priorities. In the FY 2023/24 the department managed to accomplished the following;

- Conducted Roads Inventory Condition Survey and a report developed for all road projects proposed by ward residents during public participation
- Constructed 245km of new roads to completion across the county to enable citizens connect to different parts of the County for business and access to government services.

- Constructed 23km of access roads connecting to schools, health facilities and markets across the County and more of the Access roads are ongoing.
- Developed zero draft on Strategic plan 2023-2027 for the department.
- Maintained 267km of other County roads
- Installed 842 linear meter of culverts and cleaned 610m of blocked culverts across the County
- Acquired 3 No. motorcycles 250cc to facilitate field supervision and monitoring of County projects.
- Acquired 1 No. motor grader with variable horsepower 170-196HP.
- Acquired 1 No. crawler Excavator with heavy duty bucket and inbuilt fleet management system.
- Maintained County plant and equipment (1 no. motor grader, 1 no. excavator and 1 no. roller) to address emergency road maintenance needs and enhance generation of own source revenue for the department
- Maintained County motor vehicles (2 no. tippers and 2 no. utility vehicles)
- Provided technical support in the construction of Homa-Bay pier to open the Lake Front for investments.
- Provided technical support in the construction of access to the concluded HOBIIC venue
- Collaborations with National agencies in the implementation of various road maintenance and construction projects i.e construction of both Mfangano and Rusinga ring roads

#### 2.6.8 Department of Blue Economy, Fisheries, Mining and Digital Economy

- 41.** The department was allocated KSh. **161,857,538** and realized an absorption of 80% which was KSh. **129,063,988** appropriated across its key priorities. The Department was instituted in the FY 2023/24 and over the period. Achievements includes;
- Establishment of the Homa Bay County Lakefront Development Corporation and the rehabilitation of piers
  - Construction of Lakefront promenade in collaboration with National Government
  - Demarcation of beach boundaries in BMUs where there were incidences of boundary disputes

- Construction of Homa Bay County Modern Fish market (NG sponsored)
- Conducted a blue economy capacity needs assessment exercise in conjunction with Kenya Devolution Program
- Development of the Homa Bay County Fisheries and Aquaculture Management Act 2023
- Under ABDP increased pond fish production from 11.66 tons in 2022/23 to 79.82 tons in 2023/24
- Construction of 10 pit latrines and 2 Fish bandas in 12 fish landing sites
- Collaborated with BMUs in the removal and destruction of illegal fishing gears from Lake Victoria
- Stocked 14 Community dams with 220,000 tilapia fingerlings
- Supported 100 farmers with a predator kit each to reduce pre-harvest loss
- Supported 412 ABDP Beneficiary farmers with 412,000 tilapia fingerlings and 84,000 kgs of fish feed
- Conducted a total of 45 Social Behaviour and Change Communication events in the form of field days, Annual Aquaculture Days, World Fisheries Days and World Food Day
- Conducted public sensitization on ABDP supported community cages in selected beaches
- Developed Homa Bay County Sand Harvesting, Conservation and Mining Policy/Bill 2024
- Provided infrastructure to support paperless Cabinet proceedings and acquired various communication & ICT equipment to support operations in different department
- Establishment of digital hubs in Oyugis, Sikri, Kasewe, Kachieng South, Ndhiwa, ratanga, Pala kabuoch, Suba and Kosele.

#### 2.6.9 Department of Education, Human Capital Development and Vocational Training

42. In the FY 2023/24, the department had an allocation of **KSh. 1,420,219,809** and absorbed **KSh. 1,129,738,187** spent on various programmes, which represents 79.5% absorption rate. During the period, the department has been able to:
- Improve infrastructure in learning centres and ICT hubs. The department undertook the “Ondoa Kaunda” initiative aimed at providing standardized EYE classrooms in all the wards in the County.

- Provide the capitation fees for trainees in the Vocational Training Centres,
- Disbursed scholarships and bursary funds for needy and vulnerable students and provision of teaching and learning materials to both EYE and VET centres.
- Engaged with many partners to realize more infrastructure development in the learning centres.
- Has been undertaking EYE and VTC field assessments in all learning institutions while pursuing their ongoing ward-based projects and settling pending payments.

#### 2.6.10 Department of Public Health and Medical Services

**4 3 .** The department realized an allocation of KSh. **2,759,978,523** and absorbed **KSh. 2,361,241,706** representing an 85.5% absorption rate. The department achieved the following;

- Established Health Facility Improvement Financing Act, 2023,
- Harmonization FIF Act, 2023 with SHIF (on-going),
- Elevation of the county hospital to a level 5 facility,
- Improved sanitation with 325 villages declared ODF,
- Mass distribution of Long-Lasting Insecticide treated nets,
- Operationalized the mobile clinic for Outreaches,
- Refurbished maternity and newborn unit at HBCTRH
- Procured of linen and purchase of anesthetic machine for HBCTRH
- Improved coverage for services and improved commodity stock rate from 40% to 70%.
- Completed Minyere Dispensary, Wikomimo Health Center, Magina Health Center, Nyaruenya Health Centre, Ongako Health Center, Tala Health Centre, Ogwang Bware Health centre, Abundu Rawi Dispensary, Nyahera Health Center, Pala Health Center among others.
- Supplied and delivered of Medical Equipment's to various health center
- Commenced construction of an Accident and Emergency Unit Centre and 112-Body Funeral Parlour at HBCTRH

#### 2.6.11 Department of Lands, Housing, Urban Development and Physical Planning

**44.** During the FY 2023/24, the department was allocated a total of KSh. **534,321,814** and was able to absorb **KSh.529,720,505** representing a 99.1% absorption. The department has been able to:

- Construct an Ablution Block at the Lands Office
- Prepare an inventory of all public lands, a valuation roll for Homa Bay Municipality
- Settle pending bills related to the GIS Lab and Symbio City Change Project.
- Process land ownership for the affordable housing project in Homa- Bay Municipality, the proposed Tom Mboya TTC in Rusinga Island, the proposed Sports Talent Centre in Ndhiwa, the proposed Cultural Centre in Kagan, the renewable Energy Centre in Marindi and the industrial Park in Riwa- Karachuonyo.
- Grant charters to additional four municipalities in the county; improve informal settlements in Kijijini Kendu-Bay and Ndhiwa through planning and Land Tenure
- Acquire land for future development; renovate the deputy governor's residence.
- Acquire a survey equipment.
- Recruit laborers under the Labour-Intensive Community Work in KISIP 2 Socio-Inclusion Component.

