REPUBLIC OF KENYA

HOMA BAY COUNTY GOVERNMENT

DEPARTMENT OF

FINANCE, ECONOMIC PLANNING AND SERVICE DELIVERY

MEDIUM TERM EXPENDITURE FRAMEWORK

FISCAL STRATEGY PAPER

2020

Accelerating Economic Growth for Sustainable Development

February 2020

Foreword

This County Fiscal Strategy Paper is the third in the country's plan period 2018-2022. The paper provides an assessment of the economic and financial outlook of the county and foreseeable threats to that outlook. The paper therefore proposes expenditures ceilings for all county entities and explains prospect for deviation from provisions in the fiscal framework. The paper ultimately provides the fiscal framework and explain prospect of complying with the fiscal responsibility principles. Equally, the paper provides an analysis and explanation of policies for revenue mobilization, expenditure prioritization and deficit financing.

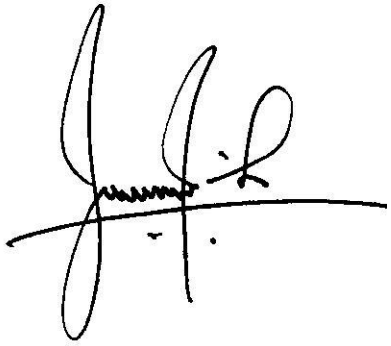
The CFSP 2020 builds on the gains realized in key sectors from the early stages of devolution but is positioned to support full achievement of objectives of the CIDP II, the Medium-Term Plan III and ultimately Kenya Vision 2030. The focus is on augmenting economic transformation by strengthening the frameworks for performance management and service delivery.

The county fiscal focus for the FY 2020/2021 will be aligned with the national fiscal plans captured in the 2020 Budget Policy Statement taking into account the medium-term county forecasts. To this end, the County Government of Homa Bay will work with the national government on the Big Four Agenda of achieving food security and nutrition for all; increasing manufacturing as a share of GDP; delivering affordable housing and; attaining universal healthcare.

The fiscal framework has been arrived at with sufficient consideration of the prevailing economic realities in the County as well as the national fiscal fundamentals. The idea is to maximize the outputs of the county government through innovative and politically-smart spending.

As the CEC Member in charge of Finance, Economic Planning and Service Delivery, I am grateful to the County Executive Committee led by H.E. the Governor for their guidance and input during the process of developing this

document. My sincere gratitude also goes to Chief Officers, Directors and technical officers in various spending entities for their contributions. The invaluable effort and the significant amount of time spent by the Macro Working Group and the CFSP secretariat led by the Director of Budget and Economic Affairs is equally appreciated. Indeed, we value the input we received from all stake during public consultations in the spirit of Section 117 (5) of the public Finance Management Act, 2012 and the Constitution of Kenya (2010).



Hon. Nicholas K'Oriko
CEC MEMBER - FINANCE, ECONOMIC PLANNING& SERVICE DELIVERY
HOMA BAY COUNTY GOVERNMENT

Acknowledgements

This 2020 Fiscal Strategy Paper is a continuation of the county Government of Homa Bay's effort to ensure effective linkage between policies, planning, and budgeting. It provides an updated resource envelope and presents a fiscal framework for the next budget and the medium-term plan.

The preparation of this fiscal strategy paper was an inclusive process; much of the information in this report was obtained from County Government Entities through their various Sector Working Groups [SWGs].

I wish therefore to recognize and appreciate the efforts and inputs of the various stakeholders including development partners, members of the public, the National Treasury, the commission on revenue allocation, the controller of budget, the county Budget and Economic Forum members and all other stakeholder groups who were involved in the preparation of this document.

My special thanks to the Budget and Economic Affairs team led by the Director budget and Economic Affairs Mr. Willys Bolo and involving the county economists Kelly Owillah, Handel Manasseh, Emmanuel Kamboga, Christine Amondi, Steve Owino, Mohamed Ramadhan and Ken Oyier for their endless efforts to ensure the 2020 CFSP is formulated.

We were able to provide excellent leadership and resources for the exercise with the able guidance of H.E. the Governor Hon. Cyprian Awiti, H.E. the Deputy Governor, Hon. Hamilton Orata and the CEC Member for Finance Hon. Nicholas Koriko. I will forever feel indented to them for this support.

I encourage all my fellow Accounting Officer to take the content of this document seriously wile formulating, implementing or evaluating the budget proposals for their entities.

Mr. Noah Otieno
Chief Officer – Finance, Economic Planning & Service Delivery
Homa Bay County

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Abbreviations and Acronyms

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 Homa Bay County Fiscal Strategy Paper (CFSP) 2020

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 the 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 wells 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.

CHAPTER ONE: OVERVIEW OF THE 2020 FISCAL STRATEGY PAPER

1.1 Introduction

The 2020 Homa Bay County Fiscal Strategy Paper is the seventh to be prepared under the devolved system of government. Its policy proposals for 'Accelerating Economic Growth for Sustainable Development' are in line with the National Budget Policy Statement (NBPS), 2020 theme of "Harnessing the "Big Four" for job creation and economic prosperity." This policy's economic transformation agenda includes; (i) creating a conducive business environment for job creation; (ii) investing in sectoral transformation to ensure broad based and sustainable economic growth with a major focus on agricultural transformation to ensure farmers get better returns for their produce; (iii) investing in infrastructure in areas such as roads, energy and water; (iv) investing in quality and accessible health care services and quality EYE and VET education as well as strengthening the social safety net to reduce the burden on households and promote shared prosperity.

The Fiscal Strategy Paper contains:

(a) An assessment of the current state of the economy including macroeconomic forecasts;

(b) The financial outlook with respect to Government revenue, expenditures and borrowing for the next financial year and over the medium term;

(c) The proposed expenditure ceilings for the County Government

(d) The fiscal responsibility principles and financial objectives over the medium-term and

(e) Statement of Specific Fiscal Risks.

This CFSP is focused on supporting the county's ongoing priority programmes while deepening the structural reform measures to increase their impact. One of the measures to ensure fairness was to set criteria and use it to apportion the available public resources among the sectors for various programmes, projects and activities of the County Government of Homa Bay that are competing for the inadequate resources.

This Fiscal Strategy Paper 2020 is entrenched on the National Government's third MTP priorities, Kenya Vision 2030, Sustainable Development Goals (SDGs), Homa Bay County's Integrated Development Plan (CIDP) 2018-2022, as well as the National

Medium-Term Expenditure Framework (MTEF) 2020/2021 – 2022/2023 as captured in the Budget Policy Statement of 2020.

1.2 Fiscal Strategy Objectives

The Homa Bay County Fiscal Strategy Paper 2020 is anchored on four (4) objectives as outlined below:

1) To achieve and maintain full employment in the county economy: The focus of this CFSP 2020 is to reduce unemployment and under-employment, by spending sufficiently on social and economic overheads. These expenditures would help to create more employment opportunities and increase the productive efficiency of the economy.

2) To stimulate economic growth: The paper is focused on using our county fiscal measures such as own tax revenue to ensure production; consumption and distribution are maintained at required levels.

3) To bridge the gap between the incomes of the different sections of the society: To reduce inequalities and to do distributive justice, the County Government is focused on investing in those productive channels which incur benefit to low income groups and are helpful in raising their productivity and technology. Thus, our fiscal programmes are meant to help the development of human capital which in turn possesses positive effects on income distribution. Regional disparities will be removed by providing incentives to backward regions.

4) To accelerate capital formation: Capital assumes a central place in development activity of any county and therefore, this fiscal strategy paper becomes a crucial tool for the promotion of the highest possible rate of capital formation. Our developing economy is encompassed by a 'vicious circle of poverty'. Therefore, a balanced growth is needed to breakdown the vicious circle which is only feasible with higher rate of capital formation.

5) To accelerate the rate of investment in the public as well as in private sectors of the county economy. While working at rapid economic development, this paper is also focused on encouraging investment in those channels which are considered most desirable from the point of view of the county's stakeholders.

1.3 Theme for the FY 2020/21: 'Accelerating Economic Growth for Sustainable Development'.

The focus of the County Government is to steer the county forward towards wealth creation and building an economically prosperous county. This will be done within a properly sustainable fiscal framework that emphasizes value addition, financial reengineering and the blue economy. Riding on the enormous resources and potential that the county has in Agriculture, Tourism, Sports, Energy, Minerals, Forestry, and favorable weather conditions, investment will be mobilized to target high impact growth areas. The approach to accelerating economic growth will be in three-fold:

(a) Investing in the social pillar, particularly universal health coverage; affordable housing; education and training; sports, culture and the arts; environmental protection, water and sanitation; empowerment of women, youth and the vulnerable populations; strengthening frameworks for devolution of services; enhanced governance and the rule of law as well as improving HIV/AIDS and climate change responses.

(b) Investing in the economic pillar, particularly agricultural transformation; tourism and entertainment; trade and Business Processes Outsourcing; financial services and the blue economy.

(c) Compensating for deficiencies in private investment through public investment in industrial parks and manufacturing as well as improving the competitiveness of the county economy.

1.3.1 Addressing Priority Concerns

The 2018-2022 medium term priority of the County Government of Homa Bay remains to address the major challenges inherited from the 2013-2017 MTP period. These challenges remain, inter alia; low productivity and value addition in agriculture, inadequate energy and infrastructure, weak entrepreneurial culture and inadequate support to local businesses, inadequate access to portable water and essential health services, inadequate quality and equality in education, inadequate financial and human resources, and inadequate social facilities. Following the review of the County Integrated Development Plan, 2018-2022 and incorporation of Sustainable Development Goals as well as recent economic developments by Homa Bay County Government, it has become imperative that more resources are dedicated to completion of on-going capital projects.

The county remains focused on encouraging investments that have long term impact on job creation and income generation for the vast majority of the people in the county, especially the youth. Specifically, the county will focus on five core areas which are aligned to the 'Big 4 Agenda' outlined as; (i) developing, expanding and maintaining the county infrastructure including opening of road networks and housing units; (ii) achieving universal health care and improving county education; (iii) increasing water reticulation and distribution as well as environmental protection and access to clean and safe water for all; (iv) enhancing the protection and mainstreaming of the disadvantaged populations such the aged, youth, women and Differently Abled Persons; and (v) promotion of trade development, industrial growth and investment in the County.

1.3.2 Improving the Medium-Term Expenditure Process

As part of an effort to improve the MTEF process, the County will be focused on full adoption of results-based management through program-based budgeting, strengthening of budget execution and monitoring structures. Entrenching performance-based systems in the county will remain a priority of the current administration and therefore, budgetary allocations for the financial year 2020/21 shall be based on efficacy of proposed programmes, projects and activities. The proposed programmes, projects and activities will strictly be those that are linked to clearly specified objectives and targets set out in the CIDP 2018-2022 as well the as the national objectives captured in Kenya Vision 2030 and the Budget Policy Statement 2020.

Within the fiscal space provided, the County Government of Homa Bay will still strive to be more efficient in its investment decisions Greater fiscal discipline and careful alignment of resources towards key result areas will be emphasized. In particular, there will be a clear focus on better control of expenditure as well as operating within the core mandates of the County Government.

1.4 Linkage with BPS

The 2020 County Fiscal Strategy borrows from the National Government's 2020 Budget Policy Statement whose theme is "Harnessing the "Big Four" for job creation and economic prosperity." The National Government has implemented various policies and structural reforms under the Economic Transformation Agenda to foster rapid social-economic transformation. The Transformation Agenda has been focused on five key pillars including: (i) creating conducive business environment; (ii) investing in sectoral

transformation; (iii) infrastructure expansion; (iv) investing in quality and accessible social services; and (v) consolidating gains made in devolution. Significant achievements have been realized on all the five pillars.

The National Government has also identified four key strategic areas of focus over the next five years that will accelerate broad based economic growth. This will help in transforming the lives of the Kenyans. The strategic areas under 'The big Four' Plan includes: (i) Supporting value addition and raise the manufacturing sector's share of GDP to 15 percent by 2022. This will accelerate economic growth, create jobs and reduce poverty index. (ii) Focusing on initiatives that guarantee food security and improve nutrition to all Kenyans by 2022 through; expansion of food production and supply, reduction of food prices to ensure affordability and support value addition in the food processing value chain; (iii) Providing Universal Health Coverage thereby guaranteeing quality and affordable healthcare to all Kenyans; and (iv) Providing at least five hundred thousand (500,000) affordable housing to Kenyans by 2022, hence improving living conditions for Kenyans.

The national development trends, together with renewed investors' confidence in the country, will accelerate growth prospects in the county by creating more jobs and investment opportunities. This will be made possible by downward trend in interest rates, continued stability of exchange rates and inflation, being contained at single digit, and with the continued fall of fuel prices globally. This will lead to creation of more assets hence sustainable growth and development from the national to the county level.

Despite the national macro-economic performance remaining strong in the face of headwinds from the global economic slowdown, the county is still experiencing development challenges which may derail the overall growth and development. Continued consumption of second-generation brews, inadequate and high cost of energy, inappropriate agricultural practices, undeveloped and poorly maintained road network and numerous litigations on the revenue administration laws continue to be the key obstacles to sustainable development in the county. In addition, the high and unsustainable recurrent expenditure, weak budget implementation and fiscal related challenges surrounding devolution, continue to constrain the county economy from achieving its full potential.

As part of the county effort to consolidate gains and unlock potential for economic development, public investments in the financial 2020/21 will be focused more on (1) Revitalize Agriculture sector and ensure food security and value; (2) Development of key infrastructure including construction of road networks to spur economic growth; (3) Promotion of health care through investing in quality and accessible health services; (4)

Provision of safe, adequate and affordable water; (5) Improvement and upgrading education standards;(6) Improvement of County Governance;(7) Improvement of Information, Communication and Technology infrastructure and (8) Creating an enabling environment for trade, tourism & business activities.

1.5 Structure of the County Fiscal Strategy Paper 2020

The County Fiscal Strategy paper is structured in five chapters outlining the overview of the CFSP 2020, the fiscal and macro-economic framework, medium term expenditure Framework policies, budget priorities for the financial year 2020/21 and the fiscal responsibility of the Homa Bay County Government.

Chapter One: Overview of the Fiscal Strategy Paper

This chapter provides the rationale for preparation of the CFSP 2020, the theme of the CFSP 2020 highlighting the key focus area and strategies of the Homa Bay County Government and the linkage of the CFSP 2020 to the National Government 2020 BPS, outlining how the county Government priorities are in line with the National Governments theme of "Harnessing the "Big Four" for job creation and economic prosperity".

Chapter Two: The Fiscal and Macro-Economic Framework

This chapter explains the recent global, regional, national and county economic development trends; the County fiscal performance outlining the overall County revenue and expenditure performance and sector based performance; Economic Outlook and Fiscal Prospects describing Kenya's and Homa Bay County's economic growth prospects for the FY 2020/21 and over the medium term; Risks to the economic outlook and measures the county government has put in place to deal with the risks; and Implications of the fiscal and macro-economic framework on the current budget going forward.

Chapter Three: Medium Term Expenditure Framework Policies

This chapter outlines the fiscal, economic development, social development, environmental health and safety, and governance and public administration policies that the Homa Bay County Government will use to guide investment decision to ensure achievement of the CFSP thematic areas.

Chapter Four: Budget Priorities for the Financial Year 2020/21

This chapter provides the expected Homa Bay County Government resource envelope and the priorities for each sector for the financial year 2020/21.

Chapter Five: Fiscal Responsibility Principles

This chapter outlines the County Government Fiscal responsibility principles as set out in the Public Finance Management (PFM) Act, the specific fiscal risks for the Homa Bay County Government and measures outlined to manage the risks.

CHAPTER TWO: THE FISCAL AND MACRO-ECONOMIC FRAMEWORK

2.1 Introduction

This chapter reviews the recent global, regional, national and county economic development trends; the County fiscal performance outlining the overall County revenue and expenditure performance and sector based performance; Economic Outlook and Fiscal Prospects describing Kenya's and Homa Bay County's economic growth prospects for the FY 2020/21 and over the medium term; Risks to the economic outlook and measures the county government has put in place to deal with the risks; and Implications of the fiscal and macro-economic framework on the current budget going forward. These statistics are in line with the National Government's 2020 Budget Policy Statement.

2.2 Recent Economic Developments

2.2.1 Global and Regional Economic Developments

Global growth is projected to pick up to 3.3 percent in 2020 and further to 3.4 percent in 2021, from an estimated 2.9 percent growth in 2019. The projected pick up is on account of recoveries in stressed emerging and developing market economies and macroeconomic policy support by advanced economies.

In advanced economies, growth is expected to slow down to 1.6 percent in 2020 and 2021 from an estimated 2.2 percent in 2018 mainly due to rising global oil prices resulting from tensions between U.S.A and Iran and the return to neutral fiscal policy stance in the United States.

Among emerging markets and developing countries, growth is expected to pick up to 4.4 percent in 2020 and further to 4.6 percent in 2021 from an estimated 3.7 percent in 2019 (Table 2.1). The growth profile reflects a projected recovery from deep downturns for stressed and underperforming emerging market economies as well as improved growth in India.

Table 2.1: Global Economic Growth, Percent

REGION/COUNTRY	Actual 2018	Estimated 2019	Projected 2020
World	3.6	3.0	3.4
Advanced Economies	2.3	1.7	1.7
Of which: USA	2.9	2.4	2.1
Emerging and Developing Economies	4.5	3.9	4.6
Of which: China	6.6	6.1	5.8
India	6.8	6.1	7.0
Sub-Saharan Africa	*3.2*	*3.2*	*3.6*
Of which: South Africa	0.8	0.7	1.1
Nigeria	1.9	2.3	2.5
EAC-5	6.5	5.6	6.0
Of which: Kenya	6.3	5.6	6.1
EAC-5: Burundi, Kenya, Rwanda, Tanzania and Uganda			

Source of Data: October 2019 WEO; *Projections by the National Treasury

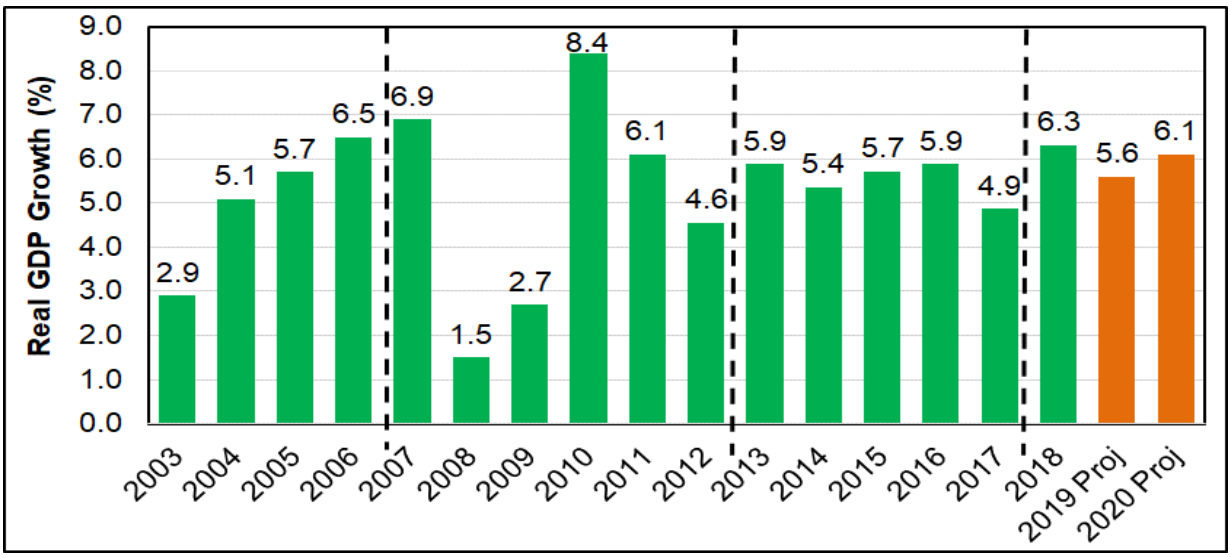
Growth prospects for Sub-Saharan Africa continue to strengthen. Growth is projected to improve to 3.5 percent in 2020 and 2021 from 3.3 percent in 2019, supported by higher commodity prices, improved capital market access and contained fiscal imbalances in many countries.

Growth in the East African Community (EAC) region is estimated to improve to 5.3 percent in 2020 and 5.4 in 2021 from an estimated 5.0 percent in 2019 mostly supported by a stable macroeconomic environment, rebound in agricultural activities on the backdrop of favorable weather conditions, ongoing infrastructure investments and strong private consumption.

