

REPUBLIC OF KENYA



HOMA BAY COUNTY GOVERNMENT

DEPARTMENT OF FINANCE AND ECONOMIC PLANNING

MEDIUM TERM EXPENDITURE FRAMEWORK

FISCAL STRATEGY PAPER

2023

**Unlocking the County's Endless Potential for
Accelerated and Inclusive Development**

February 2023

Foreword

The preparation of this Homa Bay County Fiscal Strategy Paper is a requirement under section 117 of PFM Act of 2012. The paper sets out the county priority programmes to be implemented during the Financial Year 2023/2024 and over the MTEF period. The document is aligned to key National and County policy documents which include but are not limited to; the Kenya Vision 2030, MTP IV 2023-2027, Homa Bay County Integrated Development Plan (CIDP 2023-2027) and Homa Bay County Annual Development Plan (CADP 2023/2024).

The general election of August 2022 ushered in the “Genowa” Government whose main thrust has been to unlock the endless potential for accelerated and sustainable growth in Homa Bay County. Across the spectrum of this new administration, there is a strong belief that there is no limit, no maximum and no end to what can be achieved by simply opening the door to the county’s full potential.

Whereas the success of the county government remains constrained by inadequate financial resources, high unemployment rates, lingering political issues and the global economic bottlenecks, the CFSP 2023 has captured a raft of measures geared towards addressing those constraints. The measures are consistent with the National Government priority programs, strategies and policies especially those captured in the Budget Policy Statement for the FY 2023/2024.

The preparation of this document has been done through a collaborative effort involving various stakeholder groups within Homa Bay County. The Sector Working Groups had the opportunity to analyze sectoral performance, priority areas for funding and resource requirements. Public hearings were used to validate proposals for funding and recommend improvements on locations and allocations for the specific projects.

I wish to take this opportunity to thank Her Excellency the Governor for her exemplary leadership of the County Executive Committee that led to effective formulation of this strategy. Various technical officers have had to burn the midnight oil to give meaning to proposals from the public and for that I thank them. Representatives of various interest groups also played a big role in the formulation of this document and they too deserve my gratitude.

Finally, I wish to urge Members of the County Assembly to give effect to the intentions in this document by allocating sufficient weights and resources to the various sub-sectors that will be implementing the interventions proposed in this Paper.

Hon. Solomon Obiero

CEC Member in charge of Finance and Economic Planning
County Government of Homa Bay

Acknowledgements

The development of the Homa Bay County Fiscal Strategy Paper (CFSP) 2023 has been a collaborative effort of the County Government under the able leadership of Her Excellency the Governor, Hon. Gladys Nyasuna Wanga, H.E. the Deputy Governor, Hon Joseph Oyugi Magwanga, the County Executive Committee Members and particularly, Mr. Solomon Obiero the CEC member in charge of Finance and Economic Planning. Valuable contributions also came from Members of the County Assembly, especially members of the Budget and Appropriations Committee led by Hon. Jeff Ongoro.

The preparation of this fiscal strategy paper continues to be a collaborative effort from an array of expertise of professionals and key stakeholders in the County. We are grateful for their inputs. We are also grateful for those who provided inputs during the various public participation fora conducted in the County, in addition to comments from the Commission for Revenue Allocation and other stakeholders

The Paper sets out the broad strategic priorities and policy goals that will guide the County Government of Homa Bay in preparing its budget for the coming Financial Year 2023/24, and over the medium term. It's also specifying the framework for raising revenue, estimating expenditure and dealing with fiscal balances as and when they occur. It envisions that all these occur within a fiscal framework that is affordable and sustainable over the medium term, in compliance with the fiscal responsibility principles set out in the Public Finance Management Act, 2012 and its operationalizing Regulations of 2015.

In my capacity as the Chief Officer in charge of Finance and Economic Planning, I wish to sincerely thank all my colleagues (County Chief Officers) for their full cooperation and efforts in the preparation of this document. In particular, I would like to acknowledge the tireless work of our directors and technical Officers, led by Mr. Willys Bolo (Director Budget), for their invaluable contributions and technical inputs in the preparation of this paper.

In addition, I would like to acknowledge and appreciate the efforts and inputs of the members of the public, the Commission on Revenue Allocation (CRA), the National Treasury, the County Treasury, the Controller of Budget (COB), the County Budget and Economic forum (CBEF) members and many other stakeholder groups who were involved in the preparation of this document. Many more provided important and the much-needed information in the form of documents and advisories.

Lastly, special thanks go to officers at the Directorate of Budget: Steve Owino, Mohamed Ramadhan, Harriet Atieno, Ken Oyier and Anne Muga for their tireless endeavors to ensure the 2023 CFSP came to fruition.

Mr. Alphonse Werah,
Chief Officer – Finance and Economic Planning
Homa Bay County

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Abbreviations and Acronyms

ADP	Annual development plan
AIDS	Acquired Immuno-Deficiency Syndrome
CADP	County Annual Development Plan
CECM	County Executive Committee Member
CBEF	County Budget and Economic Forum
CBR	Central Bank Rate
CBROP	County Budget Review and Outlook Paper
CIDP	County Integrated Development Plan
CIMES	County Monitoring and Evaluation System
CFSP	County Fiscal Strategy Paper
CRA	Commission on Revenue Allocation
COB	Controller of Budget
DAP	Differently Abled Persons
EAC	East Africa Community
ECD	Early Childhood Development
EIA	Environmental Impact Assessment
EYE	Early Years Education
FY	Financial Year
FDI	Foreign Direct Investment
GCP	Gross County Product
GDP	Gross Domestic Product
HIV	Human Immuno-Deficiency Virus
ICT	Information and Communication Technology
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
IPD	In-Patient Department
KMRC	Kenya Mortgage Refinance Corporation
KNBS	Kenya National Bureau of Statistics
MCH	Maternal and Child Health
MSEs	Micro and Small Enterprises
MTEF	Medium Term Expenditure Framework
MTP	Medium-Term Plan
NBPS	National Budget Policy Statement
NDA	Net Domestic Assets
NEMA	National Environmental Management Authority
NFA	Net Foreign Assets
NIMES	National Integrated Management Information Systems
PBB	Programme Based Budget
PERs	Public Expenditure Review
PFM	Public Financial Management
PFMA	Public Finance Management Act
PPP	Public Private Partnership
SSA	Sub-Saharan Africa
SDG	Sustainable Development Goals
SMEs	Small and Medium Enterprises
VTCs	Vocational Training Centers

Legal Basis for the Publication of the County Fiscal Strategy Paper

The Homa Bay County **Fiscal Strategy Paper** is prepared in accordance with Section 117 (1) of the Public Financial Management Act, 2012 which states that:

(1) The County, Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the county assembly, by the 28th February of each year.

(2) The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.

(3) In preparing the County Fiscal Strategy Paper, the County Treasury shall specify the broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year and over the medium term.

(4) The County Treasury shall include in its County Fiscal Strategy Paper the financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term.

(5) In preparing the County Fiscal Strategy Paper, the County Treasury shall seek and take into account the views of:

- a) The Commission on Revenue Allocation;
- b) The public;
- c) Any interested persons or groups; and
- d) Any other forum that is established by legislation.

(6) Not later than fourteen days after submitting the County Fiscal Strategy Paper to the county assembly, the county assembly shall consider and may adopt it with or without amendments.

(7) The County Treasury shall consider any recommendations made by the county assembly when finalizing the budget proposal for the financial year concerned.

(8) The County Treasury shall publish and publicize the County Fiscal Strategy

Fiscal Responsibility Principles in the Public Financial Management Law

In line with the Constitution, the Public Finance Management (PFM) Act, 2012, sets out the fiscal responsibility principles to ensure prudence and transparency in the management of public resources. The PFM law (Section 107) states that:

(1) A County Treasury shall manage its public finances in accordance with the principles of fiscal responsibility set out in subsection (2), and shall not exceed the limits stated in the regulations.

(2) In managing the county government's public finances, the County Treasury shall enforce the following fiscal responsibility principles:

- a) The county government's recurrent expenditure shall not exceed the county government's total revenue;
- b) Over the medium term a minimum of thirty percent (30%) of the county government's budget shall be allocated to development expenditure;
- c) the county government's expenditure on wages and benefits for its public officers shall not exceed a percentage (35%) of the county government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly;
- d) Over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;
- e) The county debt shall be maintained at a sustainable level as approved by county assembly;

(f) The fiscal risks shall be managed prudently; and

(g) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.

(3) For the purposes of subsection (2) (d), short term borrowing shall be restricted to management of cash flows and shall not exceed five percent of the most recent audited county government revenue.

(4) Every county government shall ensure that its level of debt at any particular time does not exceed a percentage of its annual revenue specified in respect of each financial year by a resolution of the county assembly.

(5) The regulations may add to the list of fiscal responsibility principles set out in subsection (2). Specifically, the PFM Regulations provides further that:

- (a) the County Executive Committee member with the approval of the County Assembly shall set a limit on the County Government's expenditure on wages and benefits for its public officers pursuant to Section 107(2) of the PFM Act;

- (b) the limit set under paragraph (a) above, shall not exceed thirty-five (35) percent of the County Government's total revenue at any one time;
- (c) for the avoidance of doubt, the revenue referred to in paragraph (b) shall not include revenue that accrue from extractive natural resources including oil and coal;
- (d) the county public debt shall never exceed twenty (20%) percent of the county government total revenue at any one time;
- (e) the county annual fiscal primary balance shall be consistent with the debt target in paragraph (d);
- (f) the approved expenditures of a county assembly shall not exceed seven percent (7%) of the total revenue of the county government or twice the personnel emoluments of that county assembly, whichever is lower;
- (g) pursuant to section 107(5) of the PFM Act 2012, the county government actual expenditure on development shall be at least thirty (30) percent in conformity with the requirement under section 107(2)(a) of the Act;
- (h) if the county government does not achieve, the requirement of regulations 25(1)(f) above at the end of the financial year, the County Executive Committee member for finance shall submit a responsibility statement to the County Assembly explaining the reasons for the deviation and provide a plan on how to ensure annual actual expenditure outturns as well as the medium-term allocation comply with the provisions of section 107(2)(a) of the Act and these regulations in the subsequent year; and
- (i) The compliance plan above shall be binding and the County Executive Committee member for finance shall ensure implementation.

I: OVERVIEW OF THE COUNTY FISCAL STRATEGY PAPER 2023

1.1 Introduction

1. This year's Fiscal Strategy Paper is the tenth to be prepared under the devolved system of government and the first under the new administration of H.E. Governor Gladys Wanga. It has proposals for unlocking the endless potential of Homa Bay County through accelerated and sustainable growth. The priorities captured herein are aligned with those of the national government as laid out in the National Budget Policy Statement (BPS) 2023 themed: 'Bottom-up economic transformation agenda for inclusive growth.'
2. The Fiscal Strategy Paper contains:
 - An assessment of the current state of the economy including macroeconomic forecasts;
 - The financial outlook with respect to revenue, expenditures and borrowing for the next financial year and over the medium term;
 - The fiscal responsibility principles and financial objectives over the medium-term including limits on total annual debt; and
 - Statement of Specific Fiscal Risks.
3. This CFSP is entrenched in the National Government's Fourth MTP priorities, Kenya Vision 2030, Sustainable Development Goals (SDGs), Homa Bay County's Integrated Development Plan (CIDP) 2023-2027, as well as the National Medium-Term Expenditure Framework (MTEF) 2023/2024 – 2025/2026 as captured in the Budget Policy Statement of 2023.
4. The Paper sets out the priority programs, policies and reforms to be implemented in the Medium-Term Expenditure Framework (MTEF) by the Genowa Government. It comes at a time when the County Government is finalizing its preparation of the Third County Integrated Development Plan (CIDP 2023-2027). It has also been prepared against a backdrop of tight fiscal spaces occasioned by transitional demands, elevated global inflation and drought effects that have created some unforeseen urgency on food security and climate change response.

1.2 Theme for the FY 2023/24: 'Unlocking the County's Endless Potential for Accelerated and Inclusive Development'

5. Her Excellency the Governor has consistently advocated for opening of the window to unending possibilities in Homa Bay County. This would require setting up and sustaining frameworks that bring forth possibility so that citizens are able to call upon their passions rather than their fears, their strengths instead of their weakness, find joy rather than sorrow and open their fins to swim. This has meant not only restructuring the narrative but also establishing environments and working arrangements where possibility can grow.
6. The 2023 CFSP is premised on positioning Homa Bay as a County of Endless Potential. This has remained an open invitation and an inspiration for the people to support the new Genowa Government in creating ideas and events that would foster potential and unleash everyone's creativity, vitality and ingenuity required to positively identify and tap into county sectors that have tremendous potential to create jobs, boost inclusive economic

and reduce poverty. This is because the need to deliver on economic security and equity by increasing employment, ensuring equitable distribution of income and social security while also expanding revenue generation is at the heart of this Paper.

7. The county fiscal policy objectives over the medium term include: entrenching good governance, prudent financial management and service delivery; providing modern health facilities, an innovative and effective medication supply system, and sufficient, well-trained and equipped health personnel to improve the healthcare system; promoting success in today's labour market and investing in Early childhood education (ECE) and skills development; enhancing food security by investing in transformational agri-food systems for resilient livelihoods and food security; reversing the shortages and high-water costs and ensuring universal water access, particularly for the poor.
8. The county's fiscal effort will also be focused on revitalizing the county economy through expanding manufacturing and trade as well as the blue, creative and digital economies to optimize the county's full economic potential; investing in quality, reliable, sustainable and resilient infrastructure to promote agriculture, trade and development; sustainably exploiting the environment to grow the county economy while safeguarding it for future generations; leverage the a plethora of natural resources and sites that have the potential to be exploited as tourism attractions; and addressing gender disparity and empowering women, youth and people living with disability to more fully participate in the County's inclusive economic development and decision making.
9. Finally, the Government will leverage the National Government's Bottom-Up Economic Transformation Agenda (BETA). Consequently, special attention will be channeled towards Agricultural Transformation; Micro, Small and Medium Enterprise (MSME); Housing and Settlement; Healthcare; Digital Superhighway and Creative Industry which are the five sectors envisaged to have the largest impact and linkages to the economy as well as on household welfare.

1.2.1 Continuing to Build Back Better

10. As earlier indicated, the 2023 CFSP will sustain measures that will
 - Making preventive investments that improve the resilience to, and so reduce the cost of, future disasters including those related to climate change and infectious diseases;
 - Expanding investments in "green" infrastructure including low-carbon, resilient electricity systems, energy-efficient housing and, accessibility-based mobility systems;
 - Fast-tracking investment in manufacturing and value addition sector using "green" technologies;
 - Overcoming all health emergencies occasioned by Covid-19 while improving the quality of health care with emphasis on universal healthcare coverage and vaccination, reduction of mortality rates, broadening prevention, treatment and combating HIV/AIDS, malaria, tuberculosis and other communicable and non-communicable diseases;
 - Enhancing biodiversity while ensuring resilient production and supply of adequate food;
 - Enhancing early childhood and vocational skills development and access to quality education and training in the county;

- Promoting the development of sports, tourism and the blue economy through raising the profile of Homa Bay as a marquee place with diversified products, development of destinations, linkage with SDGs, setting/pursuing clear benchmarks as well as finding and fostering new partnerships that directly impact the sub-sectors;
- Espousing science, innovation and technology particularly in areas of data generation and management; clean energy, nutrition and dietetics, artificial intelligence, computerized medicine, on-line education and virtual and augmented reality;
- Improving climate change preparedness, adaptation and resilience and, the circularity of local supply chains;
- Strengthening public finance management systems and implementing procedures for enhanced access, efficiency and stability in the finance sector;
- Supporting good governance and establishing structures that enhance transparency, accountability and other national values and principles as outlined in the constitution; and
- Undertaking all the necessary additional measures to improve the entrepreneurial culture of local populations as well as growth and competitiveness of local businesses.

1.2.2. Improving Revenue Collection

11. As part of the county's economic revitalization plan, the Government will scale up its revenue collection efforts so that at least KSh.1 billion can be collected in the FY 2023/24. In order to achieve this, the county government will undertake a combination of both administrative and policy reforms including establishing a semi-autonomous revenue board to coordinate and drive revenue generation initiatives, engaging employees with the necessary competencies to provide appropriate input (e.g. strategic, technical, monitoring) to be part of the board and dedicating additional time and budgets to revenue generation.
12. Once established, the Homa Bay County Revenue Board will implement among others, the following measures: continually building up the skills base, professionalism and human resources establishment of its offices; transferring some revenue responsibilities to private parties, which could collect certain streams in return for a cut of the take; addressing the weak enforcement mechanisms that facilitate tax evasion; linking revenue collection to the provision of more and better, quality services; educating citizens on taxation and service provision through rallies, roadshows, newspaper adverts, radio jingles and signs on public buildings; and establishing effective anti-corruption campaigns meant to eradicate corruption and restore trust in the county government.
13. With the establishment of four more municipalities in Mbita, Ndhiwa, Kendu Bay and Oyugis, land and property prices will continue to be on the upswing. The rate at which land will be changing hands for vast sums will increase, meaning there will be more opportunities for the County Government to raise more revenue in the form of property taxes. Consequently, the County Government has embarked on developing modern rating and valuation rolls as part of its proposed property rating reforms.
14. Within Homa Bay County, most of the private sector consists of small and micro enterprises that operate outside the purview of government regulation and taxation. These businesses are in the subsistence economy where they contravene – or are not subject to – some of a variety of rules and regulations, including labour laws, environmental laws, registration, and taxation. To reach out to them, the County Government will shift its

focus to the businesses themselves and their owners (including the self-employed) so that they are supported to pay up revenue in more structured fashions. Where possible, the County Government will pursue their formalization as informality often precludes them from access to certain opportunities available to formal firms, including greater access to credit, increased opportunities to engage with large firms and government contracts, reduced harassment by police and municipal officials, and access to broader training and support programmes.

15. To reduce revenue leakage through non-compliance or outright fraud, the County Government of Homa Bay will take a data-driven approach to mapping and tracking all revenue that should be paid. While data-driven capabilities at scale will only be deployed systematically, revenue officers will consistently be exposed to building experience with the latest innovations. Again, only well-meaning revenue officers who are ready prove their mettle will be elevated. With digitization, the county will be able to create a massive trail of data that support more-effective revenue and payment programs.
16. On revenue policy, the County Government will implement various revenue policy measures to further boost revenue collection. First, the County Government will review and operationalize the various County Revenue Policies and the Medium-Term Revenue Strategy. The County Revenue Policy Framework will enhance administrative efficiency, provide consistency and entrench predictability in revenue legislation and management of revenue spent at source. More important, the Medium-Term Revenue Strategy will provide a comprehensive approach of undertaking effective revenue reforms for boosting collection and improving revenue generation over the medium term.

1.2.3 Improving the Medium-Term Expenditure Process

17. The County Government of Homa Bay has prioritized improving efficiency in public spending to ensure value for money by eliminating non-priority expenditures; retiring expensive and unsustainable consumption subsidies; removing unnecessary exemptions; scaling up the use of Public Private Partnerships financing for commercially viable projects; rolling out an end-to-end e-procurement system; and streamlining the initiation, execution, delivery and sustainability of public investment projects.
18. In light of the change in priorities under the new administration, expenditure ceilings in this County Fiscal Strategy Paper have been revised to reflect the emerging realities. All proposed County Entity Budget for the FY 2023/24 have been scrutinized carefully to ensure quality and alignment to Genowa Manifesto as aptly captured in the Third CIDP and other strategic interventions critical to building a county where previously disadvantaged groups will be happy to work and live in.
19. The budgeting process for the priority programmes will be developed through a value chain approach under four clusters: i) Productive Sectors, including Agriculture, Blue, Creative and Digital Economy; ii) Infrastructure and Technology sectors; iii) Social Sectors; and iv) Governance and Public Administration sectors. This process will ensure there is no break in the value chain cycle in the resource allocations. The process will also ensure adequate resources are allocated to all the components along the value chain and duplication of roles is eliminated, for efficient budgeting of available resources.

20. As part of an additional effort to improve the MTEF process, the County Government will remain focused on the full adoption of results-based management through program-based budgeting, strengthening of budget execution and monitoring structures. Entrenching performance-based systems is a critical priority for the new administration and therefore, budgetary allocations for the financial year 2023/24 shall be based on efficacy of proposed programmes, projects and activities. Programmes, projects and activities that will be funded are those that are linked to clearly specified objectives and targets.

1.3 Linkage with BPS

21. The 2023 County Fiscal Strategy is aligned with the National Government's 2023 Budget Policy Statement with respect to its focus on economic turnaround and inclusive growth. Just like the Government of Kenya, the County Government of Homa Bay has placed an increased emphasis on employment creation, more equitable distribution of income and social security while also expanding revenue and earnings from tourism and trade.

22. Both the National and County Government are focused on increasing investments in sectors envisaged to have the biggest impact on the economy as well as on household welfare. While the National Government of Kenya will be implementing its priorities under five core pillars of the Bottom-up Economic Transformation Agenda (BETA) including Agricultural Transformation; Micro, Small and Medium Enterprise (MSME) Economy; Housing and Settlement; Healthcare; and Digital Superhighway and Creative Industry, the County Government will pursue a six pillar GENOWA Agenda focused on:

- 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.