#### 2.6.12 Department of Trade, Industry, Tourism, Cooperative Development and Marketing

45. In the FY2023/2024, the department was allocated a total of **KShs. 646,479,514**, out of which **393,093,478** was absorbed resulting in 60.8%. During the year, the department made the following achievements;

- Hosted an international investment conference from February 27th to 29th, 2024, themed "Unlocking the Bay of Endless Potential." This event attracted over 3000 delegates and nine investors, leading to the signing of MOUs worth approximately KShs. 17.3 billion.
- The department also facilitated the gazettement of Riwa as a Special Economic Zone on January 23rd, 2024, under the Special Economic Zones Authority Act of 2015.
- Additionally, the successful Miss Tourism beauty pageantry was held, starting with sub-county auditions on October 13th, 2023, and culminating in the final event in November at Tourist Hotel, Homa Bay.
- Further accomplishments included initiating the development of phase 1 of Lake Simbi Nyaima,.
- Collaborating with the National Government on the County Aggregation and Industrial Park at Riwa, and forwarding the Cooperatives Policy to the assembly.
- The department registered 106 new cooperative societies, revived eight, and conducted public sensitization forums for various groups, leading to the formation of numerous new societies.
- Moreover, training and capacity building were provided to sixty cooperative societies and their officials, supported by development partners such as NARIGP, NURU, and Practical Action.

#### 2.6.13 Department of Water, Sanitation, Irrigation, Environment, Energy and Climate Change

46. In the FY 2023/24, the department was allocated KSh. **625,290,411**. During the year, the department managed to absorb at total of KSh. **549,596,210**; which represents an absorption rate of 87.9%. Some of the achievements during the FY 2023/24 include:

##### a) Division of Environment, Climate Change, Energy and Forestry

- Presided over planting of 287,540No. trees in forests, learning institutions, funerals, churches, hospitals and farms.

- Successfully conducted clean up campaigns in all municipalities and outlier towns.
- Successfully conducted dialogue forums on reducing pollution within Homabay town sub county small markets
- Formulated a sustainable waste management policy
- Conducted an international technical training and municipal exchange programme on integrated waste management with Lyckselle municipality, Sweden
- Conducted the Homa-Bay County Participatory Climate Risk Assessment exercise and preparation of the report.
- Formulated the Homa-Bay County Climate Change Action Plan 2023-2027
- Sensitized communities on the impacts of climate change and mitigation and adaptation strategies
- Engaged communities in the prioritization of climate resilience investment projects
- Reviewed and updated the Climate Change Action Plan
- Prepared the Homa Bay County Climate Change Communication Strategy.
- Engaged the County Assembly and the County Executive Committee on climate change mitigation and adaptation in Rusinga
- Established and operationalized the County Climate Change Information Centre.
- Conducted training and Capacity Development of the County Climate Change Steering & Technical Committees.
- Capacity building of Ward Climate Change Committees.
- Developed the County Climate Change Grievance Redress System.
- Prepared the draft Homa-Bay County Climate Finance Policy.
- Installed solar panels (Solar Park) at Takawiri and Ngodhe islands done by partners (REREC and World bank)



- In partnership with GIZ, the department put up a number of energy cook stoves at Homabay municipal market which was commissioned by H.E. the Governor.
- Decentralized sub-sector of Energy by deploying staff at sub county levels for effective service delivery

#### **b) Irrigation Division**

- Operationalized and adequately staffed the division.
- Conducted preliminary mapping of the irrigation/potential irrigation sites in the county
- Initiated the formulation of legislative frameworks for irrigation in the county

### **2.6.14: Department of Governance, Administration, Communication and Devolution**

**47.** The department of Governance mandate is to provide leadership, coordination and track results for each devolved entity for purposes of ensuring effective service delivery. In the FY2023/24, the department was allocated a total of KShs. **457,603,860** out of which **Ksh. 268,657,272** was absorbed resulting in a 59% absorption rate

- Under the Governance and Coordination services programme the department trained 250No. enforcement staff, kitted all the enforcement, inspectorate and fire brigade staff with uniforms.
- Under the communication and public engagement programme the department established the public redress and grievance Centre. Established the county press centre and published and disseminated the county quarterly magazines.
- Under the special projects and disaster management services programme the department hosted mentorship programme for both boys and girls.

#### 2.6.15 The Executive Office of the Governor

48. The department of Governance mandate is to provide leadership, coordination and track results for each devolved entity for purposes of ensuring effective service delivery. In the FY2023/24, the department was allocated a total of KShs. **704,330,618**, out of which **450,596,997** was absorbed resulting in a 63.97% absorption rate
- Under the Governance and Coordination services programme the department trained 250 No. enforcement staff, kitted all the enforcement, inspectorate and fire brigade staff with uniforms.
  - Under the communication and public engagement programme the department established the public redress and grievance Centre. Established the county press centre and published and disseminated the county quarterly magazines.
  - Under the special projects and disaster management services programme the department hosted mentorship programme for both boys and girls.

#### 2.6.16 Kendubay Municipal Board

49. The Board was created to give effect to article 184 of the constitution, which provides for the classification, governance and management of urban areas and cities. Ultimately, the Board was mandated to make Kendu Bay Municipality more attractive and sustainable through effective policy formulation and implementation. In the FY 2023/24, the Board has been allocated a total of Kshs 15,720,274 out of which Ksh. 7,786,852 was spent representing 50% absorption rate.
- Under Policy, Planning and Administration Services Programme, the recurrent funds channelled towards: Policy and plan development at Kshs. 1,288,010; remuneration of staff at Kshs. 3,803,640; Facilitating M & E and general office operations at Kshs. 2,778,624
  - Under the Public Works and Infrastructure Improvement Services Programme, the development funds channelled towards installation of 14 solar lights at Kshs. 3,350,000
  - Under the Housing and Urban Development Services Programme the funds will be channelled towards acquisition of land for a Dumpsite at Kshs. 3,500,000 and development of 10Km. of Drainage at Kshs. 1,000,000.

#### 2.6.17 Mbita Municipal Board

**50.** The Board was created to give effect to article 184 of the constitution, which provides for the classification, governance and management of urban areas and cities. Ultimately, the Board was mandated to make Mbita Municipality more attractive and sustainable through effective policy formulation and implementation. In the FY 2023/24, the Board has been allocated a total of Kshs 15,720,274 out of which **Ksh. 7,609,000** was absorbed resulting in a 48% absorption rate;

- Under Policy, Planning and Administration Services Programme, the recurrent funds channelled towards: Policy and plan development at Kshs. 1,288,010; remuneration of staff at Kshs. 3,803,640; Facilitating M & E and general office operations at Kshs. 2,778,624
- Under the Public Works and Infrastructure Improvement Services Programme, the development funds channelled towards installation of solar lights at Kshs. 3,350,000 whereas
- Under the Housing and Urban Development Services Programme the funds channeled towards acquisition of land for a Dumpsite at Kshs. 3,500,000 and development of 10Km. of Drainage at Kshs. 1,000,000.