2.2.2 Kenya's Economic Developments

Kenya's economic growth has remained strong and resilient even under emerging global challenges, supported by strong public and private sector investment and appropriate economic and financial policies. The broad-based economic growth for 2018 to 2020 has been estimated at an average of 6.0 percent outperforming the 5.6 percent for the previous 5 years (2013 to 2017) and the average growth rate of 4.7 percent in the period 2008 to 2012. Growth is projected to recover to 6.1 percent in 2020 from an estimated growth of 5.6 percent in 2019 (Figure 1.).

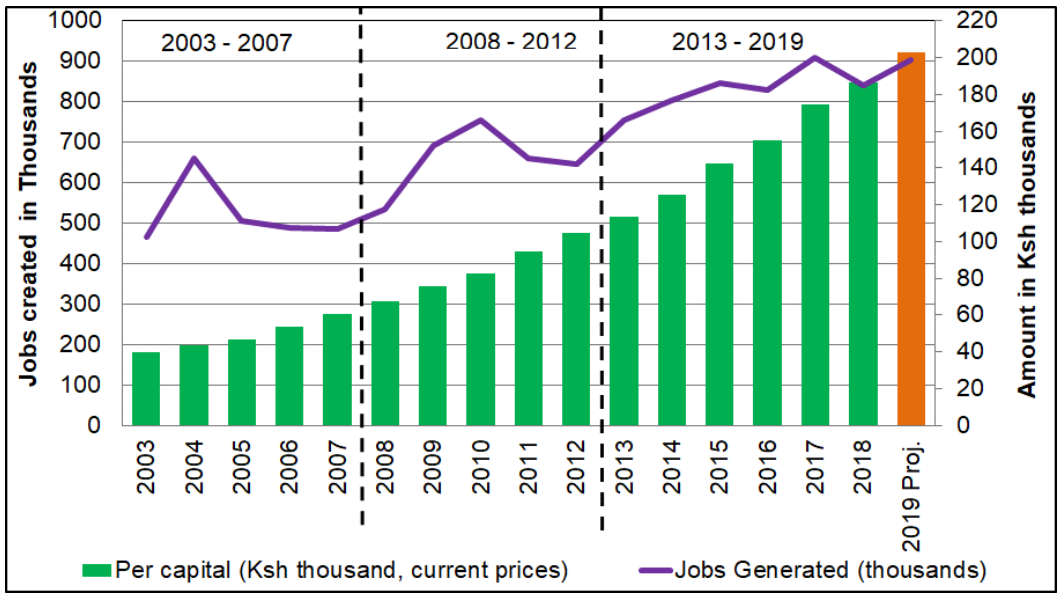
Figure 2.1: Trends in Kenya's Economic Growth Rates, Percent



Source of Data: Kenya National Bureau of Statistics

Per capita income rose from Ksh 113,539 in 2013 to an estimated Ksh 202,859 in 2019, a compounded annual growth rate of 10.5 percent. This enabled generation of around 831,000 new jobs per year in the period 2013 - 2018 up from 656,500 new jobs per year in the period 2008 -2012 (Figure 2.2).

Figure 2.2: Trends in Per Capita Income and Job Created (2003 - 2019)

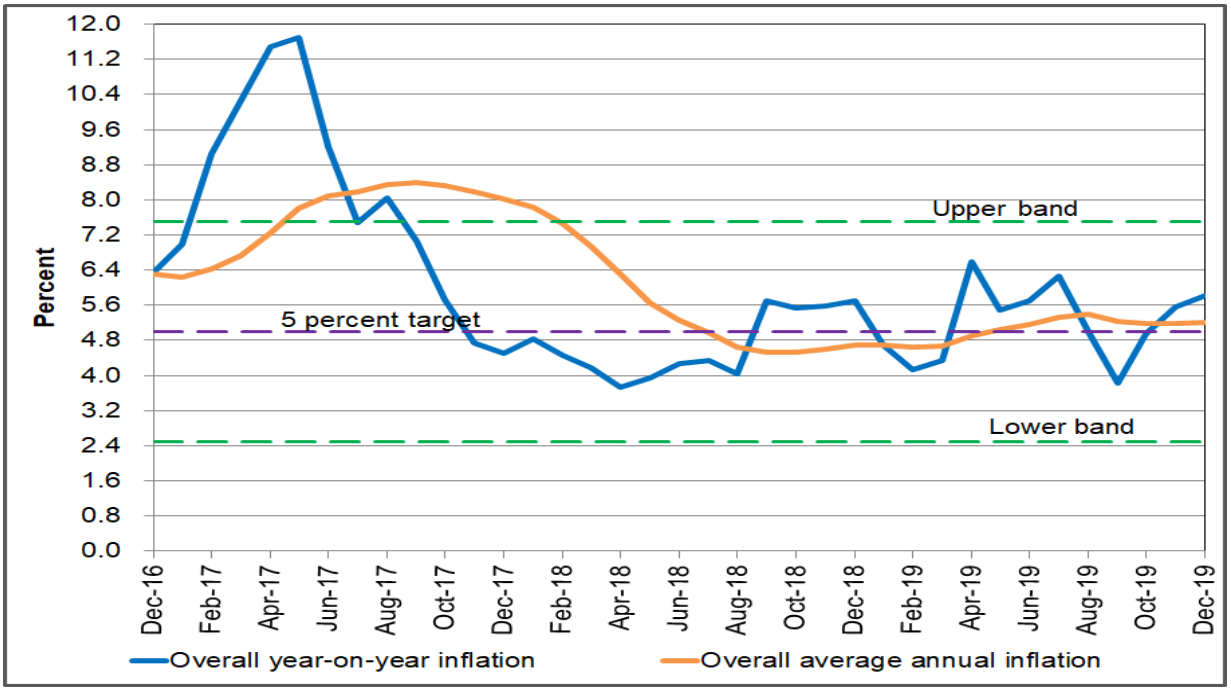


Source of Data: Kenya National Bureau of Statistics

Inflation Rate

Year-on-year overall inflation remained low, stable and within the Government target range of 5+/-2.5 percent in January 2020 at 5.8 percent up from 4.7 percent in January 2019 due to higher food prices (Figure 2.3).

Figure 2.3: Inflation Rate



Source of Data: Kenya National Bureau of Statistics

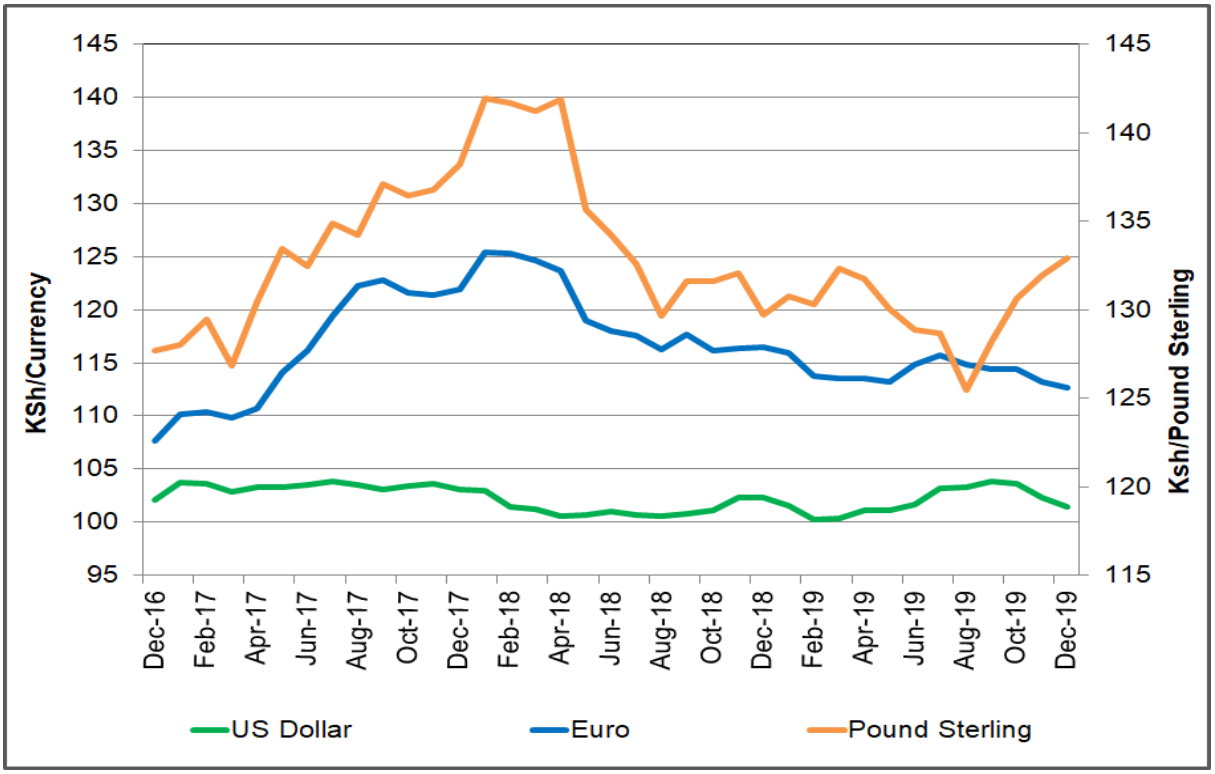
The delay in the onset of rains resulted in lower agricultural activities and raised food inflation from 1.8 percent in January 2019 to 8.9 percent in January 2020 on account of rising prices of key food items such as loose maize grain, sifted maize floor, green grams and onions. The contribution of food inflation to overall inflation increased from 0.9 percent to 4.3 percent over the same period.

Core inflation (Non-Food-Non-Fuel) remained below 5.0 percent, with a low and stable contribution to overall inflation, reflecting muted demand pressures in the economy on account of prudent monetary policies. The contribution of fuel to overall inflation declined from 2.9 percent in January 2019 to 0.8 percent in January 2020 on account of declining energy prices. The major driver of overall inflation beginning March 2019 has therefore been food inflation.

Kenya Shilling Exchange Rate

The Kenya Shilling remained competitive supported by continued narrowing of the current account deficit and adequate foreign exchange reserves. The Shilling appreciated against the US Dollar and the Euro exchanging at an average of Ksh 101.1 and Ksh 112.3 in January 2020 from Ksh 101.6 and Ksh 115.9 in January 2019, respectively. However, against the Sterling Pound, the Shilling weakened exchanging at an average of Ksh 132.1 in January 2020 compared to Ksh 130.8 in January 2019 (Figure 2.4).

Figure 2.4: Kenya Shilling Exchange Rate



Source of Data: Central Bank of Kenya

The Kenya Shilling has remained relatively stable, compared to most sub Saharan Africa currencies. In the year to January 2020, the Shilling strengthened by 0.5 percent against US Dollar, when most of currencies such as Ghanaian Cedi, Rwanda Franc, and Mauritius Rupee among others were depreciating. The low volatility is attributed to resilient performance in exports particularly coffee and cut flowers, strong diaspora remittances,

improved receipts from services such as tourism and lower imports of food and SGR-related equipment.

Interest Rates

Interest rates remained stable and low in the period 2013 to January 2020, except from June to December 2015 when world currencies were under pressure. During the period, the Central Bank Rate (CBR) was adjusted appropriately to anchor inflationary expectations. The Central Bank Rate was reduced to 8.25 percent on 27th January 2020 from 8.5 percent to support economic activity.

The interbank rate increased to 4.3 percent in January 2020 from 3.5 percent in January 2019 due to tight liquidity in the money market. Government securities' interest rates have been stable indicating that the implementation of government domestic borrowing program has supported market stability. The 91- day Treasury bills rate was at 7.2 percent in January 2020 same as in January 2019. Over the same period, the 182-day Treasury bills rate declined to 8.2 percent from 8.9 percent while the 364-day rate declined to 9.8 percent from 9.9 percent.

2.2.3 Homa Bay County Economic Development and Outlook

County Government of Homa Bay operates within the global and national economic framework with the economic dynamics impacting directly and indirectly on the county's economic development. The county depends heavily on national government resources to grow its economy. There is a positive correlation between economic growth and national revenue which implies that transfers from national government to counties are directly affected by economic parameters. This is the same at the county level where economic growth also affects the internal revenue generated by the county.

The broad-based economic growth of Homa Bay County has averaged 5.5 percent for the last five years (2013 to 2017) with the County contributing 1.4 percent to Kenya's aggregate expansion over the period. Table 2.1 below captures the growth trajectory for Homa Bay over the last 5 years.

Table 2.1: County Share of Gross County Product, 2013-2017

County Share of GCP 2013-2017	2013	2014	2015	2016	2017	Average 2013-2017
County Share of GCP (% of National)	1.4	1.4	1.4	1.5	1.5	1.4
Gross County Product (in KSh. Million)	42,127	44,836	46,557	49,630	51,811	46,992
Per Capita GCP in Current Prices	56,040	65,008	74,007	85,930	99,227	76,042
Per Capita GCP in Constant Prices	39,989	41,609	42,252	44,066	45,019	42,587

Source of Data: Kenya National Bureau of Statistics

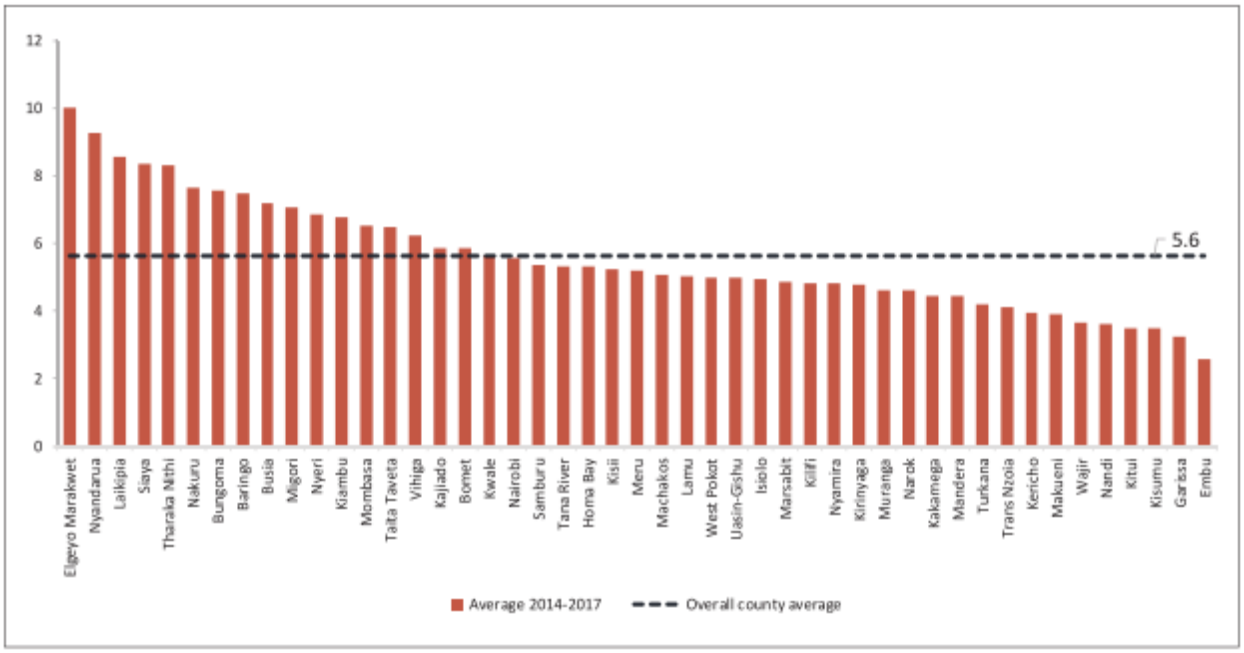
Table 2.2: Contribution to Gross County Product by Economic Activity, 2017

Economic Activity (Contributing in given Prices (P))	GCP (2017) Current P	GCP (2017) Constant P	Percentage Contribution
Agriculture, forestry and fishing	68,247	21,187	2.4
Mining and quarrying	426	354	0.7
Manufacturing	532	381	0.1
Electricity supply	486	277	0.3
Water supply and waste collection	764	434	1.4
Construction	1,818	1,004	0.4
Wholesale and retail trade; motor vehicles repair	3,934	2,148	0.6
Transport and storage	5,708	2,557	1.0
Accommodation and food supplies	161	110	0.3
Information and communication	719	1,293	0.7
Financial and insurance services	4,779	2,090	0.8
Real estate activities	4,584	3,067	0.8
Professional, technical and support services	4	3	0.0
Public administration and defense	6,844	3,592	2.1
Education	10,744	10,490	3.4
Human health and social work activities	2,783	1,682	2.2
Other service activities	2,289	1,414	2.5
FISIM1	(624)	(272)	0.3
Total	**114,198**	**51,811**	**1.5**

Source of Data: Kenya National Bureau of Statistics

During the year 2019, Homa Bay County's GCP expansion slightly increased steadily. However, the situation is expected to improve over the medium term since H.E. Cyprian Awiti has moved with speed to forestall the persistent slowness in projects implementation for improved service delivery.

Figure 2.5: Average GCP Growth (2014 - 2018)



Source of Data: Kenya National Bureau of Statistics (Gross County Product - 2019)

The expected level of growth in Homa Bay County will be supported by increased production in agriculture and infrastructure, especially roads, water and energy. The improved investment climate is being brought about by promotion and marketing of the county through investment forums. On-going investments in trade, education, health services and social protection are also expected to contribute to the county's growth. In collaboration with a number of development partners, the county is keen on enhancing contract farming, clustered rural enterprises and value addition with a view to reaching all potential markets.

The county government has also aligned its programs and projects with both global and national plans. This will help attract investments from both the Development Partners and National Government through the implementation of Sustainable Development Goals and the National Government's "Big Four Agenda."

2.3 County Fiscal Performance

Implementation of the 2019/2020 budget is progressing well despite initial challenges encountered at the beginning of the financial year arising from the stalemate between the National Assembly and The Senate in passing the Division of Revenue Bill 2019. This consequently resulted into delayed funds flow for the first half of the FY 2019/2020 by the National Treasury.

2.3.1. Revenue Performance

In the current Fiscal Year 2019/2020, the County Government of Homa Bay projected total revenue of Kenya Shillings 8,337,787,419. The amount consists of Kenya Shillings 7,149,771,000 Equitable Share from the National Government; Kenya Shillings 380,624,069 conditional grants from the National Government; Kenya Shillings 599,801,103 new loans and grants from Development Partners; Kenya Shillings 207,591,524 expected to be collected as Own Source Revenue (including Appropriation in Aid from the County Departments) and; Kenya Shillings 140,435,163 balance brought forward from FY 2018/19 allocation for National Agriculture and Rural Inclusive Project.

This revenue has been revised to KSh. 8,969,578,696 including KSh. 6,741,450,000 (which represents 5.71% down from the KSh. 7,149,771,000 initially projected) as Equitable Share from the National Government; KSh. 380,624,069 conditional grants from the National Government; KSh. 599,801,103 as loans and grants from Development Partners; and; KShs 177,951,524 (down from the KSh. 207,591,524 initially expected) to be collected as internal revenue, including as Appropriation In Aid (A-I-A) from the County. The KSh. 1,070,112,000 brought forward as unspent balances from the FY 2018/2019 wholly accounts for the net increase in revenue of KSh. 631,791,000.

Further, the County Government has continued to experience delayed release of funds from the exchequer, with only KSh. 1,807,395,642 (20.15% of the estimated budget of KSh. 8,969,578,696) received from the exchequer as part of the equitable share of revenue to date, while in terms of actual expenditure, the County Government has spent a total of KSh. 1,810,395,642 including 1,234,274,582 for recurrent purposes, and KSh. 576,121,060 for development related agenda.

Table 2: Source of Revenue by Broad Categorization

Nature of Revenue	FY2018/2019 Printed Estimates	FY2018/2019 Revised Estimates	FY2019/2020 Approved Estimates
Equitable Share of National Revenue	6,688,200,000	6,688,200,000	7,149,771,000
Conditional Grants from National Government	444,854,827	444,854,827	380,624,069
Other grants and loans (from Development Partners)	425,935,827	416,987,531	599,801,103
Local Revenue (including A-in-A)	172,996,417	172,996,417	207,591,524
Balance brought forward from the previous year	-	744,200,675	0
Expected Gross Revenue Inflow	**7,732,086,904**	**8,467,339,450**	**8,337,787,696**

Source of Data: County Treasury (Homa Bay)

2.3.2 Expenditure Performance

The County Treasury revised the 2019/20 budget upwards to KSh. 8,969,578,696 through a supplementary paper in order to accommodate unspent balances from FY 2018/19 that were carried forward, in addition to additional funds provided for in the County Revenue Allocation Act, 2019.