II: RECENT ECONOMIC DEVELOPMENTS AND THE MEDIUM TERM OUTLOOK

2.1 Introduction

23. The Kenyan economy continued to expand in 2022, albeit at a slower pace than the 7.5 percent recorded in 2021. Real GDP is expected to have grown by 5.5 percent in 2022 supported by the services sector particularly accommodation and food services, wholesale and retail trade, professional, administrative and support services and education sub-sectors. Despite the subdued performance in agriculture that was mainly attributed to unfavorable weather conditions that prevailed in first three quarters of 2022 and the slowdown in growth of the industry sector on account of normalization of activities in the manufacturing sub-sector after the strong recovery in 2021, the economy grew by 6.7 percent in the first quarter and 5.2 percent in the second quarter compared to a growth of 2.7 percent and 11.0 percent in similar quarters in 2021.
24. The Kenyan economy has demonstrated remarkable resilience and recovery from COVID-19 shock due to its diversified nature and the proactive measures by the Government to support businesses. The economy is projected to rebound to 6.1 percent in 2023, reinforced by the National Government's Bottom – Up Economic Transformation Agenda geared towards economic turnaround and inclusive growth.
25. Effective coordination between monetary and fiscal policies is expected to continue supporting macroeconomic stability with interest rates remaining relatively stable. Year-on-year overall inflation rate declined for the third consecutive month in January 2023. Inflation rate eased to 9.0 percent in January 2023 from 9.1 percent in December 2022 and 9.5 percent in November 2022 due to a decline in food prices following favorable rains in some areas and declining international prices of edible oils. However, this inflation rate was higher than the 5.4 percent recorded in January 2022.
26. The external sector has remained stable despite the tight global financial conditions attributed to strengthening of US Dollar and uncertainties regarding the ongoing Russian-Ukraine conflict. Due to the strong dollar, the exchange rate to the Kenya shilling, like all world currencies, has weakened but strengthened against other major international currencies. The current account deficit was generally stable at 5.2 percent of GDP in the 12 months to November 2022 compared to 5.4 percent of GDP in November 2021 on account of improved receipts from service exports and resilient remittances. The official foreign exchange reserves at 4.2 months of import cover in November 2022 continues to provide adequate buffer against short term shocks in the foreign exchange market.

2.2 Recent Economic Developments

Global and Regional Economic Developments

27. The global economic outlook has become more uncertain - reflecting the impact of the ongoing Russia-Ukraine conflict, elevated global inflation, lingering effects of COVID-19 pandemic, and persistent supply chain disruptions. Global growth is projected to slow down to 2.9 percent in 2023 from the estimated at 3.4 percent in 2022 mainly driven by sluggish growth in advanced economies. Advanced economies are projected to decline from the estimated 2.7 percent in 2022 to 1.2 percent in 2023 reflecting slowdown in the growth in the USA, Euro Area and United Kingdom.
28. Growth in the emerging markets and developing economies is projected to rise modestly to 4.0 percent in 2023 from an estimated 3.9 percent in 2022 mainly driven by recovery of activities in China with the full reopening in 2023. China economy is projected to improve to 5.2 percent from 3.0 percent in 2022 (Table 2.1). In the sub-Saharan Africa region, growth is projected to remain moderate at 3.8 percent in 2023. This outlook reflects Nigeria's rising growth in 2023 due to measures to address insecurity issues in the oil sector.

Table 2.1 Global Economic Growth, Percent

Economy	2020	2021	2022*	2023**
	Actual		Jan. WEO	Jan. WEO
World	(3.1)	6.2	3.4	2.9
Advanced Economies	(4.5)	5.4	2.7	1.2
Of which: USA	(3.4)	5.9	2.0	1.4
Euro Area	(6.1)	5.3	3.5	0.7
Emerging and Developing Economies	(2.0)	6.7	3.9	4.0
Of which: China	2.2	8.4	3.0	5.2
India	(6.6)	8.7	6.8	6.1
Sub-Saharan Africa	(1.6)	4.7	3.8	3.8
Of which: South Africa	(6.3)	4.9	2.6	1.2
Nigeria	(1.8)	3.6	3.0	3.2
EAC-5	0.9	6.6	4.7	5.4
Of which: Kenya***	(0.3)	7.5	5.5	6.1

* Estimate ** Projected *** budget estimate

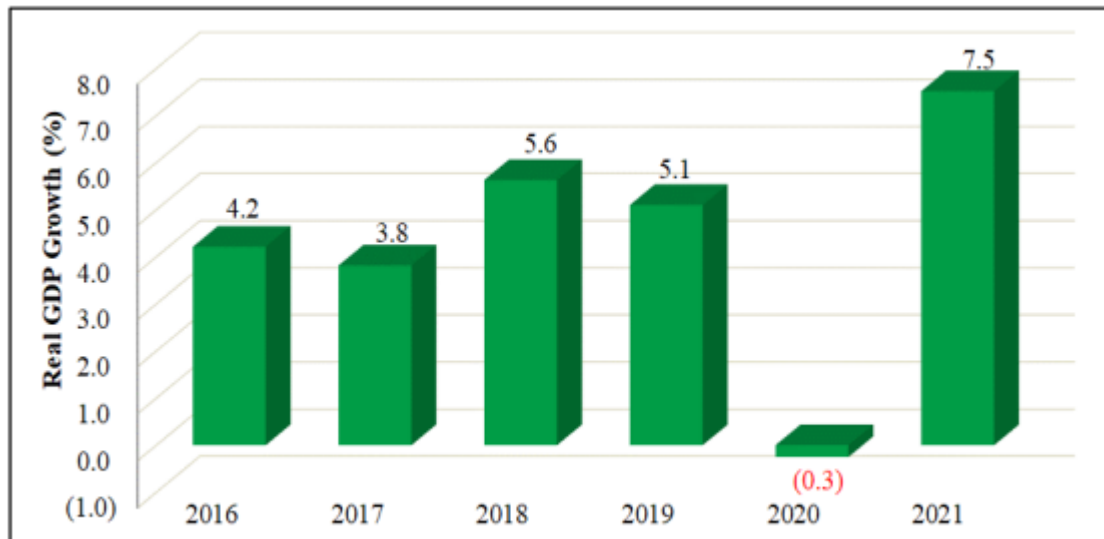
EAC-5: Burundi, Kenya, Rwanda, Tanzania and Uganda

Source of Data: January 2023 WEO

2.3 Domestic Economic Developments

29. The Kenyan economy has remained strong and resilient despite the challenging global environment. The economy expanded by 7.5 percent in 2021, a much stronger level from a contraction of 0.3 percent in 2020 (Figure 2.1).

Figure 2.1: Annual Real GDP Growth rates



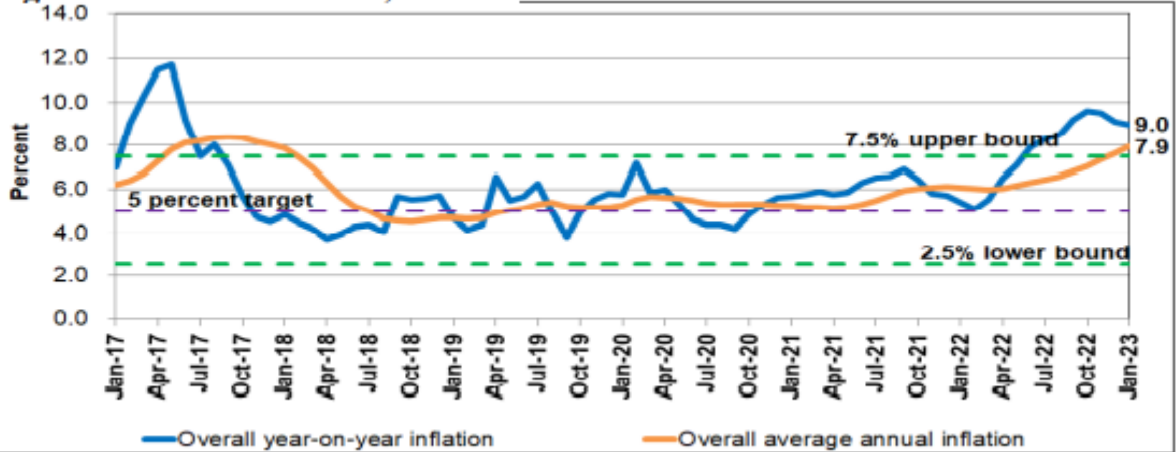
Source of Data: Kenya National Bureau of Statistics, The National Treasury

30. The Kenyan economy’s growth momentum continued in the first three quarters of 2022 averaging 5.5 percent despite subdued performance in agriculture and weaker global growth. The economy grew by 6.7 percent in the first quarter and 5.2 percent in the second quarter compared to a growth of 2.7 percent and 11.0 percent in similar quarters in 2021. In the third quarter of 2022, the economy grew by 4.7 percent compared to a growth of 9.3 percent in the corresponding quarter of 2021. Most sectors posted slower growths owing to the significantly high growth rates recorded in the third quarter of 2021 that signified recovery from the impact of the COVID-19 pandemic. The growth in the third quarter of 2022 was therefore mainly supported by the service sectors.
31. The agriculture sector recorded a contraction of 0.6 percent in the third quarter of 2022 compared to a growth of 0.6 percent recorded in the corresponding quarter of 2021. Again, growth in the industry sector slowed down to 3.4 percent in the third quarter of 2022 compared to a growth of 8.3 percent in the same period in 2021 mainly on account of normalization of activities in the manufacturing sub-sector after the strong recovery in 2021. The manufacturing sub-sector expanded by 2.4 percent in the third quarter of 2022 compared to 10.2 percent growth recorded in the same period of 2021. Ultimately, growth in the industry sector was mainly supported by positive growths in electricity and water supply sub-sector and construction sub-sector which grew by 4.7 percent and 4.3 percent, respectively.

Inflation

32. The year-on-year inflation rate eased for the third consecutive month in January 2023 but was still above the 7.5 percent upper bound target. Inflation rate eased to 9.0 percent in January 2023 from 9.1 percent in December 2022 and 9.5 percent in November 2022 due to a decline in food prices as a result of favorable rains and lower global commodity prices particularly for edible oils and wheat with the easing of international supply chain disruptions (Figure 2.2). However, this inflation rate was higher than the 5.4 percent recorded in January 2022. Overall annual average inflation increased to 7.9 percent in January 2023 compared to the 6.1 percent recorded in January 2022.

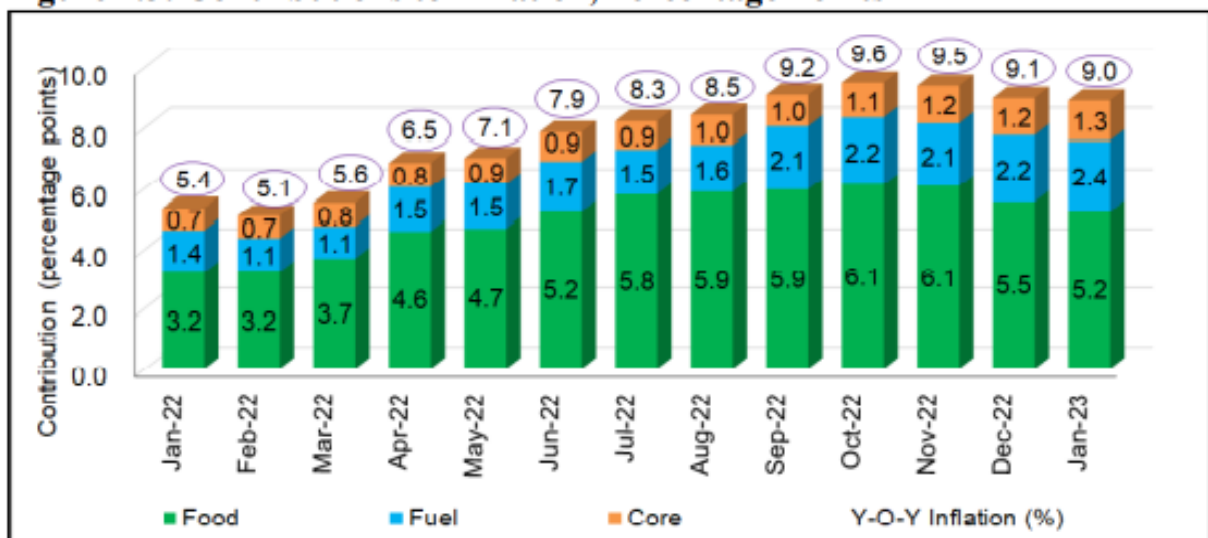
Figure 2.2: Inflation Rate, Percent



Source of Data: Kenya National Bureau of Statistics

33. Food inflation remained the main driver of overall year-on-year inflation in January 2023, contributing 5.2 percentage points, an increase, compared to a contribution of 3.2 percentage points in January 2022 (Figure 2.3). The increase was mainly attributed to relatively higher prices key food items particularly cowpeas, maize grain (loose), beans, potatoes (Irish), green grams, and mangoes.
34. Fuel inflation also increased to contribute 2.4 percentage points to year-on year overall inflation in January 2023 from a contribution of 1.4 percentage points in January 2022. This was mainly driven by increases in electricity prices due to higher tariffs and increased prices of kerosene/paraffin, diesel and petrol on account of higher international oil prices and scaling down of the fuel subsidy.
35. The contribution of core (non-food non-fuel) inflation to year-on-year overall inflation has been low and stable, consistent with the muted demand pressures in the economy, supported by prudent monetary policy. The contribution of core inflation to overall inflation increased to 1.3 percentage points in January 2023 compared to 0.7 percentage points contribution in January 2022.

Figure 2.3: Contributions to Inflation, Percentage Points

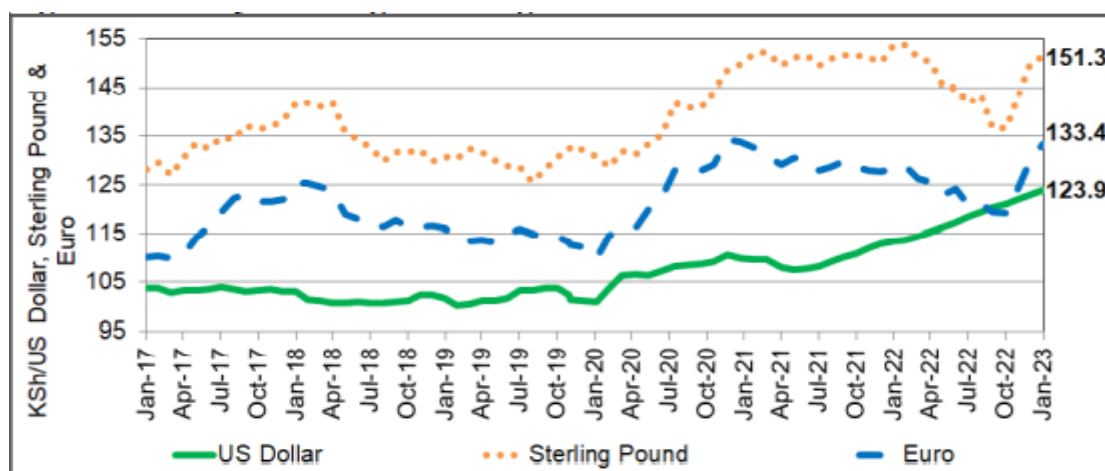


Source of Data: Kenya National Bureau of Statistics

Kenya Shilling Exchange Rate

36. The foreign exchange market has largely remained stable despite the tight global financial conditions attributed to strengthening US Dollar and uncertainties regarding the ongoing Russian-Ukraine conflict. Due to the strong dollar, the exchange rate to the Kenya shilling like all world currencies has weakened to exchange at Ksh 123.9 in January 2023 compared to Ksh 113.4 in January 2022 (Figure 2.4). Against the Euro, the Kenya shilling also weakened to Ksh 133.4 from Ksh 128.4 over the same period. The Kenyan Shilling strengthened against the Sterling Pound exchange at Ksh 151.3 in January 2023 compared Ksh 153.6 in January 2022.

Figure 2.4: Kenya Shillings Exchange Rate



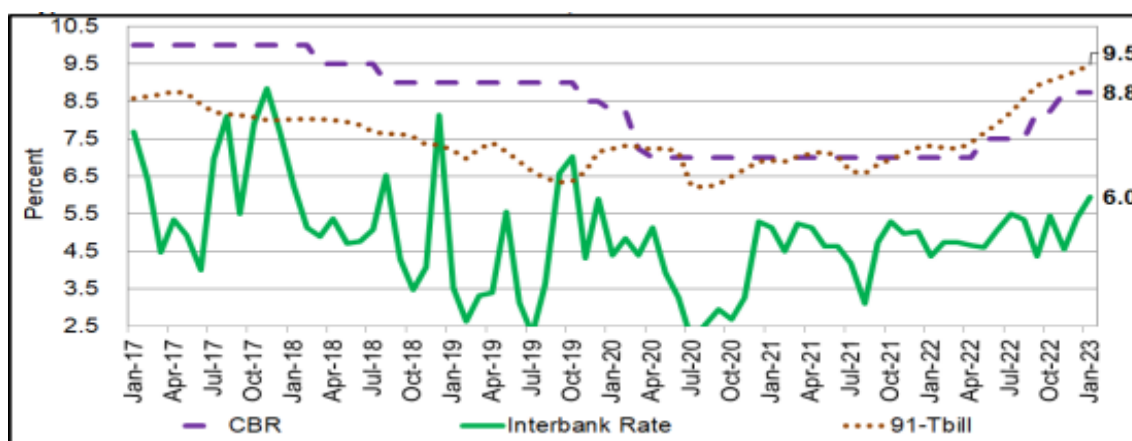
Source of Data: Central Bank of Kenya

Interest rates

37. Monetary policy stance remains tight to anchor inflation expectations due to the sustained inflationary pressures, the elevated global risks and their potential impact on the domestic economy. In this regard, the Central Bank Rate was raised from 8.25 percent to 8.75 percent in November 2022 and retained at the same rate on 30th January 2023. (Figure 2.5).

38. The interbank rate increased to 6.0 percent in January 2023 compared to 4.4 percent in January 2022 while the 91-day Treasury Bills rate also increased to 9.5 percent compared to 7.3 percent over the same period due to tight liquidity conditions.

Figure 2.5: Short Term Interest Rates, Percent



Source of Data: Central Bank of Kenya

39. Commercial banks' lending rates remained relatively stable in November 2022 supported by the prevailing monetary policy stance during the period. The average lending rate was at 12.6 percent in November 2022 from 12.2 percent in November 2021 while the average deposit rate increased to 7.1 percent from 6.4 percent over the same period. Consequently, the average interest rate spread declined to 5.5 percent in November 2022 from 5.7 percent in November 2021.

Money and Credit

40. Broad money supply, M3, grew by 7.2 percent in the year to December 2022 compared to a growth of 6.1 percent in the year to December 2021 (Table 2.2). The growth in December 2022 was mainly due to an increase in domestic credit particularly net lending to the private sector. This growth was however curtailed by a decline in the Net Foreign Assets (NFA).

**Table 2.2: Money and Credit Developments (12 Months to December 2022
Ksh billion)**

				Change		Percent Change	
	2020 December	2021 December	2022 December	2020-2021 December	2021-2022 December	2020-2021 December	2021-2022 December
COMPONENTS OF M3							
1. Money supply, M1 (1.1+1.2+1.3)	1,720.1	1,848.1	1,971.1	128.0	123.0	7.4	6.7
1.1 currency outside banks (M0)	233.7	253.5	260.8	19.8	7.3	8.5	2.9
1.2 Demand deposits	1,385.8	1,498.3	1,605.0	112.5	106.8	8.1	7.1
1.3 Other deposits at CBK	100.7	96.3	105.3	(4.3)	9.0	(4.3)	9.3
2. Money supply, M2 (1+2.1)	3,250.2	3,431.6	3,617.5	181.3	185.9	5.6	5.4
2.1 Time and savings deposits	1,530.1	1,583.5	1,646.4	53.4	62.9	3.5	4.0
Money supply, M3 (2+3.1)	3,990.9	4,235.2	4,538.5	244.3	303.3	6.1	7.2
3.1 Foreign currency deposits	740.7	803.7	921.1	63.0	117.4	8.5	14.6
SOURCES OF M3							
1. Net foreign assets (1.1+1.2)	746.9	590.1	283.9	(156.9)	(306.1)	(21.0)	(51.9)
1.1 Central Bank	738.5	700.6	537.8	(37.9)	(162.7)	(5.1)	(23.2)
1.2 Banking Institutions	8.5	(110.5)	(253.9)	(118.9)	(143.4)	(1,406.7)	(129.8)
2. Net domestic assets (2.1+2.2)	3,244.0	3,645.1	4,254.6	401.2	609.4	12.4	16.7
2.1 Domestic credit (2.1.1+2.1.2+2.1.3)	4,245.8	4,876.9	5,439.7	631.1	562.8	14.9	11.5
2.1.1 Government (net)	1,343.3	1,723.6	1,924.3	380.3	200.7	28.3	11.6
2.1.2 Other public sector	91.2	100.1	81.9	8.9	(18.2)	9.8	(18.2)
2.1.3 Private sector	2,811.3	3,053.2	3,433.5	241.9	380.4	8.6	12.5
2.2 Other assets net	(1,001.8)	(1,231.8)	(1,185.2)	(229.9)	46.6	(23.0)	3.8

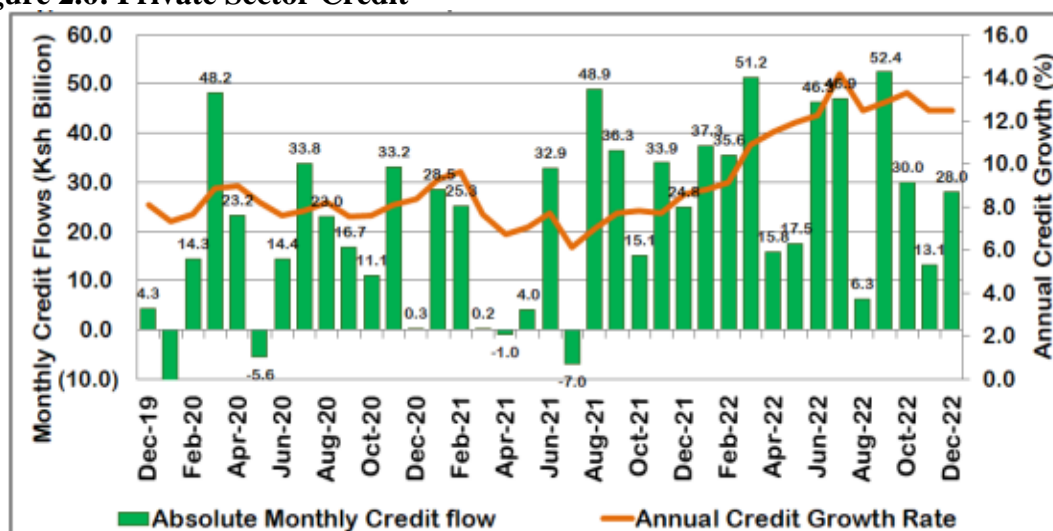
Source of Data: Central Bank of Kenya

41. Net Foreign Assets (NFA) of the banking system in the year to December 2022 contracted by 51.9 percent, compared to a contraction of 21.0 percent in the year to December 2021. The decline in NFA partly reflected a reduction in reserves at the Central Bank due to scheduled debt service, and the increase in commercial bank’s borrowing from foreign sources.
42. Net Domestic Assets (NDA) registered a growth of 16.7 percent in the year to December 2022, an improvement compared to a growth of 12.4 percent over a similar period in 2021. The growth in NDA was mainly supported by resilient growth in credit to the private sector as business activities improved. Growth of domestic credit extended by the banking system to the Government moderated to 11.6 percent in the year to December 2022 compared to a growth of 28.3 percent in the year to December 2021. Lending to other public sector also declined during the period, mainly due to repayments by County Governments and parastatals.