#### 2.6.18 Ndhiwa Municipal Board

**51.** The Board was created to give effect to article 184 of the constitution, which provides for the classification, governance and management of urban areas and cities. Ultimately, the Board was mandated to make Ndhiwa Municipality more attractive and sustainable through effective policy formulation and implementation. In FY 2023/24, the Board was allocated a total of KSh. **16,420,472** out of which **Ksh. 8,550,198** was absorbed resulting in a 52% absorption rate

- Under Policy, Planning and Administration Services Programme, the recurrent funds will be channelled towards: Policy and plan development at KShs. **2,483,858**; remuneration of staff at KShs. **2,975,750**; facilitating M & E and general office operations at KShs. **2,410,666**

- Under the Public Works and Infrastructure Improvement Services Programme, the development funds will be channelled towards installation of **17 solar lights** at KShs. **4,275,099** whereas
- Under the Housing and Urban Development Services Programme the funds will be channelled towards acquisition of land for a Dumpsite at KShs. **2,992,569** and development of **5 Km.** of Drainage at KShs. **1,282,530**.

#### 2.6.19 Oyugis Municipal Board

**52.** The Board was created to give effect to article 184 of the constitution, which provides for the classification, governance and management of urban areas and cities. Ultimately, the Board was mandated to make Oyugis Municipality more attractive and sustainable through effective policy formulation and implementation. In FY 2023/24, the Board was allocated a total of **KSh. 16,683,620** out of which **Ksh. 7,850,000** was absorbed resulting in a 47% absorption rate. The following are some of the Municipal's achievements in the FY 2023/24:

- Installed 84 state-of-the-art streetlights and a pedestrian walkway from DTB to Winimum Hotel. The projects have increased safety and security and proved Oyugi's commitment to urban development.
- Organized of 5No. public forums and 1No. major stakeholder dialogue, supported by KCB and Equity Bank,
- Established a 54-member diaspora committee dedicated to resource mobilization.
- Organized community reconciliation efforts at A thousand Street to promote social cohesion.
- Organized CBD cleanup campaigns to promote revitalization. Through the cleaning campaigns, the residents have actively maintained cleanliness, reduced waste accumulation, enhancing overall environmental hygiene and contributing to a healthier and more attractive living environment.
- Identified and marked parking lots to decongest the CBD and bring order.
- Inaugurated the Rodi Kakuom Market, which has promoted economic empowerment.
- Drafted various by-laws, including Building By-laws (Regulations and Standards), Commercial and Passenger Transport By-laws, Advertisement By-laws, Control and

Licensing of Dogs By-laws, Public Parks and Open Spaces By-laws, Slaughterhouse and  
Licensing of Slaughtermen By-laws, and Control of Persons By-laws.

### 3.0. MACROECONOMIC DEVELOPMENTS AND OUTLOOK

This chapter presents the recent economic developments; county fiscal policy and risks to the outlook.

#### 3.1 Overview

53. CBROP 2023/24 has been prepared against a background of global economic slowdown reflecting the impact of the ongoing Russia-Ukraine conflict; higher-than-expected inflation worldwide triggered by higher global oil and food prices and the impact of the global monetary policy that has created tighter financial conditions. According to the IMF, global growth was estimated at 3.3% for 2023 is projected to continue at the same pace in 2024 and 2025. However, the divergence in output across the countries at the year narrowed partly attributed to warning cyclical factors and a better alignment of growth with the potential. Even though global headline inflation concerns are diminishing, core inflation remains persistently high. Financial market conditions have remained stable throughout 2024, reflecting improved global investor sentiment and a softening labour market. However, the outlook faces significant downside risks, including escalating conflicts in the Middle East, uncertainties around the US elections, and consistently high interest rates in advanced economies.

*Table 11 Table Global Economy Performance*

Economy	Growth (%)			
	Actual	Estimate	Projections	
	2022	2023	2024	2025
<b>World</b>	3.5	3.3	3.2	3.3
<b>Advanced Economies</b>	2.6	1.7	1.7	1.8
<i>Of which: USA</i>	1.9	2.5	2.6	1.9
<i>Euro Area</i>	3.4	0.5	0.9	1.5
<i>United Kingdom</i>	4.3	0.1	0.7	1.5
<i>Japan</i>	1.0	1.9	0.7	1.0
<b>Emerging and Developing Economies</b>	4.1	4.4	4.3	4.3
<i>Of which: China</i>	3.0	5.2	5.0	4.5
<i>India</i>	7.0	8.2	7.0	6.5
<b>Sub-Saharan Africa</b>	4.0	3.4	3.7	4.1
<i>Of which: South Africa</i>	1.9	0.7	0.9	1.2
<b>Nigeria</b>	3.3	2.9	3.1	3.0
<b>Kenya*</b>	4.9	5.6	5.2	5.4

Source; IMF World Economic Outlook, July 2024

**54.** Growth in advanced economies is projected to remain stable at 1.7 percent in 2024 and 1.8 percent in 2025. Growth in the US has been revised down by 0.1 percentage points from the Economic outlook April projects as labour market is eased and consumption moderated. The Euro area and the UK are projected to grow by 0.9 percent and 0.7 percent, respectively in 2024. In the emerging market and developing countries, growth is projected at 4.3 percent in 2024 and 2025, reflecting stronger activity in Asia. The Sub-Saharan Africa, economic growth is projected to rise from an estimated 3.4 percent in 2023 to 3.7 percent in 2024 and 4.7 percent in 2025.

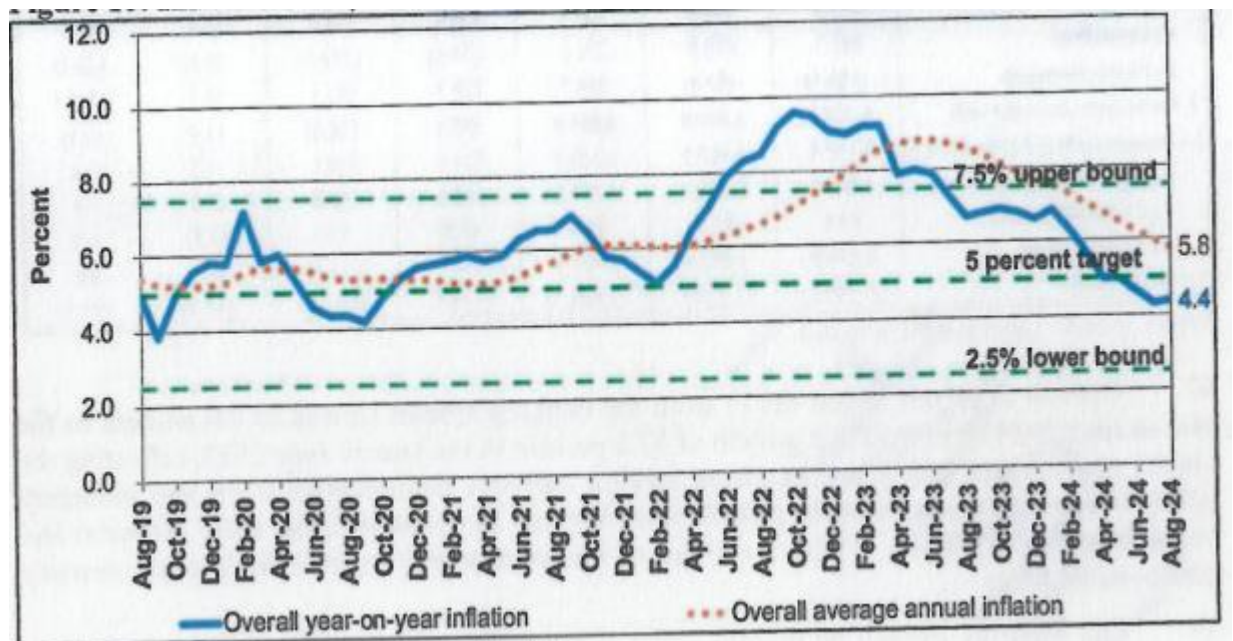
### **3.2. Fundamental Economic Developments**

**55.** The Kenyan economy demonstrated remarkable resilience and recovery towards the COVID-19 pandemic due to the diversified nature of the economy and the proactive measures by the Government to support businesses. The economy grew by 5.6 percent in 2023 from 4.9 percent in 2022. This economic recovery was mainly supported by the recovery in the service and industry sectors as well as rebounded agricultural subsector which benefited from favourable weather conditions after 2 years of severe drought.