Total expenditure in the first half of the FY 2019/20 amounted to KSh. 1,807,395,642 against a revised target for the year of KSh. 4,484,789,348 representing an under spending of KSh. 2,677,393,706 for the period. Recurrent expenditure in the first half of the financial year amounted to KSh. 1,234,274,582 against a target of KShs2764640305 for the period. This represented a KSh. 1,530,365,723 shortfall compared to the projections for the period. Development expenditure in the same period was only KSh. 573,121,060 compared to a target of KSh. 1,720,149,043 for the same period. This represented an under-spending of KSh. 1,147,027,983 for the period.

Table 6: Projected Expenditure by Classification, 2018/2019-2021/2022 (in Kenya Shillings)

Nature of Expenditure	Revised FY2018/2019	Approved FY2019/2020	Revised FY2019/2020	Projected FY2020/2021	Projected FY2021/2022
Recurrent	5,354,432,089	5,424,717,761	5,529,280,610	5,243,448,244	5,778,512,087

Development	3,112,907,361	2,913,069,935	3,440,298,086	2,544,803,449	2,950,358,135
Total Expenditure	**8,467,339,450**	**8,337,787,696**	**8,969,578,696**	**7,788,251,693**	**8,728,870,222**

Source: Homa Bay County Treasury

2.4 Economic Outlook and Fiscal Prospects

2.4.1 Global Growth Outlook

Owing to weaker trade and investment at the start of the year, global economic growth is expected at 3.4 percent in 2019 from a projection of 3.0 percent in 2019 down from 3.6 percent in 2018. The sluggish growth reflects the continued global trade sanctions between the U.S.A and China, subdued investment and demand for consumer durables in emerging markets and developing economies, rising energy prices and the continued Brexit-related uncertainties.

As a result of the weaker prospects in the United States as its fiscal stimulus fades and the forthcoming increase in the consumption tax rate in Japan, growth in the advanced economies is expected to ease to 1.7 percent in 2020 from 2.3 percent in 2018.

Growth in the emerging markets and developing economies is expected to pick up to t 4.6 percent in 2020, from an estimated growth of 3.9 in 2019. Similarly, the sub-Saharan Africa region is expected to remain relatively robust growing by 3.6 percent in 2020 from 3.2 percent in 2019

2.4.2 Domestic Growth Outlook

Kenya's economic growth has remained strong and resilient amidst emerging global challenges, unfavorable weather conditions and elevated public expenditure pressures coupled by revenue underperformance. However, the economy is prone to both domestic and external shocks.

On the national scene, in spite of the challenging global environment, Kenya's economy has remained strong and resilient. The economy expanded by 6.3 percent in 2018 up from the 4.9 percent growth registered in 2017. The growth momentum continued in the first three quarters of 2019, with the economy expanding by an average of 5.4 percent. The latest economic indicators in the third quarter of 2019 point to continued economic

recovery that will culminate to an overall projected growth of about 5.9 percent in the FY 2019/20. Economic growth is further projected to rise to 6.2 percent in the FY 2020/21 and 6.9 percent by FY 2023/24.

The growth outlook for the FY 2019/20 and the medium term is supported by a stable macroeconomic environment, investments in the strategic areas under the "Big Four" Plan and their enablers, and existing business and consumer confidence in the economy. Further, the ongoing public investments in infrastructure projects, growth in tourism, resilient exports and the associated benefits from regional economic integration in the sub region will reinforce the projected growth.

2.5 Risks to the Economic Outlook

The macroeconomic outlook is faced with risks from both external and domestic sources. Risks from global economies relate to increased volatility in the global financial markets due to tensions between the U.S.A and China, the slower growth of the Chinese economy, uncertainties over the nature and timing of Brexit and the pace of normalization of monetary policy in the advanced economies. Further, the uncertainty of trade agreements such as between the United Kingdom and the European Union, the free trade area encompassing Canada, Mexico, and the U.S.A as well as uneven and sluggish growth in advanced and emerging market economies could hamper the forecasted growth. The low commodity prices and the risk of energy prices taking an upward trend, if the rising geopolitical tensions are not subdued, could negatively impact on our exports.

Domestically, the economy will continue to be exposed to risks arising from public expenditure pressures, particularly related to wage related recurrent expenditures and the inevitable climate change and variability which has enhanced the frequency of disaster such as landslides, droughts and destruction of physical infrastructure. Locust invasion witnessed in the country in late 2019 and early 2020 poses a risk to agricultural production and food security. These shocks are likely to have negative impact on energy generation and agricultural output leading to higher inflation that could slow down economic growth

To protect the country from climate related risks and disasters, the Government has put in place various policies, strategies and financial risk protection instruments to cushion the economy against budget disturbances emanating from the need to address the unforeseen natural disaster. In particular, the Government has put in place a Disaster Risk Financing Strategy which outlines various financial protection instruments in the economy in the event of a disaster.

On risks emanating from domestic sources, the Government has laid foundations to enhance faster and lasting growth through the "Big Four" Plan, which will enhance growth momentum, and positively impact on the lives of people through jobs creation and poverty reduction. For example, the Government is expanding irrigation schemes to reduce dependence on rain-fed agriculture, diversifying exports and promoting value addition in agriculture. Further, the Government is accelerating infrastructure development to support manufacturing and expand intra-regional trade by deliberately targeting new markets for our products. In addition, the ongoing enhanced domestic resource mobilization and expenditure rationalization will significantly reduce wage related pressures and reduce debt accumulation thus creating fiscal space necessary for economic sustainability.

At the county level, the economy is exposed to risks including public expenditure pressures especially recurrent expenditures including wages and personnel benefits which have continued to limit funding for development expenditure. Occurrence of adverse weather conditions could also affect agricultural production and infrastructural developments thus undermining the growth outlook.

The County Government is also subject to general developments and specific events outside its control that may cause its fiscal outturns to differ from its forecasts in this fiscal strategy paper. First, estimates and projections of revenue are subject to a number of general risks that can affect revenue collections both at national and county levels. These risks include failure of the tax system to keep pace with changes in the business environment, tax avoidance, court decisions, KRA rulings and the outcome of compliance programmes. These pressures may undermine revenue collection and exchequer releases to the County Government.

There are also a number of fiscal risks that may affect the expenditure estimates and projections of the County Government. In particular, demand driven programmes, which form the bulk of the County Government's expenses, can fluctuate significantly with economic and social conditions. Such unforeseen expenses include a huge increase in contingent liabilities such as the requirement to settle liabilities inherited from the local authorities (legal claims) and potential natural disasters.

The County Government of Homa Bay however 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 monitor the above risks and undertake appropriate measures to safeguard against these risks should they materialize.

2.6 Key Achievements and Budget Implications

From the FY 2019/20 onwards, implementation of the county budget is anticipated to progress well. Requisite measures have been taken to ensure the county focuses more on development projects so that on-going priority programmes are fully implemented before new capital projects are initiated. Implementation of such priority programmes will be better tracked and fed back periodically through the County Integrated Monitoring and Evaluation System (CIMES).

Over the MTEF period 2016/17 to 2018/19, a number of programmes and sub-programmes have been implemented with reasonable success. These achievements have impacted and will continue to impact economic growth and overall progress of the county. Some will have impact on the budget choices being made per sector as follows:

2.6.1 Agriculture, Rural & Urban Development sector

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. The sector consists of three sub sectors namely: Agriculture, Livestock and Fisheries Development sub sector and Lands, Housing and Physical Planning sub sector and County Municipal Board.

Some of the key achievements by Agriculture, Livestock and Fisheries sub sector included; the department identified and supplied 100kg of maize, 80kg of sorghum, 40kg of sunflower and 5kg of water melon seeds to 40 model farm across the wards; provided 4tons of upland rice seeds to 2000 rice farmers; provided 3.5 tons of beans under the traditional high value crops bulking project to 1758 farmers; distributed 15.9 tons maize seeds to 7950 farmers; 7.9 tons of sorghum to 3960 farmers; 960kg of sunflower to 960 farmers; 29.3kg of assorted vegetables to Kimira-Oluch farmers under the farm inputs project; completed 35% of planned works on the post-harvest facility at Kigoto; completed construction of the Homa-Bay slaughterhouse; installed electricity at the

Kabondo milk cooling plant; mass-treated 400 heads of cattle; inseminated 683 animals in collaboration with ILRI; held 2 field days in collaboration with Send A Cow; undertook livestock screening and treatment for trypanosomiasis in Lambwe valley (Suba North, South and Ndhiwa) in collaboration with KENTTEC, facilitated tsetse fly surveillance in the Ruma National Park and the adjacent areas; developed the agriculture sector strategic plan, constructed 20 toilets and carried out regular lake patrols in collaboration with the BMUs

Under Lands, Housing Physical Planning and urban development, land use has been improved in the county even as preparation of the county spatial plan is ongoing. The Department was able to establish and operationalize the Homa-Bay Municipal Board; complete preliminary work on the affordable housing project; complete the Symbio-City Quick win project; survey and demarcate market centers, and facilitate construction of Homa Bay Municipal market which is at 81% completion rate.

Under Homa Bay Municipal Board, the County government committed itself to participate in KUSP by having all the minimum conditions that were set out met as was confirmed during the 1st and 2nd Annual Performance Assessments (APA) by the Donor. The Municipal Charter was granted by the H.E the Governor, approved by the Assembly and gazzeted through Kenya gazette supplement No.6 on 27th March 2019. Members of the Municipal Board were vetted by the county assembly, gazzeted through Gazette Notice No. 6470 dated 9th July 2019 and sworn in office on 29 August 2019. There was smooth and peaceful relocation of Homa Bay traders to pave way for construction of the Homa Bay Municipal Market that is going to boost the revenue base of the county. The construction of the proposed Homa Bay Municipal market is on course

The board has developed Homa Bay Municipality Integrated Development Plan (IDEP), reviewed the Strategic Urban Development Plan (Spatial Plan) and formulated a Solid Waste Management Policy. The Homa Bay Municipality was represented in the recently concluded tenth session of the World Urban forum (WUF10). This is the largest global gathering on the future of cities convened by (UN-Habitat).

2.6.2 Energy, Infrastructure and ICT

Under energy and mining sub sector, security has been enhanced and trading hours extended in 300 market centers and streets across the county with the installation of 804 solar lights in 40 wards and installation of street lights in major estates of Homa Bay town including Makongeni, Shauri Yako and Sofia. Stability and reliability of power supply has

been significantly improved with the help of KPL through BORESHA UMEME Programme, resulting in reduced power outages and interruptions across the Southern Nyanza Region. Power supply to about 780 additional primary schools through partnership with REA and KPL has improved learning outcomes in the schools while life chances have improved in the over 8,000 households and institutions (hospitals, beaches, boreholes etc) that have been connected to electricity, increasing connectivity from 3% in 2013 to the current 19. The county's environmental health and standard of living has also been improved what with improved uptake of alternative low-cost clean energy technologies as a substitute for fossil-based fuel with the help of Non-Governmental Organizations. The Department installed solar lights in 16 markets, installed street lights in 4 urban centers, developed renewable energy policy yet to be operationalized. The sub-sector has managed to carry out a routine maintenance on the already installed solar lights both at the headquarters and at the ward levels

The Department of Transport and Infrastructure is mandated to provide efficient, safe, affordable and reliable infrastructure for sustainable economic growth and development through construction, modernization, rehabilitation and effective management of all infrastructure facilities.

Over the last three years, the Transport and Infrastructure sub-sector has acquired four (4) Motor graders and received One (1) Motor grader, three (3) Rollers and One (1) Excavator as donations. The road network has been significantly improved with thirteen (13) Single span bridges built, three (3) box culverts Built, One (1No.) foot Bridge built and 450 Kms of road opened across the 40 wards. Additionally, the sub-sector has maintained through grading and gravelling 2,000km of classified and unclassified roads (Class D and below) that are within Homa Bay County, and improved to Bitumen Standard 33 kilometers of the Kadongo-Gendia road. In collaboration with the Kenya Airports Authority, the sub-sector has upgraded Kabunde airport to 1.2Km runway. The airport is fully operational with daily flights between Homabay and Nairobi thereby opening up the county for business and improving the economy of the county. Further, the department has installed two hundred (200) fully functional solar powered street lights in Homabay town and one hundred (100) In Oyugis town boosting security and extending business hours for traders within the two towns. The sub-sector has also motivated and facilitated private investors who have invested in ferries and water buses improving accessibility to the islands within the county and in collaboration with the national Government, completed tarmacking of 3Km of Mbita-Sindo-Magunga-Agolo Muok road. The sub-sector's public works has in the MTEF period 2015-2016 to 2017-2018 improved safety and standards of infrastructure to 30%.

Under ICT, there has been increased access to computers and reduced printing costs due to the establishment of a digital printing facility and an ICT innovation center in Homa Bay Town. Equally, government processes have been made very efficient and accurate at the County Treasury and Office of the Governor where offices have been networked and enabled to benefit from the national fiber-optic infrastructure. Largely the Internet connectivity and developed communication systems have ensured efficiency and effectiveness in service delivery to citizens and increased transparency and accountability in financial management.

The ICT department equally initiated the process of formulating an ICT Policy, supported the maintenance POS (Point of Sale) systems for the department of finance economic planning and service delivery, supported the Integrated Financial Management Information System (IFMIS); supported the management of Revenue Automation System; supported the Integrated Payroll and Personnel Database (IPPD) system and, trained a total of 700 students/ youths on Ajira digital program in close partnership with Tom – Mboya University

2.6.3 General Economic and Commercial Affairs

Under Trade, Industry, Cooperatives and Enterprise Development, the knowledge base and capacity of small businesses has been expanded with over 144 small-scale traders having been trained and provided with loans. The department was able to do Registration of 20 new co-operatives; revival and strengthening of 5 dormant co-operatives; audited and inspected books of accounts of 30 registered co-operatives; constructed and fenced 42 markets; fencing and gravelling of 24 markets; facilitated constructing 4 market sheds; constructing 25 toilets across markets in the county; completed 65% of planned works on the Animal feeds factory; complete 60% of planned works on Kigoto maize processing plant; complete 5% of planned works on the cassava processing plant and follow-up on the 32 MOUs signed with different investors is ongoing.

The overall trading environment is also being improved with Oyugis Market being upgraded in partnership with the national government. It is expected that farm incomes and rural employment will be enhanced once processing plants are completed for potatoes in Kabondo, animal feeds at Arujo, cotton at Kendu Bay, maize at Kigoto and cassava at Rangwe.The County initiatives have improved access to better market environment, increased business hours, increased revenue sources and improved access to cheap business credit (cotton is at Riwa).

Under Tourism, the profile of Homa Bay County has been raised as the county has continued to hold and participate in Piny Luo Cultural and Tourism festival and other events such as the Kenya County Miss Tourism pageantries which have served to improve the image of the county thereby attracting tourists and supporting the local community. Already, various tourist attraction sites across the county have been profiled and successfully branded including the Tom Mboya Mausoleum in Rusinga Island which has been fenced and marketed as a serious cultural and tourism attraction center; the Oyugis Bird Sanctuary which has been successfully mapped and fenced; Lake Simbi Nyaima which has been successfully mapped and beacons placed for fencing; the Old Homa Bay Pier which has been fenced and a guardhouse constructed; and the 3No. 2-door PIT latrines which have been constructed at Ukoe Beach, Luore Beach and Magina Centres.

2.6.4 Health Services

Under health, The county has been able to realize reduced HIV prevalence from 26.6% in 2012 to 19.6% in 2018; 88% TB treatment success rate; improved latrine coverage from 71% to 74%; increased ANC visits from 33% to 45%; improved family planning coverage at 44%**;** full immunization of children at 69%; fully distributed nets to both infants (under one) and pregnant mothers respectively; procure and distribute essential commodities; draft and enact the community health strategy and health services bills; recruit and post additional 160 technical health staff; purchase and distribute medical equipment and other supplies including bedding and linen to Miriu, Malela, Rachar and Nyang'iela health facilities; construct three toilets at Kobuya, Omiro and Oridi health facilities; purchase 2 utility vehicles; complete construction of the blood bank and oxygen center; construct the county health administration block and store for drugs which is now at 48%; complete the morgue at Suba hospital; refurbish the residential houses for Cuban doctors; fence Ndhiwa hospital; initiate construction of theatres at Sena and Ramula health facilities; construct the health Headquarters and initiate construction of 20 new facilities county wide while upgrading 10 centers of excellence.

As part of promoting healthy living and preventing chronic diseases, a comprehensive County Community Health Strategy has been implemented with 2147 CHWs being recruited in the process across 243 Community Units to emphasize household health beyond clinical care. Output-based approaches in reproductive health are also being implemented and, the County Health Master Plan is being taken seriously.

As part of its roadmap to self-reliance, the County Government of Homa Bay entered into a commitment with the US envoy to prepare a County HIV Response and Management

Strengthening Plan which in phase one will cover financial systems, reviewing the strategic plan and improving stakeholder engagement. In phase two, the focus would be on transitioning to enhanced HIV response programming and service delivery modelling so that functions that are held by EGPAF and other PEPFAR/CDC implementers are partnered with those of the County Government. Ultimately, financial responsibility will be negotiated among the existing sources. In phase three, the focus will be on transitioning some of the EGPAF HIV response responsibilities (human resource to health, supervisions and trainings) to the Homa Bay County Government. Finally, in phase four the focus would be on transitioning the HIV response funding responsibilities to the Government of Kenya and the County Government of Homa Bay within the limited US Government funding.

2.6.5 Education

Under education, the county has attained a near-56 percent increase in enrolment to record 83,256 pupils at ECD centers following the recruitment of 27 ECD supervisors and 1,319 ECDE teachers who have been deployed to the 908 ECD centers in the county. The teacher-child ratio in the county's ECDE centers has reduced drastically thereby improving learning outcomes and the contact time between pupils and teachers. The County Government has also managed to recruit 120 VTC instructors to its 15 vocational Training Centers and supplied 1,800 water purifiers to ensure clean water to 409 ECDE schools across the county through partnership with the Replenish and Vesta Gard International Project based in the US.

The County was able to establish 1 ECDE center of excellence supported by UNICEF, arry out a WASH and Sanitation Programme in 100 ECDE centers supported by development partners; give out bursary worth 100 million to needy students of the county; procure and deliver Curriculum design to 878 EYE Centers; conduct successful CBC trainings of teachers county wide; develop and deliver education and learning materials to 80 EYE Centres.In terms of infrastructure, 67No ECDE classrooms (23 by county and 44 by partners i.e. EE, Plan International), 2 innovation centers at Homa bay and Mbita. 1 boys hostels at Sero VTC as well as 2 new classrooms at Rang'i VTC and 1 No. Twin workshop at Kotora VTC have been completed. Equally 5No VTCs (Sindo, Sibuor, Jwelu, St. Annes and Kosele VTCs) have been supplied with tools and Equipment worth Kshs. 1.5 million. Education effect in conjunction with the department has constructed 44 new classrooms, and rehabilitated 12 others in Kasgunga, Gembe and Rusinga Wards in Mbita Sub-County.

The Sector has also collaborated with UNICEF to build and equip 1 model ECDE centre at Arunda ECDE Centre. Another partnership with Kenya Italian Development Programme (KIDDP) has led to the supply of tools and equipment to 3 Vocational Training Centers namely; Waondo, Nyagwethe and Mfangano. The same partnership has also sponsored instructors for various courses at KTTC.

In partnership with the Ministry of Education Science and Technology the Sector supplied tools and equipment to Homa Bay and Oriwo VTCs. On the same note a partnership with Stichting Gered Gereedschap from Netherlands saw the supply of tools and equipment to Oriwo, Jwelu, Sibuor and Omiro VTCs.

Another milestone in the sector has been the establishment of Tom Mboya University College which has already opened its door to the second batch of students. Space for university education has been enhanced in the county and the college is expected to continue stimulating the economy of Homa Bay Town through employment, demand for services and linkages with the local industry.

Over-rally there has been an increased access to quality education and training. Enrollment rates in both ECDE and County polytechnics have tremendously increased as a result of the improved infrastructure, staffing and tuition fees subsidization.

2.6.6 Public Administration and Government Relations

Under Finance, public management of county financial resources have been improved and the necessary framework established for sustained economic growth of the county. Financial transactions are now being efficiently tracked through the full adoption of the Integrated Financial Management System (IFMIS) complete with all modules such as e-procurement. All the financial operations of the County Government are now housed at the County Treasury.

Under Planning, Budgeting and Service Delivery, all the requisite county strategic and development plan have been prepared as well as the estimates of revenue and expenditure for all the years. The Department was able to complete and equip the county treasury block; provide support towards establishment of Lake regional bank, automate additional streams of revenue collection and develop relevant revenue laws, policies, plans and budget documents for/within the various spending entities.

