COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

# COUNTY GOVERNMENT OF HOMA BAY

## DEPARTMENT OF FINANCE AND ECONOMIC PLANNING

(THE COUNTY TREASURY)

# APPROVED COUNTY FISCAL STRATEGY PAPER 2026/2027

"ACCELERATING GAINS UNDER THE GENOWA ECONOMIC TRANSFORMATION AGENDA FOR INCLUSIVE AND SUSTAINABLE GROWTH"

FEBRUARY, 2026

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

## FOREWORD

The Homa Bay County Fiscal Strategy Paper (CFSP) 2026 is a policy document which has outlined strategic priorities and policy goals for the progressive realization of H.E Governor Gladys Nyasuna Wanga's 10-Point development agenda with emphasis on food security, water and sanitation, revenue enhancement, partnerships, health care, education, and infrastructural expansion, over the medium-term period. Essentially, this planning document sets out the county's sectoral policy goals and strategic priorities which forms the basis for the formulation of the County's Revenue and Expenditure Estimates for Financial Year (FY) 2026/2027. The priorities have been drawn from the County Annual Development Plan (C-ADP) 2026/2027, the third generation County Integrated Development Plan (CIDP) 2023-2027, the Medium-Term Plan (MTP) IV, the Bottom-up Economic Transformation Agenda (BETA) and the Kenya Vision 2030, among others. Besides, the CFSP 2026 is a build-up on the County Budget Review and Outlook Paper (CBROP) 2025. Furthermore, the document has taken into consideration the global and regional medium-term economic outlook. Importantly, the CFSP 2026 has outlined sector budget ceilings that will inform budget estimates for the FY 2026/027.

In the FY 2026/2027, the county's revenue is estimated at **KSh. 11,877,334,895** which comprises of Equitable Share of **KSh. 8,749,360,113,** Conditional Grants of **KSh. 1,242,863,494,** Ordinary Own Source Revenue of **KSh. 566,180,758,** Appropriation-in-Aid of **KSh. 1,104,906,565** arising from FIF implementation, and Equalization Fund of **KSh. 214,023,965.** These expected revenues will fund county development projects at KSh. **3,681,973,817**, compensation to employees at **KSh. 6,129,457,479** and support operations and management expenditures at **KSh. 2,065,903,598.** However, it is important noting, to fully finance all sectoral priorities for FY 2026/2027, the county will leverage on partnerships which are particular to specific programs. Further, the county prioritizes settlement of pending bills, completion of on-going and stalled projects and ward-based development projects.

The preparation of the CFSP 2026 took into consideration all the legal and statutory requirements including but not limited to the fiscal responsibility principles, public participation, and the provisions of the Constitution of Kenya and the Public Finance Management Act, 2012.

APPROVED CFSP 2026/2027

**Hon. Solomon Obiero**
**County Executive Committee Member**
**County Department of Finance and Economic Planning**
**County government of Homa Bay**

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

## ACKNOWLEDGMENTS

The County Fiscal Strategy Paper (CFSP) 2026 is prepared, pursuant to the provisions of the Public Finance Management Act, 2012 and provisions of the Constitution of Kenya, 2010. Primarily, this policy document outlines broad priorities, policy goals, fiscal strategies, and plans for financing and implementing proposed county programs and projects. The development of this important planning document was a highly consultative engagement incompliance with Article 201 of the Constitution of Kenya, 2010 and Section 117 of the PFM Act, 2012.

Our sincere gratitude to the general public and all interested groups who participated fully towards finalization of this document. Your invaluable contributions helped in shaping this document. We appreciate the contribution of the County Executive led by H.E. Governor Gladys Nyasuna Wanga, EGH and County Executive Committee Members, as well as the County Assembly of Homa Bay. To our Chief Officers, Directors and technical staff who supported the process, your efforts were not in vain but key in finalizing the document. Sincere gratitude to the Economic Planning and Budget team for coordinating the development of the CFSP 2026. To UNICEF and all our partners, thank you for your support.

**LAWRENCE SMITH GWORO**
AG. CHIEF OFFICER - ECONOMIC PLANNING AND BUDGET
**COUNTY GOVERNMENT OF HOMA BAY**

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

## TABLE OF CONTENTS

FOREWORD ..... ii
ACKNOWLEDGMENTS ..... iii
ABBREVIATIONS AND ACRONYMS ..... v
CHAPTER ONE: INTRODUCTION ..... 1
1.0 Overview ..... 1
1.1 Legal Framework for County Fiscal Strategy Paper (CFSP) ..... 2
1.2 Fiscal Responsibility Principles in Public Finance Management ..... 2
1.3 Development Allocations Principles ..... 3
CHAPTER TWO: RECENT ECONOMIC DEVELOPMENTS AND MEDIUM-TERM OUTLOOK ..... 5
2.1 Global Economic Outlook ..... 5
2.2 Domestic Economic Performance ..... 6
2.2 Kenya's Macroeconomic Policy Outlook ..... 15
2.4 Risks to the Economic Outlook ..... 19
CHAPTER THREE: STRATEGIES FOR UNLOCKING COUNTY'S POTENTIAL FOR ACCELERATED AND INCLUSIVE GREEN GROWTH ..... 21
3.1 Overview ..... 21
3.2 Priority Policy Measures ..... 21
3.3 Alignment with national priorities and the 2026 Budget Policy Statement ..... 22
3.4 MTEF Sectors Performance and Strategies ..... 22
CHAPTER FOUR: BUDGET FRAMEWORK FOR THE FY 2026/2027 AND THE MEDIUM TERM ..... 35
4.0 Fiscal Framework ..... 35
4.1 Fiscal Performance ..... 35
4.1.3 Expenditure Performance by Spending Entity ..... 41
4.2 Fiscal Projections ..... 45
4.3 Expenditure projections by spending entities ..... 52
CHAPTER FIVE: FISCAL RESPONSIBILITY IN FINANCIAL MANAGEMENT ..... 57
5.1 Compliance with Fiscal Responsibility Principles ..... 57
5.2 Management of Fiscal Risks and Other Financial Operations ..... 59