#### **3.2.1 Inflation Rate**

**56.** The overall year on year inflation is within the government target range of 5+/- 2.5 percent largely driven by easing food and fuel prices. Overall inflation remains stable at 4.4 % and 4.3% in August in July respectively thereby, remaining below the mid-point target for the three consecutive months. This is a drop from 6.7% in August 2023 and a peak 9.6% in October 2022. Favourable weather conditions coupled with targeted government interventions have partly led to the reduction within the cost of food production (from 7.5 in August 2023 to 5.3 to August 2024) thereby lowering food inflation. Other factors that have contributed to the reduction in inflation include the pass-through effect of the strengthening exchange rate, decrease in electricity and pump prices (declined from 14.2 in August 2023 to 4.7 in August 2024) and CBK monetary, policy stands by raising bank rates from 10.5 percent in July 2023 to 13% in February 2024.

Figure 10: Inflation Rate, Percent



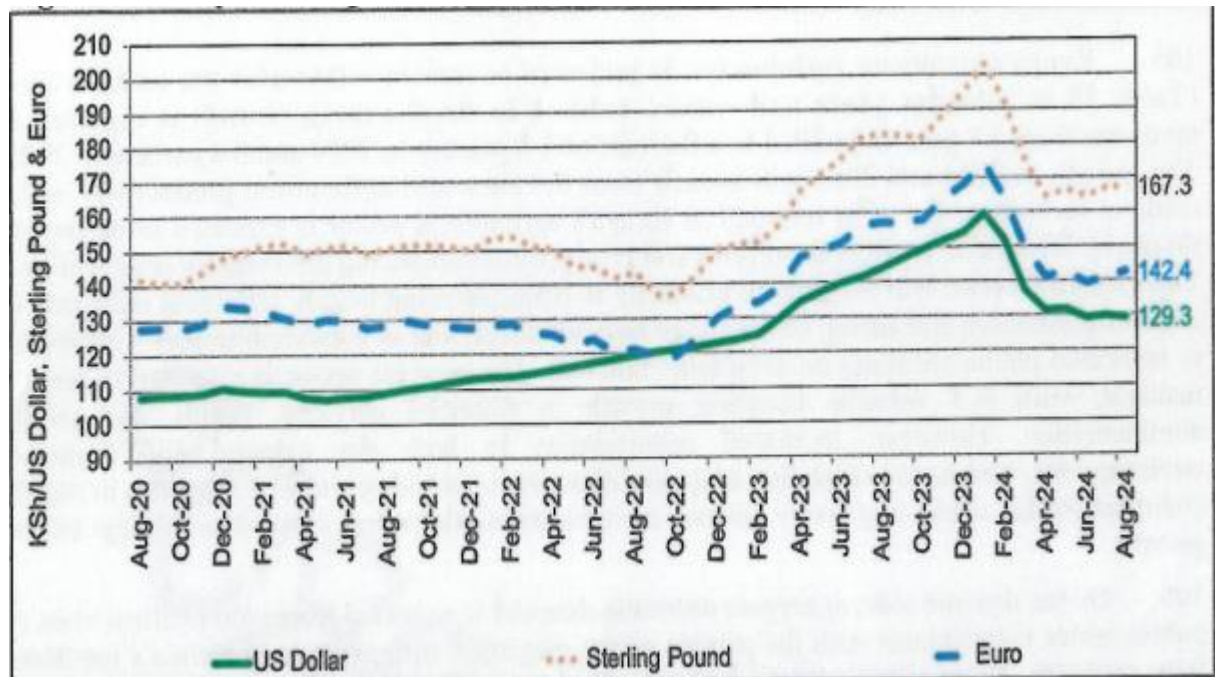
Source of Data; Kenya National Bureau of Statistics

### 3.2.2 Kenya Shilling Exchange Rate

57. The foreign exchange market remained stable in the first half of 2024 despite increased global uncertainties, effects of a stronger US dollar and geopolitical tensions in the Middle East. The Kenya shillings exchange rate was weaker at the turnoff the year but strengthened against the US dollar from mid-February 2024 through to August 2024 by 10.15% ,8.55% and 9.55% against US dollar, sterling pound the Euro respectively. It exchanged at an average of 129.32 per US dollar in August 2024 compared with Kenyan Shillings 143.93 per US dollar in August 2023. Similarly, the Kenyan shilling Underperformed in all EAC regional currencies under the period under consideration. The foreign exchange market was mainly supported by inflows from agricultural exports, remittances and portfolio investors while demand was driven by pick up in Manufacturing, wholesale and retail sectors.



Figure 10 Kenya Shillings Rate



58.

Source of Data; Central Bank of Kenya

### 3.2.3 Domestic Employment

59. The world's unemployment rate stood at 5.2% in 2023 from 5.1 % in 2022. This was largely contributed by global economic slowdown mainly caused by Inflation, Monetary tightening and disrupted supply chains, geopolitical instability, technological disruptions and post pandemic strategical changes. Kenya's unemployment rate stood at 5.6 in 2023 this was largely caused by Economic slowdown, Informal sector dominance and mismatch between education and job market needs.

### 3.2.4 County-Specific Economic Developments

60. Homa Bay County's economic outlook is projected to remain positive, with improvements noted across several key development indicators. The County's Public Affairs Index has risen from 0.56 in 2022 to 0.67 in 2024, reflecting progress in governance, public service delivery, and policy effectiveness. Economic growth remains steady, with an index score of 0.38, though there is a need to enhance economic diversity, which is currently at 0.30. The County must therefore focus on broadening its economic base, particularly in sectors like industry and services.