Under the County Executive Services, the framework for the operationalization of all government functions have been put in place and office accommodation improved since

the Old Municipal Building housing the Governor's Office was renovated, re-roofed, extended, furnished and equipped with all the relevant systems. Security of county assets in the compound has been enhanced since a complete perimeter wall, a guard house and a stand-by generator were provided. At the field administration level, office accommodation has been enhanced through construction of 4No. new sub-county offices and renovation of 3No. old sub-county offices. Equally, government reception has been enhanced since the residences of the Governor and the Deputy Governor were renovated. and offices installed with various ICT and security equipment. Overall, service delivery has been improved significantly since all the relevant offices were created, housed and filled with able personnel including 10 CEC members; 10 Chief Officers; 7 members of the County Public Service Board, 8 Sub-County Administrators and 39 Ward Administrators. The implemented projects above have also led to coordinated efforts and smooth implementation of county projects and programmes.

Under the County Assembly, the framework for representation, oversight and legislation has been put in place fully and all developed regulations have provided a legal framework for operationalization of respective county functions, relevant offices have been established, accommodated and operationalized with 74 staff who were recruited at the head-quarter and 120 staff placed at the wards. Already, all the 18No. priority bills have been enacted for the complete operationalization of the County Government. On the infrastructure front alone, the main assembly hall and all its offices, conference and committee rooms have been modernized and equipped. All systems including for water and sewerage, ICT as wells burglar-proof windows and doors; and a high perimeter fencing complete with modern parking lot have been put in place.

2.6.7 Social Protection, Culture and Recreation

During the period the department has continued working on the construction of Homa Bay County Stadium to international standards. Ongoing works on the stadium include construction of terrace pavilion, football field with natural grass and eight lane athletics truck.

Under Social Development and Empowerment Services, the department is currently working with all the other county departments and National government ministries to ensure that the legal requirement for Women, Youth and Persons living with disabilities to access 30% AGPO is mainstreamed. Gender-based violence campaigns have been carried out to curb inhibitive cultural practices such as wife battering, widow inheritance, early marriages and child labor practices that undermine empowerment of the women folk. Other gender mainstreaming initiatives target exploitation of women at the beaches

in fish-for-sex transactions popularly known 'jaboya', Cane- cutters 'Obanda' and boda boda riders. PLWD issues are being mainstreamed through medical screening and registration with the National Council for Persons living with Disability, sensitization on affirmative action and promotion of a disability-friendly environment that is being undertaken by our Social Development Assistants who are stationed in all the sub counties.

2.6.8 Environmental protection, Water and Natural Resources

Under Water and Sanitation, many more initiatives of the Sector have led to a clean and secure environment, reduced prevalence of waterborne diseases and improved access to water hence enhanced productivity. 85No. new boreholes have been sunk and 45No. equipped. 18No. additional water pans have been rehabilitated and 20No. springs protected to reduce water wastage and improve safety of water available to local households. 4 No water supplies are under Public Private Partnership. Ultimately, number of households with access to clean water has been increased from 68,884 to 75,772 representing 10 per cent improvement. Equally, the household average distance to water points is at 3 Km. Additionally the department Rehabilitated 2 urban water supply schemes in Mbita and Homa-Bay Town sewerage system, upgraded 7 rural water supply schemes, Drilled and equipped 11 boreholes, Protected 17 water springs, Developed water and climate change policies ,Procured 50 water tanks for roof catchment to be distributed to public institutions, purchase and distributed 100 litter bins across the county, Developed 2 dumpsites, Established 1 tree nursery and Supply 20 schools with assorted tree seedlings for re-greening purpose.

As part of a campaign to step up environmental conservation and improve forest cover, over 50,000 seedlings have been distributed and planted across the county especially around the known water towers. Tree planting and re-afforestation initiatives have been prioritized also as part of natural resource management as is the modernization of urban sewerage systems especially the Homa Bay Sewerage and Water Supply which is being supported through a strategic partnership with the World Bank and LVEMP II

CHAPTER THREE: MEDIUM TERM EXPENDITURE FRAMEWORK

3.1 Introduction

This section presents consolidated fiscal policies and framework for FY 2020/2021 and the MTEF, as well as the measures the County Government will take into consideration while coming up with the budget allocations.

3.2 Fiscal Policies

The County Government of Homa Bay will remain steady in implementing sound fiscal policies to create the necessary conditions for enhanced economic prosperity. The policies will focus on critical development programmes in health, education, water, trade, roads infrastructure and agricultural production, and push for austerity measures for prudent management of public resources. In addition, the County will put strategies to improve revenue collection as well as consider external resource mobilization to finance development programmes as outlined in the Annual Development Plan FY 2020/21 and the County Integrated Development Plan (CIDP) 2018-2022.

The County's fiscal policy for the FY 2020/21 budget and over the medium term aims at:

- Reducing recurrent expenditure to devote more resources to development expenditure;
- Prioritizing projects in line with the 'Big Four' agenda in Manufacturing, Affordable Housing, Food Security and affordable and quality healthcare;
- Ensuring a balanced budget is maintained;
- Reforming expenditure management and revenue administration;
- Productivity reforms of the public sector to improve value for money in service delivery;
- Any borrowing will be used to finance development projects only.

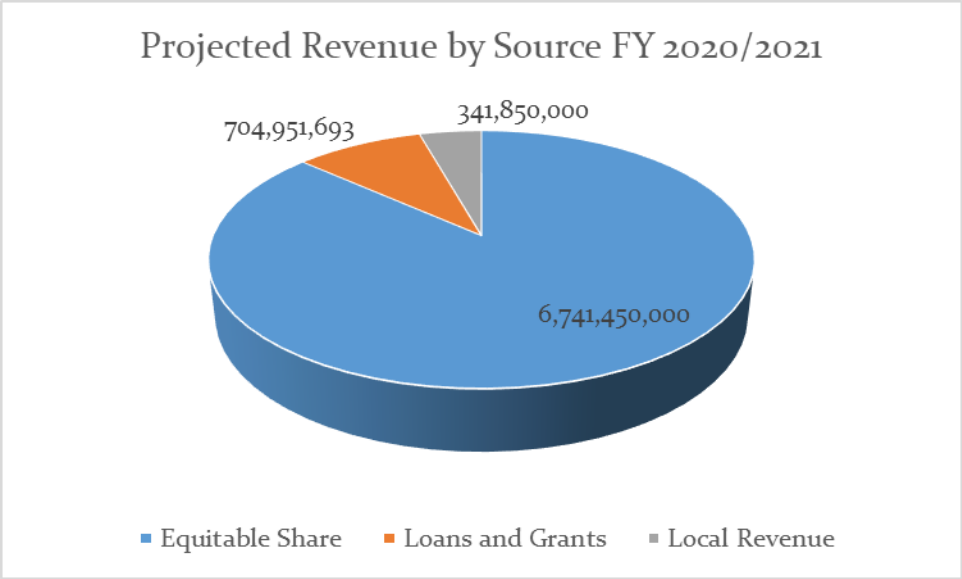
In addition to this fiscal policy aiming to tame growth of recurrent expenditure and enhancing capital investments while still upholding fiscal sustainability, there is also need to accommodate departmental/sectoral commitments from previous financial years. This will form a key consideration in determining departmental ceilings for FY 2020/21. Additionally, critical programmes to be implemented will be identified through a consultative approach involving meaningful public engagements.

3.2.1 Revenue Policy

The County Government projects a drop of 13.2 percent in total revenue to KSh. 7,788,251,693 in the 2020/21 budget, compared to the current supplementary budget estimates of KSh. 8,969,578,696, partly due to a zero growth in equitable share and a drop in conditional grants by 28.1 percent as indicated in the Budget Policy Statement (BPS) 2020. Local revenue is however expected to grow by 92.5 percent in the FY 2020/21, up from KSh. 177,591,524 in FY 2019/2020. However, over the medium-term, spending will grow by an average of 3 percent a year, reaching KSh. 8,728,870,222 in FY 2021/22.

The targeted revenue collection for the coming financial year is KSh. 6,741,450,000 in form of equitable share, KSh. 704,951,693 as loans and conditional grants, and KSh. 341,850,000 as local revenue as shown in **Figure 3.1** below. This highlights an overreliance on exchequer releases which poses a liquidity risk in the event of delays in remittances as witnessed in the previous financial years. Therefore, there is need to bolster local revenue collection as well as diversify external revenue sources.

Figure 3.1: Projected Revenue by Source FY 2020/2021



Source: Budget Policy Statement (BPS), 2020

3.2.2 Expenditure Policy

Over the medium-term expenditure framework (MTEF) period, the County government will strive to maintain a balanced budget and any distress addressed in line with the fiscal

responsibility principles provided in the PFM Act 2012 and the borrowing framework for sub-nationals. The County will also intensify efforts to improve spending efficiency, increase capacity, and improve governance and service delivery. More importantly, there will be greater focus on restructuring expenditure flows in favor of capital investments, especially development of infrastructure and implementation of flagship projects identified in the sectoral plans and the CIDP (2018-2022).

The wage bill, which is projected to account for up to 46.3 percent of total expenditure, constitutes to be the single largest share of County Government expenditure by economic classification, crowding out other spending. It is still higher than the prescribed 35 percent by the fiscal responsibility principles. However, the County Government will continue to put measures in place to avert growth of the wage bill, and consequently bring it down to sustainable levels. Recurrent expenditure will therefore be structured to decrease over time by working on reducing the wage bill, and reduction of transfers and subsidies that undermine efficiency of county entities and the private sector.

Similarly, efforts are being made to reign in on recurrent and non-essential spending. The County Government of Homa Bay will continue directing its efforts towards rolling out leasing across departments and, where purchases will be required, enforcing bulk purchasing to reduce costs; restricting foreign travel to essential ones with limited number of staff and controlled use of business class; restricting the use of hired cars and the number of county officials travelling around Kenya; prudently managing consultancy services; and centralizing advertising with a view to better manage cost.

In a bid to improve absorption levels of development funds by departments, allocation to development projects has been restricted to those projects that meet the minimum preparation criteria. Development projects to be included in the budget will only be those that satisfy the criteria provided. These will include, inter alia:

i) Proof that public land already registered in the name of the county exists for the proposed project;
ii) All the necessary approvals from NEMA, WARMA or any other government agency responsible for compliance had been obtained for the project;
iii) A comprehensive site plan indicating where the proposed projects will be placed on the wider plan; and
iv) Detailed designs and Bills of Quantities for the proposed project which form the basis for any costing (allocation of funds) for the project.

These will form part of the guiding principles in allocation resources for projects and will be done consultatively with stakeholders.

3.2.3 Debts and Deficit Financing Policy

The County Government of Homa Bay will continue to operationalize a balanced budget as guided by the fiscal responsibility principles. This is guided by the need to only operate within our fiscal space taking cognizance of our total resource envelop. And therefore, it is envisaged that at any point in time, our total revenues, including local revenue collections, equitable share of revenue from the national government, loans and grants and revenue from other sources, will be sufficient to fund our planned expenditure.

Should it become apparent that the County Government must borrow to meet some unforeseen budget obligations, such borrowing will strictly be used to finance emergency and critical expenditure whose internal rate of return is reasonable enough to justify the resultant debt position. Borrowing will be restricted to domestic sources only, and within the provisions of the fiscal responsibility principles highlighted in section 107 of the PFM Act and PFM regulation no. 25.

Further, such borrowing would be undertaken upon careful and critical analysis of the financial position and ability of the county to repay the incurred debt, and will be highlighted in the Debt Management Strategy Paper and approved by the County Assembly and guaranteed by the national government.

It is of utmost importance for the County Government to adequately plan for it resources contain unnecessary expenditure that would warrant any deficit financing. This can be partly achieved by improving own source revenue collection as well as containing recurrent expenditures, especially the wage bill. This can be achieved through administrative and legislative reforms aimed at enhancing resource mobilization, improving efficiency in government expenditure and reducing wastages.

3.3 Fiscal Sustainability

The County Government of Homa Bay's approach towards the management of public resources is to ensure efficient and sustainable use of the resources entrusted to it by the public, and to be able to account for every expenditure incurred. Specifically, the County Government is committed to devoting more resources towards capital projects above and

beyond the prescribed 30%, by taming recurrent expenditure. There is also greater focus towards more revenue raising efforts and borrowing measures at levels that are sustainable over the long run. This means at all times, the planned expenditure will be reconciled with projected revenues so that should there be any fiscal gap, adjustment measures will be aimed at the reigning fiscal policy.

Fiscal sustainability shall be guided by the fiscal responsibility principles which the county government, through the County Treasury, will continue to enforce and abide by. These guiding principles include;

a) Ensuring the county government's recurrent expenditure shall not exceed the county government's total revenue;
b) Ensuring that, over the medium term, a minimum of thirty percent (30%) of the county government's budget shall be allocated to the development expenditure;
c) Ensuring 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 (excluding revenue that accrue from extractive natural resources including oil and coal);
d) Ensuring the government's borrowings are used only for the purpose of financing development expenditure and not for recurrent expenditure;
e) Maintaining the county debt at a sustainable level as approved by county assembly, including:
    - Restricting short term borrowing to the management of cash flows at a level not exceeding five percent of the most recent audited county government revenue;
    - Ensuring the county public debt never exceeds twenty (20%) percent of the county government total revenue at any one time; and
    - Ensuring the county annual fiscal primary balance shall be consistent with the debt target in the preceding paragraph.
f) Managing the fiscal risks of the County Government prudently; and
g) Ensuring 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.

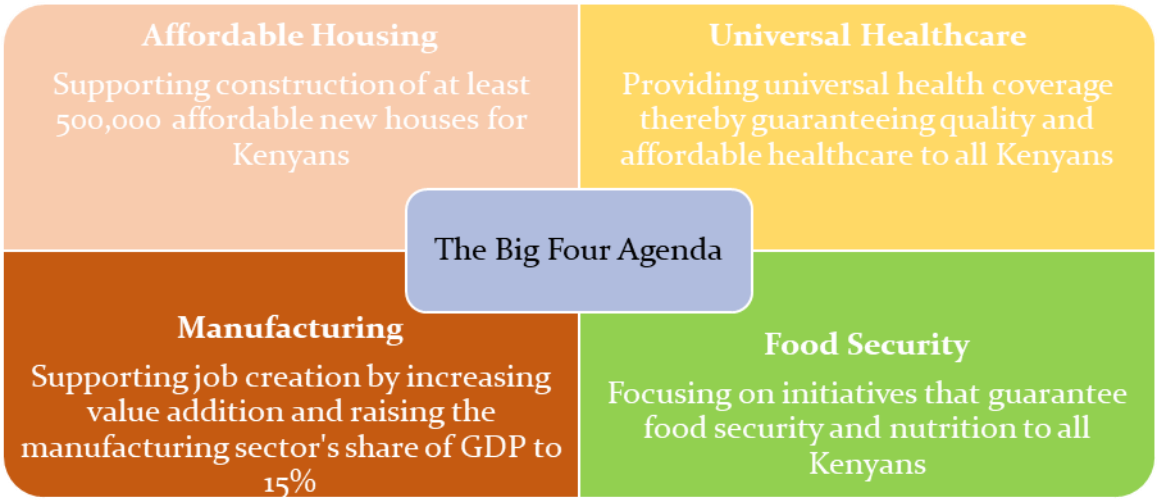
In the event that the County Government will not be able to achieve some of these requirements, it will fall upon the County Executive Committee Member for Finance to prepare and submit a responsibility statement to the County Assembly explaining the reasons for the deviation and provide a plan on how to ensure annual actual expenditure outturns as wells 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 the compliance

plan above shall be binding and the County Executive Committee member for finance shall ensure implementation.

3.4 Harnessing the 'Big Four' Agenda

The County Fiscal Strategy Paper 2020 will seek to accelerate the implementation of the 'Big Four' agenda which has gained traction over the past two years. The County Government of Homa Bay is taking steps to support the implementation of the various policies and programmes aligned to each of the big four pillars with a view to accelerating and sustaining inclusive growth, creating opportunities for productive jobs, reducing poverty and income inequality and providing a better future for all citizens.

Chart 3.1: The 'Big Four' Plan



Under the Food Security pillar, the County Government through the department of Agriculture has instituted projects aimed at providing farm inputs to farmers within the county as well completing the construction of a post-harvest grain storage facility in Kigoto (Suba South) to enhance food security. The County Government eventually plans to construct a post-harvest grain storage facility in each of the 8 sub counties. Additionally, there are efforts to upscale rice production within the county, installation of water harvesting structures for vegetable production in dry areas and the promotion of traditional high value crops such as sweet potatoes and cassava.

Under the manufacturing pillar, the County Government will work closely with the National Government on development of industrial infrastructures such as Export

Processing Zones, Special Economic Zones and Industrial Parks across the country including establishment of a modern industrial park at Riwa. This will be in addition to the construction of a number of value addition plants across the county.

Under the universal health coverage pillar, the County Government of Homa Bay has embarked on a mission to construct and equip new health facilities across the county in various wards in order to improve accessibility. Further, funds have been allocated for the recruitment of poor households in the County to take up cover under NHIF. It is expected that the representative sample of 2,000 households covered today will generate the required feedback to guide the countywide rollout of the universal health programme. The department of health has also developed a program under which Community Health Volunteers (CHVs) will be used to reach out to as many citizens as possible in a bid to promote disease prevention and awareness. Finally, the County Government will progressively address human resources needs, provide basic equipment in primary health care facilities and ensure availability of pharmaceutical and non-pharmaceutical commodities in all health facilities in the County.

Access to adequate and affordable housing remains a key concern in Homa Bay County and Kenya as a whole. The 2019 population and housing census estimates that 10 million Kenyans dwell in slums while over 90 percent of Kenyans living in urban areas live in rented houses, 65 percent of whom live in informal settlements. Access to housing finance is also a major problem for majority of Kenyans which is evidenced by the fact that there are only 25,000 mortgages in the country. To realize the goal of affordable housing, the County Government through the department of housing, has provided adequate land for the Affordable Housing Program and further processed the ownership of the land within Homa Bay town meant for the affordable housing project.

The County Government of Homa Bay will seek to leverage the financing of "The Big Four" Plan programmes, by engaging the National Government as well as the private sector players and development partners. Significant progress is expected to be made in this respect, with private sector and development partners coming on board to fund Big Four projects and programmes.

3.5 Economic Development Policies

The County's performance is dependent on the National economic performance as well formulation and implementation of sound policies in the County Government that are consistent with the aspirations of Kenya Vision 2030, the county vision and the county

integrated development plan 2018-2022. Consequently, the County Government of Homa Bay is focused on instituting measures to accelerate economic growth and development and ensuring effective delivery of public goods and services in a sustainable manner. Specific efforts will focus on improving macro-economic conditions, ensuring a conducive business environment, increasing investment in infrastructure, leveraging on Science and technology and increasing spending on education, and health care.

3.5.1 Ensuring a Conducive Business Environment

Homa Bay County Government aims to create an enabling environment for businesses to blossom. The County Government remains focused on supporting business regulatory reforms, promoting competition, helping create incentives for businesses to keep their costs down and partnering with the National Government in enhancing security so as to attract and encourage investment and job creation. Additionally, steps are being taken to improve revenue collection without undermining the attractiveness of the county to investment.

Other specific efforts by the County Government include 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.

3.5.2 Increasing Investment in Infrastructure

Already, the County is making good progress in the pursuit of food security through channeling resources at increasing food supply through provision of farm subsidies, training of farmers on productions techniques, increasing farm acreage through irrigation, quality extension and cage farming services. With the recognition that production of primary products limits its economic development due to the finite nature, price volatility and low-income elasticity of demand for such commodities, the County Government is focused on encouraging new industries in different sectors, such as manufacturing, tourism and entertainment.

Realizing that infrastructure development contributes enormously towards improving our county competitiveness and interconnectivity and laying ground for achieving economic growth, the County Government will continue to invest heavily in new roads, jetties, power stations, and ICT. Already, the County infrastructure has been improved through construction of new roads and maintenance of existing ones. The recently launched 7-million per ward for roads program is expected to ensure that each ward identifies roads to be developed or maintained. Road and transport connectivity has been enhanced in many wards and, installation of solar lights in many trading centers and informal settlements has seen increased security and business hours. Road safety has also been improved through regular trainings and advocacy measures. To enhance access to stable, reliable and affordable energy, priority will be placed on increasing the energy mix through exploiting locally available energy sources including the vast potential of renewable energy. In addition, the County Government will continue to invest in increasing access to electricity through providing matching funds for connecting institutions and poor households to electricity, especially under the rural electrification programme.