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

## 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 |
| 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 |

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

# CHAPTER ONE: INTRODUCTION

## 1.0 Overview

1. The County Fiscal Strategy paper (CFSP) is prepared by the county treasury and submitted not later than 28th February each year to the county assembly in line with Section 117 of the PFM Act 2012. The County Fiscal Strategy Paper (CFSP) 2026 gives strategic direction that helps in defining the fiscal framework aligned with priorities and policy objectives aimed *at Accelerating gains under the GENOWA Economic Transformation Agenda for Inclusive and Sustainable growth* while integrating the benefits and national aspirations as contained in the *Bottom-up Economic Transformation Agenda (BETA).* The key focus of the CFSP is to provide guidelines for the preparation of budgets for the upcoming financial year and particularly over the medium-term.

2. The major principles of the CFSP include:

a. **Broad Strategic Priorities and policy goals:**

The CFSP outlines the broad strategic priorities and policy goals that the County Governments seek to achieve. It provides the basis for fiscal decisions and resource allocations towards defined objectives that align with the developmental County's GENOWA Agenda and the National 2026 Budget Policy Statement (BPS).

b. **Medium-Term Outlook:**

The CFSP contains an assessment of the current state of the economy and microeconomic outlook that transcends a single financial year. By enumerating medium-term fiscal priorities, it establishes a clear and sustainable path for the county's development agenda as contained in the County Integrated Development Plan and the Annual Development plan which guides the County's Development objectives.

c. **Alignment with National Priorities:**

CFSP is required to align with the national agenda, as reflected in the 2026 Budget Policy Statement (BPS), Sustainable Development Goals (SDGs), the Kenya Vision 2030, the Africa Union (AU) Agenda 2063 and the Medium-Term Plans. By aligning with the national government's priorities as contained in the Bottom-Up Economic Transformation Agenda (BETA), the CFSP contributes to a cohesive and coordinated approach to economic transformation and inclusive growth.

d. **Programs, Policies, and Reforms for the Upcoming Financial Year:**

The CFSP for financial year 2025/26 clearly indicates programs, policies and reforms prioritize for implementation by the county government for the upcoming year. This is dedicated towards enhancing economic growth and improving the well - being of the residents

e. **Linkage to Medium-Term Expenditure Framework (MTEF):**

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

The CFSP outlines realistic fiscal strategies and budgetary framework for achieving them and links them to Medium-Term Expenditure Framework (MTEF) 2026/2027 – 2028/2029. This linkage enhances cohesiveness into the county's budgeting process

3. The CFSP is thus the main paper that guides county departments, partners, public and other stake holders in making budgetary decisions and aligning them to strategic priorities, linkages with National Development Objectives through prudent financial management to enhance economic growth and progress

## 1.1 Legal Framework for County Fiscal Strategy Paper (CFSP)

4. The preparation and approval of 2026/27 CFSP is anchored on the provisions of section 117 subsection 1-8 of the Public Finance Management (PFM) Act 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. 120 The Public Finance Management Act, 2012
> (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 finalising the budget proposal for the financial year concerned.
> (8) The County Treasury shall publish and publicize the County Fiscal Strategy Paper within seven days after it has been submitted to the county assembly.

## 1.2 Fiscal Responsibility Principles in Public Finance Management

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

5. To achieve prudent and transparent management of public resources, the county government will ensure strict adherence to fiscal responsibility principles as provided by the Constitution, the Public Finance Management (PFM) Act, 2012 and the PFM regulations 2015.

**i. Recurrent Expenditure as a ratio of Total Revenue:**

Homabay County Government is committed to ensure that its recurrent expenditure does not exceed its total revenue. This principle underscores the importance of fiscal discipline in managing day-to-day operational costs while maintaining financial sustainability. This will be capped at not more than 70 per cent of the total revenue.

**ii. Threshold for Development Expenditure:**

The County Government aims to maintain the development expenditure above thirty percent of the total budget in compliance with the fiscal responsibility principles.

**iii. Expenditure on wages:**

Regulation 25(1)(b) of the PFM (County Governments) 2015 states that the County Government's wage bill should not surpass 35 percent of its total revenue. The County acknowledges the significance of this principle and will strive to adhere to it despite the following prevailing circumstances: -

- Implementation of the Collective Bargaining Agreement (CBA) agreements between County Governments and health workers of 2017.
- The third Salary review cycle by the Salaries and Remuneration Commission (SRC) for the period 2023/2024-2024/2025.
- Recruitment and confirmation of additional employees to support service delivery for key devolved functions.
- The statutory Annual Basic Pay Allowance increments as advised by SRC circulars.