Private Sector Credit

43. Private sector credit improved to a growth of 12.5 percent in the 12 months to December 2022 compared to a growth of 8.6 percent in the year to December 2021 (Figure 2.6). All economic sectors registered positive growth rates reflecting increased credit demand following improved economic activities. Strong credit growth was observed in the following sectors; mining, transport and communication, agriculture, manufacturing, business services, trade, and consumer durables. Monthly credit flows (month on month) have also improved from Ksh 24.8 billion in December 2021 peaking at Ksh 28.0 billion in December 2022.

Figure 2.6: Private Sector Credit



Source of Data: Central Bank of Kenya

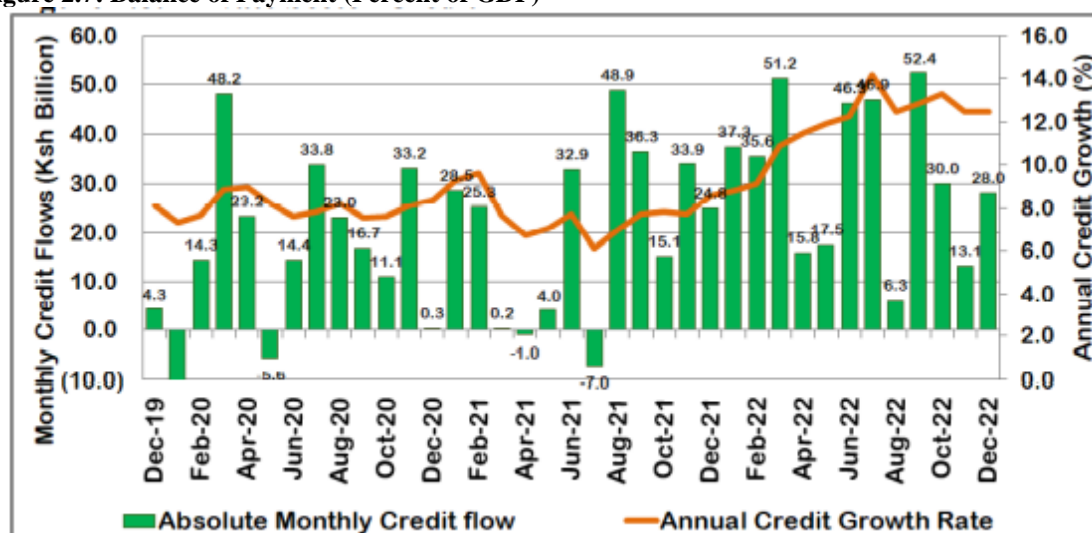
External Sector Developments

44. The overall balance of payments position improved to a surplus of USD 2,245.4 million (2.0 percent of GDP) in November 2022 from a deficit of USD 976.8 million (0.9 percent of GDP) in November 2021 (Figure 2.7). This was mainly due to an improvement in the

capital account despite a decline in the merchandise account reflecting increased imports of petroleum products owing to high international crude oil prices.

45. The current account deficit was generally stable at USD 5,771.0 million (5.2 percent of GDP) in November 2022 compared to USD 5,811.6 million (5.4 percent of GDP) in November 2021. The current account balance was supported by an improvement in the net receipts on the services account and the net secondary income balance despite a deterioration in the net primary income balance and merchandise account.

Figure 2.7: Balance of Payment (Percent of GDP)



Source of Data: Central Bank of Kenya

46. The balance in the merchandise account declined by USD 1,238.0 million to a deficit of USD 12,186.7 million in November 2022 mainly due to increased payments on imports in spite of an improvement in the export earnings (Table 2.3). In the year to November 2022, exports grew by 12.4 percent primarily driven by improved receipts from tea and manufactured goods despite a decline in receipts from horticulture. The increase in receipts from tea exports reflects improved prices attributed to demand from traditional markets. On the other hand, imports of goods increased by 11.7 percent in the year to November 2022 mainly due to increases in imports of oil and other intermediate goods.

Table 2.3: Balance of Payments (USD Million)

				Year to November 2022		Percent of GDP	
	Nov-20	Nov-21	Nov-22	Change	Percent Change	Nov-21	Nov-22
Overall Balance	1,565.4	(976.8)	2,245.4	3,222.2	329.9	(0.9)	2.0
A) Current Account	(4,780.7)	(5,811.6)	(5,771.0)	40.6	0.7	(5.4)	(5.2)
<i>Merchandise Account (a-b)</i>	<i>(8,597.5)</i>	<i>(10,948.8)</i>	<i>(12,186.7)</i>	<i>(1,238.0)</i>	<i>(11.3)</i>	<i>(10.2)</i>	<i>(11.0)</i>
a) Goods: exports	5,961.7	6,661.9	7,490.9	829.0	12.4	6.2	6.8
b) Goods: imports	14,559.2	17,610.7	19,677.6	2,066.9	11.7	16.4	17.8
<i>Net Services (c-d)</i>	<i>364.1</i>	<i>574.4</i>	<i>1,678.7</i>	<i>1,104.3</i>	<i>192.3</i>	<i>0.5</i>	<i>1.5</i>
c) Services: credit	3,784.0	4,594.7	6,776.7	2,182.0	47.5	4.3	6.1
d) Services: debit	3,419.9	4,020.3	5,098.0	1,077.7	26.8	3.7	4.6
<i>Net Primary Income (e-f)</i>	<i>(1,508.0)</i>	<i>(1,449.8)</i>	<i>(1,692.8)</i>	<i>(243.0)</i>	<i>(16.8)</i>	<i>(1.3)</i>	<i>(1.5)</i>
e) Primary income: credit	151.4	130.8	95.3	(35.5)	(27.1)	0.1	0.1
f) Primary income: debit	1,659.4	1,580.6	1,788.1	207.5	13.1	1.5	1.6
<i>Net Secondary Income</i>	<i>4,960.7</i>	<i>6,012.6</i>	<i>6,429.8</i>	<i>417.3</i>	<i>6.9</i>	<i>5.6</i>	<i>5.8</i>
g) Secondary income: credit	5,028.2	6,129.9	6,504.9	374.9	6.1	5.7	5.9
h) Secondary income: debit	67.5	117.4	75.1	(42.3)	(36.1)	0.1	0.1
B) Capital Account	123.3	196.1	1,386.3	1,190.2	607.0	0.2	1.3
C) Financial Account	(3,012.2)	(6,696.3)	(6,635.1)	61.2	0.9	(6.2)	(6.0)

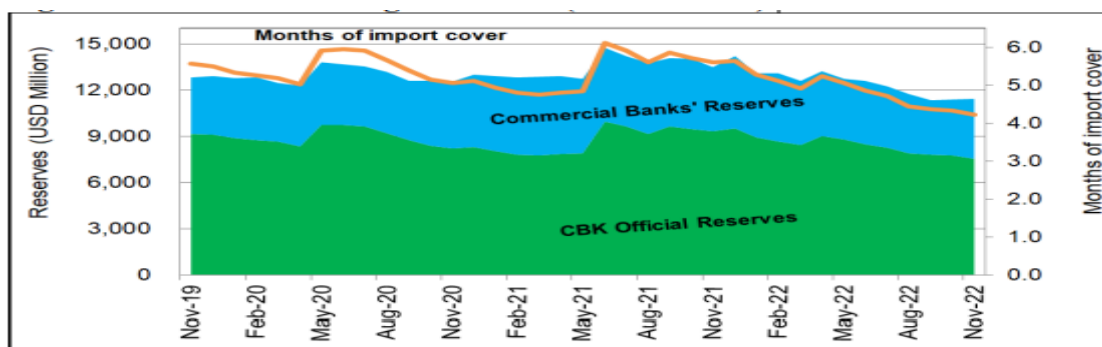
Source of Data: Central Bank of Kenya

47. Net receipts on the services account improved by USD 1,104.3 million to USD 1,678.7 million in November 2022 compared to a similar period in 2021. This was mainly on account of an increase in receipts from transportation and tourism as international travel continues to improve. Net Secondary income remained resilient and increased by USD 417.3 million during the review period owing to an increase in remittances. The balance on the primary account widened by USD 243.0 million to a deficit of USD 1,692.8 million in November 2022, from a deficit of USD 1,449.8 million in the same period last year, reflecting higher interest related payments on other investments.
48. The capital account balance improved by USD 1,190.2 million to register a surplus of USD 1,386.3 million in November 2022 compared to a surplus of USD 196.1 million in the same period in 2021. Net financial inflows remained vibrant at USD 6,635.1 million in November 2022 compared to USD 6,696.3 million in November 2021. The net financial inflows were mainly in the form of other investments, financial derivatives and direct investments. Portfolio investments registered a net outflow during the period.

Foreign Exchange Reserves

49. The banking system’s foreign exchange holdings remained strong at USD 11,407.7 million in November 2022 from USD 13,503.0 million in November 2021. The official foreign exchange reserves held by the Central Bank stood at USD 7,548.8 million compared to USD 9,306.3 million over the same period (Figure 2.08). Commercial banks holdings decreased to USD 3,859.2 million in November 2022 from USD 4,196.8 million in November 2021.
50. The official reserves held by the Central Bank in November 2022 represented 4.2 months of import cover as compared to the 5.6 months of import cover in November 2021. It, therefore, fulfilled the requirement to maintain it at a minimum of 4.0 months of imports cover to provide adequate buffer against short term shocks in the foreign exchange market.

Figure 2.08: Official Foreign Reserves (USD Million)



Source of Data: Central Bank of Kenya

Banking Sector

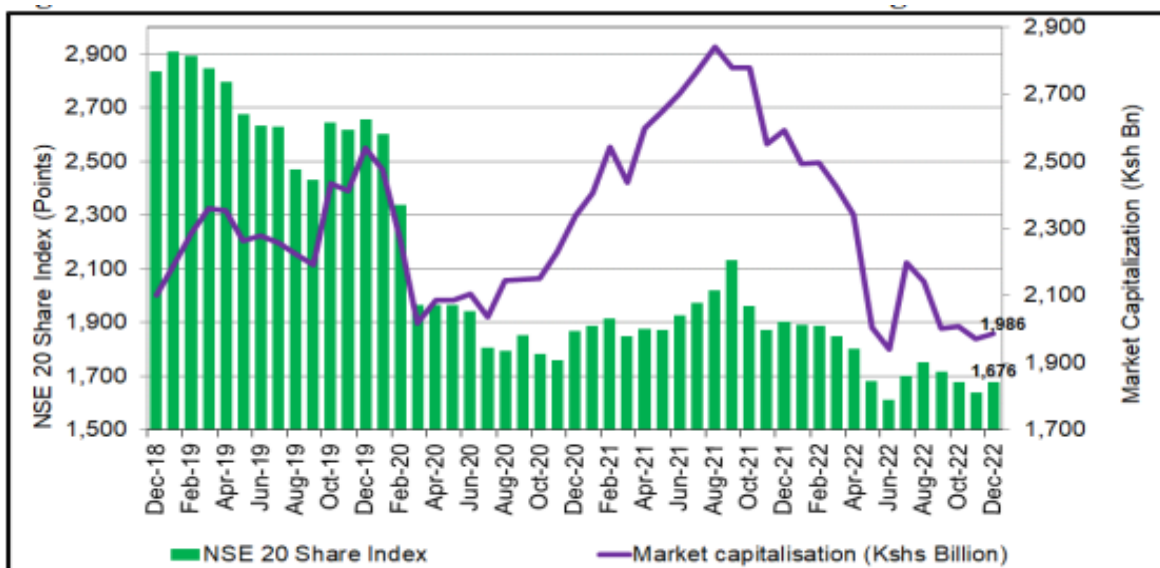
51. The Banking Sector remained stable and resilient in 2022. The sector was well capitalized with core and total capital adequacy ratios of 16.2 percent and 19.0 percent, respectively, as at end December 2022. These were above the statutory limit of 10.5 percent and 14.5

percent, respectively. To build resilience, several banks have consolidated and combined with notable expansion in the region to exploit emerging opportunities. To stop predatory lending by the Digital Credit Providers (DCPs), the Central Bank of Kenya (Digital Credit Providers) Regulators 2022 were approved on May 18, 2022. The regulations provided for the CBK to license and oversight previously unregulated Digital Credit Providers by September 17, 2022 or cease operation. As at end December 22, 10 applicants had been granted licenses. CBK will continue with the focus of building a resilient banking sector with strong business models and governance frameworks.

2.4 Capital Markets Development

52. Activity in the capital markets slowed down in December 2022 compared to December 2021 due to the outflow of investors as advanced economies tightened their monetary policy amid recession fears. The NSE 20 Share Index declined to 1,676 points in December 2022 compared to 1,903 points in December 2021 while Market capitalization also declined to Ksh 1,986 billion from Ksh 2,593 billion over the same period (Figure 2.9).

Figure 2.9: Performance at the Nairobi Securities Exchange



Source of Data: Nairobi Securities Exchange

2.5 County Fiscal Performance

53. Budget execution during the first half of the FY 2022/23 did not progress as well as envisaged due to transitional challenges. Own Source Revenues recorded significant positive growth in the second quarter albeit still below the target performance. Overall revenue performance is however expected to pick up better in the third quarter of FY 2022/23 to reflect the enhanced revenue administration under the new Genowa Government.

54. Overall expenditures were below target despite the increased expenditure commitments against shortfalls recorded in revenue performance. Expenditure targets for the first 100 days were not fully met partly due to delayed exchequer releases and supply chain

bottlenecks associated with acquisition of procurable items. Receipt from the National Government and other Development Partners were also short of the target for the period to December 2022 (Table 2.4).

Table 2.4 Fiscal Performance as at 31st December 2022

	Reported Actuals Dec-2021	Printed Estimates Dec-2022	Final Estimates Dec-2022	Reported Actuals Dec-2022	Deviation	Actuals as % of Final Budget
Total Revenue		4,302,097,673	4,772,560,926	3,641,757,519	(1,130, 803,407)	76.3%
Equitable Share		3,902,676,650	3,902,676,650	3,293,609,914	(609,066,736)	84.4%
Conditional Grants		303,880,647	390,905,625	126,899,936	(264,005,689)	32.5%
Own Source Revenue		95,540,376	236,478,651	70,939,417	(165,539,234)	30.0%
Health A-I-A		-	242,500,000	150,308,252	(92,191,748)	62.0%
Total Expenditure		4,302,097,673	5,001,620,939	3,358,925,023	(1,642,695,916)	67.2%
Recurrent Expenditure		2,837,297,522	3,294,300,935	2,784,282,505	(510,018,430)	84.5%
<i>Personnel Emoluments</i>		1,879,995,615	2,099,900,925	2,209,639,987	109,739,062	105.2%
<i>Operations and Maintenance</i>		957,301,907	1,194,400,010	574,642,518	(619,757,492)	48.1%
Development Expenditure		1,464,800,151	1,707,320,504	334,675,825	(1,372,644,679)	19.6%

2.6 Revenue Performance

55. Revenue collection to December 2022 grew by percent compared to December 2021. As at end December 2022, the cumulative total revenue inclusive of Appropriation in Aid (A-i-A) from the Health Sector was KSh. 3,641,757,519 against a target of KSh. 4,772,560,926. This performance was KSh. 1,130,803,407 below the set target thanks largely to shortfalls in receipts from equitable share (KSh. 609,066,736), conditional grants (KSh. 264,005,689) and OSR collections (KSh. 165,539,234).

2.7. Expenditure Performance

56. Total expenditure to December 2022 was KSh. 3,358,925,023 reflecting 67.2% absorption against a final budget of KSh. 5,001,620,939. Recurrent spending amounted to KSh. 2,784,282,505 against a target of Ksh. 3,294,300,935 while development spending amounted to a paltry Ksh. 334,675,825 against a target of KSh. 1,707,320,504.

57. Recurrent spending was below the projected target by KSh. 510,018,430 despite the above target expenditure on personnel emoluments of Ksh. 109,739,062. Development expenditure was way below target by Ksh. 1,372,644,679 on account of below target exchequer releases and transitional development restrictions imposed in the first quarter of the FY 2022/23.

2.8. Fiscal Policy

58. The fiscal policy stance over the medium term aims at supporting the GENOWA Agenda through a growth friendly fiscal consolidation plan designed to accelerate annual economic growth while also providing for the needs of disadvantaged groups in the county and implementing effective policies for liability management and sustainable asset development. Ultimately, the County Government will have to assure quality service delivery to citizens even as it strives to honor the principles of equity.

59. The fiscal policy will target growing Homa Bay County's Own Source Revenue by at least 10 percent each year over the medium term until it reaches around 2 percent of the Gross County Product. As part of the Genowa Economic Revitalization plan, the County Government of Homa Bay will scale up revenue its internal revenue mobilization effort by establishing and fully operationalizing the Homa Bay County Revenue Board by July 1, 2023.

60. In order to realize the envisage growth in revenue collections, the Homa Bay County Revenue Board will be expected to undertake a combination of both administrative and policy actions as follows:

- Deployment of data analytics to drive compliance interventions;
- Leveraging on automation of systems for all County Government entities;
- Monitoring of local factories to reduce under-declaration or evasion of taxes through: placement of resident officers, providing of strict time lines to meet requirements including by use of metering and monitoring tools; and

- Formation of a Multi-Agency Intelligence Team to investigate revenue leakages and take necessary action backed by data and intelligence driven field operations, robust and effective market surveillance; and regular reviews and even upgrades of the security features of receipts.

61. On the policy front, the County Government will robustly formulate, implement and review from time to time the various revenue policy measures to further boost revenue collection. Other than strengthening revenue mobilization efforts, the County Government will develop a County Revenue Policy as well as a Medium-Term Revenue Strategy (MTRS) for the period FY 2023/24 - 2026/27.

2.9 Fiscal Objectives

62. The first priority of the County Government of Homa Bay is to reduce unemployment through smart spending on social overheads such as transport and communication, irrigation, flood control, power, ports, technical training, education, hospital and school facilities, so that they may provide external economies to induce investment in industrial and agricultural sectors of the economy. To spur investment in local industries, County Government will prioritize providing them with quality human capital, affordable credit, equipment and marketing facilities.

63. The second priority is to favorably influence the allocation of resources in desired channels and curtail conspicuous consumption or investment in socially unproductive causes. To reduce inequalities and realize distributive justice, the county government will also prioritize investment in productive channels which are likely to incur benefit to low-income groups thus raising their productivity and access to opportunities such as developing their human capital and providing them with productive incentives (tools, inputs and markets).

64. The County Government of Homa Bay recognizes that a balanced growth will be needed to breakdown the vicious circle of poverty in the county which is only feasible with higher rate of capital formation. To raise the rate of saving and expand investment in public and private enterprises, the County Government will establish a Competitiveness and Investment Authority to champion Public Private Partnerships and attraction of Foreign Direct Investment.

2.10 Economic Outlook

65. The Kenyan economy is expected to grow by 5.5 percent in 2022 and recover in 2023 to 6.1 percent and maintain that momentum over the medium-term. This growth will spur growth in the Homa Bay County economy supported by a broad-based private sector growth, including recoveries in agriculture while the public sector consolidates. From an expenditure perspective, private consumption is expected to continue growing to support aggregate demand, supported by ongoing recoveries in the labor market, improving consumer confidence, and resilient remittances from the diaspora.

66. Like it is with the national economy, the growth outlook for Homa Bay will be reinforced by the County Government's development agenda geared towards economic revitalization and inclusive growth. Special focus will be placed on; increased employment, more equitable distribution of income, social security while also expanding the revenue base. The economic revitalization programme will seek to increase investments in at least six sectors envisaged to have the biggest impact on the economy as well as on household welfare. These include: Governance and Public Service Delivery; Agriculture and Food Security; Housing and Settlement; Blue, Creative, Digital and Enterprise (BCDE) Economy; Infrastructure and Human Capital Development; and Healthcare.

2.11 Risks to the Economic Outlook

67. There are down side risks to the national macroeconomic outlook emanating from domestic as well as external sources. On the domestic front, risks emanate from climate change resulting in unfavorable weather conditions. This could affect energy generation, and agricultural production and result to domestic inflationary pressures.

68. On the external front, uncertainties in the global economic outlook have also increased which could impact on the domestic economy. These risks include: the possible worsening of the Russia - Ukraine conflict which could heighten the risk of oil and commodity price volatility and elevated inflationary pressures; lingering effects of COVID-19 (coronavirus) pandemics; and global monetary policy tightening, especially in the United States, that could increase volatility in the financial markets.

69. Homa Bay County Government will continue to be exposed to risks arising from public expenditure pressures, particularly wage related recurrent expenditures and costs associated with lingering electioneering issues.

70. The County Government of Homa Bay will collaborate with the National Government to monitoring risks and take appropriate fiscal policy measures to preserve stability and nurture resilience in the county economy. Guided by The Public Finance Management Act, 2012, the County Treasury will prepare a Statement of Specific Fiscal Risks (SSFR) clearly outlines county's exposure to fiscal risks that are associated with assumptions used for fiscal projections, public debt dynamics, operations of county government organs, contingent liabilities, vulnerabilities of the financial sector, as well as risks associated with external forces beyond our control. The statement will broadly seek to address the following:

- How inaccurate macroeconomic assumptions could impact fiscal capability of the County Government of Homa Bay;
- How the potential continued occurrence of adverse weather conditions could affect agricultural productivity and long term food security within the County;
- How the existing county infrastructure could be affected by the negative impacts of potential long rains;
- How instability in the financial sector could undermine the supply of capital to MSMEs within Homa Bay County.