- 61.** The sectoral contribution to County Gross Value Added (GVA) highlights the dominance of the services sector, which has increased its share to 48.27% in 2024, up from 47.50%. Industry remains underdeveloped, contributing just 8.89% to GVA, though it has seen growth from 7.59% in 2022. The industrial sector is largely driven by manufacturing, indicating potential for further expansion, especially in agro-processing and value addition. Agriculture's contribution to GVA has remained stable, emphasizing the need for modernization and innovation to increase productivity.
- 62.** On the social and environmental front, Homa Bay County has made significant strides. Access to improved water stands at 0.65, and access to improved sanitation has risen to 0.49, although further improvements are needed to meet universal coverage targets. The County's forest management regulatory and institutional framework score is 0.57, and clean energy use remains low at 0.06, pointing to areas where environmental sustainability efforts must be intensified.
- 63.** The County's focus on improving the quality of labour has yielded positive results, with indicators surpassing the national average. However, teenage pregnancies continue to be a challenge, posing a risk to future labour quality. Reducing teenage pregnancies through targeted interventions will be essential for enhancing the education and workforce readiness of young people in the county.
- 64.** The County Business Environment for Micro and Small Enterprises (CBEM) has seen substantial improvement. The Worksite and Related Infrastructure score increased from 23.54 in 2022 to 61.32 in 2024, while the Market Environment score rose from 24.62 to 37.5. Financial inclusion within the MSE sector has also improved, with the score rising from 7.05 to 17.54. These improvements reflect the County's commitment to enhancing the business environment and promoting entrepreneurial growth. However, the Fintech Index remains low at 0.33, highlighting the need for greater adoption of financial technologies to drive inclusivity and innovation.
- 65.** Homa Bay County has outperformed the national average in terms of climate change readiness, with a score of 0.68 compared to the national average of 0.63. This highlights the County's efforts in preparing for and mitigating the effects of climate change, though continued investments in sustainable practices will be crucial for future resilience.
- 66.** Youth employment remains a bright spot in Homa Bay County, with a youth unemployment rate of 5%, significantly lower than the national average of 8.5%. This reflects the success of various job creation initiatives, although sustained efforts will be necessary to maintain and further reduce unemployment levels.
- 67.** In summary, Homa Bay County's economic development is on an upward trajectory, with significant improvements in public administration, business environment, and sectoral contributions. However, challenges remain in expanding industrial output, improving social services, and addressing teenage pregnancies. The County's focus on sustainability, climate change readiness, and enhancing the quality of labour will be critical in driving inclusive and resilient growth over the medium term.

## 3.3 Economic Outlook

### 3.3.1 National Economic Outlook

- 68.** Kenya's economic performance is projected to remain stable over the medium term. Growth is expected to be moderate from 5.6 % in 2023 to a forecast of 5.2 % in 2024 and 5.4 in 2025. The growth in 2024 and 2025 will benefit from enhanced agricultural productivity and resilient services sector driven by favourable weather conditions and productivity enhancing government interventions. The industrial sector will see growth primarily in manufacturing largely reflecting reduction in cost of production and ease of exchange rate pressures: and in constructions, partly attributed to increased public spending on affordable housing. The ICT sector is expected to remain resilient in boosting growth through financial services health and public administration. On the demand side, aggregate domestic demand is expected to remain resilient even as public sector consolidates with private sector in Kenya's medium-term recovery
- 69.** Private investment will be supported by measures aimed at improving competitiveness inclusivity market efficiency, positive business sentiments, access to the international markets and projected FDI inflows. Investment will also benefit from an increased focus on PPPs. Government consumption and investment are expected to slow down in 2024/25 due to the ongoing growth friendly fiscal consolidation forth complemented by private sector investment. Kenya's external position is expected to remain supportive of macroeconomic stability.
- 70.** Overall, the current account deficit is expected to be stable in the medium term. Additionally, the Government is implementing the fourth phase of the Economic Stimulus Programs that target strategic interventions in agriculture, health, education, drought response, policy, infrastructure, financial inclusion, energy, and environmental conservation. The economic growth projections over the medium term are aligned to those of those of the fourth medium term plan 2023-2027 of the vision 2030

### 3.3.2 County Economic Outlook

- 71.** The county has a primarily agriculture economy but is diversifying into other sectors such as ARUD, GECA, EIICT, Education and Health Sector. Agriculture is an essential sector that sustains livelihoods and drives economic growth. The fertile soils and favourable climate support the cultivation of staple crops such as maize, millet, and sorghum, while cash crops like sugarcane and horticultural produce contribute significantly to local and regional markets. The county emphasizes modernizing farming techniques, promoting sustainable practices, and improving market access to increase agricultural productivity and food security through modernized farming techniques and technologies; strengthen animal health and disease control measures leading to improved livestock productivity; enhance access to markets and value chains for smallholder farmers; promote sustainable land use practices and natural resource management, reducing environmental degradation; support research and development to enhance the competitiveness and resilience of the agriculture and livestock sectors; support registration of 140,000 farmers for the government subsidized fertilizer programme; distribute 183 tons of seeds to 75,000 beneficiaries and through NARIGP promoted and supported registration of 20 SACCOs in each ward and supported them with Computers and Printers for automation of their services. Operationalization of investments in banana (Miriu Cooperative banana value addition, Matunda Cooperative banana aggregation and value addition & Wanyama Multipurpose Cooperative hardening of TCB and banana aggregation) cotton value chain (Pala Mechanization, Kochia mechanization, Lambwe mechanization and aggregation & Homa Bay Cotton Union cotton aggregation) chicken (Great Wang'chieng Poultry feeds processing & Karachuonyo Lolwe poultry hatchery and breeder farm) & Dairy (Kabondo cooperative dairy processing, Hosrand cooperative dairy processing, Rangwe dairy processing and Ndhiwa Dairy processing).
- 72.** The county has significant tourism potential due to its proximity to Lake Victoria and attractions such as Ruma National Park, the Homa Hills hot springs, and the famous Tom Mboya Mausoleum. These sites draw both domestic and international visitors. To spur development, the county managed to; Develop and operationalize Roads and Transport policy framework; Opened 155km of new roads spread across the county, maintained 949km of existing county roads; installed drainage structures including 280 linear meters

of piped culverts and three (3) new box culverts; maintained plant and equipment including (1 No. motor grader, 1 No. excavator, 2 No. steel wheeled rollers and 2 No. Tipper) in order to enhance emergency road maintenance works, increase own source revenue performance in revenue generation and enable citizens access public utilities such as markets, health facilities, and schools.

- 73.** The county has been able to improve infrastructure in learning institutions, provided capitation fees for trainees in the Vocational Training Centres, provided bursaries and scholarship funds for needy and vulnerable students and supplied teaching and learning materials to both EYE and VET centres. Further, the department has enhanced collaboration with more development partners to realize more infrastructure and development initiatives in learning centres. Additionally, the department has been undertaking EYE and VTC field assessments in all learning institutions.
- 74.** In addition, the county government is committed to ensure our health care systems and structures are working and all our health facilities are able to provide basic medical care to ensure our residents are healthy

### **3.4 Fiscal Policy**

- 75.** The County is fuelling its obligation under planning, in implementing County Integrated Development Plan (CIDP 2023-2027) as a 5-year planning framework which forms the basis of project identification, sequencing and allocation of budgets for effective implementation of desired County projects meant to improve quality of life and service delivery.
- 76.** The fiscal policy objective of the County Government of Homa Bay is focused on unlocking the county's endless potential and GENOWA agenda
- 77.** The fiscal policy over the medium term will focus on: Increasing County resources through enhanced resource mobilization (both internal and external resource).