## 1.3 Development Allocations Principles

6. The allocation of development expenditure is premised on a comprehensive framework that ensures a fair and strategic distribution of resources. The major guidelines for development are as follows:

**a) Equitable Development**

This principle is in line with Article 10 of the Constitution of Kenya (Principles of Good Governance) which emphasizes fairness and impartiality in the distribution of resources, promoting balanced development across all regions of the county.

**b) County Integrated Development Plan (CIDP) and Annual Development Plan:**

The CFSP 2026 is aligned to the County Integrated Development Plan (CIDP) and Annual Development Plan (ADP). These documents serve as the yardstick for identifying development priorities, goals, and projects, ensuring that budget allocations are in tandem with the county's long-term vision and annual objectives.

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

**c) Policy Goals and Strategic Objectives in the CFSP:**

Policy goals and strategic objectives as set out in the CFSP will guide the allocations of development expenditures. These objectives are in line with the 2026 Budget Policy Statement (BPS), providing a coherent and synchronized approach to development planning.

**d) Citizen Representation and Participation:**

Development allocations take into account the aggregate cost of projects for Wards, flagship projects and County Conditional Grants priorities. This approach ensures that citizens representation and participation are given due consideration and reflects a commitment to inclusive decision-making in the development planning process as provided in Article 10 and 201 of the Constitution of Kenya as read together with the Section 87-91 of County Government Act 2012 and related County Public participation Legislation.

7. The above principles establish a transparent, accountable and systematic approach to the allocation of development expenditure, integrating legal frameworks, long-term plans, and citizen participation. The objective is to enhance balanced and inclusive development, ensuring that resources are directed towards priorities that are in line with the county's vision and address the needs of its diverse communities

8. Notwithstanding the inherent challenges in meeting these principles, the County Government remains committed to transparency in managing its fiscal affairs, addressing the dynamics posed by external factors and making strategic decisions to uphold financial responsibility. Continuous attention will be directed towards balancing the need for service delivery with the requirement of maintaining fiscal sustainability.

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI KENYA

# CHAPTER TWO: RECENT ECONOMIC DEVELOPMENTS AND MEDIUM TERM OUTLOOK

## 2.1 Global Economic Outlook

9. Global growth is estimated at 3.3 percent in 2025, underpinned by easing trade tensions, improved financial conditions, and resilient consumer and business spending. Growth is projected to remain at 3.3 percent in 2026, before easing marginally to 3.2 percent in 2027 **(Table 2.1).** The sustained resilience reflects continued investment in technology, particularly artificial intelligence, more flexible private-sector supply chains, and generally accommodative financial conditions. However, heightened policy uncertainty, geopolitical tensions, and the risk of renewed trade fragmentation continue to weigh on the global outlook.

**Table 2.1: Global Economic Performance**

| | Growth (%) | | | |
|---|---|---|---|---|
| | Actual | Estimate | Projections | |
| Economy | 2024 | 2025 | 2026 | 2027 |
| World | 3.3 | 3.3 | 3.3 | 3.2 |
| Advanced Economies | 1.8 | 1.7 | 1.8 | 1.7 |
| *Of which: USA* | *2.8* | *2.1* | *2.4* | *2.0* |
| *Euro Area* | *0.9* | *1.4* | *1.3* | *1.4* |
| *Japan* | *(0.2)* | *1.1* | *0.7* | *0.6* |
| Emerging and Developing Economies | 4.3 | 4.4 | 4.2 | 4.1 |
| *Of which: China* | *5.0* | *5.0* | *4.5* | *4.0* |
| *India* | *6.5* | *7.3* | *6.4* | *6.4* |
| Sub-Saharan Africa | 4.1 | 4.4 | 4.6 | 4.6 |
| Of which: South Africa | 0.5 | 1.3 | 1.4 | 1.5 |
| Nigeria | 4.1 | 4.2 | 4.4 | 4.1 |

*Source: IMF World Economic Outlook Update, January 2026*

10. In advanced economies, growth is expected to be moderate at 1.8 percent in 2026 and 1.7 percent in 2027 from an estimated 1.7 percent in 2025. The United States economy is projected to expand by 2.4 percent in 2026 from a growth of 2.1 percent in 2025, buoyed by strong business investment and resilient household spending, albeit amid ongoing trade-policy uncertainty. The euro area and other major advanced economies are anticipated to register slower but stable growth, underpinned by domestic demand and wage gains, but constrained by weaker external demand and subdued business sentiment.

11. In emerging market and developing economies, growth is projected to moderate to 4.2 percent in 2026, from 4.4 percent in 2025. China's growth outlook remains firm, reflecting continued policy stimulus, increased policy bank lending, and lower effective US tariff rates following the temporary trade truce. Growth in the Middle East and Central Asia is expected to accelerate in 2026, supported by higher oil output,

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI KENYA

resilient domestic demand, and ongoing reforms. In Latin America and the Caribbean, growth is projected to slow in 2026 before recovering in 2027, while emerging and developing Europe is expected to rebound from the sharp slowdown experienced in 2025 as the effects of earlier trade-policy shifts dissipate.