71. The County Government of Homa Bay remains focused on putting in place preventive measures to ensure the fiscal outturn is as desired and, revenue and expenditure returns are as planned. The County government will therefore remain vigilant to continually monitor fiscal risks and undertake appropriate measures to safeguard against them should they materialize.

III: STRATEGY FOR UNLOCKING COUNTY'S ENDLESS POTENTIAL FOR ACCELERATED AND INCLUSIVE DEVELOPMENT

3.1 Preamble

72. The 2023 Fiscal Strategy Paper is the first to be prepared under the new administration led by Her Excellency Gladys Nyasuna Wanga. The paper comes at a time when the County Government is finalizing the preparation of the third County Integrated Development Plan (2023-2027) and it is being framed against a backdrop of global economic slowdown underpinned by the ongoing Russia-Ukraine conflict, elevated global inflation, the lingering effects of the COVID-19 pandemic, and persistent supply chain disruptions and the drought effects that have created urgency on food security and climate change effects.
73. In the context of leadership transition and the aforementioned challenges, there is an imperative for bolstering resilience while building momentum on the Genowa Agenda. The agenda is geared towards economic revitalization and inclusive growth with special focus on increased employment, more equitable distribution of income, social security and revenue growth.
74. The priority programmes are classified under two categories; core pillars and the enablers which aim at creation of a conducive business environment for socio economic transformation. Under the core pillars, the Government seeks to increase investments in five sectors envisaged to have the biggest impact on the economy as well as on household welfare. These include: Governance and Public Service Delivery; Agriculture and Food Security; Housing and Settlement; Blue, Creative, Digital and Enterprise (BCDE) Economy; Infrastructure and Human Capital Development; and Healthcare.
75. The budgeting process for the priority programmes will be done through a value chain approach under four broad value chains: Productive; Infrastructure; Social and Administrative. This will be done to ensure there is no break in the cycle in the resource allocations for each value chain and so that adequate resources are allocated to any entity along the value chain thus eliminating duplication of roles and budgeting of resources.

3.2 Core Thematic Areas

76. The County Government of Homa Bay will implement policies and promote investment in six core thematic areas that are expected to have the highest impact on the county economy. These are: Governance and Public Service Delivery; Agriculture and Food Security; Housing and Settlement; Blue, Creative, Digital and Enterprise (BCDE) Economy; Infrastructure and Human Capital Development; and Healthcare.

3.2.1 Governance and Public Service Delivery

77. The County Government of Homa Bay is committed to scaling up the implementation of the provisions of the 2010 Constitution, strengthening the rule of law and upholding integrity and accountability in all public processes. To realize good governance and accountable leadership, the County Government will operationalize a County Integrity and Accountability Project whose main thrust will be to:
- Operationalize and strengthen the capacity of all county structures that are meant to check the excesses of the county executive and the county assembly;
 - Operationalize the Public Benefits Organizations Act within the county to expand space for Government-NGO partnerships and collaborations;
 - Institutionalize open governance in all public offices and generate quarterly openness reports;
 - Legislate a framework to implement Chapter 6 of the Constitution within the day to day operations of the County Government;
 - Encourage fair, timely and competitive remuneration for all public officers so that they are able to operate with integrity without the lure of quick money;
 - Recognize and engage micro, small, medium and large business owners, civil society, faith-based groups, youth leaders, women leaders, among others, to address the cohesion and inequality challenges of the county; and
 - Identify and strengthen capacity of integrity officers so that they are able to detect, report on and institute action on integrity issues.
78. The quality of the human resource is crucial for social economic development of the county. Implementing the Genowa Agenda will require highly skilled, knowledgeable, agile and responsive workers who are well equipped to deliver public services with excellence. Towards this end, the County Government will focus on building human capital consistent with the development needs of the county. As part of the process, the County government will institute life-long training, education and development for all staff to mold the kind of human resources required to position the county as a county of endless potential.
79. The County Government is committed to build a robust, hardworking and dedicated human resource in the public service. Towards this end, a framework to guide in development of career management in the Public Service and Generic guidelines on career guidelines for staff in the counties will be developed. This will go a long way in attracting, motivating and retaining suitably qualified staff in the Service who clearly understand their well-defined job descriptions and specifications.
80. The county government will put in place robust policy mechanism to ensure both scarce and high priority skills are available in the county not only under the public service but also for county's private investors. To achieve this, the County Government will review and implement policies, procedures, laws, regulations, strategies and guidelines for improving and transforming the county's human capital and service delivery, especially in the priority sectors of Agriculture and Food Security; Housing and Settlement; Blue, Creative, Digital and Enterprise (BCDE) Economy; Infrastructure; and Healthcare.
81. The Genowa Government will continue to advance citizen-centered public service delivery through a variety of channels, including deploying digital technology and

establishing citizen service centers across the county. Consequently, the County Government will prioritize use of e-Government and integrated service delivery platforms. In addition, the County Government will institute performance management measures for increased effectiveness in the public service including reengineering the current performance management framework.

82. Further, the County Government will establish a County Human Resource Development Centre as well as a consolidated Human Resource Data and Payroll Information System that will eventually be linked with other systems such as the Integrated Financial Management Information System (IFMIS). In order to facilitate that consolidation, each public servant will have a lifetime unique identification under the Unified Payroll Number (UPN) Generation/Allocation Module managed by the department responsible for the County Public Service.

3.2.2 Agriculture and Food Security

83. Agriculture remains the economic mainstay of Homa Bay County. In fact, the agriculture sector accounts for up to 41 per centum of the Gross County Product. However, agricultural productivity in the country has been on a decline largely occasioned by the prolonged drought and persistently high input prices.

84. To remedy the situation, the County Government is intent on developing appropriate policies and institutionalizing legal and institutional reforms that would yield an enabling environment for agricultural productivity. In particular, the County Government will:

- a) Provide adequate affordable working tools and inputs to farmers through well-managed farmer organizations;
- b) Promote access to modern agricultural risk management instruments that ensure farming is profitable such as crop and livestock insurance schemes, forward contracts, futures contracts and price stabilization schemes
- c) Intensify agricultural extension support, with a target to generate a minimum productivity target of KSh 50,000 revenues per acre;
- d) Raise productivity of key value food chains such as maize (8 -15 bags an acre), dairy (2.5kg- 7.5kg a cow a day) and beef (carcass weight from 110kg - 150kg). This will include supporting dairy farmers by supplying feeds to lower cost of milk production; revamping export crops while expanding emerging ones such as avocado and macadamia nuts; and
- e) Avail high yielding cotton seeds to increase productivity per acre from 0.25 bales to 2.7 bales per acre by 2027.

85. For enhanced food security and nutrition cluster, the focus remains on increasing agricultural productivity especially for smallholder farmers through sharing modern farming techniques, providing farm inputs and implements, enhancing storage of produce and farm products, improving breeds and seed quality, increasing access to financing and linking farmers to information and markets. The County Government is particularly open

to private sector solutions especially measures to harness the private sector towards improving the productivity and incomes of smallholder farmers in the County.

3.2.3 Housing and Settlement

86. The cost of housing remains a heavy burden to majority of Kenyans and is the major factor driving the proliferation of slums. To reverse this trend, the County Government will partner the National Government to implement policies and administrative reforms that would lower the cost of construction and improve access to affordable housing finance while creating jobs and entrepreneurial opportunities to all Kenyans. In this regard, the County Government will continue its land banking policies so that it is able to not only provide land and bulk infrastructure for affordable housing, but also implement measures under its ABT frameworks to unlock the challenges that inhibit investment in the housing sector.
87. For purposes of promoting shared prosperity in the county, the government will continue to direct its effort towards covid-responsive and climate-resilient spatial planning; development of water-fronts and other resource-based opportunities in urban areas; improvement of housing infrastructure in informal settlements; development of affordable housing; connectivity of neighborhoods; creation of platforms for faster and more responsive development of urban areas while also strengthening capacity for urban institutions.
88. The County Government will also implement policies to strengthen the Jua Kali sector by building local capacity to produce high quality construction materials such as doors, windows, gates and hinges. As part of the process, the County Government will upgrade and support Jua Kali by linking it with technical and vocational education institutions. This will see enterprises that produce housing products emerge or expand, create jobs and wealth for people at the bottom of the economic pyramid.
89. The County Government will also establish a system for preventing land fragmentation and improving land use planning where settlers can own transferable residential plots in planned settlement but have only the right to lease non-transferable agricultural land. To make urban areas livable and attractive to investments, the County Government will ensure all the necessary services including green spaces are put in place before land becomes transferrable to new settlers.

3.2.4 Blue, Creative, Digital and Enterprise Economy

3.2.4.1 Blue Economy

90. Sustainable use of Lake Victoria and other blue economy resources remains a key socio-economic development priority for the County Government of Homa Bay as a means to end hunger, reduce poverty, create jobs and spur economic growth. Building on the determination of Tom Mboya University to position itself as a Blue Economy Hub, the County Government will work with the University to strengthen community structures in participatory management of freshwater, lakefront and marine resources and ecosystems. The approach will include working with the University to formulate a joint strategy for developing the county's blue economy.

3.2.4.2 Creative Economy

91. Homa Bay, like the rest of Kenya, has a highly talented youth in a diverse spectrum of creative work which includes music, theatre, graphic design, digital animation, fashion and craft, among others. The digital revolution, reinforced by good connectivity has opened up opportunities for this sector to be a significant economic actor in its own right. Additionally, the creative industry can add value to Kenya's exports in areas such as fashion, leather products and craft industries that can employ millions of Kenyan youths. To realize these benefits of a Creative Economy, the County Government will:

- Work with stakeholders to expand the space for creativity, including freedom of expression and protection of intellectual property rights;
- Mainstream arts and culture infrastructure (theatres, music halls, art galleries) into the infrastructure development programme, and identify dedicated streams of resources for their development;
- Work with stakeholders to identify the incentives, capacity building and other support required from the government to scale up cultural production and the creative economy; and
- Mainstream the creative economy in Experience Homa Bay, including appointing accomplished local artistes and creative sector personalities as cultural ambassadors.

3.2.4.3 Digital Economy

92. To cement Kenya's place as a regional leader in the Information, Communication and Technology, the County Government will promote investment in the digital space through the Last Mile Optic Fibre Connectivity to support universal broadband availability and digitize and automate all critical Government processes with a view to bringing at least 80 percent of all Government services online for greater convenience to citizens.

93. To help the National Government further entrench Kenya's lead in the digital economy, the County Government will formulate a County Science and Technology Policy that will streamline government approach to technological development and use and build necessary capacities across the county so that the county is able to leverage on artificial intelligence, robotics and other technologies necessary for enhancing competitiveness of the county economy.

3.2.4.4 Micro, Small and Medium Enterprises

94. The Micro, Small and Medium Enterprise (MSME) Economy contribute very significantly to the county economy, employing upwards of 73 percent of non-farm workers. Access to credit and other support in the form of upskilling, business incubation, mentoring, equipment, market access and networking are important stimuli for growth in the MSME economy.

95. However, due to high interest rates, MSMEs have often found themselves crowded out of capital markets such that accessing affordable credit has become a mirage. To address this anomaly, the National Government initiated the Hustlers Fund as an intervention to correct market failure problems at the bottom of the pyramid and to cushion the MSMEs against high cost of credit. The implication for the County Government of Homa Bay is to do the following:

- Set up one-street trading premises for every 50 urban residents, with a view to increasing average daily income of informal traders by Ksh 200;
- Commit an additional KSh. 200 million a year to enable local MSMEs enjoy 100 percent access to affordable finance through SACCOs, venture capital, equity funds and long-term debt for start-ups and growth-oriented SMEs;
- Establish an industrial park; and
- Establish MSME Business Development Centres in every ward and a business incubation centre in every TVET institution.

3.2.5 Infrastructure and Technology

96. The County Government will intensify county connectivity through water, road, rail, port, energy and fiber-optic infrastructure to foster an enabling environment for economic recovery and inclusive growth. The County Government is finalizing a framework for centralization of resources to deal with all stalled infrastructure projects.

3.2.5.1 Road Network

97. As part of measures to accelerate the opening of rural areas, the County Government of Homa Bay will continue implement a 15-million per ward program for roads. It is expected that each ward will identify roads to be developed or maintained under the programme. On transport safety, the County Government will undertake additional measures to ensure safety including regular trainings, advocacy and policing of the various modes of transport. The government is further committed to ensure quality infrastructure is put up and this will be ensured through; establishing and strengthening of projects Implementation committees to support in the oversight, promoting collaboration and partnerships initiatives in delivering road projects through PPP and Intergovernmental working arrangements, conducting technical assessments in all the prioritized roads and Ensuring coordination between agencies working on Road programmes.

3.2.5.2 Energy supply

98. The socio-economic status and the general well-being of the people of Homa Bay will continue to depend to a great extent on access to stable, reliable and affordable energy supply. In this regard, the County Government is committed to working with National Government to ensure an efficient and reliable production, transmission and distribution of affordable, clean and reliable energy.

99. The County Government of Homa Bay will also continue to support the last mile connectivity programme by providing matching funds where possible so that all public facilities, including schools, trading centers, health centers, water points and administrative offices are connected to electricity whether through the grid or off-grid solutions. In order to promote a 24-hour economy and enhance security in designated areas, additional street lights have been set for installation in all wards.

100. In addition, the government will Intergrade solar engineering courses into the curriculum of VTCs, Establish Energy Information Centres, provide incentives for the private sector for ease of access to solar products, Promote use of clean cooking best practices among others.

3.2.5.3 Information, Communication and Technology

101. Information, communication and technology will continue to play a significant role in the County economy. In the wake of disruptions caused by Covid-19 Pandemic, ICT has taken center stage in driving activities in other economic areas previously not thought of highly and as such, it has shown great potential to increase economic growth and improve the lives of Kenyans.
102. The County Government has taken cognizance of the critical role ICT and innovation play in overall development and has established digital economy as a directorate. Going into the mid-term 2023/24 -25/26 therefore, the County Government will provide digital hubs across the county, secure ICT Equipment and infrastructure.
103. Enter into partnerships with relevant stakeholders such as ICT Authority in the last mile connectivity project. Provide fibre coverage through the National Optic Fibre Backbone Initiative (NOFBI).
104. Provide information and system security. Provide regular maintenance of ICT equipment and infrastructure Integrate ERP into Government operations. Provide ICT training to targeted County Citizens Support Vocational Training Centres ICT programmes Provision of internship and mentorship programmes to targeted groups Develop and implement ICT regulatory framework, provide internet hotspots across the County to promote access to online employment opportunities and promote business innovation.
105. To further improve access to information and e-government services, the County Government will work with the National Government to establish more Innovation Hubs that provide free Wi-Fi and internet access, digital devices and work spaces for use by members of the public. This will facilitate the training and mentorship of youths on access to online jobs, incubation of technological innovations and training and mentorship of entrepreneurs under the white box programme.

3.2.6 Healthcare

106. Access to quality and affordable healthcare is critical for socio-economic development. That is why the County Government will continue to support the implementation of a National Universal Health Care plan that would ease the burden of healthcare from the shoulders of Kenyans and their businesses.
107. To improve health outcomes and access to healthcare services, the County Government will leverage on information technology to drive responsiveness, efficiency, seamlessness between providers, transparency and fraud prevention. Specifically, the county government will fully deploy an integrated state-of-the-art health information (elephant) system that will enable every person to own and control access to their health record.
108. As part of the overarching goal of providing affordable, efficient and high-quality health care services which could address the heavy disease burden in the county, the County Government of Homa Bay will prioritize the revitalization of primary healthcare by emphasizing on preventive and promotive strategies. Many critical health illnesses,

including cancer, heart complications, kidney failure and hypertension, can be detected and addressed at this level without the need for a hospital visit or admission.

109. To optimize use of resources in the sector, the County Government will only direct resources towards expanding the existing health infrastructure and while improving procurement of medical supplies. The government will be leveraging on Universal Health Care and human capital to identify and support manufacturing of local pharmaceutical products and other essential supplies. The Government will also mainstream community health workers and make them the foundation of the county's healthcare system with support from local development partners.

110. To prevent the recurrence of another wave of covid-19, the County Government will continue implementing evidence-based practices for surveillance, prevention, diagnosis, treatment, and control. Other measures will include: enacting appropriate legislation and policy measures to promote universal healthcare access in the county; upgrading existing health facilities including recruiting and deploying appropriate cadres of health workers; improving the system of procurement and distribution of drugs; and directing more focus and resources towards preventive and promotive health with particular emphasis on HIV/AIDS, TB, Malaria, RTIs, NCDs and maternal, newborn and child health care.

111. As part of measures to ensure a Universal Health Coverage (UHC), the County Government will do the following:

- Raise the stipends of community health workers from KSh. 2,500 to KSh. 3,500;
- Employ additional healthcare workers- doctors, nurses, clinical officers, laboratory technologists, physiotherapists, among others, to bridge the gap according to WHO recommendations of 23 HC per 10,000 populations;
- Set up an emergency medical treatment fund to cater for emergency, cancer treatment and referrals;
- Support the integration of preventive and promotive services/ establishment of MDT (a primary healthcare approach) as envisioned in the Afya Bora Mashinani;
- Setting aside of seed deposit amount of KSh. 100 million into co-funding the strategic programs for HIV, tuberculosis, blood transfusion, malaria, family planning and reproductive health;
- Ring-fencing funds for healthcare from facility improvement funds to allocations from the Equitable Share; and viii.
- Build up the supply chain management system to ensure efficiency and accountability in the medical supplies to all health facilities.

3.3 Enablers and Cross-Cutting Issues

3.3.1 Climate Change Adaptation

112. For the water, environment, natural resources and climate change cluster, the strategic focus is on improving adaptation to climate change while intensifying conservation efforts through agroforestry, climate-smart agricultural practices; promoting of water efficiency; renewable energy and green technologies.

3.3.2 Livelihoods Sustainability

113. For the livelihoods and social protection cluster, the strategic focus is on developing the human resource and infrastructure for health, education and training targeting the very poor; strengthening institutions for the marginalized, whether directly (by increasing local capacities, training of their leaders or injecting resources) or indirectly through the creation of spaces in which their social capital can flourish and transforming the structures and processes for natural resource management among the poor.
114. The strategy is also focused on developing programmes that improve their access to road and transport, housing and safe buildings, water and sanitation, clean and affordable energy, and information (communication); and develop effective, tailored financial services for the poor. Other measures include: creating safe spaces for GBV survivors; increasing participation of women and girls in decision/policy making; narrowing gender gaps in education, training and employment; expanding safety nets; creating structures for boosting the skills of the unemployed by providing internships, apprenticeships, on-the-job training and mentoring opportunities; and working with the private sector to create inclusive business models that contribute to the empowerment and employability of the marginalized.

3.3.3 Private Sector Growth

115. For the commerce and industry cluster, the strategic focus is on encouraging trade and supporting micro, small and medium enterprises (MSMEs) through capacity building, creation of enabling environments and improving access to credit facilities and market. Other measures include: formulating a county industrial development strategy and preparing action plans for the development of specific value chains; fast-tracking value addition projects and; formulating an investment scheme to encourage investment in specific value chains and develop competitive activities in niches where there is capability to reach global markets.
116. The County Government is focused on creating structures to showcase investment opportunities in Homa Bay County and spur the flow of FDIs into the County; developing a framework for Public Private Partnerships (PPPs) to ensure effective collaboration in development of strategic industries; instituting measures to increase local and national demand for locally manufactured goods; instituting measures to increase export of locally manufactured goods including setting up a special economic zone; incentivizing technology transfer and innovation especially through enforcement of local content and promotion of niche exports; and building local capabilities by ensuring capital markets meet local needs, there are specific industries to support enterprise and, there is coordinated learning across all enterprises and activities.
117. The County Government of Homa Bay aims to ensure there is an enabling environment for businesses to blossom. The County Government will support regulatory reforms, promote competition and help create incentives for businesses to keep their costs down. It will equally partner with the National Government to improve security so as to attract and encourage investment and job creation. Additionally, it will take additional steps to improve revenue collection without undermining the attractiveness of the county to investment.
118. As part of measures to improve the environment for doing business, it will support construction of modern markets and stalls, provision of affordable credit to small and medium-sized businesses, lighting of trading centers, provision of infrastructural support

for the establishment of cereals milling plant and fruit processing factory and other cottage industries. The County Government will also work closely with the National Government on development of industrial infrastructures including establishment of a modern industrial park at Riwa.

119. The County Government of Homa Bay will continue to partner with the National government to build a strong transport system to enhance connectivity in the county through roads and jetties. This, the County Government believes, will enable citizens of Homa Bay to enjoy the benefits of expanded infrastructure assets, interconnectivity and competitiveness leading to improvement and better ranking in the ease of doing business in the country.

3.3.4 Quality Education

120. The County Government of Homa Bay recognizes the need and benefits of investment in human capital. Such investments are critical in driving inclusive economic growth as the knowledge and skills required to be competitive in the information age are made accessible to all. The National and County Government have been investing in all social sectors leading to improvements in the country's human capital index as shown by the 2020 World Bank Human Capital Index where Kenya ranked second in Africa and 94th globally.
121. As proof of how high the premium the Government has put on human capital development, the Government has invested in quality and relevant education including revamping the Vocational and Early Years' Education and Training (TVET) sub sectors. To reduce the financial burden on vulnerable households, the Government has also scaling up social safety nets through provision of bursary and cash transfers.
122. The County Government of Homa Bay will continue to invest in expanding access to quality early year's education and improving the outcomes of our vocational training centers. Previous investments have seen increased enrolment, improved institutional administration and teacher-development. With the free primary and day secondary education, the County Government is focused on a hundred percent transition from ECD through to secondary school. This will be achieved through construction, equipping and staffing of County VTCs, EYE and Baby Care centers; rolling out of bursary programme to the needy students; introducing a school feeding programme through partnerships with NGOs, and provision of scholarships to the bright and needy students.
123. The County Government is also focused on making quality health care affordable to all its citizens through improved health system financing and funding from the exchequer. Specific measures over the MTEF period include: construction and equipping of new health facilities across the county in various wards in order to improve accessibility; allocation of funds for the recruitment of poor households in the County to take up cover under NHIF and eventual rollout of the universal health programme; strengthening Community Health Strategy through use of Community Health Volunteers (CHVs) to reach out to as many citizens as possible in a bid to promote disease prevention and awareness; and, recruitment and training of health personnel including physicians and clinical staff.