#### **3.4.1 Revenue policy**

- 78.** Broadening of the tax base in order to grow revenue to finance priority development, strengthening revenue administration capacity through organizational and modernization

reforms and automation of revenue collection processes in order to enhance revenue collection.

- 79.** More specifically, the revenue targets for the FY 2024/25 and the medium term will be achieved through: Improving revenue intake by applying readily available data mining and analytic techniques and by billing appropriately and collecting effectively; Making County government physical and digital assets work harder for taxpayers: sell, rent or lease the assets; and offer premium, value-added services related to the asset for which customers will readily pay.

### **3.4.2 Expenditure policy**

- 80.** Rationalization of expenditures in the non-productive areas to create requisite fiscal space for productive sectors, to improve efficiency and reduce wastage. Additionally, with the on-going public service rationalization, redundancies and duplications will be eliminated in the public service;
- 81.** The absorption capacity in capital projects will continue to be improved through e-procurement which will also ensure that public financial resources are used prudently and for intended purposes. The continued use of electronic procurement system through the IFMIS “Procure to Pay” module eliminates manual procurement challenges that the national government had experienced in the past.
- 82.** Full implementation of the integrated financial management system (IFMIS) as an end-to-end transaction platform and Government Payment Gateway and adoption of leasing of assets in government to ensure revenue and expenditure efficiency; Expenditure tracking and value for money audits to ensure efficiency and effectiveness in use of resources at all levels of government coupled with strengthening of project planning and management as well as engagement with development partners.

### **3.4.3 Deficit Financing policy**

- 83.** The fiscal stance of the county only envisages non-concessional external borrowing that will be limited to capital projects and within the ceiling stated in the County Debt Management Strategy Paper. The debt management strategy aims at ensuring public debt sustainability. The strategy envisages diversification of financing sources beyond commercial sources of financing

## **3.5 Risks to Economic outlook**

### **3.5.1 Risks to the National Economic Outlook**

- 84.** There are down side risks to this macroeconomic outlook emanating from domestic as well as external sources. On the domestic front, the emergence of COVID-19 variants may occasion restrictive measures. Other risks relate to lower agricultural output due to potential adverse weather conditions. Additionally, increased public expenditure

pressures, particularly wage and other recurrent expenditures, would put a strain to the fiscal space. On the external front, the key downside risks include: uncertainty about the global outlook, reflecting adverse effects of the war in Ukraine, inflationary risks (from rising prices of food and oil), continuing COVID-19 pandemic related disruptions, and supply chain constraints as well as increased global financial markets volatility amid the tightening of monetary policy in advanced economies.

- 85.** The Government has faced difficult policy trade-offs to secure economic recovery and navigate existing macroeconomic challenges amidst diminishing fiscal space. Among the fiscal measures implemented by Government to minimize the adverse impact of these emerging issues to the Kenyan economy include, among others: Subsidizing pump prices through the Petroleum Development Levy Fund; Reduction in electricity tariff by 15 percent to lower cost of power; Granting waiver of import duty on 540,000 metric tons of white non-genetically modified (non-GMO) imported into the country; and waived for a period of 3 months, the Railway Development Levy and the Import Declaration Fee on the importation of the gazette white maize; Implemented Fertilizer Subsidy - to farmers during the planting seasons will increase domestic wage and increase the purchasing power of our electorate.

### **3.5.2 Risks to the County Economic Outlook**

- 86.** The County takes cognizant of risks that are likely to impact on the economic outlook ranging from adverse changes in macro- economic factors such as increase in inflation and interest rates, debt burden, low growth in investments and failure of the National Government to meet its revenue targets.



## **4.0 RESOURCE ALLOCATION FRAMEWORK**

### **4.1 Implementation of the FY 2024/25 Budget**

- 87.** The execution of the budget for the FY 2024/25 is on course though likely to be affected due to the withdrawal of the famous Financial Bill 2024 pointing out possible revenue reduction that ultimately will lead to budget deficits that will hinder various county spending entities from actualizing their intended outputs, priority programmes/projects as envisaged in the County Fiscal Strategy Paper 2024 and the Annual Budget Estimates.
- 88.** In order for the County to accelerate economic growth, implement development programmes and facilitate the provision of quality services to its citizens during this tough economic period and to cushion the County from operating a deficit budget, the County treasury will initiate and guide all the spending entities in revoting their expenditures in a more realistic manner.
- 89.** The process will ensure that the reviewed departmental expenditure priorities both development and recurrent conforms to the size of the budget upon the revision of CARA 2024, departments will also be expected to implement austerity measures and expenditure guidelines provided by the County to help minimize wastage while maximizing use of the available budget to deliver high impact programmes/project that seeks to address the development challenges affecting the most of the County residents , ensure procurement of services and works will only be based on availability of budget lines to avert accruing of pending bills and finally drastic measures will be put in place to ensure the fiscal space is not over-crowded with new projects but instead ongoing projects and stalled projects will be prioritized while the new proposals will be sequenced in the budget for the FY 2025/26.

### **4.2 Fiscal Policy for the FY 2025/26 and the Medium Term**

- 90.** The fiscal policy stance of the County Government of Homa Bay for the financial year 2025/26 and the medium term is aimed at achieving sustainable economic growth, ensuring adherence to the fiscal responsibility and principles in the management of County financial resources, and the overall well-being of county residents. This means not only supporting priority programmes of the County Government as captured in the County Integrated Development Plan 2023-2027 but also pursuing a growth-friendly

fiscal consolidation plan designed to implement a more effective liability management strategy, without compromising service delivery to citizens.

#### **4.2.1 Incentivizing Economic Growth**

**91.** For purposes of fostering economic growth, the County government will allocate a significant proportion of the budget to high-growth-potential sectors such as agriculture, tourism, and fisheries.

➤ **Agriculture:** The County government will accelerate investment in modern farming techniques, irrigation, and agribusiness to increase agricultural productivity.

➤ **Tourism:** The County government will promote Homa Bay's rich cultural heritage and natural attractions to attract tourists and create employment opportunities.

➤ **Fisheries:** The County government will support sustainable fishing practices and value addition to boost the fishing industry.

➤ **Infrastructure Development:** The County government will accelerate investment in the development and maintenance of roads, energy, and ICT infrastructure to facilitate trade and connectivity within the county.

➤ **Private Sector Support:** The County government will provide incentives for small and medium-sized enterprises (SMEs), encourage investment, and streamline the business registration process

#### **4.2.2 Upholding Fiscal Responsibility**

**92.** For purposes of reinforcing fiscal discipline and ensuring fiscal sustainability, the County government will ensure all county expenditures are aligned with revenue projections. This will mean strict monitoring and evaluation mechanisms will be in place to prevent overspending. Again, effort will be focused on debt reduction, optimizing debt servicing costs, and prioritizing investments that generate revenue and employment.