12. In Sub-Saharan Africa, growth is projected to strengthen from 4.4 percent in 2025 to 4.6 percent in 2026 and 2027, supported by macroeconomic stabilization, improving domestic demand, easing inflationary pressures, and continued reform efforts in several key economies. Notwithstanding the improved outlook, the region remains exposed to risks arising from fiscal pressures, external financing constraints, and global economic uncertainty.

## 2.2 Domestic Economic Performance

13. The Kenyan economy continues to demonstrate significant resilience despite facing multiple challenges from both domestic and external environments. Over the past three years (2022–2024), the economy expanded at an average annual rate of 5.1 percent (4.9 percent in 2022, 5.7 percent in 2023, and 4.7 percent in 2024). This performance exceeds the global average growth rate of 3.5 percent and the sub-Saharan Africa average of 3.9 percent over the same period. This strong performance reflects the sound and deliberate policies implemented during the period, as well as the growing diversification of the economy, which has reduced reliance on any single sector.

14. The economy continued to demonstrate resilience in 2025, posting improved performance with growth of 4.9 percent, 5.0 percent and 4.9 percent in the first, second and third quarters respectively (Table 2.2). This growth was primarily underpinned by strong performance in the agriculture sector, a recovery of the industry sector, and the resilience of services sector. All economic sectors recorded positive growth rates in the first three quarters of 2025, with varied magnitudes across activities.

**Table 2.2: Sectoral GDP Performance**

| Sectors/Sub-sectors | Quartely Growth Rates | | | | | |
|---|---|---|---|---|---|---|
| | 2024 Q1 | 2024 Q2 | 2024 Q3 | 2025 Q1 | 2025 Q2 | 2025 Q3 |
| **1. Primary sector** | **4.5** | **4.0** | **2.9** | **6.2** | **4.9** | **4.0** |
| 1.1. Agriculture, Forestry and Fishing | 5.6 | 4.5 | 4.0 | 6.0 | 4.4 | 3.2 |
| 1.2 Mining and Quarrying | (16.1) | (5.5) | (12.2) | 10.8 | 15.3 | 16.6 |
| **2. Secondary Sector (Industry)** | **1.5** | **0.5** | **0.3** | **2.6** | **3.3** | **4.1** |
| 2.1. Manufacturing | 1.9 | 3.2 | 2.3 | 2.1 | 1.0 | 2.5 |
| 2.2. Electricity and Water supply | 2.8 | 1.2 | 0.9 | 3.6 | 5.7 | 3.6 |
| 2.3. Construction | 0.4 | (3.7) | (2.6) | 3.0 | 5.7 | 6.7 |
| **3. Tertiary sector (Services)** | **6.8** | **6.2** | **5.7** | **4.8** | **5.5** | **5.4** |
| 3.1. Wholesale and Retail trade | 3.6 | 2.5 | 2.6 | 5.4 | 4.1 | 4.8 |
| 3.2. Accomodation and Restaurant | 38.1 | 35.0 | 22.9 | 4.1 | 7.8 | 17.7 |
| 3.3. Transport and Storage | 4.1 | 3.4 | 4.6 | 3.7 | 5.4 | 5.2 |
| 3.4. Information and Communication | 9.2 | 6.7 | 6.9 | 5.8 | 6.0 | 4.5 |
| 3.5. Financial and Insurance | 9.6 | 8.0 | 7.3 | 5.2 | 6.7 | 5.4 |
| 3.6. Public Administration | 7.5 | 9.0 | 7.3 | 6.5 | 6.0 | 5.1 |
| 3.7. Others | 5.8 | 5.6 | 4.9 | 4.4 | 5.2 | 5.2 |
| of which: Professional, Admin & Support Services | 9.4 | 6.7 | 4.5 | 4.6 | 8.5 | 6.1 |
| Real Estate | 6.9 | 5.9 | 4.8 | 5.3 | 5.5 | 5.7 |
| Education | 2.4 | 3.2 | 4.8 | 2.9 | 3.2 | 3.4 |
| Health | 5.4 | 8.1 | 6.2 | 4.8 | 6.8 | 4.1 |
| Taxes less subsidies | 2.9 | 3.8 | 6.3 | 5.7 | 3.3 | 3.7 |
| **Real GDP** | **4.9** | **4.6** | **4.2** | **4.9** | **5.0** | **4.9** |

*Source of Data: Kenya National Bureau of Statistics 2026*

COVID CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

15. In 2025, **the primary sector** grew by 6.2 percent in the first quarter, 4.9 percent in the second quarter and 4.0 percent in the third quarter compared to a growth of 4.5 percent, 4.0 percent and 2.9 percent in the corresponding quarters of 2024 (Table 2.2). This was as a result of the robust growth in the agriculture, forestry and fishing sub-sector and a recovery in the mining and quarrying sub-sector. Activities in the agriculture, forestry, and fishing sub-sector expanded by 6.0 percent in the first quarter, 4.4 percent in the second quarter and 3.2 percent in the third quarter of 2025, compared to growth of 5.6 percent, 4.5 percent and 4.0 percent in the corresponding quarters of 2024. This performance was driven by favorable weather conditions experienced in most parts of the country involved in crop and animal production. This was evident in the significant increase in the production of milk, coffee, and vegetables, as well as exports of cut flowers. However, the sub-sector's performance was somewhat curtailed by a decline in tea and sugarcane production.