3.5.3 Leveraging Science, Technology and Innovation

Homa Bay County Government policies will focus on developing capabilities in the areas of Science, technology and innovation with the goal of increasing access to and reducing cost of information. The County Government will work with the National Government to spearhead major ICT investments including the expansion of Fibre Optic Network to all sub-counties to facilitate access to reliable high-speed networks and support e-Government service and innovation among local businesses. The County Government will also set up a mechanism to explore and invest in Blockchain and Internet of Things (IoT) technologies that will accelerate adoption of digital innovation trends. Ultimately, the County Government is focused on digitizing government processes so that service delivery becomes more convenient, personalized and accelerated.

3.6 Social Development Policies

Enabling all sections of the society including the poor and vulnerable to participate better in the socio-economic development of the County is an important factor for the development of the County. Investment effort will be focused on creating an inclusive

society where each individual has rights and responsibilities regardless of economic status, social status, disability, culture or religion. Use will be made of fiscal policy, wage policies and a social protection system to integrate all sections of the society into the social and economic mainstream.

The county Government will institute Pro-poor programmes and affirmative actions with a view to mainstreaming the poor and vulnerable particularly the youth, women and Differently Abled Persons (DAPs). Social protection measures such as providing assistive devices, providing for Paralympic sports, capacity building and financial assistance will continue to be implemented. Youth, women and DAPs shall be equipped with the required skills for effective participation in the economy. Labor laws will also be reviewed to respond to their issues and challenges in the labor market.

3.6.1 Improving Access to Quality Education and Health Care

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.

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.

3.6.2 Empowering Youth, Women and Differently Abled Persons

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. 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.

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.

3.6.3 Developing Culture, Sports and Recreational Facilities

Sports development, arts and cultural promotion are critical for overall economic development of the County. To this regard, the County Government will establish County Heritage and Community Cultural Centers that will develop youth potential and nurture their talents in music, arts and theatres. Focus will also be on completion of construction of Homa Bay stadium to modern standards, construction and rehabilitation of more sports facilities, promoting sports tourism and development of sports museum. In addition, the County Government is in the process of establishing a sports development framework which will enhance sports training.

3.7 Environmental Health, Safety and Sustainability Policies

Homa Bay County Government is focused on the practice of policies and procedures that ensures its surrounding environment is free of dangers that could cause harm to its workers and citizens across the county. The County Government will remain committed on compliance with all applicable environmental health and safety laws and regulations.

To ensure safety, the County Government will create organized efforts and procedures for identifying hazards and reducing accidents and exposure to harmful substances. To ensure better health, the County Government will continue developing safe, high quality, and environmentally friendly processes, working practices and systematic activities that prevent or reduce the risk of harm to people in general, workers or patients. From an environmental standpoint, the County Government will create a systematic approach to complying with environmental regulations while remaining committed to the county's planned environmental management programme and working towards creating synergy among the various actors in the sub-sector. It will also develop the requisite information packages to aid good decision making with respect to screening of project proposals, establishment of targets and costing of the relevant environmental safeguards.

3.7.1 Sustainable Management of Land and other Natural Resources

Sustainable management of land and other natural resources is necessary to ensure judicious use of resources without overuse and compromising with the needs of future generation. The County Government is committed in ensuring use of land and other natural resources in a way and at a rate that maintains and enhances the resilience of ecosystems and the benefits they provide. Thus, the County Government will invest in policies and programs covering land allocation and use, Foster soil conservation and improved carbon stocks, and encourage the protection and restoration of water sources, and promote water use optimization and protection of degraded lands by prohibiting practices such sand harvesting through policy and legislation.

3.7.2 Environment and Climate Change Management

Homa Bay County is faced with an array of environmental and climate change challenges. These include both natural and man-made forms of degradation that have adversely affected the carrying capacity of the local ecosystem. The most prominent include desertification and floods. Thus, the County Government of Homa Bay remains committed to the provision of a clean, secure and sustainable environment for all its citizens. To enhance environmental sustainability, the County Government will continue to implement a Green Economy Strategy. The focus will be on conservation and management of forest, wildlife resources, water catchments and management of wetlands, water resources management, increase access to water and sanitation and addressing climate change concerns in a more coordinated manner taking into implementation of mitigation and adaptation actions that contribute towards building resilience and lowering Green House Gases. There will also be continuous monitoring, compliance enforcement and stakeholders' engagement on the total ban on use, manufacture and importation of plastic bags.

3.7.3 Disaster Prevention and Mitigation

As a county, Homa Bay remains susceptible to disasters including natural disasters (earthquakes, floods etc.), technological disasters (chemical releases, power outages, etc.) and man-made disasters (terror attacks, riots, etc.). With this in mind, the County Government recognizes that the ultimate purpose of emergency management is to save lives, preserve the environment and protect property and the economy. The County's emergency management system therefore comprises all the four interdependent risk-based functions: prevention/mitigation, preparedness, response and recovery.

As part of disaster management strategy, a number of measures are pipelined ranging from structural to non-structural (e.g. land use zoning). Care has been taken to incorporate measurement and assessment of the evolving risk environment. In the Financial year 2020/2021, funding and efforts in risk reduction will be focused on all the key result areas including hazard mapping, adoption and enforcement of land use and zoning practices, implementing and enforcing building codes, mapping of flood plains, raising of homes in flood-prone areas, disaster mitigation public awareness programs and where possible, insurance programs.

The ultimate aim of the investments will be to eliminate or reduce the impacts and risks of hazards through proactive measures taken before emergencies or disasters occur. One

of the County's signature investments in disaster mitigation will be the Floodway at Miriu. Building of that Floodway is expected to be a joint undertaking between the National and County Government to protect the people of Kobala and Kobuya and to reduce the impact of flooding in around Miriu.

3.8 Governance and Public Administration Policies

The County Government of Homa Bay has put in place structures to ensure that the County Government, other institutions and organizations, and the public interact within various governance structures to foster development. The County government will put in place policies to improve governance and integrity, enhance service delivery and entrench fiscal reforms. A number of codes and principles of action are embedded within the County Government, its activities, and the behavior of administrative agencies and officials in the conduct of county government. In the performance of County Government functions, county officials are therefore expected to abide by those codes and principles. These include: Honesty and Integrity; Team work and inclusiveness; Professionalism; Accountability and Transparency; Innovation and Creativity; Results Oriented/Results Focus/Focus on the Vision; Justice and Equity; Commitment to work; Citizen Centric; Equity and equality; and, Participation (meaningful engagement with the public and carry out consultations with our partners in all our undertakings).

CHAPTER FOUR: BUDGET PRIORITIES FOR THE FY 2020/2021

4.1 Introduction

This Chapter indicates what the County Government of Homa Bay expects to receive in the FY 2020 in the form of revenues and expenditures by different County spending entities based on programmes, projects and activities that they have sequenced for investment. The proposed programmes and projects prioritized should be those that are:

- Captured in the CIDP and other planning documents and fall within the mandate of the County and the spending entity prioritizing it;
- Already prepared for implementation in terms of availability of land, compliance certificates, site plans, detailed designs and bills of quantities;
- Likely to make the largest possible contribution towards achieving the broad county objectives of economic growth, employment creation, eradication of poverty and hunger and capital accumulation;
- Having a proper results framework complete with clear and desired outputs, outcomes and impacts;
- Feasible and can be implemented cost-effectively within set timelines; and are
- Having benefits that can be sustained by the benefitting communities without unending reference to receiving new county government resources for their maintenance.

The Medium-Term Budget 2020/21 – 2022/23 will largely support the ongoing priorities for achievement of the set objectives taking into account: (i) Responsible management of public resources; (ii) Building a resilient, more productive and competitive green economy; (iii) Delivering better public services within a tight fiscal environment; and (iv) The need to deepen governance, anti-corruption and public financial management reforms to guarantee transparency, accountability and efficiency in public spending.

4.2 Resource Envelope

In the FY 2020/21, the overall revenue including Appropriation-in-Aid (A.I.A) is projected to be KSh. 7,788,251,693 which is lower than what was projected in the FY 2019/20 KSh 8,969,578,696 figure that took into consideration balance brought forward in FY 2018/19. This insignificant revenue growth overtime is attributed to decreased allocation to counties and low performance in own source revenue (OSR) an area that calls for drastic measures, commitments and strategies by all county spending entities in contributing towards growing our revenue base that has a close bearing to county's overall budget and expenditure.

In the FY 2020/21 Equitable share is expected to remain constant at KSh.6, 741,450,000 as witnessed in the FY 2019/21. Conditional grants from National Government are expected to grow slightly from KSh. 380,624,069 to KSh. 395,535,075. Grants and Loans from development partners are expected to reduce from KSh. 599,801,103 to KSh. 309,416,619 and Own source revenue (OSR) is expected to rise from KSh. 177,591,524 (2019/20) to KSh. 341,850,000 in (2020/21) a target that the county as a whole has to work towards achieving with each sector playing their role more effectively.

Reflecting the medium-term expenditure framework trends, the table below provides the projected revenues and expenditures over the MTEF period 2020/21-2022/23.

Table 4.1: Expected Revenue Inflow over the Medium Term.

Nature of Revenue	FY2018/2019 Revised	FY2019/2020 Printed	FY2019/2020 Revised	FY2020/2021 Projected Estimates
Equitable Share of National Revenue	6,688,200,000	7,149,771,000	6,741,450,000	6,741,450,000
Conditional Grants from National Government	444,954,827	380,624,069	380,624,069	395,535,074
Other grants and loans (from Development Partners)	416,987,531	599,801,103	599,801,103	309,416,619
Local Revenue (including A-in-A)	172,996,417	207,591,524	177,591,524	341,850,000

Other receipts including balances from the previous year	744,200,675	-	1,070,112,000	0
Total Revenue	**8,467,339,450**	**8,337,787,696**	**8,969,578,696**	**7,788,251,693**

4.3 Expenditure Priorities by Sector

Allocation and utilization of resources in the medium term will be guided by the priorities outlined in the County Integrated Development Plan (CIDP 2018-2022), Fiscal Strategy Paper (FSP) and other county plans; and in accordance with section 107 of the PFM Act 2012. The county government will prioritize expenditures within the overall sector ceilings and strategic sector priorities drawn from the county goals included in the CIDP 2018-2022.

The medium term expenditure framework will focus on, (1) Improving macroeconomic balance by developing a consistent and realistic resource framework; (2) Improving the allocation of resources to strategic priorities between and within sectors; (3) Increasing commitment to predictability of both policy and funding so that departments can plan ahead and programs can be sustained; and (4) Providing spending units with a hard budget constraint and increased autonomy, thereby increasing incentives for efficient and effective use of funds.

Based on the Medium-Term Framework, the County Government of Homa Bay will continue focusing on;

- Improving both health and education outcomes by focusing on accessibility, affordability and quality. This will be enhanced by construction, rehabilitation and equipping of additional facilities; operationalization of a community strategy, support towards continuous professional improvements and provision of essential supplies.
- Improving infrastructure including roads, energy, ICT and safe water for the residents of Homa Bay. The allocation to the sector is expected to continue rising over the medium term.
- Enhancing agricultural productivity and output; increasing livestock production and productivity; improving management, conservation, control and development of fisheries; urban and rural development controls; creating a conducive environment for business and investment; and promoting selected industrial clusters around key agriculture, livestock and fisheries' products.
- Improving the social welfare, particularly of the youth, women and persons with disability while at the same time investing in the promotion of local tourism, culture

and sports with a view to increasing earnings from the sports, culture and the arts sector.

4.3.1 Agriculture, Rural and Urban Development Sector

The overall goal of the sector is to attain food and nutrition security as one of the "Big Four" initiatives for increased agricultural productivity and processing through sustainable management, 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, foreign exchange earnings, security of land tenure and land management. The ARUD sector comprises of three sub-sectors of agriculture, livestock, fisheries and food security, lands, housing and urban development and County Municipal Board**.**

4.3.1.1 Agriculture, Livestock and Fisheries Sub Sector

Agriculture is the backbone of Homa-Bay economy due availability of vast arable land suitable for crop production both (food and cash crops). In the FY 2020/21, the key priority areas for the sector will be; creating enabling environment for county specific agricultural development, increasing agricultural productivity and outputs for food security as well as improving the livelihoods of the residents of Homa Bay County. The sector will also promote access to markets for different farm produce across the county, enhance access to credit and inputs among farmers as a measure to increase agricultural productivity and agri-business among county residents. The subsector is expected to receive an allocation of **KSh. 409,416,619** in the FY 2020/21 towards achieving its key priorities.

Under Agriculture and Food Security, priority areas include continued investment in agricultural mechanization through purchase of tractors, transfer of modern farming technologies to farmers through establishment of model farms, improvement of agricultural extension services; continued sensitization of farmers on post-harvest handling approaches to reduce post-harvest losses and promote uptake of on-farm grain storage by farmers by subsidizing cost of access to metal silos. Provision of subsidized seeds and fertilizers across the wards; application of contemporary science and technology including mobile platforms, lead farmers initiatives, FFSs, apprenticeships, field days & exhibitions; Promoting harvesting of run-off water. Similarly, the sub-sector will continue with the works on the proposed Agricultural Training Center; construction

of perimeter wall around the show ground, promotion of traditional high value crops through seed multiplication/bulking sites establishment; support to commercial fruit tree nurseries establishment and construction of construction of office blocks.

In the medium term, the departments of Livestock and Fisheries have prioritized the following projects for allocation and utilization of resources: purchase of patrol boats for surveillance and control of illegal fishing; construction and procurement of fish landing site facilities, construction and stocking of fish ponds and fish cages and supply of farmed fish feeds and fish harvesting nets. The sub department will also prioritize, 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.

In the FY 2020/21, priority areas for Fisheries Unit include promotion of farmed fish production and improving capture fisheries management through procurement of patrol boats and operationalizing lake surveillance, conducting 80 monitoring control and surveillance missions in conjunction with the Beach Management Units (BMUs), Procure and distribute 50 cooler boxers to different fish landing sites to reduce post-harvest loss of fish, formulating 1 species management plan and sensitizing 400 fishermen with modern fishing activities and governance skills; establishing and operationalizing 160 fish ponds across the wards, rehabilitate 80 fish ponds, establish 16 model fish farms to be used to transfer fish production technologies to 400 fish farmers within Homa-Bay county.

In the FY2020/21, Livestock Unit will focus on the following priorities /projects : increase livestock productivity in terms of increasing milk production by inseminating 2,000 animals; improve goat and sheep genetic pool to ensure 200 farmers own better breeds; increase honey production by providing 1,000 modern bee hives and increasing the number of bee handling kits to 1,000 farmers from 200 farmers; promoting 4 Climate Smart Agriculture technologies and practices for adoption by the value chain actors; ensure livestock infrastructure development by improving 2 slaughter houses and improving 3 livestock auction rings and finally to improve livestock health and product qualities by reducing livestock disease burden.

4.3.1.2 Lands, Housing and Urban Development

The main objective for lands and physical planning sub-sector is to provide a spatial framework that would guide, develop, administer and manage lands and its activities within the County.

For the FY 2020/21, the sub-sector expects **KSh 72,702,230** and will continue focusing on the following areas under Lands and Physical Planning: Preparation of County Spatial and Physical development plans; Preparation of part development plans; Completion of inventory of public lands; Site surveys as well as completion of random checks for various adjudication sections to facilitate land registration process; and lastly, surveying and demarcation of markets.

In the medium-term, however, the sub-sector is focused on a number of key priorities, including: Improving the living standard of the people by developing low cost housing under PPP; Promoting adoption of local, appropriate and innovative building Materials technologies (ABMTs); Continuing the implementation of the Symbio-city project at Mbita; Improving urban institutional management and development programme under Kenya Urban Support Programme; and Slum upgrading at Shauri Yako and Makongeni in Homa Bay Town.

4.3.1.3 Homa Bay Municipal Board

The municipal board of Homa-Bay exist to provide overall leadership and coordination of effective use of available resources for provision of services that matches the demands of the Municipal residents.

For the FY 2020/21 the sector expects to receive **Ksh 150,000,000** for development purposes which will support in the implementation of various urban development support Services ranging from grading/tarmacking of roads and associated storm water drainage within the Municipality, Cabo paving of Homa-Bay walkways and landscaping, supply installation testing & commissioning of 20m & 30m monopole high mast lighting. The board will also prioritize implementation of environmental management services which will entail waste management system and fixed litter bins, rehabilitation of public square and a green park within Homa-Bay and urban beautification.

4.3.2 Energy, Infrastructure and ICT Sector

The Sector acts an enabler to other sectors of the economy with an aims to sustain and expand cost-effective public utility infrastructure facilities and services in the areas of energy, maritime, transport, petroleum, ICT in line with the priorities in the Constitution of Kenya and the CIDP. Sustaining and expanding physical infrastructure is also geared towards the realization of "The Big Four" Plan.

4.3.2.1 Energy Sub-Sector

The core mandate of the energy sub-sector is to optimize power supply in Homa Bay County, so as to improve on its sufficiency and reliability; to promote alternative sources of energy and; to regulate and control the construction minerals industry.

In order to achieve this mandate, the energy sub-sector expects to receive KSh. 70,000,000. in the FY 2020/21 which will support the sub sector implement the following priorities; expanding access to energy through rural electrification and connectivity , improving power supply stability, implementing energy efficiency programs, facilitating investment in clean energy generation and mineral resources exploitation, developing policies and regulations on mineral resource exploration, and use of clean and renewable energy sources, establishing Information Resource Base to enhance research and studies, and public awareness on energy reticulation for petroleum.

The sub sector in collaboration with different stakeholders (national and development partners) will expand energy access by increasing the number of households connected to grid power, installing more solar lights to market and health centers, maintenance of existing solar lights, promote use of low-cost energy technologies and develop policy to regulate on mineral resource exploitation.

4.3.2.2 Roads, Public Works and Transport

The key mandate of this sub-sector is to provide efficient, safe, affordable and reliable infrastructure for sustainable economic growth and development through construction, modernization, rehabilitation and effective management of all infrastructure facilities.

Thanks to sub-sectorial efforts, Homa Bay County has been opened up significantly for business using own equipment either inherited from National Government or those acquired by the County Government

In the 2020/21 FY, the sub sector expects a total of KSh. 580,928,558 towards formulation and implementation of a county transport policy and regulations, roads policy and regulations, public works policy and regulations and disaster management policy and regulations. It will also focus on expansion of the road network by improvement to bitumen standard of 24Km of Marindi-Magina-Pala-Kowuonda road, routine maintenance of 2,200 Km of classified and unclassified roads, open 120km of new roads across the 40 wards within the county, gravelling of 360 km within different wards in the county and construct twelve (12) Boda-Boda sheds across the county.

In addition, the sub-sector will carry out installation of road furniture, promotion of safety in public transport through training of three thousand (3,000) motor cyclists, three (3) Single span bridges and box culverts, modernization and expansion of 1.7Km runway in Kabunde airstrip in collaboration with the Kenya Airports Authority, three (3) jetties and two (2) bus parks and establishment of a Roads Construction and Maintenance Agency, acquire two (2) plant and machinery

The sub-sector shall also ride on collaboration with the National Government and The African Development Bank in order to complete tarmacking of Mbita-Sindo-Magunga-Agolo Muok road, tarmack Kendu Bay-Oyugis, Suneka-Rangwe road and Olare–Imbo, Omoya-Ndiru-Kodhoch, among others.

In the FY 2020/21, the public works and inspection sub-sector plans to formulate safety standard policy and safety standard regulations on inspection and improve safety and standards of infrastructure to at least 30%. The public works and inspection department plans to establish one (1) safety standard policies/regulations. Further the department plans to improve safety and standard of infrastructure to 50%.

4.3.2.4 Information and Communication Technology

The County Government of Homa Bay recognizes that ICT can be leveraged to propel social and economic progress particularly in the provision of public services. In the past three years, ICT sub-sector has been able to acquire 91 computers and printers which were distributed among the various county entities; set up a digital printing facility, an ICT innovation and computer center in Homa Bay Town; and network the County Treasury and Office of the Governor to enable them benefit from the fiber-optic infrastructure.

Over the next three years, the sub-sector has applied itself to improving internet connectivity and capacity building of local businesses. For the FY 2019/20 to 2020/21 in particular, the sub-sector seeks to improve access; establishing of ICT hubs in all sub-counties, investment in cyber security as well as formulation of ICT policy. The sub sector will be connecting sub-county information and innovation centers with internet system; building and equipping two sub county innovation hubs and improving the official county website. It will also be maintaining the existing fiber optic connectivity and support trainings of the youth in partnership with National Government on Ajira programme

4.3.3 General Economic and Commercial Affairs Sector

The Sector is mandated to promote, co-ordinate and implement integrated socio-economic policies and programmes for a rapidly industrializing economy.