#### 4.2.3 Enhancing Revenue Mobilization

93. For purposes of growing the county resource envelope, the County government will review and update its revenue policies, exploring options for broadening the tax base while keeping the tax environment business-friendly. The County government will actively seek partnerships with the private sector to develop and finance some infrastructure projects, reducing the burden on the county's finances. The County government will also proactively seek grants from government agencies, development partners, and philanthropic organizations to fund specific development projects and programs.

#### 4.2.4 Improving Risk Management

94. For purposes of preparing for unforeseen events and unplanned expenditure of emergency nature, the County government will have a reserve fund to mitigate the impact of unforeseen economic challenges or disasters, ensuring continuity in service delivery. The plan will undergo regular review and adaptation to respond to changing economic conditions and policy environments.

95. Homa Bay County's fiscal consolidation plan is designed to strike a balance between promoting economic growth and maintaining fiscal responsibility. We are committed to transparent and accountable governance, and we believe that by implementing these strategies, our county will thrive, providing a better quality of life for our residents.

#### 4.3 FY 2025/26 Fiscal Projections

96. In the FY 2025/26, the county's total revenue including Appropriation-in-Aid (A-I-A) is projected at **KSh. 11,223,318,604**. The projected resource envelope comprises of Equitable Share at **KSh. 8,441,225,975**; Own Source Revenue at **KSh. 1,639,426,986**; Conditional Grants at **KSh. 1,007,902,009** and Equalization Funds at **KSh. 134,763,634**. For all the projected incomes from Equitable Share, Conditional grants and Equalization funds are pegged on the context of **CARA 2025/26** and any other decisions by National treasury through Parliament and Senate on additional funding to counties as part of effort to support Counties implement a number of its Devolved and shared function with National Government.

97. The other sources that the County will rely to fund the budget, will include Incomes from other sources including funds mobilized through PPP, investors, donations and balances brought forward in the FY 2024/25 which will be declared and factored then during the 1<sup>st</sup> Supplementary budget for the FY2025/26.
98. The overall expenditure and net lending are projected at **Ksh.11,223,318,604**, out of which **Ksh. 7,606,089,837** towards recurrent expenditures which comprises of compensation to employees and operations while **Ksh. 3,617,228,767** to be channelled towards capital expenditures that largely supports the implementation of localized community development projects, implementation of flagship programmes and departmental priorities interventions based on their mandate , the County Government's total revenue including A- in-A is projected to grow by at least eight (8) percent as a result of annual incremental in both Equitable Share, Conditional Grants additional funding annually this speaks to revenue administration and management measures that will the County grow its OSR significantly hence bridging the budget deficits in case of any , until Own Source Revenue is at least 2 percent of the Gross County Product. Total expenditure is projected at 100 percent of the Total County Revenue (TCR) in the FY 2025/26. Of the total expenditures, recurrent expenditure is projected at 65 percent of TCR in the FY 2025/26; 66 percent of TCR in the FY 2026/27 and 67 percent of TCR in the FY 2027/28.

#### **4.4 FY2025/26 and Medium-Term Budget Framework**

99. The FY2025/26 and the Medium-Term Framework will leverage on development programmes by National Government that immensely will support in accelerating economic growth to the people of Homa Bay, align County programme goals and objectives to National development focus such programmes and projects under Bottom-Up Economic Transformation Agenda (BETA) and ensure County programmes and expenditures are aligned and speaks to GENOWA agenda as prioritized in the CIDP 2023-2027. The agenda is geared towards good governance and service delivery excellence: enhanced food security and development of agri-food value chains; nurturing environments for children and other disadvantaged groups; optimum development of the blue, creative, digital and enterprise economies; world-class infrastructure and tooling for enhanced economic competitiveness; and access to quality and

affordable healthcare services. To achieve these objectives, the County Government will implement strategic interventions under the following key enablers: Infrastructure; Manufacturing; Blue Economy; the Services Economy, Environment and Climate Change; Education and Training; Women Agenda; Youth Empowerment and Development Agenda; Social Protection; Sports, Culture and Arts; and Governance.

*Table 12 Summary of the FY 2025/26 Medium-Term Budget Framework*

Revenue/Expenditure Category	Approved Estimates FY2024/25	Projected Estimates FY2025/26	Projected Estimates FY2026/27
<b>Total Revenue</b>	<b>11,876,978,601</b>	<b>11,223,318,604</b>	<b>11,457,950,466</b>
Equitable Share	8,436,080,677	8,441,225,975	8,735,348,573
Conditional Grants	1,829,487,963	1,007,902,009	1,108,692,210
Own Source Revenue	501,737,917	601,253,680	412,779,048
Appropriations–In-Aid (Health Sector)	981,068,740	1,038,173,306	1,041,890,637
Share of equalization fund	128,603,304	134,763,634	159,239,998
Other Sources (Including Bal. B/F)	0	0	0
<b>Total Expenditure</b>	<b>11,876,978,601</b>	<b>11,223,318,604</b>	<b>11,457,950,466</b>
<b>Recurrent Expenditure</b>	<b>7,670,902,585</b>	<b>7,606,089,837</b>	<b>7,791,406,317</b>
Personnel Emoluments	5,660,464,493	5,737,336,549	5,868,223,321
Operations and Maintenance	2,010,438,092	1,868,753,288	1,923,182,996
<b>Development Expenditure</b>	<b>4,206,076,016</b>	<b>3,617,228,767</b>	<b>3,666,544,149</b>

Source: County Treasury

## 4.5 Resource Allocation Criteria

**100.** Allocating budget resources among county spending entities often requires a thoughtful and transparent process to ensure that funds are distributed efficiently and effectively to meet the needs and priorities of the county. The allocation criteria usually reflect the county's strategic objectives, development goals, and the principles of fairness and equity.

**101.** The County in allocating the available financial resources at its disposal to all the spending entities will be guided by the following criteria's:

- The linkage of programmes with the priority pillars of the GENOWA Agenda
- The linkage of the programme with the priorities captured in the County Integrated

#### Development Plan 2023-2027

- The linkage of the programmes with International, Regional and National government development priorities
- The linkage of programmes that support mitigation and adaptation of climate change;
- Completion of ongoing projects, viable stalled projects and payment of verified pending bills;
- Degree to which a programme addresses challenges of job creation and poverty reduction in the county;
- Degree to which a programme addresses the core mandate of the spending entity in question
- Cost effectiveness, efficiency and sustainability of the programme; and
- Requirements for furtherance and implementation of the Constitution requirement.
- Comprehensive needs assessment to identify the most pressing needs and priorities of the county that needs to fund most to realize expected results.
- Evaluation of the cost of delivering services in different sectors and locations.
- Compliance to the Legal and Regulatory Requirements in matter budgetary allocation to different spending entities and allocation in the broad economic classification of government function.