16. The mining and quarrying sub-sector grew by 10.8 percent in the first quarter, 15.3 percent in the second quarter, and 16.6 percent in the third quarter of 2025, compared to contractions of 16.1 percent, 5.5 percent, and 12.2 percent, respectively, in the corresponding quarters of 2024. This growth reflected increased activity and renewed investment following a period of subdued performance in the previous year.

17. In the first three quarters of 2025, **the industry sector** recorded a growth of 2.6 percent in the first quarter, 3.3 percent in the second quarter and 4.1 percent in the third quarter, an improvement from a growth of 1.5 percent, 0.5 percent and 0.3 percent, respectively, in the corresponding quarters of 2024. This growth was driven by improved performance across manufacturing, electricity and water supply, and construction sub-sectors.

18. The manufacturing sub-sector grew by 2.1 percent in the first quarter, 1.0 percent in the second quarter, and 2.5 percent in the third quarter of 2025, compared to growth of 1.9 percent, 3.2 percent, and 2.3 percent, respectively, in the corresponding quarters of 2024. This growth was supported by both food and non-food manufacturing activities. Within food manufacturing, the sub-sector benefited from strong increases in coffee auctions and milk deliveries. Non-food manufacturing also performed well, with increased production of cement and galvanized sheets, as well as increased assembly of motor vehicles.

19. The electricity and water supply sub-sector grew by 3.6 percent in the first quarter, 5.7 percent in the second quarter, and 3.6 percent in the third quarter of 2025, representing an improvement compared to growth of 2.8 percent, 1.2 percent, and 0.9 percent, respectively, in the corresponding quarters of 2024. Growth was driven by higher electricity generation, with solar, wind, and geothermal sources contributing significantly, although increases in thermal generation and a decline in hydro generation curtailed overall performance.

20. The construction sub-sector grew by 3.0 percent in the first quarter, 5.7 percent

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI KENYA

in the second quarter, and 6.7 percent in the third quarter of 2025, up from growth of 0.4 percent and contractions of 3.7 percent and 2.6 percent, respectively, in the corresponding quarters of 2024. This performance was driven by increased consumption of key inputs such as cement, iron, and steel. Additionally, the quantity of imported bitumen increased during the period.

21. The **services sector** recorded growth of 4.8 percent in the first quarter, 5.5 percent in the second quarter, and 5.4 percent in the third quarter of 2025, compared to growth of 6.8 percent, 6.2 percent, and 5.7 percent, respectively, in the corresponding quarters of 2024. The transportation and storage sub-sector expanded by 3.7 percent in the first quarter, 5.4 percent in the second quarter, and 5.2 percent in the third quarter of 2025, compared to growth of 4.1 percent, 3.4 percent, and 4.6 percent, respectively, in the corresponding quarters of 2024. Performance in this sub-sector was supported by increased activity in road, water, and air transport, as well as railway operations.

22. The accommodation and food service sub-sectors grew by 4.1 percent in the first quarter, 7.8 percent in the second quarter, and 17.7 percent in the third quarter of 2025, compared to growth of 38.1 percent, 35.0 percent, and 22.9 percent, respectively, in the corresponding quarters of 2024. This growth was largely supported by increased visitor arrivals, as Kenya co- hosted the African Nations Championship (CHAN) in the third quarter of 2025. International visitor arrivals through the two major airport, Jomo Kenyatta International Airport (JKIA) and Mombasa International Airport (MIA), increased during the first three quarters of 2025.

23. The information and communication sub-sector grew by 5.8 percent in the first quarter, 6.0 percent in the second quarter, and 4.5 percent in the third quarter of 2025, compared to growth of 9.2 percent, 6.7 percent, and 6.9 percent, respectively, in the corresponding quarters of 2024. This performance was supported by increases in both domestic and international mobile voice traffic, as well as higher mobile broadband data consumption.

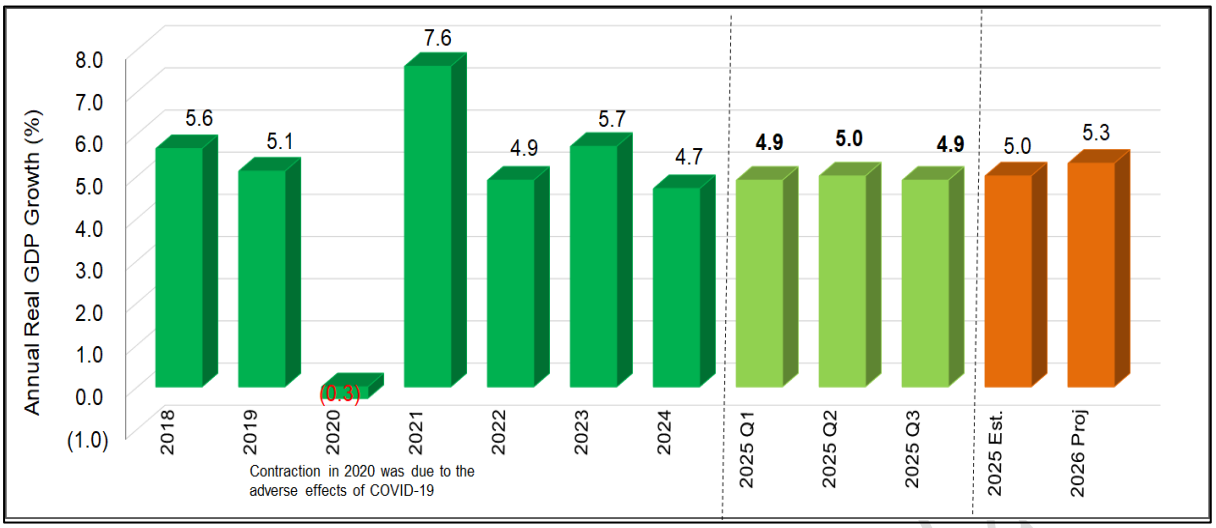
24. The financial and insurance sub-sector recorded growth of 5.2 percent in the first quarter, 6.7 percent in the second quarter, and 5.4 percent in the third quarter of 2025, compared to growth of 9.6 percent, 8.0 percent, and 7.3 percent, respectively, in the corresponding quarters of 2024. The slower growth reflects the impact of easing interest rates, which moderated earnings from financial intermediation, alongside relatively modest credit growth to the private sector.