3.3.5 Youth, Women and Differently Abled Persons

124. High unemployment rates among the youth and dependency among women and Differently Abled Persons (DAPs) remains a major challenge for economic development in Homa Bay County. There is need for youth, women and DAPs to be equipped with the required skills for effective participation in the economy. Towards this end, the County Government of Homa Bay is focused on working in partnership with businesses, organized labor and community representatives, to have young people exposed to the world of work through internships, apprenticeships, mentorship and entrepreneurship.
125. The County Government will set aside additional funds to support enterprises owned by the youth, women and DAPs while at the same time continue to avail the 30 percent preferential Access to Government Procurement Opportunities. Further, The Government will continue to create a conducive environment for micro, Small and Medium Size Enterprises (SMSEs) to thrive as they are the pillar to create jobs for the youth, women and DAPs.
126. In recognition that social grants remain a vital lifeline for millions of people living in poverty, the County Government will also take additional steps to provide care for and enhance livelihood support for the disadvantaged persons to enable them enjoy the fruits of Kenya's economic success. Going forward, the County Government will invest at least 0.3 percent of its GCP on social protection through cash transfer programmes to the vulnerable groups.

3.3.6 Tourism Development

127. Despite the huge promise, the tourism sector in Homa Bay has continued to underperform. The situation has been aggravated by the Covid-19 Pandemic and the ensuing containment measures. The massive cancellation of hotel bookings prompted by lockdowns and travel bans imposed by various countries in an effort to curb the spread of the virus, occasioned massive job and income losses by many Kenyans directly and indirectly employed in the tourism sector.
128. To stimulate recovery of the tourism sector, the Government is scaling up efforts to promote aggressive post Covid-19 tourism marketing and providing support for establishment or refurbishment of important facilities through the Tourism Finance Corporation.
129. The County Government will step up efforts to create an enabling environment for the sector to thrive in addition to marketing Homa Bay as a preferred tourism destination in the Western Circuit. With the easing of travel restrictions, opening of international travel, implementation of protocol for management of restaurants and eateries, execution of Magical Kenya Tourism and Travel health and safety protocols and subsequent 'Safe Travels' Stamp endorsements and Safer Tourism Seal, the County Government is focused on working, in partnership with key stakeholders, to support the development and performance of music, drama, and dance; exhibition of works of art and crafts; and fostered discussions of matters of literacy, historical, scientific, and education importance.

3.3.7 Land Management

130. Land as a factor of production is critical to economic, social, political and cultural development. Secure access to land, sustainable land use planning and equitable distribution of land remain immensely important for food security, employment creation and the socio-economic development of the country.

131. Towards this end, the Government will continue to support the development of a County Spatial Plan (CSP) and A County Land Use Policy (CLUP), construct and renovate more houses using Appropriate Building Technologies, digitize land records, enhance land survey by developing topographical and thematic maps and geo-referencing land parcels, develop a policy framework for public land management strategy, and fast track implementation of a Public Land Information Management System (PLIM).

IV: COUNTY BUDGET FOR FY 2023/2024 AND THE MEDIUM TERM

4.1 Fiscal Framework

132. The fiscal framework for the FY2023/24 and the medium-term budget is based on the County Government’s policy priorities and the macroeconomic framework set out in Chapters I, II and III. To support the Genowa Agenda, the County Government will continue with fiscal consolidation where County Government Entities (CGE) are encouraged to adopt efficiency in revenue mobilization, resource allocation and budget execution.

133. To capture the extended horizon for fiscal policy making beyond the FY 2023/24, the County government of Homa Bay has a three-year spending plan that reflects its priorities and gives substance to the Genowa Economic Revitalization Agenda and medium-term commitments. This can be as captured in Table 4.1 (below).

Table 4.1: Fiscal Framework for the Medium Term, FY 2023/24-2025/26 (in KSh.)

Revenue/Expenditure Category	Approved Estimates FY 2022/23	Draft Estimates FY 2023/24	Projected Estimates FY 2024/25	Projected Estimates FY 2025/26
Total Revenue	9,222,085,473	10,977,848,994	11,610,675,524	12,307,983,000
Equitable Share	7,805,353,300	8,128,387,250	8,525,468,241	8,951,741,653
Conditional Grants	781,811,250	948,933,530	904,155,636	868,947,854
Own Source Revenue	204,119,850	490,895,690	530,167,345	572,580,733
Appropriations – In - Aid (Health Sector)	430,801,073	1,232,634,239	1,466,806,086	1,723,271,415
Share of equalization fund	–	176,998,285	184,078,216	191,441,345
Total Expenditure	9,222,085,473	10,977,848,994	11,610,675,524	12,307,983,000
Recurrent Expenditure	6,007,444,465	7,116,934,564	7,472,781,292	7,846,420,357
<i>Personnel Emoluments</i>	<i>3,818,644,445</i>	<i>4,411,556,494</i>	<i>4,487,641,881</i>	<i>4,622,271,137</i>
<i>Operations and Maintenance</i>	<i>2,188,800,020</i>	<i>2,705,378,070</i>	<i>2,985,139,411</i>	<i>3,224,149,220</i>
Development Expenditure	3,214,641,008	3,860,914,430	4,137,894,232	4,461,562,643

4.1.1 Revenue Projections

134. In the FY 2023/24, Own Source Revenue collection including Appropriation-in-Aid (A-I-A) is projected to increase to KSh. 1,723,529,929 up from the KSh. 634,920,923 projected to be collected in the FY 2022/23. The OSR performance will be underpinned by the on-going reforms in revenue administration measures geared towards increasing revenue collection by at least 10% each subsequent year.

135. Receipts from the National Government and Development Partners are projected to increase to KSh. 8,771,489,522 in the FY 2023/24 up from the estimated KSh. 8,587,164,550 projected to be received in the FY 2022/23. The relatively high figure for the FY 2022/23 is on account of the additional allocations from the National Government carried forward from the previous financial years.

4.1.2. Expenditure Projections

136. The overall nominal expenditure for FY 2023/24 is projected to increase by KSh. 1,755,763,521 (19%) from the KSh. 9,222,085,473 final estimates for the FY 2022/23. The projected expenditure comprises of recurrent amounting to KSh. 7,116,934,564 (64.8% of the total estimates) up from the KSh. 6,007,444,465 projected expenditures for the FY 2022/23. In terms of development, projected expenditure for the FY 2023/24 amounts to KSh. 3,860,914,430 up from the KSh. 3,214,641,008 projected for the FY 2022/23.

137. Of the KSh. 7,116,934,564 purposed for current spending in the FY 2023/24, KSh. 4,411,556,494 will be for compensation to employees (40.9 percent of the total estimates) whereas current programs, operations and maintenance will account for KSh. 2,801,894,294 (24.1 percent of the total estimates).

4.2 FY 2023/24 and Medium-Term Budget Priorities

138. The total budget for FY 2023/24 is projected at KSh. 10,977,848,994. The projected allocations to the eighteen (18) County Government Entities including allocations to Municipal Boards is summarized in Table 4.2 (below).

Table 4.2: Summary Expenditure Projections by County Entity (in KSh.)

County Government Entity/ Department	Final Estimates for the FY 2022/2023			Draft Estimates for the FY 2023/2024			Projected Estimates for the FY 2024/2025		
	Current	Capital	Total	Current	Capital	Total	Current	Capital	Total
Agriculture and Livestock	167,119,581	430,300,515	597,420,096	172,133,168	489,466,625	661,599,793	177,297,163	411,406,317	588,703,480
Gender Equality and Inclusivity, Youth, Sports, Talent Development, Cultural Heritage and Social Services	87,185,425	119,121,334	206,306,759	113,824,776	82,474,966	196,299,742	92,495,017	131,331,271	223,826,288
Roads, Public Works, Transport and Infrastructure	68,645,958	789,365,753	858,011,711	108,377,863	790,031,538	898,409,401	72,826,497	953,236,655	1,026,063,152
Blue Economy, Fisheries, Mining and Digital Economy	16,700,000	59,000,000	75,700,000	66,286,892	138,950,000	205,236,892	17,717,030	65,047,500	82,764,530
Education, Human Capital Development and Vocational Training	849,600,000	115,800,000	965,400,000	1,076,293,589	268,590,000	1,344,883,589	701,340,640	227,669,500	929,010,140
Public Health and Medical Services	2,276,134,250	710,209,681	2,986,343,931	2,596,816,248	604,902,012	3,201,718,260	2,614,750,826	683,006,173	3,297,756,999
Lands, Physical Planning, Housing and Urban Development	41,830,157	222,341,538	264,171,695	53,085,062	271,458,615	324,543,677	44,377,614	245,131,546	289,509,159
Trade, Industry, Tourism, Cooperative Development and Marketing	152,934,653	181,767,778	334,702,431	166,447,292	368,815,570	535,262,862	162,248,373	200,398,975	362,647,349
Water, Sanitation, Irrigation, Environment, Energy and Climate Change	108,036,932	290,305,086	398,342,018	204,482,343	470,482,343	674,964,686	129,700,154	320,061,357	449,761,511
Finance and Economic Planning	476,832,580	93,173,396	570,005,976	638,412,358	68,232,066	706,644,424	505,871,684	102,723,669	608,595,353
Governance, Administration, Communication and Devolution	0	0	0	287,033,698	37,000,000	324,033,698	220,149,623	46,037,436	266,187,059
Executive Office of the Governor	545,102,303	70,000,000	615,102,303	443,898,971	120,000,000	563,898,971	289,899,030	56,175,000	346,074,030
County Public Service Board	84,886,947	6,000,000	90,886,947	91,433,555	4,000,000	95,433,555	90,056,562	6,615,000	96,671,562
County Assembly Service Board	1,096,465,783	82,255,927	1,178,721,710	1,029,359,756	86,368,723	1,115,728,479	1,163,240,549	90,687,160	1,253,927,709
Homa Bay Municipal Board	27,969,896	45,000,000	72,969,896	28,808,993	19,250,000	48,058,993	29,673,263	49,612,500	79,285,763
Kendu Bay Municipal Board	2,000,000	0	2,000,000	10,060,000	10,000,000	20,060,000	22,721,800	21,000,000	43,721,800
Mbita Municipal Board	2,000,000	0	2,000,000	10,060,000	10,000,000	20,060,000	22,721,800	21,000,000	43,721,800
Ndhiwa Municipal Board	2,000,000	0	2,000,000	10,060,000	10,891,972	20,951,972	22,721,800	21,000,000	43,721,800
Oyugis Municipal Board	2,000,000	0	2,000,000	10,060,000	10,000,000	20,060,000	22,721,800	21,000,000	43,721,800
Total Estimates	6,007,444,465	3,214,641,008	9,222,085,473	7,116,934,564	3,860,914,430	10,977,848,994	6,402,531,226	3,673,140,059	10,075,671,285

139. The County Government of Homa Bay is committed to implementing priority programmes as captured in Year 1 of the Third County Integrated Development Plan (CIDP 2023-2027) while taking into the immediate priorities of the Genowa Government. As highlighted earlier, use of county revenue and other resources will be optimized during the period in line with the fiscal consolidation objectives of the new administration.

140. Apart from fiscal consolidation, the Medium-Term Expenditure Framework for 2023/24 – 2025/26 will be focused on priority programmes aimed at social inclusion and economic revitalization within the “Genowa” Agenda so that public spending leads to high quality outcomes within a sustainable and affordable framework. In that respect, the County Treasury will ensure CGEs request for resources are realistic and take into account the resource constraints, in light of the fiscal consolidation policy.

4.2.1 Revenue Enhancement

141. The County Government of Homa Bay recognizes that it exists to provide services to the people of Homa Bay. To make this possible, it must mobilize revenue mainly from the equitable share, conditional and unconditional grants, Own Source Revenues (OSR) and borrowing. Therefore, the County Government will focus its attention on each revenue stream individually.

4.2.1.1 Enhancing Collection of Own-Source Revenue

142. It is a matter of fact that revenue mobilization in the County has been well below potential, limited by structural factors such as low per capita income, a large informal sector, a largely peasant agriculture and an insignificant manufacturing and modern services sector. This has implied a very low effective revenue base despite the relatively impressive growth profile of the County. Consequently, the County Government of Homa Bay has had to review its practices towards increasing collection of OSR in the FY 2022/23.

143. Going forward, the county Government is recruiting members of the Homa Bay County Revenue Board. This is part of the steps to ensure there exists clear and unambiguous legal authority for collecting every category of revenue. The first task of the Board will be to define the tax base by choosing carefully what items or activities are to be taxed and then properly determining the appropriate rates to be charged on each item/activity. Thereafter, the priority will be to increase the coverage ratio and get the largest proportion of the actual value of taxable items or activities captured. Finally, the focus will be to increase the collection ratio so that greater and greater proportions of collected revenue end up at the County Revenue Fund account.

144. To make this legally possible, specific and sufficiently detailed county legislations shall be made for every revenue stream. Each legislation will be expected to have clear, well-defined methodology for all revenue processes ranging from the definition of the revenue base, to collection, to enforcement, to reporting. To ensure maximum compliance with constitutional provisions and national policy, the legislations will be modelled around those already developed jointly by CRA, COG and KLRC.

145. The County Government will ensure there exists clear linkages between the County Finance Act and other county revenue laws. Whereas the various county revenue legislations will provide the legal authority to impose taxes and set the initial rate, it is the County Finance Act that will set out the framework for all revenue that is collectable each year. Any variation to the taxes for any particular year will thus be set out in the County Finance Act for that year while the county revenue legislations will remain unchanged (unless substantially amended).

146. Revenue enhancement efforts will be focused on with the greatest cost-benefit ratio. This will require careful identification and estimation of the tax base for each category including SBP, Cess, Market fees, Parking fees, Rents, Land-based revenue, Property taxes, Liquor licensing, Tourism charges, Transit charges, Construction minerals charges, Advertising and Royalties, among others. Thereafter, coverage, valuation and collection ratios can be determined so that revenue collection is maximized.

147. In order that unwelcome distortions in the behavior of taxpayers may not be triggered, the County Government will be focusing on the policy objective of every revenue stream

so that charges are priced and administered accordingly. Where possible, some services will be priced to recover full cost unless other factors such as the ability to pay, overall general benefit to society or marginal cost pricing can come into play. In that regard, services with mainly private good characteristics will be charged while those with user and non-user benefit will be financed using public money. Where possible, some services will be charged in a manner that mimics private sector (e.g. water, parking, renting out a county-owned venue) while others such as garbage collection, street cleaning, public parks and other public goods will be financed by taxes.

148. In order not to kill the goose that lays the golden egg, the County Government shall ensure revenue-producing assets are allocated sufficient maintenance funding. For that matter, part of the funds generated by any particular county asset will be ring-fenced for purposes of ensuring such asset continues are regularly maintained and improved so that they remain operational and they never fall into a state of disrepair so soon.
149. To the extent possible, the County Government will strive to minimize the transaction cost of collecting revenue. Options for annual or monthly billing shall be considered so that costs are saved for both the County Government and the citizen. User accounts shall be opened for payments like market and parking fees and, advance payments shall be incentivized through discounting.
150. Information and Communication Technology (IT) will also be used where possible to save costs. In property valuation, use will be made of mass valuation methods that maximize on computer technology. In business registration, payments will be automated to the extent possible and all the enforcement will do is to follow up. Ultimately, all tax, license payments and charges will be harmonized even across the various areas formerly served by different local authorities within the same county.
151. All processes and information systems that underpin revenue collection shall be integrated. This way, all new systems created or purchased work will have to work seamlessly together with existing ones so that there is minimum disruption and improved reporting and forecasting.

4.2.1.2 Maximizing Receipts from Equitable Share

152. The County Government of Homa Bay has been losing out to other counties in terms of equitable share for the simple reason that its health facilities are not being used optimally. Therefore, the Department of Health has embarked on measures to maximize the use of existing facilities in the county. In that regard, the department has focused on conducting an assessment to determine the cause of low day visits to and night stays in the County's health facilities. Part of the explanation already given is that perhaps there is a sub-optimal mix of services and interventions currently provided in the County's health facilities.
153. As part of measures to enhance the revenue effort in health facilities, the Department of Health has proposed a number of Dispensaries that should be upgraded to the level of Health Centers so that some services they offer can be charged what with more citizens being enrolled into the Universal Health Coverage. If anything, they have reported that being on health insurance has the stimulating effect on hospital visits.
154. On the matter of fiscal prudence, the County Government of Homa Bay has embarked on a mission to improve the audit opinion through addressing public finance management gaps that have undermined that favorability of the audit opinion. On the one side, the County Treasury has embarked on ensuring compliance with existing laws and fiscal responsibility principles so that budget execution leads to intended fiscal outcomes. On the other, it has embarked on improving the credibility of the budget formulation process so that all goals of public expenditure are achieved.

4.2.1.3 Strengthening Mobilization of External Resources

155. As part of measures to ensure the County's resource mobilization efforts are coordinated appropriately and desired results are achieved with a high level of impact, the County treasury will undertake to establish a fully functional external resources unit to coordinate and drive the resource mobilization initiatives. Select employees with specific competencies to provide appropriate input (e.g. strategic, technical, monitoring) shall be seconded to be part of the unit and, sufficient time and budget shall be dedicated to resource mobilization initiatives. Periodically, progress of the unit shall be reviewed and corrective or reinforce measures shall be instituted whenever necessary.
156. As part of measures to support sustainable flow of external resources into the county, the County Government of Homa Bay will rest the success of her efforts on a number of pillars:
- Fostering a shared vision of priorities and result areas with the broadest possible range of resource partners as a basis for strong, sustained, flexible, and predictable resourcing of the County's Development Programs and Projects;
 - Pursuing partnerships and resources that help to connect shared, regional economic and trade blocs, international and global development goals in concurrence with the Sustainable Development Goals (SDGs) and their corresponding targets to the specific indicators and priorities of the National and County Government and the challenges the emerging democracies face in their quest to mainstream equitable and sustainable development;
 - Working with United Nations Agencies, World Bank Programs, Bilateral Development Partners, Multi-Lateral Agencies, International Financing Institutions (IFIs), Local Banks and Cooperatives, Local and International Investors and Global

Program Funding Agencies and other partners to align programmes and prevailing funding, technical assistance and capacity development support arrangements;

- Accelerating a scaled up response to humanitarian crisis by engaging at local, national, regional, and global levels with public and private, traditional and emerging partners and exploring innovative financing and programme support opportunities;
- Broadening the base of resource partners to promote the universality and impartiality of the public service delivery anchored on the protection and promotion of inherent fundamental human rights and freedoms, as well as in the best interest of fulfilling the mandates of the County Governments as envisaged in the County Governments Act, Laws of Kenya;
- Capitalizing on the long-standing engagement with citizens and the private sector in high income countries, principally through strategic networking and collaboration, fundraising and advocacy to mobilize public resources and secure goodwill of the public towards effective implementation of the County's development programmes and projects;
- Investing the resources mobilized in a prudent, cost effective manner that guarantees value for money while promoting optimal benefits and long-term impacts to the citizens of Homa Bay County; and
- Undertaking more robust results-based programming, programme implementation and management and budgeting while strengthening quality monitoring, evaluation, reporting and knowledge management, and recognizing our partners more systematically for their contributions to the realization of our development aspirations and goals.

157. As part of measures to ensure all important aspects of resource mobilization necessary for success are covered, the County Government of Homa Bay shall be developing and implementing an effective blue print for resource mobilization. A resource partnership template will be developed and employed to analyze the resource mobilization situation so that resource mobilization efforts match the priorities of potential resource partners.

158. With respect to finding appropriate funding sources, the County Government of Homa Bay recognizes that there are many different types of potential resource partners that it can engage with. However, it will work from the beginning to match mutual interests in areas where support is required and where a potential partner will also benefit from the end result. Use will be made of web searches, subscription to fora where members include potential partners, networking platforms and engagement of governments who have been successful in their resource mobilization efforts to learn from them.

159. The County Government is already working on a data base of all potential partner including their interests, their mode of funding or support and the terms which may accompany any partnership agreement. Ultimately, the County will spare no effort to meet their different requirements and modalities. Apart from traditional financing, the County Government will pursue other kinds of support that may be beneficial such as human resources (e.g. consultants, experts, interns, and volunteers), hosting meetings (e.g. venue, administrative support and logistics) or provision of goods (e.g. printing of materials) or services (e.g. translation of documents).

160. On the matter of engaging partners, the County Government of Homa Bay is focused on promoting its territory and the projects for which it will be seeking resources. Potential

partners will be approached on a regular basis, honestly and transparently to build a good partnership foundation. Effort will be made to communicate the right information in the most appropriate and appealing way. The quality of engagement will be enhanced through:

- Meeting face to face as much as possible;
- Having a mix of people (strategic, technical, negotiation) on ‘the sell’ team;
- Keeping county documents clear and concise;
- Developing interesting advocacy material;
- Using personal contact points as much as possible;
- Ensuring county information is correct and up to date;
- Timing the engagement with the potential partner’s funding cycle;
- Highlighting past work successes to demonstrate competence;
- Maintaining communication and always following up; and
- Using every opportunity to engage.

161. During engagement of potential partners, the County Government of Homa Bay will always strive to sell itself in the best way possible. Presentations, proposals or concept notes developed will be strictly those that are relevant to the mutual interests of the potential partners and the County Government.

162. While negotiating with potential partners, the County Government of Homa Bay will strive to have the right people available on its team to undertake negotiations. Whereas every partnership will have a set of standard conditions to be met, including rules, procedures and requirements for using resources, the County team will strive to keep the partnership and the resulting agreement as flexible (e.g. less-earmarked funds) as possible. Only this will allow for adaptability when small changes occur. And once a partnership has been negotiated and conditions and the agreement is drafted, effort will be made to ensure all the necessary clearances are obtained before proceeding with the finalization. But when the partnership is finalized, the County Press Unit will record the signing of the agreement by taking photos, writing press releases or having other types of media coverage.