4.3.3.1 Promotion of Investment, Trade and Industrialization

The core mission of this sector is to promote, co-ordinate and implement integrated socio-economic policies and programs for a rapidly industrializing economy. In order to achieve this sustainable and inclusive economic development, a stable macroeconomic environment anchored on promotion of investments, trade and industrialization is key. The trade, industrialization, cooperatives and enterprise development sub-sector contribute significantly towards industrialization, wealth generation and employment creation in the county, and has great potential for accelerating the economic growth of the county's GDP.

Over the medium term, the sub-sector is focused on strengthening mobilization of investment and creating a conducive environment for continuous investment; promoting clustered industrialization along the value chains, consolidating and strengthening cooperative societies and supporting development of micro, small and medium enterprises. It expects a total allocation of KSh. 157,935,404 in the FY 2020/21 towards achieving the following key development priorities.

Provide loans to SMEs; disbursement of loans to 3,000 traders both youth and women across the county subject to preparation of a regulatory policy paper; supporting and training of 1,000 traders (economic stimulus program) as per the formulated management policy, upgrading and operationalizing 40 markets, modernizing 1 market, registration of 25 new cooperatives; capacity building of cooperatives societies, reviving and

strengthening 10 dormant cooperatives; registering 20 businesses, establishing 1 incubation centre, creating 2 master piece for Front office service operations .

The County will endeavor to ensure a sustainable and vibrant business and investment environment through:

a) Development and implementation of sound economic policies and laws like on taxation, revenue sharing and sustainable resource exploitation and use;

b) Promotion of private sector development through enterprise and entrepreneurship development for instance establishment of biashara centers and biashara fund;

c) Establishment of fresh produce and general foodstuff markets in every major town. This creates a better environment for both traders and customers;

d) Mapping all urban and areas set aside for investment and trade. This boosts investor confidence.

4.3.3.2 Tourism Sub-Sector

The focus of the tourism sub-sector in the 2020/21 FY will be on formulating and implementing effective tourism strategies covering hotels, transport infrastructure, catering, restaurants, safe water and even financial systems. The bottom-line is to review the tourism value and supply chains with a view to identifying structural impediments and realizing full utilization of tourism assets and facilities.

In the FY 2020/21 the priority will include formulation of the tourism policy, improving the beauty and access of 6No. tourism sites and facilitating standardization of tourism facilities.

4.3.4 Education Sector

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.

In the context of devolved functions under the sector , Improvement in quality and access to Early Years of Education as well as technical training in our vocational training centres (VTCs) form the core objectives of the Homa Bay County Education sector .The sector will aim at increasing access to Early Years of Education, reduce inequalities among learners , improve access to vocational training, and exploit knowledge and skills in science, technology and innovation to achieve global competitiveness of the county and the county's huge labor force. Other key focus areas will include the need to upgrade and improve tertiary institutions especially youth polytechnics and Technical Institutions. The county will continue to improve these institutions in order to provide more opportunities to the many students graduating from primary and secondary schools.

For the FY 2020/21 the sector will focus on the following key priorities with specific projects , to increase access and quality of EYE education; establish Child Daycare centers; subsidize cost of EYE feeding programs; improve on water system as well as sanitation infrastructure in all ECDE centres; motivate ECDE teachers and instructors by enrolling them under scheme of service; improve access to quality vocational education and training by constructing new VTCs and equipping both the new and existing VTCs; capacity building of the sector by developing policies and ensuring quality assurance and standards are maintained.

In the FY2020/21, the sector expects to receive KSh. 120,000,000 which will be channeled towards construction of 25 EYE centers, construction of 2 baby care centre, construction of 3 Mobile EYE centers. The sector also intends to construct 3 VTC workshops and equip 4 with necessary learning support materials and equipment's on the other hand support orphans and vulnerable children from poor background access quality education through the county bursary scheme.

4.3.5 Health Sector

The overall goal for the sector is to provide an efficient and high quality health care system with best standards to residents of Homa-Bay county in accordance with the Constitution, the Kenya Vision 2030 and our CIDP by putting efforts towards addressing current epidemiological transition from communicable conditions to the triple burden of disease which has an economic bearing to the county.

The Sector will pay special attention to the "Big Four" initiatives with particular focus on the achievement of Universal Health Coverage (UHC) by implementing programmes that increase health insurance coverage, increase access to quality healthcare services

including affordable essential medicines and vaccines without the risk of financial catastrophe this will see County residents guaranteed the highest attainable standard of health. The strategy is in line with the comprehensive health strategy anchored on the Kenya Health Policy (2014-2030) and Kenya Health Sector Strategic and Investment Plan (2014-2020) all lay emphasis on prevention, diagnosis and treatment.

For 2020/21 FY, the sector expects to receive a total of KSh. 260,320,190 for prioritization of promotion of positive health seeking behavior the citizens, operationalization of community units as a way of decentralizing health services closer to citizens, supplying alternative power and safe water to all health facilities; Constructing and equipping maternity and medical wards in health facilities; ensure improved sanitation in all trading centers; intensify disease surveillance; promote reproductive, maternal, newborn child and adolescence health. The department will also focus on improving nutritional services, strengthening the system of referral to un-crowd higher level health facilities, and Health information management system.

To improve medical services for the same period, the sector will ensure regular supply of drugs, non-pharms, reagents, medical equipment, plants & machinery. The sector will also acquire fully equipped land and water ambulances, construct and renovate theatres, general wards, outpatient blocks, administration blocks, maternity wards, and stores. The health sector plans to complete, equip and operationalize a cancer unit, KMTC, mortuary and continue with the upgrading program for County referral hospital to level VI.

The sector will complete oxygen plant, blood bank and acquire title deeds for all government health facilities during the period. The sector also plans to recruit, develop, compensate and maintain a skilled and motivated work force. The department will prioritize health research during implementation period.

Going forward, the sector will bargain for a progressive increment in allocation to the sector by 1% each year as part of efforts to transition to self-reliance as advocated by the US government in areas such as HIV funding. Whereas the allocation to health in the FY 2019/2020 is KSh. 2,612,333,193 out of the total of KSh. 8,337,387,696 representing 31,33%, allocation for the sector in the FY 2020/21 will be at least KSh. 2,476,500,828 out of the total of KSh. 7,788,251,693 representing 31,79%. Therefore, it is expected that the health sector should benefit from additional allocations to push its relative allocation to 32.33% in the supplementary budget.

4.3.6 Public Administration and Inter-Governmental Relations Sector

The Sector provides overall policy direction and leadership to the county, oversee the human resource function in the county public service, coordinate county policy formulation and implementation, resource mobilization, allocation and management, strengthening the devolved units, coordinating implementation of county policies and mainstreaming the disadvantaged in county development as well as oversight, monitoring, evaluation and reporting on the use of public resources and service delivery.

The key priorities for the sector include; Instituting County public service reforms to ensure efficient and effective service delivery, providing leadership and guidance in human resource management, effective management and coordination of government operations and formulation of sound public administration policies. The sector is composed of County Assembly, Public Service Board, and County Executive it expects a total allocation of KSh. 2,005,210,897 towards achieving these set key priorities:

4.3.6.1 Effective and Efficient Service delivery

To ensure effective and efficient service delivery, the following strategies shall be implemented by the County Government:

a) Decentralization of services both administratively and technically services to the extent possible so that Sub-Counties and Wards are made centers of effective service delivery;

b) Capacity building of officers in line with the provisions of the Code of Regulations;

c) Implementation of the Procurement and Disposal Act, 2015. This would reduce bureaucracies associated with procurement and enable competitive sourcing of contractors and suppliers;

d) Increased digitalization of county processes so that services provided are quick, personalized and at the convenience of citizens;

e) Focusing on effective communication to all stakeholders including the public on government policies, interventions and plans;

f) Enhanced collaboration with National Government to ensure security of County Government structures and projects;

g) Putting all government officers on performance contract so that targets for revenue collection and service delivery translate into better services for the publics;

h) Pursuing innovative and politically-smart policies so that locally-led initiatives that are problem-driven or asset-based are widely supported;

i) Improving the interface between service providers and local populations so that there is a positive state presence and trust is built between all actors; and

j) Supporting hybrid arrangements in which state and non-state actors, formal and informal institutions work together to deliver services that reflect the values and ways of life of the local populations.

4.3.6.2 Improved Economic Planning and Financial Management

FY 2020/21, the sub sector expects an allocation of KSh. 151,216,648 development which will support in implementing the following priority areas ;adhering to public financial management principles, improving public finance management in the county through efficient and effective budget formulation and control, devolve financial services, continued implementation of Integrated Financial Management Systems (IFMIS), appropriate asset management through conducting revaluation of assets and preparation of valuation roll, enhanced revenue collection through automation of revenue collection processes; update of asset register and implementation of asset management system; conduct Medium Term Expenditure Framework (MTEF) consultative forums; reduce debt inherited from defunct local authorities and pending bills incurred through civic works and supplies; increase capital financing for capital projects through Public Private Partnership (PPP); strengthen budget monitoring; and renovation/refurbishment of offices.

In addition, the sub sector will seek to improve economic planning and coordination through strengthening policy formulation, planning, budgeting and implementation of CIDP and The County Strategic Investment Plan 2014-2020; linking budgeting and planning; ensuring availability of county statistics by developing County Statistical Data Management System; tracking of implementation of development policies, strategies and programmes through regular monitoring and evaluation and enhancing of monitoring and evaluation system ; improving economic planning coordination through reviewing of County Integrated Development Plan (CIDP) and preparation of Annual Development Plan (ADP); ensure availability of county statistics and improve research and development in the county.

4.3.7 Social Protection, Culture and Recreation Sector

The sector plays a strategic role in the county's transformation and socio- economic development through implementation of economic empowerment and special programmes for communities and vulnerable groups hence protecting their rights. Furthermore, the sector undertakes promotion of sustainable employment, gender equity and equality, promotion of diverse cultures, arts and sports.

The sector is mandated to formulate, mainstream and implement responsive policies through coordinated strategies for sustained and balanced socio-cultural, sports, recreation, empowerment of vulnerable, marginalized groups and areas for economic development of the County. In this regard, the sector will continue investing in strengthening the social protection programmes meant to benefit the special interest groups youths, women, children and people with disabilities for social inclusion. To accomplish these desired priorities, the sector expects to receive an allocation of KSh. 191,142,262 in the FY 2020/21.

4.3.7.1 Promotion of Youth Talents and Youth Empowerment

The sub-sector goal is to promote constructive youth participation in development processes and ensuring that county programs are youth-centered and youth-friendly. In the medium term, the sector has prioritized the establishment of a Youth Talent Academy to support the youth especially those outside school to harness their talents towards enhanced livelihoods while strengthening their contributions to the economic growth. Addressing the challenge of youth employment in both the formal and informal sectors remains a priority which can be achieved through capacity building and offering internship, apprenticeships and mentorship opportunities for youth employability.

4.3.7.2 Promotion of Social Protection

In this sub sector, aspects of social protection through mainstreaming of vulnerable and marginalized members of our society e. g elderly persons, OVCs, PWDs and women are dealt with. It prioritizes fast-tracking the implementation of social protection policy which provides for provision of cash transfer to elderly persons to support them leave in dignity, provision of assorted assistive devices to PWDs, capacity building for women and youth on alternative sources of income to reduce unemployment and extreme poverty and construction of a rescue and rehabilitation centers.

4.3.7.3 Promotion of Culture

The priority of this sub-sector is identification and promotion of cultural talents. Artists (comedian, musicians, acrobats) and other forms (both tangible and intangible) of cultural practice are promoted to generate economic benefits, enhance cohesion and peaceful coexistence among the community members, create awareness, preserve the culture of Luo community and conserve flora and fauna along the area.

It intends to continue with the construction a multiplex cultural resource center at Kagan/Kochia and mini cultural centers Rusinga and Kwabwai and preserve the cultural heritage and arts at Kanam/Kanjira archaeological sites, Ojijo Oteko Homestead, Gor Mahia shrine, Riamungusi and Paul Mboya Homestead.

4.3.7.4 Development of Sports infrastructure and talents

This sub sector deals with development of Stadia, sports grounds, indoor games halls as well as identification, nurturing and promotion of hidden sports talent. Training of technical sports personnel including coaches and umpires/referees will also be covered.

The sub sector prioritizes the completion of the Homa Bay county stadium to international standards as flagship project to attract investments and promote sporting talent to the county, improve 8 sports grounds, develop the identified sub county playing grounds and provide assorted basic sports equipment/kits and organize county/regional tournaments.

4.3.8 Environmental Protection, Water and Natural Resources Sector

The Sector has an important role in ensuring the sustainability of natural resources in the county and nation at large. It will contribute towards achieving the “Big Four” initiatives on universal health coverage, food and nutrition security, manufacturing and affordable housing. To achieve its set priorities, the sector expects an allocation of KSh. 300,000,000 in the FY 2020/21 to implement some of the desired projects as captured below.

4.3.8.1 Adequate Clean Water and Safe Sanitation

The sector recognizes the importance of water for the health of the people. Demand for water is increasing given the growing population in the County for domestic use and consequently industrial use with plans for the construction of various industries by other sectors.

In the FY 2020/21 the sub-sector priorities will include; rehabilitation and expansion of water supplies (rural and urban) and repair of dilapidated water infrastructure through frequent reviews and redevelopment, completion of already initiated water projects, reduce focus on water production to distribution of water to county residents through extension lines, restoring boreholes and wells that are broken down and solar powering those with high water yields and protecting the springs, reclamation of degraded lands across the county, development and maintenance of water resources; capacity building of communities on sustainable management of water resources, enforcement of regulations and standards, harnessing underground and surface water capabilities using modern technologies.

4.3.8.2 Environmental Conservation and Climate Change Adaptation

The sub-sector recognizes the critical role that environment plays within social and economic development spheres of the county and has therefore focused her efforts on putting in place measures to address climate change factors which are already with us. FY 2020/21 priorities will be to improve environmental management by implementing an integrated waste program aimed at managing environment more effectively through acquiring dump sites, purchase of waste truck, and continue with the construction and equipping of water quality laboratory for purposes of ensuring safe water safety consumption and climate change adaption.

For Climate Change management, the subsector will prioritize the implementation of a county climate change policy and related regulations that has adaptation and mitigation actions meant to respond to vulnerabilities that comes with climate change. Some of actions in the policy the subsector will prioritize will include promote growing of different trees species that have some value i.e fruit trees and those that add nutrients to our soil for agricultural production this through working and supporting community groups (youths and women) implement various re-forestation initiatives which will contribute towards 10% tree cover nationally and building capacities of stakeholders on climate change, conduct advocacy and campaigns on climate change adaptation and

mitigation activities. Efforts will be made towards rehabilitation of degraded lands and gullies, facilitate green infrastructure project and support recycling, and promote green building and energy efficiency program.

CHAPTER FIVE: FISCAL RESPONSIBILITY IN FINANCIAL MANAGEMENT

5.1 Introduction

Chapter twelve of the Constitution of Kenya, 2010 requires County Governments to uphold openness, accountability, equity, prudence, responsibility and clear reporting in management of public finance**.** The PFM Act 2012 also sets out the fiscal responsibility principles that County Governments are expected to abide by while mobilizing, allocating or utilizing the financial resources.

Homa Bay County Government is focused promoting a balanced growth through all its sectors: productive, infrastructure, social or administration sectors. Consequently, it has become imperative that reforms are implemented in the areas of expenditure management and revenue administration. This must be done with a view to increasing efficiency of processes, decreasing cost of service delivery and increasing satisfaction of employees, service users and service providers.

The fiscal policy underpinning the FY 2020/2021 MTEF estimates presumes a sustained effort to raise more own-source revenues in the face of declining exchequer allocations and intermittent releases from the National Treasury. Revenue projected to come from the National Government have been specified in the Budget Policy Statement 2020. However, own source revenue is not expected to back old trends as county entities have been given stretching performance targets. Already, the County Government of Homa Bay is undertaking a combination of policy and administrative reforms aimed at bolstering revenue yield. These efforts are expected to plug revenue leakages and improve efficiency and equity in revenue collection.

5.2 Fiscal Responsibility Principles

The Public Finance Management (PFM) Act, 2012, sets out the fiscal responsibility principles that should be followed to ensure prudence and transparency in the management of public resources. Some of the provisions of the PFM (Section 107) are that:

(i) *The county government's recurrent expenditure shall not exceed the county government's total revenue.* The County Government of Homa Bay will comply with this provision by ensuring at most 67.3% of the total revenue is allocated to recurrent activities. Even if need should arise that allocation to recurrent is

enhanced, the revised allocation to recurrent as a percentage of total revenue shall not exceed 70% at any given time.

(ii) *Over the medium term a minimum of thirty percent (30%) of the county government's budget shall be allocated to the development expenditure.* The County Government development budget allocation over the medium term has been consistently above 30 percent which is the minimum provided in Section 107 of the PFM Act. In the medium term, the County Government of Homa Bay will continue to allocate for development purposes amounts upwards of 30 % of its total budget. Out of the total projected resource envelop of KSh. 7,788,251,693 for the FY 2020/21, the amount set aside for development purposes is KSh. 2,544,803,449 represented 32.7% of the total expenditure proposed for the FY 2020/21. This means the provision of the Act will be complied with.

(iii) *The county government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the county government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly*. The PFM Regulations further provided that: (1) the County Executive Committee member with the approval of the County Assembly should 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; (2) the limit set under paragraph 112 (1) above, shall not exceed thirty five (35) percent of the County Government's total revenue at any one time; and (3) for the avoidance of doubt, the revenue referred to in paragraph 112 (2) shall not include revenue that accrue from extractive natural resources such as oil and coal.

Amounts set aside for wages and personnel benefits for the FY 2020/21 stands at KSh. 3,602,407,363. This represents 46.25% of the total county revenue which is above the level of 35% prescribed in the PFM Regulations (2015). However, there is confidence that expenditure on wages and personnel benefits will drop to the level of 35% within the next couple of years as the revenue efforts are enhanced.

Additional measures will be undertaken to reign in on the wage bill. First, recommendations from the CARPS program will be implemented so that county public service is kept at its optimal level. Second, vacancies arising from natural attrition will not be filled unless it is absolutely necessary provided the expected level of services is maintained. Third, promotions and other personnel benefits that have implications on the wage bill will be carefully being considered through

the County HR Advisory Committee so that wage increases are strictly matched by productivity increases.

(iv) *Over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure*. For the purposes of this provision, short term borrowing is restricted to management of cash flows and should not exceed five percent of the most recent audited county government revenue. The PFM Regulation further provided that the county public debt shall never exceed twenty (20%) percent of the county government total revenue at any one time; and that the county annual fiscal primary balance shall be consistent with the debt target in the 20% provision.

The County Government of Homa Bay does not purpose to borrow any funds in the FY 2020/21. However, should that become necessary, the borrowing shall be done in compliance with these provisions laid out in the PFM Act of 2012 and its operationalizing regulations.

(v) *The county debt shall be maintained at a sustainable level as approved by county assembly.* As indicated in the foregoing paragraph, the County Government does not intend to borrow any money in the financial year 2020/21. However, should that be necessary, short term borrowing will be restricted to management of cash flows and will not exceed five percent (5%) of the most recent audited county government revenue. Again, at any one time the county public debt shall never exceed twenty (20%) percent of the county government total revenue (including any revenue obtained from extraction activities).

(vi) *The fiscal risks shall be managed prudently.* Thankfully, the National Government has improved its macroeconomic forecasts and regularly reviews the impact of macroeconomic projections and their implications for the county budgets. The County Government of Homa Bay has carefully considered the fiscal risks arising from contingent liabilities, potential impact of the Public Private Partnership and Financial Sector Stability. Furthermore, for the FY 2020/21, a Contingency provision of KSh. 80 million will be factored in the budget to cater for urgent and unforeseen expenditure.

(vii) *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.* The County Government of Homa Bay has consistently ensured that revenue rates and incidences of revenue raising measures are kept at a minimum

with little variation to ensure businesses can reasonably predict them. This predictability is adjudged to be good for business planning and for making the environment conducive to private sector activities.

5.3 Management of Fiscal Risks

Fiscal risks are factors that can cause a government's fiscal performance to deviate from what was forecast in the medium-term or pose a threat to sustainability over the long-term. These risks can originate from inside government (e.g. as a result of issuing a government guarantee) or from outside government (e.g. as a result of an economic downturn). Risks can materialize either as a result of a discrete event (e.g. a financial crisis) or the gradual accumulation of pressure (e.g. the accumulation of pending bills beyond a sustainable level).