25. Leading indicators of economic activity point to improved performance in the fourth quarter of 2025. As such, full-year growth is estimated at 5.0 percent and projected to improve to 5.3 percent in 2026. This growth is supported by continued resilience of key service sectors and agriculture, and continued recovery of the industry sector. The outlook will be reinforced by the ongoing implementation of priorities under Bottom-Up Economic Transformation Agenda (BETA) **(Figure 2.1).**

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

**Figure 2.1: Annual Real GDP Growth Rates, percent**



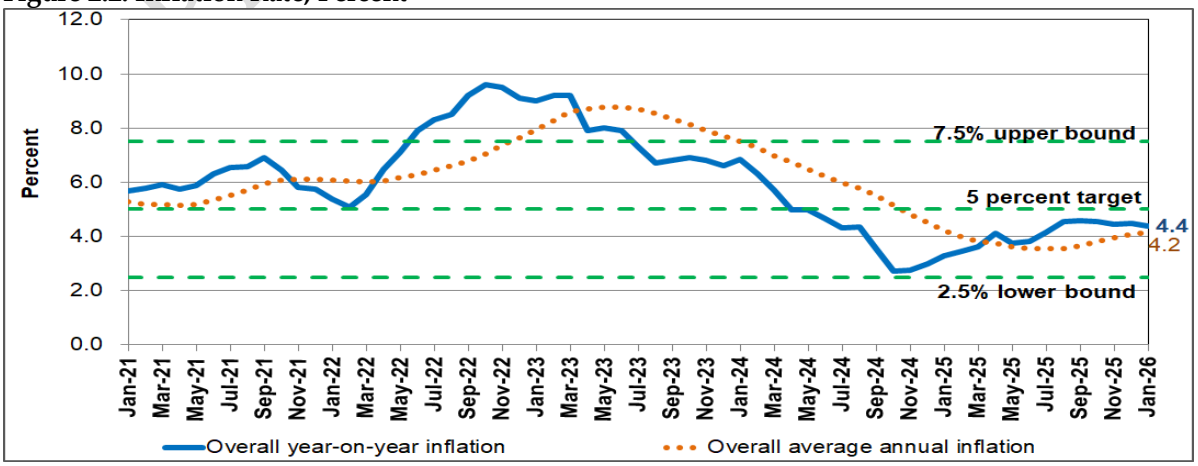

*Source of Data: Kenya National Bureau of Statistics 2026*

## Inflation Developments

26. Overall year-on-year inflation has declined and remained below the mid-point of the policy target range of 5.0 ± 2.5 percent since June 2024. The stable inflation has been supported by: abundant supply of food attributed to favorable weather conditions coupled with government interventions; lower fuel inflation attributed to the stability of the exchange rate and lower international oil prices. Inflation stood at 4.4 percent in January 2026 compared to 3.3 percent in January 2025 **(Figure 2.2).** The increase reflects the easing of monetary policy.

27. Core inflation remained muted at 2.2 percent in January 2026 from 2.0 percent in January 2025, mainly on account of lower prices of processed food items. Non-core inflation rose to 10.3 percent in January 2026 from 6.8 percent in January 2025, driven primarily by sharper increases in transport costs, as well as higher prices of vegetables, particularly tomatoes, carrots, onions, and cabbages, alongside pressures from utilities and energy.