163. For purposes of effective management and reporting, the County Government of Homa Bay will put in place appropriate management arrangements for all its projects for which it will have gained resource support. The first action will be to appropriately acknowledge a partner’s contribution in the form of formal letter, press release, website article, at meetings, or using social media. This is expected to help maintain a positive partnership. Only responsible officers will be overseeing the management of partner projects, reporting of work activities and budget expenditure.

164. Project work plan and timeline, which is often in the form of a Logical framework (LogFrame), will be followed effectively and, the frequency and method of reporting will be included in any agreement. Ideally, inception, mid-term and terminal report, or are at project milestones or some other frequency requested by the partner will be adopted. Ultimately, the County Government will make it its business to comply with partner requirements and submit progress updates from time to time.

165. As part of communicating results, the County Government of Homa Bay will have a communication strategy for all its projects. Communication will be done both internally and by an external professional who will be expected to ensure project messages are appropriate for intended audiences. Project results will be used to advocate what has been

achieved and the value of the work being done, in conjunction with the resource partner. Use will be made of brochures and factsheets as well as presentations at conferences and relevant committee meetings.

166. In all communications, the partner, key results, lessons learned and opportunities for future work will be acknowledged. Therefore, successful projects will be promoted to demonstrate to present partners and other potential partners that the Homa Bay County is worth investing in and can add value to their reputation through association. This way, the County Government will have a strong base to advocate for further support to continue existing partnerships. Equally, the County Government will publicize the completion of its projects such as through press releases.

4.2.2 Expenditure Prioritization

167. The County Government of Homa Bay has had to deal with limited resources amidst demand for many public services. This means the government's priorities have had to be clear so that the County Treasury can sequence requests by County Government Entities (CGEs) in a manner that guarantees the best possible results for Homa Bay County.

168. On the one hand, the County Government recognizes that spending on areas such as research and development, education, and infrastructure may facilitate the achievement of economic growth in the long term but at the same time it is not prudent to ignore those who want the fruits of growth in the short term. On the other hand, spending on health and cash transfers to the poor will meet the immediate needs of the poor but may neglect productive investments. Hence, a balance must be struck between current and capital spending.

169. The first step in the prioritization process was to determine the resource envelop and update the fiscal framework accordingly. Thereafter, the budget directorate would have the budget strategy determined at the County Executive Committee level. Here, CEC members are able to determine (1) the affordable total, (2) new policies to be accommodated, and (3) any changes (often reductions) in existing policy provision.

170. The next step would involve the County Government Entity and the budget directorate meeting to discuss each entity's estimates and the resulting fiscal space for each programme. In each programme, care would first be taken of non-discretionary expenditure such as salaries, statutory deductions, conditional grants, transfers and pending bills. To accommodate new policies, the budget directorate would require each spending ministry to prioritize those requests after taking care non-discretionary expenses and on-going programmes.

4.3 Budgetary Allocation Criteria

171. The budgetary allocation to each MTEF sector and County Government Entity largely reflected their on-going commitments and budget priorities for the FY 2023/24 . Views of the public and key stakeholders were considered and amendments were made where necessary. The allocations were captured in the form of ceilings for entities and programmes summarized in the Annexures I and II respectively.

172. The following criteria was used in apportioning capital budget:

- a) **On-going projects:** emphasis will be towards completion of on-going capital projects and in particular infrastructure projects with high impact on poverty reduction, equity and employment creation;
- b) **Counterpart funds:** priority will be towards adequate allocations for donor counterpart funds which is the portion that the County Government must give in support of the projects financed by development partners;
- c) **Genowa Agenda:** Consideration was further given to interventions supporting the new administration's agenda for economic revitalization and socio-economic inclusion.
- d) **Strategic policy interventions:** further priority was given to policy interventions covering all wards especially those enabling social equity and environmental conservation.

173. Overall, the following criteria will serve as a guide for allocating resources:

- (i) Linkage of the proposed intervention to the priorities covered in the Genowa Manifesto;
- (ii) Ability of the proposed intervention to leverage on and harness potential benefits in the Bottom-Up Economic Transformation Agenda of the National Government, either as drivers or enablers;
- (iii) Linkage of the proposed intervention with the objectives captured in the first year of CIDP 2023-2027;
- (iv) Degree to which the proposed intervention is addressing the core mandate of the CGE prioritizing it;
- (v) Cost effectiveness and sustainability of the proposed intervention;
- (vi) Requirements for furtherance and implementation of ward-based development priorities; and
- (vii) Meeting pending obligations as a first charge.

174. Detailed budgets will be scrutinized and should additional resources become available in the process of firming up the resource envelope, the County Government will redirect them to inadequately funded strategic priorities.

4.4 Details of Sector Priorities

175. Table 4.3 provides the projected baseline ceilings for the FY2023/24 and the medium-term, classified by sector.

Table 4.3: Summary of Sectoral Allocations for FY2023/24 – 2025/26 (in KSh. Million)

Sector	Econ. Class	Approved	CFSP Ceilings 2022/23-2025/26			
		2022/23	2022/23	2023/24	2024/25	2025/26
Agriculture, Rural and Urban Development	Sub-Total	1,018.26	932.16	1,191.38	1,286.69	1,389.63
	Rec. Alloc.	261.62	229.76	291.51	314.83	340.02
	Dev. Alloc.	756.64	642.4	899.87	971.86	1,049.61
Energy, Infrastructure and ICT	Sub-Total	858.01	981.49	1,027.60	1,109.81	1,198.59
	Rec. Alloc.	68.64	91.21	177.43	191.62	206.95
	Dev. Alloc.	789.37	890.28	850.17	918.18	991.64
General economic and Commercial Affairs	Sub-Total	334.7	304.1	535.26	578.08	624.33
	Rec. Alloc.	152.93	132.99	166,.45	166,.46	166,.47
	Dev. Alloc.	181.77	171.11	368..81	368..82	368..83
Education	Sub-Total	965.4	853.8	1,344.88	1,452.47	1,568.67
	Rec. Alloc.	849.6	727.21	1,076.29	1,162.39	1,255.38
	Dev. Alloc.	115.8	126.59	268.59	290.08	313.28
Health	Sub-Total	2,986.34	2,640.92	3,201.72	3,457.86	3,734.49
	Rec. Alloc.	2,276.13	2,265.90	2,596.82	2,804.57	3,028.93
	Dev. Alloc.	710.21	375.02	604.9	653.29	705.56
Public Administration and Government Relations	Sub-Total	2,454.72	1,857.43	2,805.74	3,030.20	3,272.62
	Rec. Alloc.	2,203.29	2,221.48	2,690.14	2,905.35	3,137.78
	Dev. Alloc.	251.43	257.94	315.6	340.85	368.12
Social Protection, Culture and Recreation	Sub-Total	206.31	213.22	196.3	212.00	228.96
	Rec. Alloc.	87.19	69.1	113.82	122.93	132.76
	Dev. Alloc.	119.12	144.12	82,.48	82,.49	82,.50
Environmental Protection, Water and Natural Resources	Sub-Total	398.34	442.59	674.96	728.96	787.27
	Rec. Alloc.	108.08	120.46	204.48	204.48	204.48
	Dev. Alloc.	290.31	322.13	470..48	470..49	470..50
GRAND TOTAL	Sub-Total	9,222.08	8,225.71	10,977.85	11,856.08	12,804.56
	Rec. Alloc.	6,007.48	5,858.11	7,116.93	7,686.28	8,301.19
	Dev. Alloc.	3,214.65	2,929.59	3,860.92	4,169.79	4,503.38

4.4.1 Agriculture, Rural and Urban Development Sector

176. The Agriculture Rural and Urban Development (ARUD) Sector comprises of seven (7) sub- sectors namely: County Department of Agriculture and Livestock, County department of Blue economy and Fisheries, County Department of Lands, Housing, Urban Development and Physical Planning (CDLHUPP); and County Municipal Board (CMB).

177. The overall goal of the sector is to attain food and nutrition security; sustainable management and utilization of land and the blue economy. The sector is a key player in economic and social development of the county through food production, employment and wealth creation, security of land tenure and land management. Towards this goal, the sector has been allocated a total KSh. 1,191.38 million against a resource requirement of KSh. 3,824.6 million for recurrent and development purposes in the FY 2023/2024.

4.4.1.1 Agriculture and Livestock Resources Development

178. Agriculture is the backbone of Homa-Bay economy due to availability of vast arable land suitable for crop production (both food and cash crops). Therefore, the goal of the sub-sector is to create an enabling environment for agricultural development including increased investment in the sector and, improved service delivery and coordination of sub-sector functions, programmes and activities. Towards this goal, the sub-sector has been allocated a total of KSh. 489.47 million consisting of KSh. 172.13 million for recurrent expenditure and KSh. 391.54 for development priorities in the FY 2023/2024.

179. Under the policy, planning and general administration and support services programme, the sub-sector will direct resources towards creating an enabling environment for agricultural development through completion of bills and policies to support agricultural development; construct offices for agriculture, livestock and fisheries offices at devolved levels; and fully establish and operationalize an agricultural training center (ATC).

180. Under the crop, land and agribusiness development services programme, the sub-sector will direct resources towards increasing crop productivity and outputs for enhanced food security; establishing an ATC and continuing investment in agricultural mechanization; transferring modern farming technologies to farmers through establishment of model farms; improving agricultural extension services and application of contemporary science and technology including mobile platforms, lead farmers' initiatives, FFSs, apprenticeships, field days & exhibitions; and promoting sustainable land use and environmental conservation. The sub-sector will also promote access to markets for different farm produce across the county; enhance access to credit and inputs among farmers; promote traditional high value crops through seed multiplication/bulking sites establishment and; support establishment of commercial fruit tree nurseries.

181. Under Food Security Enhancement services programme, resources will be directed towards: training farmers on post-harvest handling; establishing satellite NCPB Stores; training staff on IPDM; training farmers on Integrated Pest and Disease Management (IPDM); constructing cereal produce storage facilities; procuring and promoting hermetic bags and metal silos; developing subsidized metal silos fabricated by ATDCs;

constructing horticultural, roots and tuber produce aggregation centers; procuring cooling equipment; establishing a cotton ginnery; conducting demos on IPDM.

182. Under the livestock development services programme, the sub-sector will direct its resources towards dairy development, clean milk production and marketing, sheep and goat production through breed improvement; upgrading of the local animals through provision of artificial insemination services; livestock disease and vector control; and promotion of apiculture through modern bee hives. There will also be support to extension delivery by employment of additional livestock extension personnel at the ward level.

4.4.1.2 Blue Economy and Fisheries Resources Development

183. Blue Economy and Fisheries Resources Development sub-sector goal is to create an enabling environment for blue economy development including increased investment along the lakefront and other water sources in the sector. Towards this goal, the sub-sector has been allocated a total of Ksh.205.24 million consisting of KSh. 66.29 million for recurrent expenditure and Ksh. 138.95 million for development priorities in the FY 2023/2024.

184. Under the Blue Economy Development Services programme, resources will be directed towards: holding blue economy conference; undertaking active PPPs investments; software development for data management; capacity building of staff and staff remuneration. The development funds shall be directed towards: establishment of lakefront development corporation; developing wetlands for sustainable use and management; acquisition of lake patrol boats; constructing a pier and a dry-docking facility; mapping riparian mineral sites; acquiring vessels for water transport and developing Lakefront & Marine spatial plan.

185. Under the Fisheries Development Services programme, resources will be directed towards: developing a fisheries Management Plans; training fishermen on sustainable fisheries resource utilization; training (300) small holder farmers. The development funds shall be directed towards: equip fishermen with appropriate fishing gears constructing landing banda; installing (2) 10,000-liter capacity water tanks; constructing (5) pit latrines; procuring (20) food grade fish cool boxes; procuring (30) fish weighing scales; establishing an ice processing plant; demarcating and protecting fish breeding sites; establishing Omena fish dryers; procuring a utility vehicle for extension services; constructing and stocking fish ponds; establishing fingerlings hatcheries; establishing fish feed processing plants and establishing model fish cage farms (aqua park); construction of mini-ice plant (2 landing sites); construction of a fish banda (5 BMUs) and enhancing fibre optic coverage (to cover the departments at the headquarters)

4.4.1.3 Lands, Housing, Physical Planning and Urban Development

186. Under the Lands and Physical Planning Services programme, resources will be directed towards: conducting sensitization meetings; developing quarterly application reports; development of a spatial plan; formulating Local Physical and Land Use Development Plans; mapping sub county public lands; surveying and demarcating markets/trading centers; issuing title deeds; establishing and operationalizing GIS labs; digitizing county land records; preparing sub county valuation role; acquiring parcels of land; repossessing plots;
187. Under the Housing and Urban Development Services programme, resources will be directed towards: formulating and developing legal documentation and training (1000) residents on ABMT. The development funds shall be directed towards: constructing (1000) affordable housing units; upgrading 8 informal settlements and improving water front.

4.4.1.4 Homa Bay Municipal Board

188. Under the Urban Development and Support services programme, resource will be directed towards: designing and developing dumpsites; acquiring holding grounds; developing lakefronts (Homa Bay, Kendu Bay and Mbita); construction of Homa Bay Pier market; construction of a Modern Municipal markets; construction of animal holding site; construction of pavements and modern walk ways; installing (25) street lights; constructing a public toilet; relocating the existing sewage treatment plant in Homa bay Municipality; acquiring land for sewerage treatment plant; constructing sewerage lines in Homa Bay town; acquiring land for cemetery; planning and developing lakefront.

4.4.2. Energy, Infrastructure and ICT Sector

189. The Energy, Infrastructure, and ICT (EIICT) sector comprises of three major sub-sectors, namely; Energy; Roads, Public Works and Transport; and ICT. The sector is a vital enabler of socio-economic development in Homa Bay County. It is also instrumental in the realization of international obligations such as Sustainable Development Goals (SDGs) and Africa Agenda 2063.
190. During the FY 2023/24 and the medium term, the sector implements programmes aimed at: developing and modernizing infrastructure; developing and reviewing of policies, legal and institutional frameworks to increase productivity and growth; facilitating trade and connectivity; and promoting economic inclusion in the country. Towards those objectives, the sector has been allocated a total of KSh. 1,027.60 million consisting of KSh. 177.43 million for recurrent and KSh. 850.17 million for development.

4.4.2.1 Energy

191. The Energy sub-sector aims to promote access to sufficient and reliable power supply and efficient energy in the county while also generating and promoting uptake of alternative sources of energy. To increase access to electricity, the county government will endeavor to put its efforts towards the installation of transformers, leveraging partnerships with REREK to connect households through the last mile power connection programme. The County Government will also champion the installation of solar panels in public facilities and provide resources for installation of solar lights in markets and health facilities.
192. The county government will also strive to establish Energy Information Centers, promote exhibitions for actors in the sector, and organize campaign events to promote the uptake of renewable energy as part of kicking out use of dangerous kerosene. To ensure that locals are sufficiently equipped with the necessary solar technology skills, solar engineering courses will be integrated into the curriculum of Vocational Training Centers (VTCs), and youths, women, and persons with disabilities will be trained on all matters renewable energy.
193. Vandalism has remained a threat to renewable energy development in Homa Bay county. To reduce vandalism of already installed solar facilities, the county government will work in collaboration with community watchdogs, national security and county enforcement teams to implement additional measures for securing energy infrastructure in the county. Part of the measures will include intensifying routine field visits and installing security and tracker features on the solar lights to curb theft.
194. As provided for in the County Development Plans, the sub-sector will direct resources towards the following:
 - Installation of 8 transformers at sub-county headquarters at a cost estimate of KSh. 20 million;
 - Installation of 80 market solar at a cost estimate of KSh. 20 million;
 - Equipping of 20 health facilities with solar lightings in collaboration with REREC at a cost of KSh. 5 million;
 - Installation of solar power grid in one Island in partnership with Kenya Power at a cost of KSh. 100 million;
 - Establishment of one energy information center at a cost of KSh. 35 million;
 - Enrollment and training of 200 youths, women, PWDs and SMEs on renewable technologies at a cost of KSh. 2 million; and
 - Installation of 80 Bio-Digesters at ward level at a cost of KSh. 200,000.

4.4.2.2 Infrastructure

195. The infrastructure sub-sector encompasses the whole range of physical infrastructure, including roads, bridges, water supply and sanitation systems, and public buildings. This sub-sector plays a vital role in supporting economic growth and development by enabling the smooth flow of goods and services, improving access to essential services, and providing the foundation for the development of other sectors such as agriculture and tourism.
196. During the FY 2023/24, the sub-sector has been allocated a total of KSh. 898.41 million towards development of transport channels, maintenance of transport infrastructure and management of public works programmes. The amount consists of KSh. 108.4 million for recurrent and KSh. 790.0 million for development activities.
197. With the allocation, the County Government will strive to increase accessibility and quality of the road network in the county. This will include strengthening of project implementation committees to support in oversight, ensuring coordination between the different government agencies working on road programmes, conducting technical assessments in all prioritized roads, and conducting road surveys before the commencement of actual works. It also includes promoting collaboration and partnership initiatives in delivering road projects through PPP and intergovernmental working arrangements.
198. Under roads development and rehabilitation services programme, the County Government will direct resources towards: opening of 460km of roads; expansion of 3km of roads on carriage ways and walkways; maintaining 640km of roads, including 20Km by KURA at a cost of KSh. 60.8 million, 30Km by KENHA at a cost of KSh. 1.8 billion and 64Km by KeRRA at a cost of KSh. 3.7 billion; and upgrading to bitumen standard 5Km of roads at a cost of KSh. 63.4 million.
199. Under transport development and rehabilitation services programme, the County government will direct resources towards: developing 6,250M of runway at Kabunde Airstrip a cost of KSh. 25 million; developing 2 taxi ways at a cost of KSh. 25.5 million; constructing an administrative office at a cost of KSh. 30 million; developing a car park at cost of KSh. 10 million; and developing a wastewater disposal system at a cost of KSh. 1.2 million.
200. Under the public works and infrastructure development services programme, the County Government will direct resources towards: remodeling/construction of municipal bus parks at a cost of KSh. 25.2 million; construction and maintenance of 32 street furniture at a cost of KSh. 6.4 million; cleaning and maintaining 8 drainage channels and culverts at a cost of KSh. 5 million; and maintenance of 10 equipment, plants and vehicles at a cost of KSh. 5.25 million.

4.4.2.3. Information and Communication Technology

201. The County Government of Homa Bay recognizes that ICT can be leveraged to drive socio-economic reengineering particularly in the provision of public services. Consequently, the County Government will channel resources towards development of digital hubs throughout the county and securing of essential ICT equipment and infrastructure in partnership with all relevant stakeholders especially the ICT Authority on the Last Mile Connectivity Project. Additionally, the county government will expand

the fibre coverage in the county through the National Optic Fibre Backbone Initiative (NOFBI) and adoption of enterprise resource planning (ERP) capabilities to improve government operations.

202. Under the ICT infrastructure development services, the County Government will direct resources towards: construction and equipping of digital hubs; improvement of the Fibre Optic coverage by 400 km; connection of 3No. county departments to internet; Installation of 5No. LED display screens across the county; acquisition and installation an ERP systems; coverage of 2 county departments with CCTV; training of 50 officers on data protection and cyber Security. Under the digital literacy and skills development services programme, the County Government will direct resources towards training of 4,000 county citizens; supporting 7No. VTCs with ICT related equipment and materials; connecting 7No. VTCs with WI-FI; promoting digital business services (e-commerce); and create 5No. WI-FI Hotspots.

4.4.3 General Economic and Commercial Affairs Sector

203. The General Economic and Commercial Affairs (GECA) sector comprises three sub-sectors namely: Tourism; Trade, Industry and Enterprise Development; Cooperatives and Marketing. The Sector is a significant player in the delivery of the Genowa Agenda through value addition and enterprise development. The sector is critical to: employment and wealth creation; promotion of industrial investments, trade and tourism; cooperative development and savings mobilization.

204. The Sector's overarching goal for the sector is to unlock the county's endless potential through boosting agricultural productivity, enhance market access and value addition; improve the business environment, access to affordable finance and markets for MSMEs; aggregate farmers and MSMEs, through cooperatives and SACCOS to enhance local and international markets access and affordable finance; increase contribution of manufacturing sector to GDP; to attract, facilitate and enable private investment capital formation as part of off-balance Government financing Towards this goal, the sector has been allocated a total of KSh. 535.26 million for the FY 2023/24, consisting of KSh. 166.45 million for recurrent and KSh. 368.81 million for development.

205. Under the tourism development and promotion services programme, the County Government will direct resources towards positioning Homa Bay as a premier destination in the Western Tourism Circuit. Towards that objective, a board will be established dubbed Experience Homa Bay to champion development and marketing of niche tourist products in the County. Specifically, resources will be directed towards finalization of the tourism policy, establishment of a website; development of one attraction site each year at KSh. 6 million; and organizing tourism events each quarter. Ultimately, the focus is to integrate tourism offering to include hospitality, transport, storage, sports, culture and entertainment so that the tourism value and supply chains are interlinked to ensure full utilization of the county's tourism assets.

206. Under the industrial development services programme, the county government will direct resources towards: completion and operationalization the animal feeds processing plant at Arujo; completion of the multi-fruit processing at Omoya; and establishment of potato processing plant at Kabondo. Under the trade and enterprise development

programme, the county government will direct resources towards building capacity of local MSMEs, developing trade policy and bill to support MSMEs and establish a revolving fund to MSMEs. Additionally, the County Government will be developing 17 market infrastructure; training 200 entrepreneurs and making available credit to 100 entrepreneurs. Ultimately, the County government will support development of 1 modern market or upgrading of an existing market center each year through PPP.

207. Under the Cooperative development and marketing services programme, the County Government will direct resources towards: capacity building of 60 cooperatives at a cost of KSh.2m; training of 800 cooperative executive committee members at a cost of KSh. 1m; upholding the international cooperative day at a tune of KSh.1m; holding 4 exchange programs and visits at KSh. 2m; registration and development of 20 cooperatives at KSh.2 m; revival of 2 dormant cooperatives at KSh 400,000; formulation of a cooperatives policy at KSh.5m; and facilitation funding for 80 cooperatives at a cost of KSh 8m. Additionally, the county government will partner with National Government in the formation of a major financial service cooperative society and mobilization of funds towards establishment of the financial cooperative institution.