Managing fiscal risks will require a set of comprehensive actions including clearing the stock of pending bills and other liabilities, keeping taxes low, supporting valuable public services, and investing in the county's future so that productivity is significantly raised. Indeed, boosting productivity remains critical to a stronger economy, a more sustainable fiscal position and, crucially, a better quality of life for every citizen. That is why building a globally competitive economy through a modern industrial strategy, increasing public investment to its highest possible level and equipping our workforce for the high-skilled, high-wage jobs of the future has become a necessity.

The County Government's approach to managing fiscal risks will be through a five-stage process, modeled on international best practice. The first step is to identify the source, scale and likelihood of each risk. The second step is to disclose the risk to raise awareness and ensure accountability. Then we proceed to mitigate the risk in a manner that is cost-effective and consistent with the County Risk Management Policy. Thereafter, a provision can be made for risks that cannot be mitigated but whose size and timing are relatively certain. The final step is to accommodate residual risks when setting the overall fiscal policy stance.

5.3.1 Risks to the 2020/21 Budget Framework

As the size of government and scope of its responsibilities have grown over time, so has the range of risks to which it is exposed. The potential risks to the fiscal framework for the FY 2020/21 include:

(i) Shocks in the Macro-economy of Kenya

Macroeconomic developments are, as in most countries, the biggest source of fiscal risks over the medium-term. Countries are typically hit by a recession once every 12 years with an average fiscal cost of 9% of GDP. Macroeconomic shocks can originate from the rest of the world or as a result of the build-up of imbalances in one or more sectors of the domestic economy. Longer-term structural trends such as low productivity growth, persistently high or low inflation, rising interest rates, or shifts in the composition of GDP can also put the public finances under sustained pressure. Luckily, the Kenya Government has reformed its monetary and fiscal policy frameworks in recent years to enable them to play a more active role in stabilizing and supporting the economy. The 2013/14 Review of the Monetary Policy Framework provided the CBK with flexibility around its inflation target to respond to persistent shocks to output. In in the same fiscal year, the Kenya Government updated its fiscal rules, taking a balanced approach to fiscal policy and enabling it to tackle public debt, while keeping taxes low, supporting public services, and investing in economic infrastructure.

(ii) Under performance in Revenue Collection

While the most significant risks to government revenues come from macroeconomic shocks, risks to government revenues also arise due to discretionary policy changes and economic, technological, and behavioral trends which can erode the tax base over the long term. The County Government of Homa Bay is committed to a revenue system which supports living standards and economic growth, ensures that everyone pays their fair share of tax, and continues to raise the revenues to fund county public services. This requires the government to understand emerging risks to the revenue system and take action to address them.

The County Government is taking steps to put in place structural reforms aimed at enhancing revenue collection while ensuring there are efficient and cost-effective methods of collecting them e.g. simplifying the revenue codes, improving revenue compliance through enforcement; increasing efficiency in revenue collection through automation; capacity building of revenue staff; expanding the revenue bracket to include all potential streams; and ensuring transparency and accountability in revenue collection and management.

The County government will continue to monitor the impact of different ways of raising revenues while ensuring the tax system keeps pace with the rise of digital technologies and harnessing innovations to improve the administration of the revenue system.

(iii) **Ballooning Wage Bill**

The government has taken a number of steps to address the wage pressure emanating from new employees, promotions and salary increases. Recommendations from the CARPs programme and the SRC's job evaluation exercise will most likely be considered. However, the lack of clear guidelines for clarity, harmony of operations and delays by the National Government in finalizing the CARPs exercise has remained a drawback, however. It is expected that once the exercise is completed, the National Treasury will allocate enough funds for implementation of the recommendations, which may include staff compensation in the event of job rationalization.

The county government will strive to achieve and maintain 35% ceiling of expenditure on salaries/wages and the following strategies will be implemented to curb unnecessary increases:

- Payroll cleansing: The County Government had engaged an external HR auditor to review the payroll and submit a final report with recommendations on how achieve and maintain a lean workforce. The draft report has been submitted and the County is intent on implementing recommendations therein.
- Adoption of technology: The County is focused on embracing technology to replace some aspects of human labor e.g. using machine to carry environmental duties like slashing and maintaining lawns in the county.
- Outsourcing cheap labor instead of employing or capacity building: It is much cheaper for Homa Bay County to outsource labor rather than employing do capacity building. Employing new employees would cost the county a lot of money rather than outsourcing. Prepare a sendoff package to motivate early retirement of less productive staff also proper and efficient management of hiring of casual labor and consultancies

(iv) **Over-reliance on National Government Transfers**

This is another risk that has continued to undermine the County's fiscal autonomy. Grants from National Government have continued to decline in real terms over the last two fiscal years and this coupled with delayed disbursements from the exchequer have continue to pose a greater risk to the implementation of the county development agenda. Consequently, the County Government is intent on taking a number of actions to enhance collection of its Own Source Revenue (OSR) including property rates and

entertainment taxes, user fees such as parking fees, market fees, game park fees, house rents, infrastructure maintenance fees, water and sewerage fees and trade licenses also known as "Single Business Permit" (SBP) fees. In seeking to generate adequate revenue, however, effort will be made to avoid undermining economic activities especially those that are major revenue generators for the County. The formulation, application, and sustainability of revenue measures will have been considered to ensure they are not viewed to be punitive, or with the potential to stifle economic activity.

In order to realize the full potential of revenue collection from property rates, the County Government of Homa Bay will look at measures to reduce complexity in property registration, transfer and valuation, and the lack of buoyancy as property rates are not adjusted for inflation and expenditure costs. Similarly, delays in passing legislation underpinning property taxes, lags in updating valuation rolls, ineffective tax administration as well as the costly and difficult legal process to prosecute property rate defaulters will be addressed. To improve efficiency in administration of property tax, the County Government of Homa Bay, working with the National Land Information Management System will draw data from the land registration process and digitized paper records within the land registries in its jurisdiction.

Collection of entertainment taxes will be expanded to include taxes on admission to theaters, movies, nightclubs, amusement parks, festivals, music shows, casinos, restaurants and hotels, television services, radio broadcasting services, and also betting and other forms of gambling. In 2017, the National Government introduced a uniform tax rate of 35 per cent for all betting and gaming categories. However, the administration these entertainment taxes in Kenya lacks a clear legislative framework to separate the role of the county and national government.

While collecting user fees, consideration will also be based on the benefit principle and the need to encourage efficient use of resources and not necessarily raising revenue. The County Government will encourage compliance by ensuring fees and charges are commensurate with services being provided. The government will develop appropriate legislative and policy frameworks that are inclusive in anchoring the taxes, fees and charges. The frameworks should be simple to induce efficiency in mapping out tax payers and revenue generating areas to ensure revenue certainty. This will be achieved through effective public participation during preparation of fiscal policies and financial bills as envisioned in the Constitution, to enhance compliance and avoid litigation. Automation of revenue collection will also be used to reduce revenue leakages and evasion.

In addition, the expertise of KRA will be engaged to lower tax administration costs, enhance tax revenue as well as ensure enforcement of uniform standards and compilation of reliable data on county tax revenues.

Ultimately, the County Government of Homa Bay will widen the tax base for property rates through digitalization of all land parcels to facilitate updating of valuation rolls to reflect current market prices. It will also explore provisioning of utilities such as clean water; refuse collection, improved health care services, and agricultural extension services as an alternative source of revenue. Moreover, with respect to natural resources, it will lobby for a fair share of royalties paid to national government as provided for in the Mining Bill of 2014. Such initiatives would increase local revenues without unduly increasing the tax burden on local businesses and residents.

5.3.2 Fiscal Structural Reforms

5.3.2.1 Revenue Mobilization

Since the FY 2016/17, the County Government's Own Source Revenue collection has been underperforming year-on-year. However, the FY 2018/19 has seen an upturn that is expected to be sustained through to the FY 2020/21.

The adverse performance of the last two financial years highlighted the difficulty in preparing realistic revenue forecasts and the effect of electioneering period on revenue collection. Funding gaps occasioned by revenue under-performance will remain a major source of fiscal pressure for the County Government of Homa Bay as it seeks to implement its budgets.

Challenges with revenue estimation have been reduced since concerned officers were trained on estimation techniques. Last year, a cabinet sub-committee was also constituted to look into revenue leakages and they were able to determine that there are serious revenue pilferages resulting from use of authorized manual receipts as well as un-receipted collections. The Inspection and Enforcement Directorate is being constituted to help with ensuring compliance with the Finance Act. The Directorate of Revenue is also expected to work on an updated register of all businesses, buildings and plots with a view to determining extent of compliance. An appropriation-in-aid policy is also being developed to guide the establishment of internal controls especially with respect to revenue being collected in critical service departments such as health.

The County government has rolled out a performance contracting exercise that is aimed at ensuring all entities and officers responsible for collecting revenue work on target. Effort is also being made to digitize revenue collection to the extent possible. By so doing, all payments in the County will be made electronically and in return administrative costs are expected to significantly reduce. Also, this will minimize leakages and expand access to payment points, which will improve on accountability.

The County Government will adopt other key strategies amongst them; mobilization of additional resources by strengthening enforcement and completion of administrative reforms including the automation of all systems and expansion of the revenue base. This will continue to remain the key focus in the next FY. The County will focus on land and property tax as the most appropriate and equitable source of revenue to finance development and provision of essential services.

5.3.2.2 Expenditure Management

The County Government will continue to use Integrated Financial Management System (IFMIS) as the system for processing payments. On implementation of projects, the County will continue to undertake capacity building initiatives to properly support other departments. The County will also continue to deepen engagements with the County Budget and Economic Forum (CBEF) on all matters planning, budgeting and financial management. Such engagements will also ensure transparency, accountability, and adherence to the PFM Act on budget making process.

The County will use bottom up approach on priority programmes/projects identification. Projects will be identified at the Ward level based on the needs and expectations of the people in each Ward. This will be approved by the County Assembly and implemented by the County Executive in compliance with the law. The County services are expected to be brought closer to residents which will go a long way in deepening devolution.

While public participation provides an all-inclusive avenue for identifying and prioritizing Government projects and activities, effort is being made to make the participation more meaningful so that programmes prioritized for implementation are those that have the greatest impact on the County. Allocation is therefore based on constitutional or executive mandate, programme performance, strategic fit, contribution to eradication of poverty and unemployment, clarity of outputs and outcomes and linkages with other priority programmes of the County Government. As part of effort to realize more value, community contribution and cost-effectiveness of the project will also be considered as is the other preparations in the form of availability of land, appropriate approvals and detailed plans and bills of quantities.

The County Government will entrench performance reviews as a strategy to encourage accountability by County Entities. Equally important, austerity measures will be adopted to reduce spending on non-capital goods and services as recommended vide the National Treasury Circular No. 148 dated September 25,2019.

In order to contain recurrent and non-essential spending, therefore, the County will focus on the following areas of intervention:

- Foreign and air travel - this will be limited to essential travels only with delegations kept to the minimum. To the extent possible, use should be made of technology especially teleconferencing and other communication platforms that do not require travel. Where this is not possible, delegations should not exceed 4 persons and the benefits of such travels must be proven beyond no reasonable doubt considering the costs involved.
- Training – this will be limited to Government Training Institutions/Kenya School of Government except for highly specialized courses or courses outside the menu of KSG or other Government Training Institutions.
- Provision of Newspapers to staff – this must be rationalized to restrict it to one quarter of the current spending. Only policy-level offices and offices that handle statistical information should be facilitated with newspapers and development journals. Equally, advertisements should be encouraged through government websites as opposed to newspaper supplements.
- Communication and Airtime Allowance – this should be reduced to the minimum to encourage use of internet calls and other cheaper options.
- Acquisition and Use of Motor Vehicles – sharing should be encouraged and this should be restricted to essential units. An entity shall not buy more than one (1No.) in one year except in special circumstances. Maintenance cost of those motor vehicles should also be kept to the minimum through proper and authorized use of government vehicles within official hours.
- Transfers and subsidies – this should be minimized to the extent possible especially to units and agencies that have capacity to be self-supporting such as water and health boards or non-core public enterprises.
- Renting and Partitioning of Offices – the department of housing and urban development should develop standards to ensure this is done properly and only when options for occupying existing government facilities are exhausted.
- Purchase of Furniture – the provisions for this exercise should be reduced by at least 75% over the next three years. The purchase should also be restricted to locally-manufactured products.

- Reducing the wage bill – such as through closely linking wage increases to productivity increases, while harmonizing wages and consolidating allowances; implementing the voluntary early retirement schemes aimed at downsizing non-value adding cadres; and flexibly allowing for recruitment of critical personnel in order to achieve the optimum level for service delivery
- Implementation of a strict commitment control system to reduce the stock of pending bills.

5.3.2.3 Management of Government Assets

The County Government shall establish a County assets and Liabilities management committee mandated to develop, through a consultative process, an overarching Assets and Liabilities Management framework. In addition, the Government will develop policies, guidelines and standards with the objective of ensuring that

i. All county departments maintain a complete and accurate register of assets and liabilities.

ii. All departments put in place consistent and seamless processes of managing Assets and Liabilities so that there is reduced misuse and underutilization of County Government Assets.

iii. There is a Rollout of standardized reporting tools on assets and liabilities management to all departments.

iv. The County Government undertakes continuous research on global trends in assets and liability guidelines, legislation and regulations for the purpose of undertaking the assets and liabilities polities and Register.

v. There is identification of user requirements in relation to acquiring an efficient and integrated assets and liabilities management information system.

vi. Risk management and mitigation register for assets and liabilities is developed.

vii. There is adequate sensitization of all County Government departments on the risks associated with acquisition of assets.

5.3.2.4 Guiding Principles in Resource Allocation

The PFM Act, 2012 and the PFM (County Regulations), 2015 set out fiscal responsibilities principles that guide Medium Term Expenditure Framework (MTEF) for the County. The guiding principles that are considered in the allocation of the available resources include:

a) The requirement that the County public debt shall never exceed twenty (20) per cent of the County government's total revenue at any one time.
b) The County Government wages shall be contained at thirty-five (35) per cent of the County government's total revenue in the medium term;
c) The approved expenditures of a County Assembly will be as per Senate's recommendations
d) The County Government actual expenditure on development shall be at least thirty (30) per cent.

5.3.2.5 Resource Sharing Guidelines

In the recurrent expenditure category, non-discretionary expenditures take first priority. This includes payment of salaries and wages which is projected at 46.2% of the expected total revenue receipts. Other recurrent expenditures that include operations and maintenance shall account for 23.1% of the total revenue.

Development expenditure will account for 32.7% of the total revenue available. In allocation for development, effort has been made to recognize the political conditions that could enable or obstruct development progress. Consequently, the County government will continue to pursue innovative and politically-smart ways to tackle the intractable problems. KSh. 800 million has been allocated for ward-based projects in health, education, infrastructure, trade and water. This figure is expected to be enhanced over the medium term to at least 40% of the total development vote. The idea is to prioritize initiatives that are locally-led whether they are asset-based or problem-driven.

For programmes to be prioritized for funding, they shall be required to meet some minimum basic criteria:

- Have clear linkage with broad strategic objectives highlighted in the CIDP, CSIP and other plans as well as response to and furtherance of the objectives of the objects if the new constitution.
- Have yielded positive results from expenditure tracking surveys or other programme performance assessments.

- Include flagship projects or strategic interventions of the current political administration.
- Are able to addresses the core challenges of poverty and unemployment as well as the core mandate of the spending entity.
- Have clearly spelt out outputs and outcomes and are linked to other programmes.
- Can be implemented cost effectively and the community are able to sustainability the benefits of the programme.

Additionally, it is required that for infrastructure projects, there is already some land identified and set aside for the project so that land issues do not derail project implementation. The necessary approvals must also be obtained after the requisite studies are done. Equally, a comprehensive site plan, detailed designs and bills of quantities will also be required before a vote is passed for a project.

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ANNEX I: CEC APPROVED CEILINGS FOR THE FY 2020/2021 EXPENDITURE FRAMEWORK

Vote Number	Name of Spending Entity		RECURRENT		DEVELOPMENT	
			Approved 2019/2020	CFSP Ceiling 2020/2021	Approved 2019/2020	CFSP Ceiling 2020/2021
5111	Agriculture, Livestock, Fisheries and Food Security	**Gross**	**198,973,123**	**198,973,123**	**616,534,284**	**409,416,619**
		A-I-A		-		-
		Net		-		-
		Salaries	144,927,331	149,275,151		
		Grants			140,435,163	147,456,921
		Others		-		-
5112	Tourism, Sports, Youth, Gender, Culture and Social Services	**Gross**	**51,581,669**	**51,581,669**	**212,040,250**	**112,000,000**
		A-I-A		-		-
		Net		-		-
		Salaries	24,673,384	25,413,586		
		Grants		-		-
		Others		-		-
5113	Roads, Transport and Public Works	**Gross**	**84,918,799**	**74,918,799**	420,424,374	624,589,735
		A-I-A		-		-
		Net		-		-
		Salaries	65,399,937	67,361,935		
		Grants				
		Others		-		-
5114	Energy and Mining	**Gross**	**35,782,555**	**35,782,555**	**79,231,936**	**70,000,000**
		A-I-A		-		-
		Net		-		-
		Salaries	17,610,058	18,138,360		-
		Grants		-		-
		Others		-		-
5115	Education and ICT	**Gross**	**550,230,308**	**554,230,308**	**111,734,899**	**120,000,000**
		A-I-A		-		-
		Net		-		-

		Salaries	336,881,382	353,388,291		-
		Grants		-		
		Others		-		-
5116	Health	**Gross**	**2,268,013,003**	**2,216,180,638**	**344,320,190**	**260,320,190**
		A-I-A		-		-
		Net		-		-
		Salaries	1,626,623,285	1,753,424,585		
		Grants				
		Others		-		-
5117	Lands, Housing, Urban Development& Physical Planning	**Gross**	**60,163,399**	**51,163,399**	**172,702,230**	**72,702,230**
		A-I-A		-		-
		Net		-		-
		Salaries	33,768,440	34,781,493		-
		Grants				
		Others		-		-
5118	Trade, Industrialization Cooperatives &Enterprise Development	**Gross**	**217,949,199**	**207,949,199**	**157,935,404**	**157,935,404**
		A-I-A		-		-
		Net		-		-
		Salaries	170,826,059	175,950,841		-
		Grants		-		-
		Others		-		-
5119	Water, Environment & Natural Resources	**Gross**	**157,358,105**	**127,358,105**	**330,635,920**	**300,000,000**
		A-I-A		-		-
		Net		-		-
		Salaries	62,012,485	63,872,860		-
		Grants		-		-
		Others		-		-
5120	Finance, Economic Planning & Service Delivery	**Gross**	**224,848,750**	**216,484,750**	**251,216,648**	**81,216,648**
		A-I-A		-		-
		Net		-		-
		Salaries	109,871,580	113,167,727		-
		Grants		-		
		Others		-		-
5121	County Executive/ Office of the Governor	**Gross**	**549,920,570**	**554,298,418**	**88,000,000**	**46,000,000**
		A-I-A		-		-
		Net		-		-
		Salaries	260,367,019	315,359,076		-
		Grants		-		-
		Others		-		-

5122	County Public Service Board	**Gross**	**70,694,705**	**70,694,705**	**6,000,000**	**2,000,000**
		A-I-A		-		-
		Net		-		-
		Salaries	38,488,644	39,643,303		-
		Grants		-		-
		Others		-		-
5123	County, Assembly Service Board	**Gross**	**932,232,577**	**932,232,577**	**122,283,799**	**122,283,800**
		A-I-A		-		-
		Net		-		-
		Salaries	478,281,704	492,630,155		-
		Grants		-		-
		Others		-		-
5124	Homa Bay County Municipal Board	**Gross**	**12,150,000**	**31,600,000**	**10,250,000**	**150,000,000**
		A-I-A				
		Net				
		salaries		**5,216,342**		
		Grants				
		Others				
EXPENDITURE BY ECONOMIC CLASSIFICATION			**5,414,452,762**	**5,323,448,237**	**2,923,319,934**	**2,508,464,626**
PROJECTED EXPENDITURE						**7,831,912,863**
APPROVED EXPENDITURE 2019/20						**8,337,387,696**
EXPECTED REDUCTION						**(6.1%)**
DEVELOPMENT						**32.0%**