**Figure 2.2: Inflation Rate, Percent**




*Source of Data: Kenya National Bureau of Statistics 2026*

PROVED CFSP 2026/2

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

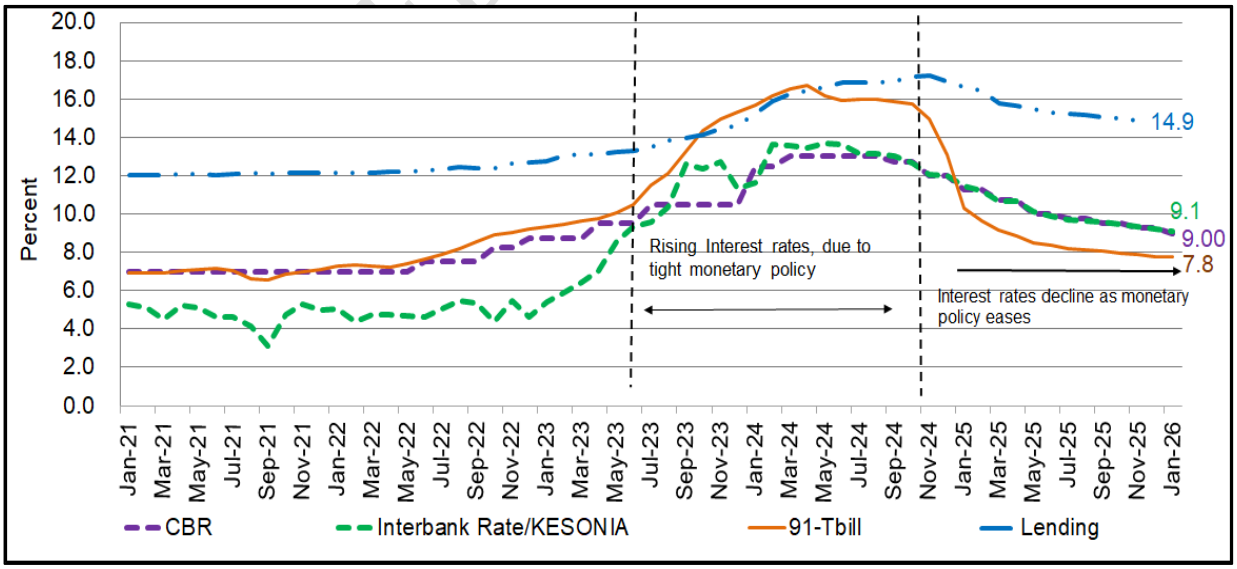
## Interest Rates Developments

28. The Central Bank of Kenya, through the Monetary Policy Committee (MPC), has gradually eased monetary policy by lowering the Central Bank Rate (CBR) from 13.0 percent in August 2024 to 9.0 percent in December 2025 **(Figure 2.3).** This measure is intended to augment previous policy actions aimed at stimulating bank lending to the private sector and supporting economic activity. It also seeks to ensure that inflationary expectations remain firmly anchored, while the exchange rate remains stable.

29. Short-term interest rates declined in line with the easing of monetary policy. KESONIA (the overnight interbank rate) declined to 9.0 percent in January 2026 from 11.2 percent in January 2025, while the 91-day Treasury bill rate declined to 7.7 percent from 9.6 percent over the same period. Similarly, the 182-day Treasury bill rate declined to 7.8 percent in January 2026 from 10.0 percent in January 2025, while the 364-day Treasury bill rate declined to 9.2 percent from 11.3 percent over the same period. The decrease in government domestic borrowing rates has contributed to lower debt-servicing costs.

30. Commercial banks' average lending and deposit rates decreased in the year to November 2025 in tandem with the easing of the monetary policy. The average lending rate decreased to 14.9 percent in November 2025 from 17.2 percent in November 2024 while the average deposit rate also decreased to 7.3 percent from 10.4 percent over the same period. Consequently, the average interest rate spread increased to 7.6 percent in November 2025 from 6.8 percent in November 2024.

**Figure 2.3: Interest Rates**




*Source of Data: Central Bank of Kenya 2026*

## Monetary and Credit Developments

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI KENYA

31. Broad money supply, M3, grew by 9.8 percent in the year to December 2025, compared to a contraction of 0.2 percent in the year to December 2024 **(Table 2.3).** The improved growth of M3 was driven by higher growth in both Net Foreign Assets (NFA) and Net Domestic Assets (NDA), particularly credit to both the Government and the private sector. The NFA of the banking system grew by 40.7 percent in the year to December 2025, compared to a growth of 6.1 percent in the year to December 2024. The increase in NFA was mainly attributable to a rise in the Central Bank's foreign assets, while growth in commercial banks' foreign assets slowed during the period.