4.4.4. Education Sector

208. The core mandate of the sector is to ensure all learners of school going age in Homa-Bay from all walks of life get access to quality, relevant education equitably hence playing a critical role in developing skilled and competent workforce to drive socio-economic growth and development in the long-term. To deliver on this mandate in the FY 2023/24, the sector has been allocated a total of KSh. 1,344.9 million against a total requirement of KSh. 1.55 billion. The allocation consists of KSh. 1,076.3 million for recurrent expenditure and KSh. 268.6 million for development purposes.

209. Under the General Administrative and Quality Assurance services programme, the County Government will direct resources towards: coordination of sector's activities; providing adequate remuneration for the existing staff establishment; employing more staff and capacity building them routinely; and carrying out routine field assessments while submitting their findings in an online information system platform that the department is also yet to acquire;

210. Under the EYE services programme, the County Government will direct recurrent resources towards: the development of an EYE policy; conducting of co-curriculum activities especially music and drama festivals; implementation of the feeding program in all public EYE centers; and provision of teaching and learning materials for the EYE centers. The development funds shall be dedicated to: the construction, refurbishment and transformation of EYE centers to modern EYE learning centers; equipping EYE centers with clean/safe drinking water and hand washing equipment; and construction of more classrooms in EYE learning centers.

211. Under the Human Capital Development and Vocational Training services programme, County Government will direct resources towards: the construction of workshops and classrooms in VT centers; introduction of the child care centers for young mothers to enhance enrolment rates at the VTC; provision of tools, equipment and machinery in all VTCs; construction of hostels for the boarding trainees; and the general renovations of the vocational training centers. The recurrent funds shall be dedicated to: development of

the VET policies; conduction of trade shows and exhibitions; provision of teaching and learning materials in all VTCs; and to continue with the disbursement of scholarship and bursary funds to keep the needy and vulnerable students of Homa Bay in learning institutions during these hard economic times.

4.4.5. Health Sector

212. Access to quality and affordable healthcare remain critical for socioeconomic development. Without health coverage, families are spending fortunes in out of pocket expenditures on health services a year. For this reason, the County Government will continue to prioritize a Universal Health Access Initiative (UHAI) that will lift this punitive burden from the shoulders of families. The strategy will also involve revitalizing primary healthcare to deal with the more prevalent illnesses, including cancer, heart complications, kidney failure and hypertension at that level. Ultimately, the health sector is mandated to build a progressive, responsive and sustainable technology driven, evidence based and client centred health system for accelerated attainment of the highest standards of health for all.
213. Consistent with the goal of providing equitable, affordable and quality healthcare of the highest standard to all citizens, the healthcare sector has been allocated a total of KSh. 3.2 billion aimed mainly at strengthening and scaling up provision of cost effective health services, with special attention to control of communicable diseases, reproductive child health and emergency services, environmental and rural health services. The allocation consists of KSh. 2.6 billion for recurrent and KSh. 605 million for development purposes.
214. Towards eliminating communicable diseases, the county government will ramp up screening and linkage efforts, increase community awareness and participation in preventive activities, improve capacity for disease outbreak investigation and emergency response, and increase capacity building of health care workers on management of communicable diseases.
215. Towards reducing injuries, the county government will scale up prevention of violence and injury by increasing community awareness and participation, establish an accidents and emergency unit, ensure availability of emergency commodities and improve capacity building of HCWs. The county government will also increase community awareness on NCDs, nurture a lifestyle of regular screening and linkage with service providers. County health care workers will also be trained regularly on management of non-communicable diseases.
216. Towards, improve maternal, neonatal, child health and adolescent health, the county government has prioritized ensuring access to comprehensive maternal, neonatal, and reproductive health service including FP; accelerating initiatives targeting nutritional interventions; full operationalization of the blood bank; scaling up immunization services; promoting health programmes in schools; and strengthening collaborations with community opinion leaders to promote full utilization of MNCH services. The County Government will also establish a mother child hospital, provide youth-friendly services, strengthen maternal and perinatal death surveillance and response, and mainstreaming the Afya Bora model in all health facilities.
217. As part of measures to strengthen Human Resource investment, the county government will fully implement the HR policy for health including training, reviewing and harmonizing scheme of service for all cadres, and monitoring and instituting regular

corrective measures for improving health worker's productivity. The County Government will also implement the Homa Bay Community Health Act, with regard to strategic recruitment of HCWs.

218. On environmental health, water and sanitation, the county government will strengthen CLTS and improve waste management at facility level, building HCWs on waste segregation and using PPP approaches to waste management.

219. Under the curative and rehabilitative services programme, the County government will strengthen all level 4 health facilities and ramp up investment in primary healthcare services. The County government will continue modernizing the Homa Bay County Teaching and Referral Hospital so that it is upgraded to a Level 5 Hospital complete with a world-class eye centre, cancer centre, accident and emergency unit, quality infrastructure and medical equipment, including quality laboratory services.

220. Specifically, the County Government will focus on achieving the following over the medium term:

- Provide 27 maternity services, 140 long term FP, 8 CS, 50 timely perinatal adults, 50 mother baby pack, 150 MCH diaries, 30 KQMH, 50 ANC profile, 1200 outreach conducted, 12 blood campaign conducted and 17 nurturing care at the MCHs;
- Provide 25 Nurturing care, 120 CHVs, 2 baby-friendly units, 230 PMTC and 160 ICCM all at a cost of KSh. 40 Million to boost care;
- Provide 225 schools with a RH program, 65 health facilities with youth-friendly units, have 80 HCWs trained on AYSRH, sensitive 80 communities units on drug abuse, and have 1,200 CHVs trained on AYSRH at a cost of KSh. 15 Million;
- Provide the 180 facilities offering immunization with 180 No. functional fridges and have at least 80 facilities reporting zero stock out of immunization vaccines at a cost of KSh. 15 Million;
- Provide 10 workplaces with breastfeeding sites, 80 schools with health clubs and enable 2,750 workers to provide nutritional counselling and 160 facilities to provide supplements to 2400 beneficiaries at a cost of KSh. 10.5 Million;
- Put 1400 new HIV/AIDS-positive on ART and enable 165 facilities to offer ART, 215 facilities to offer PMTCT, 215 facilities to enable laboratory networking, 99 cases of viral suppression; 150 HCW to be trained on new HIV/AIDS guidelines and have 88 partner HCW transitioned on CGHB at a cost of KSh. 260 Million;
- Identify and put on treatment. 3,303 No TB patients; have 201 facilities offering treatment services and equip 77 facilities with TB screening capabilities at a cost of KSh. 30 Million;
- Have 2,011 HHs sprayed yearly, 221 facilities stocked with malaria commodities and 50 HCWs trained on malaria case management, including having 1,352 under-5 children dewormed and 1,312 screened on bilharzia at a cost of KSh. 400 Million to control malaria and other neglected diseases;
- Have 1,000 CHVs and 40 HCWs trained on NCDs with 3,500 patients screened for NCDs at a cost of KSh. 20 Million;
- Regularly provide stipends to the 2,974 CHVs and have 600 CHVs equipped with kits and retrained to effectively conduct 1,136 dialogue days and 1,136 action days at a cost of KSh. 223 Million;

- Have 2 laboratories equipped, 40 staffs trained on surveillance and at least 11 cases detected through ongoing disease surveillance at a cost of KSh. 15 Million;
- Have 4 stakeholder meetings, 2 advocacies for political commitment, 2100 villages triggered, 30 artisans trained, 12 sanitations and clean up days held and 30 HCWs trained on waste segregation at a cost of KSh. 5 Million for improved environmental health, water and sanitation;
- Have 200 HCWs sensitized on IPC, 221 facilities stocked with IPC supplies and 221 facilities issued with IPC guidelines at a cost of KSh. 10 Million;
- Provide 100 HFs with Health Product and Technologies (HPTs) at a cost of KSh. 300 Million;
- Provide 2 facilities with GBV units and 40 health care workers trained on GBV, and have 50 communities' units' sensitized on GBV and injuries at a cost of KSh. 10 Million;
- Provide 50 facilities with rainwater catchment and 6 facilities with green energy at a cost of KSh. 16 Million;

221. For purposes of improving the existing health infrastructure in the county, the county government will provide 1 well equipped laboratory at a cost of KSh.20 million; operationalize 2 specialised units at a cost of KSh. 40 million; and construct 3 operating theatres at level 4 facilities at a cost of KSh. 90 million. The county government will also have 3 facilities offering mental services complete with 3 mental wards at a cost of KSh. 21 million; 1 modern radiology equipment procured at a cost of KSh. 45 Million; the county commodity storage centre in HBCTRH completed at a cost of KSh.7 million, the modern emergency casualty completed at a cost of KSh. 150 million, the HBTRH modern funeral pallor completed at a cost of KSh. 40 million, 1 mortuary constructed at a cost of KSh. 50 Million, the new administration block constructed at a cost of KSh. 30 million, the HBTRH modern kitchen completed at a cost of KSh.5 Million, the HBTRH blood bank fully operationalized at a cost of KSh.10 Million and, 1 orthopedic workshop established at a cost of KSh.20 million.

222. For purposes of providing better primary health services, the county government will provide 30 immunization fridges to be procured at a cost of KSh. 12 million; have 40 facilities connected to electricity at a cost of KSh. 80 million; have 30 dispensaries/health centres equipped to standard at a cost of KSh. 30 million; have 12 health centre upgraded to level 4 at a cost of KSh. 45 million; have the 4No. stalled dispensaries completed at a cost of KSh. 10 million; have 3 new general wards constructed at a cost of KSh.12 million, have 10 new dispensaries constructed at a cost of KSh. 70 million; have 5 maternity wards constructed at a cost of KSh. 50 million; have 5 staff houses contracted in dispensaries and health centres at a cost of KSh.25 million; 3 laboratories contracted and equipped at a cost of KSh.18 Million; 2 ambulance procured at a cost of KSh.20 Million; 1 boat ambulance procured at a cost of KSh. 25 million; 3 utility vehicles procured at a cost of KSh. 19.5 million; 1 drug distribution truck procured at a cost of KSh. 12 million; 1 assorted medical equipment procured at a cost KSh. 40 million; and 10 motorbikes procured at a cost of KSh.5 Million.

4.4.6. Public Administration and Inter-Governmental Relations Sector

223. The Public Administration and Inter-Government Relations Sector comprises of 5 Sub-sectors namely: Executive Office of the Governor; County Department of

Governance, Administration, Communication and Devolution; County Department of Finance and Economic Planning; County Public Service Board; and County Assembly Service Board.

224. During the 2023/24-2025/26 MTEF period, the Sector will implement 20 Programmes which are aligned with Executive Order that structured the Genowa Government formed the basis for formulating development projects and activities prioritized under the Genowa Agenda for Economic Revitalization and Socio-Economic Inclusion. Ultimately, the identified programmes and projects are expected to facilitate job creation and poverty reduction during the 2023/24 -2025/26 MTEF Period.

225. For the FY 2023/24, the sector has been allocated a total of KSh. 2.8 billion which accounts for 25.6% of the total estimates for the financial year. The amount consists of KSh. 2.69 billion for recurrent and KSh. 315.6 million for development.

4.4.6.1 Executive Office of the Governor

226. The overarching goal for the Executive Office of the Governor is to provide leadership and coordination for effective service delivery in the county. To make this possible, the Office has been allocated a total of KSh. 563.9 million, consisting of KSh. 443.9 million for recurrent and KSh. 120 million for development.

227. Under the office, the county government has planned to fully operationalize the Governor's Service Delivery Unit; develop and implement the Public Service Coordination Policy; develop and operationalize county administration procedure manuals; development and implement service charters in all County Government Entities; support full operation of Project Management Committees and empower the M&E and decentralized units (Sub-County and Ward Admins) to adequate report progress; and, finalize and fully implement civic education, public participation and M&E policies.

228. Towards the aforementioned objectives over the medium term, the Office will its direct development resources towards following: installation of an M&E systems at cost of KSh 10 million; training of 90 officers at a cost of KSh 15 million; establishment of an M&E policy and other policy frameworks at cost of KSh 5 million; integration of the human resource information system at KSh 10 million; and provision of staff insurance cover at KSh 80 million.

4.4.6.2 Governance, Administration, Communication and Public Participation

229. The overarching goal for the governance, administration, communication and devolution department is to improve on service delivery within the county government devolved units and departments by empowering the county workforce, increasing stakeholder involvement, increasing access to information and encouraging feedback at all levels of government. To make this possible, a total of KSh. 324.0 million has been allocated to the department, including KSh. 287.0 million for recurrent and KSh. 37.0 million for development purposes.

230. As part of measures to improve devolution of services, the county government will direct resources towards operationalization of devolved units up to the village level; construction of modern ward offices, strengthening of devolved structures and citizen services and carrying targeted civic engagement.

231. To improve public services coordination and stakeholder management the county government will revamp the Governor’s communication unit; designate and train resource mobilization champion for each county government entity; implement a, robust system for public participation; map all stakeholders and come up with an engagement road map;, hold regular partner roundtables and align partnerships and external linkages with County Development Strategy; Strengthen inter/intra-governmental linkages; establish a vibrant diaspora desk and operationalize all legal frameworks including the County Inspectorate Service and Compliance Act, 2018 and the County Disaster and Emergency Management Act, 2019.
232. To bolster adherence to National Values and Code of Conduct for public servants, the county government will direct resources towards continuous capacity building of staff on National Values and the Code of Conduct; development of procedure manuals that will steer the county towards the ISO certification; mandatory signing of oath of secrecy by all senior staff; and reengineering of the county public service culture and value system.
233. Towards achieving its Medium Term objectives, the department will direct resources toward: generating and using 624No. registers to track service delivery; construction of 2No. sub county offices at KSh 18 million; completion of 4No. ward offices at cost of KSh 20.8 million; construction of 8No. ward administrator offices at cost of KSh 80 million; procurement of vital communication and public participation equipment at a cost of KSh. 10 million; full kitting of enforcement officers at a cost of KSh. 24 million and; installation of a surveillance and compliance-tracking system at a cost of KSh 5 million.
234. For purposes of strengthening emergency response, the department will also procure and install an early warning system at KSh. 15 million; establish 2No. municipal fire stations at KSh 120m; establish 2No. paramedic stations at KSh. 10 million; procure 2No. water ambulances and 10No. lightning arresters at a cost of KSh 20 million.

4.4.6.3 Finance and Economic Planning

235. The overarching goal for the sub sector is to manage the county economy and resources therein through better planning and placement of resources in the best possible uses and ensuring prudent utilization. To make this possible, the Department has been allocated a total of KSh. 706.6 million consisting of KSh. 638.4 million for recurrent and KSh. 68.2 for development purposes in the FY 2023/24.
236. For purposes of optimizing resource mobilization and utilization, the Department will direct resources towards: establishment of the County Revenue Board; establishment of a central data center; acceleration of fund requisition processes to improve fund flow; improvement on planning, tracking and cash flow management; full operationalization of financial governance structures especially the audit and pending bills committees; establishment of a cooperatives and investment board; mapping and development of all revenue streams and continuous capacity building of revenue officers.
237. Towards improvement of procurement and project management, the Department will channel resources towards: capacity building of procurement Staff and PMCs on procurement laws and regulations; inclusion and strengthening of the role of administrators and PMCs in project management and; entrenchment of e-procurement and regular procurement audits to reduce the procurement bottlenecks.

238. Specifically, the County Government, through the Department of Finance, will: ensure at least 50% of planned projects that have been appraised and captured in NIMES and e-PromIS at a cost of KSh 5 million; a county planning repository is established at cost of KSh. 5 million; at least 90 officers are trained on implementation of the various tracking systems at cost of KSh 10 million; 15No. officers are trained on the new accounting systems at a cost of KSh 1 million; 40No. procurement officers are fully trained on e-procurement at a cost of 3 million; 50No. auditors are trained on TeamMate at a cost of 3 million; and 1No. Analytical Tool (IDEA) is acquired at a cost of KSh. 2 million. Additionally, the Department will ensure at 100% of accountable transactions and all sourced products are captured in the ERP system at cost of KSh. 5 million; and at least 80% of all county entities are complying with audit rules and regulations at cost of KSh. 5 million.

4.4.6.4 County Public Service Board

239. As part of measures for acquiring and retaining staff with the right skill sets, the Board will undertake a comprehensive review of the county executive staff establishment and competence and embark on competitive and equitable recruitment of staff while also facilitating staff promotion according to the established human resources standards.

240. Under the personnel sourcing, management and development service programme, the Board will direct resources at the following: recruitment of 100 additional staff at a cost of KSh 20 million; engagement of 50 interns at a cost of KSh 0.6 million; establishment and filling of 2No. appropriate offices at a cost of KSh. 2.2 million; ensuring all cadres have schemes of service at a cost KSh. 2 million; issuance of at least 5No. advisories on remuneration, pension and gratuities at a cost of KSh. 0.2 million; facilitate training of at least 30No. staff at a cost of KSh. 9 million; and facilitate 5No. benchmarking tours at a cost of KSh. 2 million.

4.4.6.5 County Assembly Service Board

241. Within the mandate of the County Assembly to represent, legislate and provide oversight of the county executive, the Board exists to coordinate institution-wide service delivery and align operations to set standards; support and encourage generation/implementation of new ideas and promote consultation, prioritization and development of structures for effective representation, oversight and legislation. Because of that, the Board has been allocated a total of KSh. 1.12 billion consisting of KSh. 1.03 billion for recurrent and KSh. 86.4 million for development purposes.

242. Within the FY 2023/24 and the medium term, the County Assembly Service Board will direct resources mainly at the following:

- Upgrading of ICT infrastructure in the plenary and committee rooms (which are already 50% complete) at a cost of KSh. 30 million;
- Completing the residential housing for the speaker at cost of KSh. 20 million;
- Construction of additional office space for improved representation by the 40 elected MCAs at cost KSh 100 million;
- Construction of new committee rooms at cost KSh. 20 million;

- Refurbishment of County Assembly Offices and Ablution Block at a cost of KSh. 10 million; and
- Installation of CCTV systems within the Assembly at a cost of KSh. 20 million.

4.4.7. Social Protection, Culture and Recreation Sector

243. The Sector will continue to play a critical role towards the achievement of the Third County Integrated Development Plan (CIDP 2023-2027) and the Genowa Government priority programmes and projects. The Sector is essential to the fulfilment of various regional and international obligations including the Sustainable Development Goals (SDGs) and Africa Union Agenda 2063. In recognition of that need, the Sector has been allocated a total of KSh. 196.3 million consisting of KSh. 113.8 for recurrent and KSh. 82.5 million for development.

244. Under the development and management of sports and sports facilities programme, the county government will direct resources towards: upgrading of the Homa Bay County Stadium to be christened “Raila Amolo Odinga” Stadium, including construction of 3No. temporary terraces, laying of cabro at the parking lot, completion of perimeter wall fencing, installation of 3No. gates, construction of minor playfields for volleyball, netball, handball, basketball on the northern side impression section and fixing of PVC chairs on the VIP terraces; managing, marketing, rehabilitating and maintaining sports stadia to provide avenues for sports development; construction of 3No. Sub-county regional sports academies i.e. greater Suba (north and South), Greater Rachuonyo (north, south and east) and Ndhiwa; strengthening of linkages between schools and sports clubs; facilitation of county sports leagues including training of referees, umpires, and coaches; improvement of Sub-counties Sports grounds; construction of indoor recreational halls; and rehabilitation of selected ward playgrounds.

245. To identify and nurture sports talents, the county government will direct resources towards establishment of a scheme to identify and equitably award talented youth in sports and cultural activities; establishment of functional sports talent centres for children and youths; organization of competitions including ward tournaments and county leagues; training of technical sports personnel e.g. referees, umpires, and coaches; establishment of county teams in various sporting disciplines; representation of the county at inter-county, national and international sports events; encouragement of PWDs to embrace Paralympic sports; strengthening of linkages between schools and sports clubs; procurement and distribution of sports uniforms/kits and equipment; provision of support to county leagues and clubs; establishment of county sports hall of fame and county sport scholarship through sports fund and lottery.

246. Under the social development and empowerment services programme, the county government will direct resources towards: mainstreaming of gender issues in planning, budgeting implementation as well as protection, empowerment and advocacy of PWDs; sensitizing training of departments and public benefit organizations on policies for gender and affirmative action – providing women, youth and PWD with opportunities to be better represented in decision making processes at all levels; ensuring uptake of 30% of tenders by youth, women and PWD under preferential AGPO; establishment of a one-stop shop for AGPO services; roll out of mentorship activities for young women, teenage mothers and girls in School on SRHR; support of annual Children Assembly; mapping, development and maintenance of data base for different cohort groups and women groups; mapping, development and maintenance of PWDs Data Base; mobilization and

empowerment of PWDs for socio-economic activities; distribution of assorted assistive devices and tools of trade to PWDs; ensuring physical accessibility to public offices for PWDs; and capacity building of county staffs on disability issues.