ANNEX 2: SUMMARY OF ISSUES AND RECOMMENDATIONS FROM PUBLIC PARTICIPATION ON THIS COUNTY FISCAL STRATEGY PAPER

Sector	Issue(s)	Response/Proposed Intervention
Agriculture, Rural and Urban Development Sector	The participants were concerned about the following: -Provision of water pans to only 25 households in the entire county being inadequate. Consider allocation for more water pans to cover all wards. - State of public private partnership in terms of investment? -What was being done to improve productivity by small holder farmers? -The Agriculture and Livestock department lack adequate staff affecting extension services at the ground. -what the department was going to enhance productivity at Oluch Kimira irrigation scheme where there is little farming despite massive irrigation scheme? -There is concern on the management of the county tractors including the rates paid for ploughing, the quality of ploughing and waiting time. -The quality dairy animals are lacking in the county. -What was done to control distribution of illegal fishing gears and protection of breeding sites?	The participants recommended the following • More households BE provided for in terms of water pans intervention • The county Government to pursue partnerships in line with the National Government PPP policy guidelines which are supposed to support county spending entities domesticate PPP arrangements to spur growth. • The County Government to put in place interventions to improve productivity including provision of farm inputs, capacity building, technology transfers, tractor ploughing, linkages to other partners for funding, etc. • Routine lake-patrol and surveillance done, awareness creation among fishermen through BMUs on need to embrace using right fishing gears. The newly introduced Kenya Coast Guard will also supplement County Government efforts in controlling illegal fishing and fishing at fish breeding sites. • Lake conservation measures to be put in place. • Issuance of license to fishermen should be looked into, in terms of accessibility. • Provision of license to investors in the fishing industry can be part government revenue raising measures, this will be possible once a policy is developed and approved. • The department is mandated to

	-What is the County Government doing on declining of fish species in the lake? There is need for Fisheries section to provide subsidized inputs to fish farmers including fish feeds. -Water has been a challenge for success of the ponds and the department needs to focus on pond liners first to save the ones dying out. Provide for cooler boxes for fish farmers in all the sub counties. The planned cereal banking in Ndhiwa should be supplemented with cereal processing. The department should develop a policy on cereal banking and provide adequate extension services. -What the department doing on value addition? What is the department of lands doing to ensure process of acquiring public land for implementation of county projects i.e Riwa earmarked for ATC? Provide for land for livestock sales in Ndhiwa.	improve production while Trade department deals with value addition although they work hand in hand to ensure high production and value addition for better benefits to farmers. Currently the department is working on cereal banking to enhance food security while Trade department is working on grain processing for value addition. • Department should continue to push for employment of more extension staff. Motorbikes will be acquired to support extension. • Agriculture department to planned for additional tractors, one for each sub county to support in expanding area under crop production. The department will streamline the management of the tractors to ensure quality services to all. • The county government to provide liners for the fish ponds before embarking on new ones. The ABDP will also support on new ponds and the existing ponds. • The fisheries department to review fish licensing rates to enhance revenue performance • For land at Riwa, title is already with county government and the project should continue.
General Economic and Commercial Affairs Sector	The following were the concerns from the participants • What measures have been put in place to revive dormant co-operatives to help SMEs.	The participants recommended the following • Activation of dormant SACCOS is an ongoing process and would wish that such SACCOS to get in touch with our officers. The county is committed to promoting culture of co-operatives

	• markets being built and not connected to fire-fighting equipment to ensure timely response when disaster erupts? • Strategies put in place to promote stakeholders in the tourism industry? • Status of the development of Simbi Nyaima and Nyamgondho Wuod Ombare? • Status of tourism policy to guide operations? • Possibilities of county government establishing linkages with KTB for purposes of following up on the marketing development outreaches? • What plans are there to involve the community in tourism development? • Plans in place to map, survey, fence and possibly develop amenities in tourist sites?	among our people. • Trade sub-unit to prioritize promoting business incubators as oppose to prioritizing awareness meetings among traders which is not sustainable with minimal impact. Instead have centers that can help our traders and source of sharing business skills and knowledge. • Trade and industrialization department to prioritize completion of capital projects started some years back and make them operational as was envisioned the impact of such project and drop the idea of starting new ones. • The department to work with the directorate of disaster management on modalities of managing risks of fire outbreaks in markets. • The department to prioritize and have in in place a lean committee of 5 stakeholders with leadership from tourism and craft a stakeholder's engagement framework for this critical revenue earner. • The department to address issue around land ownership in all tourist sites with a view to having them all developed. • There is need to prioritize formulation of County Tourism Policy and Legal framework to provide guidance as to how to handle issue of tourism in the county. • The sector should prioritize completion of all stalled projects such as fencing of markets and construction of toilets • Revenue collection should be streamlined further as collectors who were stopped are still collecting especially in Ndhiwa Sub-County

		• Improving access to beaches to earn the county a lot of money especially in Karachuonyo • All markets in the county should be mapped and ownership of land determined before putting structures on them. • Ndhuru Market Center should get a new toilet so that it can be opened once again for public use. • Revenue collectors in markets should be monitored closely as they are not using machines
Energy, Infrastructure and ICT Sector	The public was concerned about the following: • What the department was doing to ensure the locals get access to relevant energy information and knowledge? • The status of Homa-County Energy policy? • Frequent solar street lights going off before midnight. • Vandalism of solar panels and the lighting system in the county? • Rampant power blackout especially Sindo • Procedures the county was using in allocating transformers in partnership with KPLC? • Criteria and qualifications used in selecting trainees participating in the Ajira programme. • Public Wi-Fi Installation? • Accessibility of county	The participants recommended the following: • Establishment of an energy resource center by the department. • Fast-tracking of the energy and ICT policy establishment process. • Routine maintenance of solar street lights. • Setting up of street lights in major areas i.e off Tom-Mboya Prison road connecting to St Ambrose Got Rabuor given the influx of students and residents putting up and doing business this area. • Engagement of MCAs to mobilize youths for the Ajira programme • Cooperation of the department and the devolved units in mobilizing youths to participate in youth empowerment programmes. • Cooperation between the public and the county Government in identifying, reporting those found vandalizing street lights • Seeking of public opinion while identifying areas to install new solar lights and transformers (that will be procured in partnership with the KPLC) • Use of solar lights for branding to

	documents on county website. • The status of Homa-County ICT policy • Status on accessibility to the computer hub and cost of installation • How much AIA the department had collected previously? • Work plans and criteria used for hiring machines? • Where revenues collected from hiring machines are channeled to? • What is the department was doing in relation to the stalled machines? • Where the Building approvals revenues are being channeled to. • The status of the Ward Based projects. • Reason of Underutilizing the conditional grant • No. of qualified personnel in the department of roads • Plans of the department in relation to the 220okm of other roads to be maintained besides the ward-based projects?	generate aid in revenue generation • Early settlement of electricity bills. • Submission of advertisements by the department to the procurement to submit to ICT department for uploading in the county website. • Routine follow up and submission of approved documents from the county assembly to ICT department for uploading. • Free access of the computer hub for all citizens of Homa Bay County. • Actualizing of the mechanical transport fund by the department. • The Members of County Assembly to ensure the supplementary budget is passed to enable advertisement and kick off the ward projects. • Implementation of the revenue administration bill and inspectorate bill • The departments should be given a chance to collect their own revenues and each spending entity to have revenue projection to use when doing budget appropriation. • Re innovation of the mechanical unit where machines are serviced in case of breakdown. • The department should have operational work plan that is actionable • Development of revenue policy to enhance revenue collection
Health sector	The participants were concerned about the following: Shortage of health workers and insufficient drug supply. Delayed wages to nurses which is	The participants recommended the following: • clearance of the amounts owed to KEMSA and distribution of drugs soon to health facilities to correct the situation.

	demoralizing. Inefficient service delivery by health workers therefore hampering service delivery. Establishment of Project Management Committees (PMCs). Part played by the County Government to absorb health workers terminated by development partners such as NGOs operating within the county. Enhancement of the number of citizens registered for NHIF by the County Government. Actions taken to support our CHVs who sometimes do not receive salaries/allowances. Provision of water tanks to health facilities our health facilities. Integration of services by the department to ensure the patients can access all services and drugs within one facility. Provision of food to patients taking ARVs. Some health facilities are in a pathetic condition yet some are completed yet not operational. Lack of clarity in communicating service tariffs. Appointments to hospital boards done because in some cases there is a lot of favoritism. Teen pregnancies which is really on the rise.	• Negotiation with health workers through their union officials to harmonize staff wages. • Regular and impromptu supervision to ensure that our health facilities are manned at all times and citizens can access services. • Re-integration of health workers to the workforce by the county government long as the budgetary allocations are allowable. • Recruitment of 2000 poor households into NHIF. This will later on be rolled out to the entire County and ensure that this revenue is tapped. • Efficient use of medical equipment and financial resources donated by development partners to ensure minimal wastage and reduce cost of service delivery. • Refurbishment of health facilities.

Education Sector	The participants were concern about the following Strategies the department had put in place to improve and have standard quality ECDE building structures? -The status of EYE policy? -The reasons for late disbursement of funds to VTCs? -There was concern that a greater percentage of bursaries are not utilized by EYE and VTC centers? -Inadequate personnel in both EYE and VTC centres. -Reasons for providing centers with curriculum designs yet learners text books and designs are not available in schools -Head teachers' role in the county government in terms of service delivery should be addressed. -The status EYEs feeding programme in EYEs centers? - Weak linkage with development partners Does the sector have an M&E strategy? -Option of having a Stand-alone EYE centers. -Improvement on management of EYE centres. -What is being done to ensure fairness when it comes to distribution of bursaries to those in need as oppose to giving those with ability to facilitate payment of	The participants recommended the following: • The department should work its way towards the required number of classrooms and standards • Develop standard and mandatory construction plans for specific construction projects such as ECD classrooms, VTE centers, sanitation facilities, etc. • The department should come up with • The department should ensure timely disbursement of funds upon release of funds by national and county treasury. • For the financial year 2020/21 VTCs and EYE institutions should be considered so as to receive more allocation of bursaries • Department should plan to recruit and equitably deploy qualified pre-school teachers/VTC Instructors. • The department to do bench marking to adopt best practices. Training needs assessment for personnel to be conducted and recommendations implemented in line with the new CBC while adequate motivation will be provided to existing personnel. • The department should be providing books and other utilities for learners in good time. • Primary school Head teachers in institutions with EYE centres to be given capacitation that they are answerable for. • There is need for funding for stakeholder/community engagement for success fo feeding programmes in the learning centres. • The department has already formalized a technical working group

	school fee? -EYEs employment and confirmation -. -the presences of CBC EYE compliant classrooms. The EYE centres listed below lack adequate classrooms and should be given priority: 1. Wang chieng – Ochuoga 2. Kibiri – Alaro 3. Kagan West – Got Lwala 4. Ruma Kaksingri – Sawanka 5, Kwabwai – Nyarandi 6. Central ward – Nyakech 7. North Karachuonyo – Sanda 8. E Kamagak – Masanga 9. Kanyikela – Ariri 10. Kanyidoto – Koga 11. Kabondo West – Kolel 12. Gwassi North – Kibura 13. South Kabuoch – Kowuor 14. HB Town West – Watata 15. West Kamagak – Nyambori 16. Kagan – Got Lwala 17. Kabondo East – Wangapala 18. Kosewe – Kome 19. Kasgunga – St. Anne	which will be having quarterly meetings to address EYE and VCT issues. • The department of M&E to develop a monitoring & Evaluation strategy in consultation with the existing partners • EYEs to be attached to existing Public schools. • The county should consider doing standalone EYE centres that are pilot centres for others to learn from. These will be primarily run by county employees without influence of the primary schools. • The EYE centers to have management boards that manage the affairs of the centre. • The county should embark on making EYE self-sustaining by providing capitation for the children in the schools to cater for their academic needs (study the Nairobi county model). • Selection and vetting for award of bursaries is should be done through ward bursary committees chaired by ward administrators through open and transparent process. In cases of any malpractices in the management of bursary, the public should promptly report to the department for immediate action. • The proposed EYE centres and VTCs will be considered in the 2021 budgetary allocations.

	20. Gwassi South – Nyatambe 21. Rusinga – Kaswanga 22. West Gem – Radung 23. West Kasipul – Nandi 24. Central Kasipul – Kaluoch 25. Kendu Bay – Kendu Muslim 26. Kanyaluo – Omboga 27. West Krachuonyo – Migeni 28. South Kasipul – Omolo Mado 29. Arujo – Lieta Kabunde 30. Gembe – Kisambe Increase sector allocation to cater for establishment of one model VTC in each sub county. VETC s to be prioritized include: 1. Kabuoch VTC – Ndhiwa 2. Wakiaga VTC – Suba North 3. Lwala VTC – Suba South 4. Sero VTC – Homa Bay 5. Katieno VTC – Rangwe 6. Kosele VTC – Rachuonyo South 7. Jwelu VTC – Rachuonyo East 8. Alum VTC – Rachuonyo North	
Public Administration and Inter/Intra-government Relations	The participants were concerned about the following: • What is the county doing to promote devolution? Particularly the recruitment of village administrators to	Recommendations from the participants included that: • There is need for the department of education to speed up the process of developing EYE policy which will spell out registration and payable fee by

Sector	strengthen devolution at village level? • How is the County addressing the issue of information and improved coordination within county government entities? • How does the County Government purposed to streamline collection of A-in-A? • What is the county doing to improve revenue collection in the Wards now that revenue officers are still selling illegal business permits? • How does the county intend to promote staff welfare? • Involvement of administrators in projects especially NARIG. • Why are MCAs involved in work that should be for Ward Administrators? • Why is there a widespread weakness in the supervision of government? projects? This has led to resource wastage and even unnecessary stalling of projects. • What programme does the CG have for civic education?	those interested to complement County Government in provision of quality education • The County Government should take legal actions against those found engaging in such illegalities that leads to pilferage of own source revenue • Ward administrators should work around the clock to ensure compliance with regards to revenue collection within their respective jurisdiction. • The public should be conversant with the content of the finance bill. • The county should prioritize investing in markets that generate more revenue. • There is need to develop a circular explaining the reporting relationships between officers in sub-counties and wards and the role of administrators in revenue collection. • There is need to create registries and ways of preservation of records in public offices • The county Government should ensure proper identification of revenue collectors in markets and other places. • Records of daily revenue collections should be supplied to administrators • Coordination between the department and ward administrators should be enhanced • The County Secretary should come up with designated communication desk so that there are staff charged with the mandate of ensuring necessary communication and information channeled to right people in time. • The issue of communication desk should be cascaded to all devolved units.

		• Administrators should create forums and platforms for coordinating development in their areas of jurisdiction so that at all times they know what state and non-state actors are doing. • The County Government should prioritize conducting Civic education for better understanding of devolution. • The County Government should promote compliance with the existing legislative framework i.e procurement and disposal act. • The County Government should prioritize providing necessary support to devolved structure i.e wards which are not well facilitated hence compromising the impact that such office are supposed to have. • The County Government should prioritize taking staffs for in-service trainings to make staffs competitive and relevant to development needs of the county. • The County Government should prioritize timely remittance of statutory deductions meant to cushion staffs from challenges that are likely to affect their operations i.e Issue of NHIF and NSSF. • The County Government should ensure Administrators are part and parcel of all project development committees in wards and sub-counties. • Administrators should collaborate with Chiefs and Assistant Chiefs for security of County Government project. • Administrators should be facilitated to have barazas and have fully functioning offices.

		• Ward Administrators should be provided with motor bikes to enhance their movement in the Ward. • The threshold for impeachment of CEC members should be raised so that they have powers to act without fear of MCAs. • Flagship projects should be fast-tracked.

Social Protection, Culture and Recreation Sector	• The participants were concerned about the following; • The reason for the late disbursement of funds to the ministries.	The participants recommended the following: • Preparation of necessary documents to ease payment
	• Whether there is a cultural center established by the department • The Status of County Cultural Festival • The take of the county in terms of Promotion of Suba language	• Construction of cultural center to be prioritized in FY 2010/20121 budget • Culture promotion to be enhanced by use of other partners who have been implementing the same programme with the national Government • The county should prioritize and allocate more funds on language development especially Abasuba
	• Importance placed on ward tournaments • Sporting activities being supported by the department apart from football • Sports infrastructure development status • Measures put in place by the county to ensure sports contributes towards wealth creation	• Promotion of sports and tournaments by establishing and supporting county team and ward leagues, • Provision of sport equipment and material • Training of sports personnel's • Paralympic games, athletics and wrestling to be captured during budgeting process • Establishment of a talent Academy by the department • Upgrading of major sub county stadia e,g Pap kalango-Rangwe, Nyakiamo in Sindo and Gor Mahaia in Ndiwa. • Development and construction of other sports facilities.

		• Consideration be given to leagues. • The ministry should have a database of sports club to know the equipment's needed. • The County Government should consider hiring a bus for transport during sport activities. • Research on the number of clubs in Homa Bay County.
	• Programs initiated for PLWD • Solutions identified by the sector to address youth unemployment? • What is being done to map out PLWDs in the county to inform number of interventions being proposed	• Provision of disability support gears and equipment • Training and sensitization of people with disabilities, youth and women on AGPO and other programmes • Youth and Women empowerment programme to be enhanced • Implementation of youth empowerment programs ranging from trainings and linking them to institutions that can sponsor their initiatives. • Promotion of internship programs as an alternative way of providing youths with employment opportunities. • Registration of PWDs in the county to help in designing programs • Allocation of more funds to PLWDs programs. •
	• Absence of a county Social Hall	• The construction and operationalization of a Gender based violence rescue center in Homabay • Support social welfare organizations • Develop a policy paper on PLWD
	• Whether library services are devolved and what the county is doing towards ensuring that reading and other related materials could be bought.	• Refurbishment of the already existing Libraries in the county e,g Mbita, Ndiwa, Homabay and Rachuonyo North

Environment Protection, Water and Natural Resources Sector	The participants were concerned about the following: • Status of the climate change policy of May 2019 and related laws/regulations? • Achievements of the climate change secretariat being the coordinating unit for climate change in the county? • Existence of forest extension officers working with farmers to promote farm tree management. • Current status of the ward-based projects • What the county doing to promote use of clean cooking methods as a measure to reduce deforestation • Mechanisms put in place to sustain already established water projects? • Measures put in place to bridge budget gap, governance and access to water • The representation of PLWD in the County Budget and Economic Forum and County environment committee. • Initiatives being undertaken to ensure community resource persons are engaged in promoting forestry development process • Whether irrigation is a core mandate and interventions in place for the farmers • Destruction of environmental structures by construction companies • The quality of water being consumed by county residents. • Consideration towards establishment of effective project teams. • Management of degraded lands.	The participants recommended the following: • Approval of the climate change policy. • The secretariat to coordinate climate change intervention with partners and county entities. • NEMA to support in the gazettement of 16 forest officers to support in forest development services. • Ward based projects procurement to be accelerated before the end FY2019/2020. • Energy department to promote alternative cooking solutions to the county residence • The department to prioritize and budget for operationalization of Homa-Bay County Change Policy and Law. • The climate change secretariat composition should be expended to include representation from department and members of CSOs. • The department to prioritize and budget for forest extension service through hiring of qualified individuals in the same field and have them engaged as interns within some agreeable timeframe as advised by HR unit which needs also to support the department realize this dream of 10% forest cover • WASREB guidelines that is to support promotion of rural water supply through capacity building of technicians and change of tariffs to be enhanced to realize more revenues. • The sector was actioned to work with development partners to raise extra finances to bridge budget gaps • SANA International proposed

		formation of a joint committee to support development of concepts to sustain implementation of water projects. • The dept. has mainstreamed issues of disability i.e procurement, employment and this will be ongoing and 2 representatives of PWD are in the environment committee • The department to consider working closely with Community Forest Associations (CFAs) alongside those officers to be engaged with support from NEMA. • The dept. is committed and working towards increasing % of those accessing water in the county. • Irrigation to be part of the county sector mandate and has been prioritized in the FY 2020/21. • Department to take PP seriously and have departmental heads in attendance to respond to concerns. • The department to liaise with the construction companies to backfill borrow-pits i.e in Gem West,East and Asumbi to be looked into for social safeguards purposes. • Make use water hyacinth and accumulated soil to fill the borrow pits. • The department to come up means and ways of monitoring water projects being done in the county whether they are done to required standards. • Prioritize operationalization of water treatment plant for purposes of quality control. • Ward development committees to be operationalized through CECM Finance. • Prioritize interventions for **Chuowe Kobuya** areas which is in pathetic

		situation as a result of degradation. • The department to consider working with communities to implement the Community Climate Change Adaptation Plan already developed through a participatory process as means of supporting communities respond to climate change concerns.