#### **4.6 Expenditure Allocation by Spending Entity**

- 102.** The different departments, boards and corporations of the County Government of Homa Bay will be allocated funds to fulfill their mandates, meet specific objectives and address the needs of Homa Bay County. The allocation process involved meticulous analysis and thoughtful consideration of various factors, including economic priorities, social welfare, infrastructure development, and public service delivery. Ultimately, the allocative choices have reflected the county government's policy direction, vision for development, and commitment to equitable resource distribution.

Table 12 FY 2025/26 Indicative ceilings by spending entities

COUNTY SPENDING ENTITY	RECCURENT			DEVELOPMENT			TOTALS		
	Approved Estimates FY2024/25	Projected Estimates FY2025/26	Projected Estimates FY 2026/27	Approved Estimates FY2024/25	Projected Estimates FY2025/26	Projected Estimates FY2026/27	Approved Estimates FY2024/25	Projected Estimates FY2025/26	Projected Estimates FY2026/27
Agriculture and Livestock	210,480,293	231,528,322	238,474,171	262,538,880	450,393,761	472,913,449	473,019,173	681,922,083	711,387,620
Gender Equality and Inclusivity, Youth, Sports, Talent Development, Cultural Heritage and Social Services	153,719,567	147,091,524	151,504,269	95,000,000	66,036,133	69,337,939	248,719,567	213,127,657	220,842,208
Roads, Public Works, Transport and Infrastructure	157,385,190	173,123,709	178,317,420	889,974,496	826,422,356	867,743,473	1,047,359,686	999,546,065	1,046,060,893
Blue Economy, Fisheries, Mining and Digital Economy	90,898,817	99,315,581	102,295,048	93,691,161	91,927,711	96,524,096	184,589,978	191,243,292	198,819,144
Education, Human Capital Development and Vocational Training	1,246,301,659	1,068,631,825	1,306,690,779	85,000,000	227,609,965	238,990,463	1,331,301,659	1,296,241,790	1,545,681,242
Public Health and Medical Services	2,594,718,389	2,314,167,028	2,686,526,600	320,000,000	519,055,896	545,008,690	2,914,718,389	2,833,222,924	3,231,535,290
Lands, Physical Planning, Housing and Urban Development	82,313,342	54,244,676	55,872,016	1,072,020,992	169,249,428	177,711,899	1,154,334,334	223,494,104	233,583,915
Trade, Industry, Tourism, Cooperative Development and Marketing	165,259,292	176,285,221	181,573,777	205,204,927	335,742,244	352,529,356	370,464,219	512,027,465	534,103,133
Water, Sanitation, Irrigation, Environment, Energy and Climate Change	251,284,923	261,013,415	268,843,817	450,484,144	412,306,003	432,921,303	701,769,067	673,319,418	701,765,120
Finance and Economic Planning	707,575,155	706,783,684	727,987,194	238,935,539	181,381,035	39,303,682	946,510,694	888,164,719	767,290,876
Governance, Administration, Communication and Devolution	440,000,546	484,903,460	499,450,563	23,000,000	27,632,000	29,013,600	463,000,546	512,535,460	528,464,163
Executive Office of the Governor	402,146,771	585,361,448	602,922,291	230,000,000	86,350,000	90,667,500	632,146,771	671,711,448	693,589,791

County Public Service Board	69,457,403	79,703,143	82,094,237	0	3,454,000	3,626,700	69,457,403	83,157,143	85,720,937
County Assembly Service Board	1,027,160,105	1,158,815,556	1,193,580,022	142,564,789	166,704,140	175,039,347	1,169,724,894	1,325,519,696	1,368,619,369
Homa Bay Municipal Board	29,756,691	29,432,360	30,315,330	48,861,088	17,653,877	18,536,570	78,617,779	47,086,237	48,851,900
Kendu Bay Municipal Board	9,870,274	8,657,301	8,917,020	8,000,000	8,635,000	9,066,750	17,870,274	17,292,301	17,983,770
Mbita Municipal Board	9,870,274	8,657,301	8,917,020	8,000,000	8,635,000	9,066,750	17,870,274	17,292,301	17,983,770
Ndhiwa Municipal Board	9,870,274	8,657,301	8,917,020	8,000,000	9,405,218	9,875,478	17,870,274	18,062,519	18,792,498
Oyugis Municipal Board	12,833,620	9,716,982	10,008,491	24,800,000	8,635,000	9,066,750	37,633,620	18,351,982	19,075,241
<b>Total Estimates</b>	<b>7,670,902,585</b>	<b>7,606,089,837</b>	<b>8,343,207,093</b>	<b>4,206,076,016</b>	<b>3,617,228,767</b>	<b>3,646,943,801</b>	<b>11,876,978,601</b>	<b>11,223,318,604</b>	<b>11,990,150,894</b>



## 5.0 CONCLUSION AND WAY FORWARD

- 103.** The County Government of Homa Bay remains committed towards the full attainment of the “Endless Potential” within and outside its borders. This has been made possible through the careful leadership of H.E Gladys Wanga and the Deputy Governor H.E Joseph Magwanga. There exists a lot of room for growth in our Agricultural, Infrastructure, Energy, Blue Economy, Creative Industry, the informal sector and the Digital Space which we continuously incorporate in our short-, medium- and long-term plans as we mobilize resources to drive the Genowa Agenda.
- 104.** The County Budget Review Outlook Paper is therefore a critical opportunity to take stock of our previous FY2023/24 performance, review progress of the current year 2024/25 and make projections for the future financial years. Notably, the year 2023/24 recorded significant success in project implementation with the successful construction of about 160 Early Year Education (EYE) classrooms across the 40 wards in the County, the roll out of Bursary and Scholarships to various needy and deserving citizens as well as the successful hosting of the International Investment Conference which has opened great opportunities and partnerships in various sectors of our economy.
- 105.** The partnership between the County Government and the National Government has also led to the successful initiation of the Affordable Housing Plan, the commissioning of the Riwa Special Economic Zone which will house the County Industrial and Aggregation Centre and the various climate change interventions currently being rolled out through the division of Environment, Climate Change, Energy and Forestry through the Flocca Grant.
- 106.** Recent reports from various Government Agencies, specifically the Office of the Controller of Budget have shown tremendous improvement in the County’s performance in own source revenue collections (OSR) attributable to the introduction of the cashless revenue management system which has reduced revenue leakages witnessed in the past.

The reports further acknowledge the County's good performance in absorption of development funds thus a sign of improvement in project implementation.

- 107.** Despite these achievements, the County still has to grapple with a number of challenges such as high wage bill, inadequate financial resources, late disbursement of funds from the government and partners, unpredictable economic fluctuations, unfavourable weather patterns and high historical debt obligations. In order to address such set backs all departments must remain focused on local own source revenue mobilization, seek more partnerships with the national government and development partners as well as put in place institutional reforms in managing the wage bill and ensure timely repayment of County obligations to avoid high servicing costs.
- 108.** Whereas this CBROP provides indicative budget ceilings for the FY 2025/26, the County Fiscal Strategy Paper 2025 will provide final ceilings once finalized in February 2025 as provided by the Public Finance Management Act 2012.