247. To provide safe spaces for vulnerable persons and victims of abuse, the county government will direct resources towards construction of a complex referral safe space centre with social amenities for recreation and rehabilitation of survivors of drugs and substance abuse, GBV and other forms of abuse, establishing teen mentorship programs through “siwindhes” sessions. Specifically, funds will be channeled towards establishment of 1 Baby Care Centre at a cost of KSh.10 million; enabling 1,000No. women to access financial support as well as 30% of government positions/tenders allocated to women under preferential AGPO at a cost KSh. 10 million; establishment of 1No. Integrated Community Empowerment Centre at a cost of KSh.50 million; establishment of Child Rescue Centres in partnership with local PBOs; and formulation of 5 Social Protection Policies at a cost of KSh.20 million.
248. To enhance and diversify livelihoods of the marginalized community members, the county government will direct resources towards: financial inclusion through financial literacy training and availability of diverse financial products and offering linkages to marginalized community members with SMEPS for access to affordable credit products for entrepreneurship. Specifically, the County Government will direct resources at: ensuring 30% of government positions and tenders go to youths at a cost of KSh.2 million and that at least 100 youths access financial support amounting to at least KSh. 40 million.
249. To provide the necessary legal and institutional framework for supporting women, youth and other vulnerable groups, the county government will channel resources towards: implementation of policies for children protection, youth empowerment, gender and affirmative action, disability mainstreaming and protection of the elderly. That way, the government will 100% of PWDs are mapped and assessed for disability at a cost of 1 million; at least 5% of government positions/tenders are awarded to PWDs at a cost of 1 million; and at least 500 PWDs access financial support over the medium term at a cost of KSh. 10 million.
250. To promote cross-cohort male empowerment, the county government is working towards: establishing a trust fund for boy child empowerment, supporting entrepreneurial skills training for the boys and young men, establishment of SACCOs for young male entrepreneurs, establishing of male peer to peer psychosocial groups and reflection circle safe spaces for men and boys, establishing sub-county elderly persons’ recreation centers (Duol), holding of County Annual Men Conferences (CAMC).
251. Under the programme for development and promotion of cultural and creative arts industry, the county government will direct resources towards: construction of multiplex cultural centre at Ndiru Kagan to be christened “Anyango Migure Cultural Centre”; partnering with the Abasuba Peace Museum towards preservation of minority Suba community heritage; design of unique county branding paraphernalia including county anthem and attire; establishment of spaces to market youth talents especially in performing arts and story writing and telling (in partnerships with the Kenya Film Commission, the private sector and the National Museums of Kenya, UNESCO, Kenya tourism Board, UNEP and other strategic agencies); participation in cultural exchange programs; mapping and marketing of both artefacts and intangible cultural heritage;

establishment of cultural and heritage promotion centers especially for theatre artists and traditional musicians; establishment of a county museum and gallery; and preservation of the Gor Mahia Shrine.

4.4.8. Environmental Protection, Water and Natural Resources Sector

252. The sector is mandated to ensure the people of Homa Bay County have ready access to adequate and healthy sanitation and that they live in a clean and well conserved environment that promotes their sustainable socio-economic development. The Sector plays an important role in ensuring the sustainability of natural resources in the county and the nation at large. To realize this, the sector has been allocated a total of KSh.674.96 million consisting of KSh. 204.5 million for recurrent expenditure and KSh. 470.5 million for development purposes. However, in terms of resource requirement, the sector has requisitioned for a total of KSh. 481,6 million consisting of KSh. 111.3 million for recurrent expenditures and KSh. 370.3 million for capital investments in the FY 2023/2024.
253. Under the policy, planning and administrative support services programme, the sector required a total of KSh.111.3 million to be directed towards; remuneration of employees, management of staff retirement plan; facilitation of routine monitoring field visits; and support operations and maintenance services.
254. Under the water supply and sanitation management services programme, the sector required a total of KSh. 304.3 million to be channeled towards: development of 1No.road map for the commercialization of water services in the County; increasing the length of water pipelines by 155km for both rural and urban water supply; connecting of 3,900No. households to safe water; construction of 1No. water treatment plant in one of the new municipalities; construction of 4No. (250 cubic meter) water storage tanks; drill and equip 50No.new borehole; protection of 10No.springs; construction of 2No.irrigation schemes; development and rehabilitation of 3No.water pans; installation of 4No.roof catchment tanks; rehabilitation and expansion of 1No.water supplies; development of 85No.new community water projects; construction of 1No.DTF;rehabilitation of Mbita DTF; completion of new sewerage plant in Oyugis town and construction of 4No. ablution blocks.
255. Under the environmental management and forestry development services programme; the sector required a total of KSh 41 million consisting of KSh. 16 million for recurrent and KSh. 25 million for development expenditures. The recurrent funds shall be directed towards; development of 1No. environmental education curriculum; conducting of 1No. awareness campaigns on environmental conservation; conducting of 10No.t raining workshops on environment management; and conducting of 2No.environment exchange program. The development funds shall be directed towards: acquisition and development of 1No. dumpsite; acquisition of 1No. waste truck/skip loader; purchase of 10No. skips; purchase 50No.coded litter bins; development of 1No. environment resource center; purchase of 8No. noise meters; conservation and rehabilitation of 1No. degraded lands; reclamation and rehabilitation of 1No. riparian land; conservation of 1No. water towers; development of 1No. parks and green spaces in one of the municipalities; support towards establishment of 40No. community tree nurseries; greening of 3No. public institutions; and re-afforestation of 3No. gazzeted degraded hill tops.

256. Under Climate Change Management Services, the sector required a total of KSh 25 million comprising of KSh. 13 for recurrent and KSh. 12 million for development expenditures. The recurrent funds shall be channeled towards; development of 3No. climate change plans, strategies, regulations and guidelines; preparation of 1No. annual climate change response reports; holding of 8No. climate change stakeholder engagement and planning sessions; facilitation of advocacy processes to influence increase in the resource allocation towards climate change actions by 2%; and 2No. capacity building for government staff on climate change mainstreaming. The development funds shall be directed towards: development of 3No. county climate change resilience hubs and nodes; and preparation of 1No. locally-led climate resilience project.

257. Under mineral management and marketing services programme, the sector required KSh.23 million for identification and training of 2,000No. miners on best mining practices; development of 1No. mineral exploration master plan; and enforcement of 5No royalty tracking reports.

4.5 Public Participation

258. Public participation and involvement of stakeholders in the medium-term budget process is a Constitutional requirement. In fulfilment of this requirement, the development of this Strategy involved wide stakeholder consultations, including sector consultations, public hearings and the County Budget and Economic Forum. Effort was made to expand engagement and enhance collaboration towards development of a sound fiscal framework and guided prioritization of expenditure. The stakeholders were identified during the formulation of the CIDP 2023-207 and will be engaged on an ongoing basis through joint planning and integrated implementation, monitoring and evaluation. The stakeholders included: implementing partners, facility managers, civil society, unions, user groups and citizen representatives. They were also ably represented within the Sector Working Groups (SWGs) that were convened to develop sector reports, which were subjected to public hearings Kabunde CDF Hall on 24th February, 2023. Annex I provides a summary of the policy issues raised during the Public Hearings and the responses provided/planned.

259. The consultations began with introductions and climate setting followed by a review of objectives and highlights of the draft strategy paper facilitated by the Director of Budget. Thereafter, presentations were made by departmental on their areas with focus on programme objectives, key result areas, resource requirements and measures to enhance the fiscal space. Afterwards, the floor was opened for discussions and recommendations captured in reports.

260. Further, the draft 2023 CFSP was uploaded onto the county website on inviting the public and stakeholders to share comments. As required by the Public Finance Management Act (PFM) Act, 2012, the document was further shared with the various stakeholders including: Commission on Revenue Allocation; Controller of Budget; and the County Budget and Economic Forum.

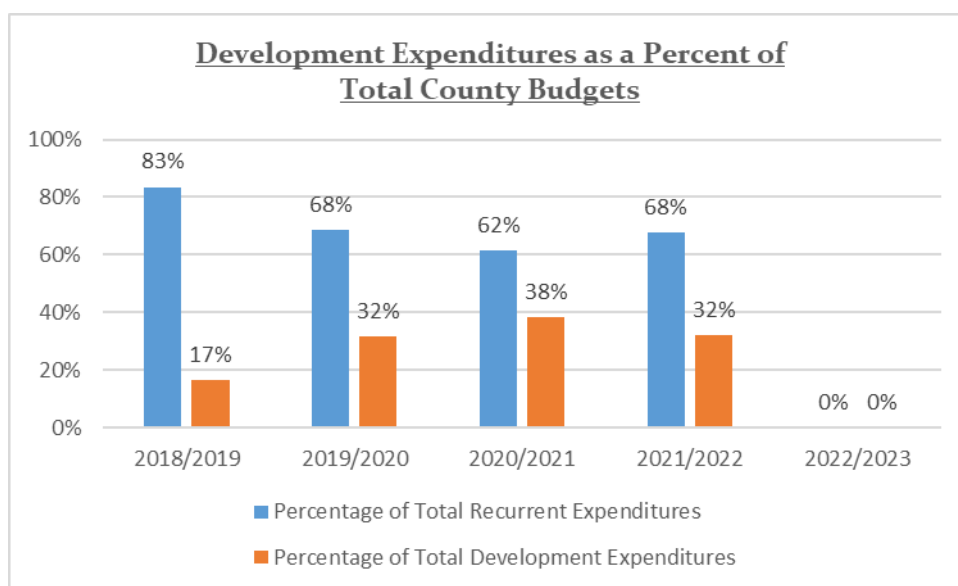
261. Inputs from the various groups were considered in finalizing this document. A summary of those inputs have been documented in Annex I of this document.

V: FISCAL RESPONSIBILITY IN FINANCIAL MANAGEMENT

5.1 Compliance with fiscal responsibility principle

262. In line with the Constitution, the Public Finance Management (PFM) Act, 2012, the PFM County Government Regulations, 2015 and in keeping with prudent and transparent management of public resources, the County Government of Homa Bay has adhered to the fiscal responsibility principles as set out in the statute as follows:

- a) Consistent with the requirements of the law, the County Government's allocation to development expenditures was above the 30 percent of its total budget in the previous financial years, the average development expenditure performance was maintained at 30% as shown below:



- b) Consistent with the requirements of the law, the County Government has managed its financial resources prudently by ensuring at no time borrowing of the public debt has surpassed the limits of 20% of the total revenue allocation.
- c) Based on projections for 2023/24 FY, the County's expenditure on wages and benefits will be approximately KSh 4,025,795,051 translating to 42.2 % of the total revenue expected for the financial year. Such expenditure is 7.2% above the set ceilings provided in PFM regulations. However, the County Government is still confident that over the medium term, it will still be able to reign in the ballooning wage bill by implementing raft of measures and policies to be included in the compliance statement.

Some of the measures include acting on the recommendations from the PwC on the ongoing HR and Payroll audit so that the public service can be kept at its optimal level. Second, vacancies arising from natural attrition will not be filled unless it is absolutely necessary. Third, promotions and other personnel benefits that have implications on the wage bill will be carefully evaluated before being considered through the County HR Advisory Committee so that wage increase are strictly matched by productivity.

- d) County Government will continue to respond to risks by creation of fiscal measures and development of a robust frameworks for risks identification and management to strengthen successes in the county's programmes, consistent with the requirement of the law on prudent management of risks. On the expenditure side, stringent recurrent expenditure management controls by ensuring recurrent expenditures are kept at minimal while keeping development expenditures at optimal levels. On the revenue side, full implementation of cashless revenue collection, subjecting collectors to integrity tests, mapping out all revenue streams and sealing all leakages will be prioritized. The County Government of Homa Bay has carefully evaluated the fiscal risks arising from contingent liabilities and potential impact of the Public Private Partnership by setting up an emergency fund account for urgent and unforeseen expenditures.

5.2 Financial Management of Fiscal Risks

263. The County Government of Homa Bay will continue to face risks that has elevated the importance of effective risk management. The specific fiscal risks include:
- a) Manifestation of Contingent Liabilities; and
 - b) Other fiscal risks.

a) Manifestation of Contingent Liabilities

264. Contingent liabilities are potential liabilities that may occur depending on the outcome of uncertain future events. They are not reflected in the CFSP financial position but are adequately disclosed. However, a contingent liability is only recorded in the financial statements if the contingency is probable and the amount of the liability can reasonably be estimated. Contingent liability can be explicit or implicit. Explicit contingent liabilities are specific County's obligations established by law or a contract authorized by law. The county is legally mandated to settle such an obligation when it becomes due. On the other hand, implicit contingent liabilities represent a moral obligation or expected burden for the county not in the legal sense but based on public expectations and political intervention.

265. Contingent liabilities are frequently not recorded directly in the budget and thus are not subjected to budgetary oversight. These could lead to poor quantification of Contingent Liabilities and the possibility of large unplanned expenditures if it manifests. The County Government of Homa Bay will strive to monitor these contingent liabilities to avoid fiscal difficulties in the budget year in the event they materialize. Moreover, the county has identified a number of key sectors including health, water, housing, roads, trade and industry in which it wishes to work with the private sector through the Public Private Partnerships framework.

b) Other Fiscal Risks

Natural Disasters and Man-made Hazards

266. In the recent past, the county has been exposed to multiple disasters ranging from floods, lake accidents, COVID-19 pandemic and drought. The compounding effects of these disasters have had severe impact on lives, livelihoods and the economy. To strengthen the county's disaster risk management frameworks, the county will fast track development and implementation of Disaster Risk Management Frameworks in line with the PFM Act, 2012, and establishment of a Disaster Expenditure and Reporting Framework to strengthen data collection and reporting on disaster expenditures as well as enhancing fiscal transparency and efficiency in the budgetary process. The county will also enhance coordination of disaster risk management and system, and early warnings, information and knowledge management.

Climate Change Related Fiscal Risks to the Economy

267. Climate change has become a pressing issue globally, and like other economies, the Homa Bay county's economy is vulnerable to its ravaging impacts. To minimize the economic and fiscal risks of climate change phenomenon, the county will continue to pursue a low carbon- climate resilient development path. Climate financing has emerged as an important means of implementation for climate change and for promoting sustainable development and financial sector development.

268. To enhance financial flows from the Green Climate Fund, the county will take part in supporting the national government in implementation of Climate Change Programs, which provides an elaborate framework of coordinating and attracting resources from the Green Climate Fund. The county will also champion the implementation of the Financing Locally-led climate Action (FLLoCA) Program in collaboration with National Government and development partners to manage climate risks. To further deepen green financing, the county will implement the Green Finance Programs geared towards transitioning to a low-carbon, climate resilient and green economy.

5.2.1. Assumptions

269. Macroeconomic policies are typically assumed to be "unchanged" over the projection period and based on current fiscal and monetary policies. The forecasts represent the likely outcomes for growth, inflation, employment and other key economic variables for given unchanged policy settings. The County is highly dependent on revenues from the National Government and Conditional Grants from various Development Partners. To this end, the County expects that all the revenues streams as encapsulated in the CARA 2022 will be released to the County for all the anticipated programmes and projects to take off.

270. To ensure planned and sustainable growth, the County Government will continue to synergize its efforts in implementing the socio-economic priority programmes as articulated in the County's Integrated Development Plan III (2023-2027) and all other relevant policy documents. The County is desirous of ensuring that ongoing programmes and projects are undertaken and completed. Funds not disbursed to the County, in form of Conditional Grants are expected to be disbursed in the current financial year. Adherence to all the fiscal principles as captured in the constitution of Kenya 2010, and the PFM Act, 2012 is of the essence in the County operations. All programmes and projects implemented are to also adhere to other legal instruments such as the Procurement and

Disposal Act and Regulations among other existing policy guidelines. Disruptive events, such as industrial action, political activities among others are not expected to hinder the implementation of the programmes and projects targeted for the FY 2023/24.

5.2.2 Risks to the 2023/24 Budget Framework

271. The County Government of Homa Bay remains committed to improving the livelihoods of its citizens through a Socio-economic Transformative Agenda which entails prudent management risks that may hinder the fulfilment of fiscal objectives. These risks are threats to projected outlook for 2023/2024 FY Budget and Medium Term Expenditure Framework that emanate from both external and internal quotas. The specific risks include:

- ❖ **The County's high wage bill.** The new administration inherited a very large workforce from the previous administration who most of are deemed to be “ghost” workers as they fail to show up at work while minting huge salaries from the county coffers. There has also been an increased pressure by workers’ union for higher pay especially by the health workers.
- ❖ **Over reliance on national government transfers** is another risk that also undermines the County’s fiscal autonomy. Coupled with the unpredictability on account of the delays in release of the resources, it poses another risk to proper implementation of the County’s budget.
- ❖ **Adverse weather conditions** that may heighten low implementation of development projects;
- ❖ **High public expectations** against the resources available to the County;
- ❖ **Staff shortages** where staffing levels at some technical areas are wanting and this exacerbates poor performance at the County.

5.3. Fiscal Structural Reforms

5.3.1. Cashless system of revenue mobilization reforms

272. Homa Bay County Government fully implemented the cashless system of revenue collection to improve accountability of paid taxes in the county. This comes after a poor performance in revenue collection witnessed by the new administration. The cashless plan is a step towards the realization of the Governor’s promise of streamlining revenue mapping, collection and management as one of her priority tasks in the office. Cashless Plan for revenue collection has not only assist in fighting corruption but also help to increase the overall revenue performance.

273. Moreover, the county has put in place stringent disciplinary measures to those found interfering with the revenue collection activities. The revenue collection that was previously carried out by the Sub-County administrators and enforcement officers was also terminated to curb corruption while enhancing performance as far as revenue collection is concerned. Lastly, the county government has established a Revenue Board with a clear administration structure to focus on all revenues administration activities. The county is also at its final stages in establishing an efficient audit committee while strengthening the Information and Communications Technology (ICT) department for digital efficiency.

5.3.2. Public participation reforms

274. The county government adopted a new public participatory model framework for effective implementation of the County Integrated Development Plan (CIDP) for the period 2023-2027 and other future public participatory engagements. The model has been highly participatory process that engages community right from the village, sub-locations, wards and sub-county levels.
275. The County Government of Homa Bay developed and operationalize a people-centered approach in the spirit of leaving no one behind. The model identifies the eligible population and specifies their needs. Adoption of the model has given power to the citizen to monitor expenditures and put to task the county on its prudent use of its financial resources.

5.3.3. Expanding public financial management reforms

276. To facilitate the attainment of the priority projects, the County Government will focus on implementation and completion of priority projects and programmes as set out in their agenda with no new projects outside plans being undertaken. As a measure of accountability, the County Government has established the Governor's Delivery Unit that will ensure adherence to strict project timelines and budgets through ground inspection of projects and robust public engagements.

Appendix 1.

EDUCATION SECTOR

PUBLIC PARTICIPATION ISSUES AND MEASURES

ISSUE	RECOMMENDATION
Lack of EYE, VET and feeding program policies to implement planned activities	Need for to establish appropriate policies and frameworks to aid implementation of planned activities and programmes
Lack of teaching and learning materials in all EYE Centers.	Provision of teaching and learning materials in EYE centers. In case hindrance to provision of materials is lack of policies, let the policies be put in place
Inadequate classrooms in EYE centers	Need for the sector to construct more twin classrooms to completion in EYE centers to cutter for both PP1 and PP2 pupils instead of constructing one classroom in EYE centers
Inadequate resource allocation to the sector.	Need to allocate more funds to the sector to be able to implement most of their planned programmes.
Poor remuneration of EYE teachers	Need to enhance teachers' enumeration and confirmation to permanent and pensionable terms
Inadequate scholarship and bursary funds	Need for the sector to enhance allocation for scholarship and bursary funds to benefit more needy and vulnerable students across the county.

GENERAL ECONOMIC AND COMMERCIAL AFFAIRS

PUBLIC PARTICIPATION ISSUES AND MEASURES

ISSUES	RECOMMENDATION
Insufficient hygiene facilities	There is need to establish more latrines and toilets in markets. This would ensure more revenue collection. There is need to construct more stalls in markets to encourage revenue generation.
Insufficient preservation facilities	There is need to establish to drying pans in all beaches to facilitate fish preservation. This would in turn generate more revenue. Setup more garbage collection points to encourage sanitation and tourism.
Lack of financial systems	Need to liaise with banks and other stakeholders to establish microfinance branches in major towns especially Kendu Bay
High cost of starting businesses	Need to subsidize the licensing cost
Develop tourism centers	Fencing and construction of modern facilities in simbi nyaima to encourage local tourism. This would in turn generate more revenue.

ENERGY, INFRASTRUTURE AND ICT SECTOR

ISSUES	RECOMMENDATIONS
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Emphasis is towards improving Electricity connectivity to public institutions through last mile project and less attention towards enabling HHs access	-There is need to ensure HHs also form part of the targets for last-mile connectivity project.
Roads done between rivers and left without any infrastructure to support intercommunity connection.	-Prioritize the construction of major bridges to support in the connectivity of communities
Addressing quality of civil works done in county major roads to ensure sustainability and reliability.	-Ensure routine field supervision by roads engineers to help in assessing and reporting on the scope of work done in our roads.
Addressing aspects of unstable power supply in the county	Work closely with KPLC in the expansion of existing power stations to reduce consumer load.
Managing faulty transformers and solar installed in major markets and public institutions	-Ensure routine maintenance of transformers and solar.
Meaningful engagement of PMCs in all the road project cycles.	-Empower the PMCs financially to operate optimally.
Managing political interest in the all the processes of project management right from the identification to implementation.	-Sensitize local leadership in the design and model being adopted by the County Government in matters project management.
Synergies between departments that depend on each other to drive realization of some of the county transformative projects.	-Transport subsector to establish partnership arrangements with the Blue Economy and Kenya Maritime Authority to pursue possibility of the county construction modern boats. -Energy subsector to partner with Roads subsector such that as they construct Boda-Boda Sheds they then have component of solar lights installed next to the sheds.

ARUD SECTOR	
Issues	Recommendation
Loss of agricultural produce due to climate change	<ul style="list-style-type: none"> • Need to come up with programs to promote insurance of agriculture produce
Ignorance on best and modern agricultural methods due to inadequate extension services	<ul style="list-style-type: none"> • Employment of extension officers per ward to work with contact farmers across all villages • Replacement of retired Agricultural and Livestock staff
Uncontrolled development in the Municipalities	<ul style="list-style-type: none"> • Need to make spatial planning and development control a priority
Uncleanliness of major towns	<ul style="list-style-type: none"> • Waste management and development of proper drainage should be stressed under municipalities
Low revenue collected on Land rates	<ul style="list-style-type: none"> • Need to strengthen the law on land rates to enhance revenue collection
Dilapidated infrastructure at the beaches	<ul style="list-style-type: none"> • Improving infrastructure at the beaches should be prioritized
Low Land banking for investment purposes along the lakefront	<ul style="list-style-type: none"> • Acquisition of land along the lake front for future development
Low utilization of Kimira-Oluch Scheme	<ul style="list-style-type: none"> • Consider supporting Oluch – Kimira scheme by; <ol style="list-style-type: none"> a. Extending the canals to other areas b. Instituting a revolving to support the farmers in the area

	<ul style="list-style-type: none">c. Using the scheme to support groups to reduce unemployment in the countyd. Encourage PPPs
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