**Table 2.3: Money and Credit Developments (12 Months to December 2025, KSh billion)**

| | | | | Absolute Change | | Percent Change | |
|---|---|---|---|---|---|---|---|
| | 2023 December | 2024 December | 2025 December | 2023-2024 December | 2024-2025 December | 2023-2024 December | 2024-2025 December |
| ***COMPONENTS OF M3*** | | | | | | | |
| 1. Money supply, M1 (1.1+1.2+1.3) | 2,044.1 | 2,121.4 | 2,406.0 | 77.3 | 284.6 | 3.8 | 13.4 |
| 1.1 currency outside banks (M0) | 282.1 | 292.8 | 323.2 | 10.7 | 30.4 | 3.8 | 10.4 |
| 1.2 Demand deposits | 1,663.9 | 1,714.5 | 1,970.0 | 50.6 | 255.5 | 3.0 | 14.9 |
| 1.3 Other deposits at CBK | 98.0 | 114.1 | 112.8 | 16.1 | (1.3) | 16.4 | (1.1) |
| 2. Money supply, M2 (1+2.1) | 3,952.3 | 4,231.3 | 4,682.7 | 279.0 | 451.3 | 7.1 | 10.7 |
| 2.1 Time and savings deposits | 1,908.3 | 2,109.9 | 2,276.7 | 201.7 | 166.7 | 10.6 | 7.9 |
| **Money supply, M3 (2+3.1)** | **5,498.6** | **5,488.7** | **6,029.3** | **(9.8)** | **540.6** | **(0.2)** | **9.8** |
| 3.1 Foreign currency deposits | 1,546.3 | 1,257.4 | 1,346.7 | (288.8) | 89.3 | (18.7) | 7.1 |
| ***SOURCES OF M3*** | | | | | | | |
| **1. Net foreign assets (1.1+1.2)** | **793.6** | **841.7** | **1,183.9** | **48.1** | **342.2** | **6.1** | **40.7** |
| 1.1 Central Bank | 486.9 | 610.1 | 892.5 | 123.3 | 282.4 | 25.3 | 46.3 |
| 1.2 Banking Institutions | 306.7 | 231.5 | 291.4 | (75.2) | 59.8 | (24.5) | 25.8 |
| **2. Net domestic assets (2.1+2.2)** | **4,705.0** | **4,647.1** | **4,845.4** | **(57.9)** | **198.4** | **(1.2)** | **4.3** |
| 2.1 Domestic credit (2.1.1+2.1.2+2.1.3) | 6,252.0 | 5,909.0 | 6,429.8 | (343.1) | 520.9 | (5.5) | 8.8 |
| 2.1.1 Government (net) | 2,239.5 | 1,984.2 | 2,289.6 | (255.3) | 305.4 | (11.4) | 15.4 |
| 2.1.2 Other public sector | 101.3 | 67.1 | 54.5 | (34.2) | (12.6) | (33.8) | (18.8) |
| **2.1.3 Private sector** | **3,911.2** | **3,857.7** | **4,085.8** | **(53.5)** | **228.1** | **(1.4)** | **5.9** |
| 2.2 Other assets net | (1,547.0) | (1,261.9) | (1,584.4) | 285.1 | (322.5) | 18.4 | (25.6) |

***Source of Data: Central Bank of Kenya 2026***

32. Net Domestic Assets (NDA) improved to a growth of 4.3 percent in the year to December 2025, compared to a contraction of 1.2 percent over a similar period in 2024. The domestic credit extended by the banking system to the Government grew by 15.4 percent in the year to December 2025 compared to a contraction of 11.4 percent over a similar period in 2024 while lending to other public sectors contracted by 18.8 percent compared to a contraction of 33.8 percent over the same period. Increased net lending to government mainly reflected increase uptake of government securities by commercial banks. In contrast, lending to other public sector declined, mainly reflecting repayments by parastatals.

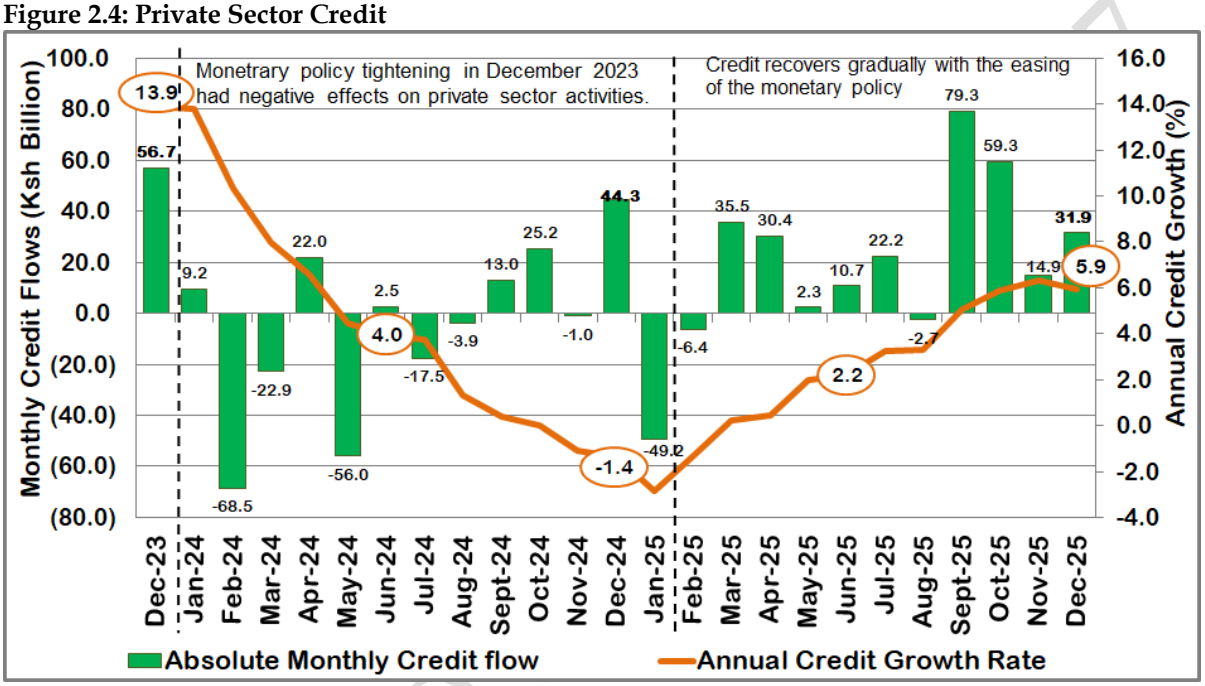
33. Growth in private sector credit from the banking system recorded a growth of 5.9 percent in the year to December 2025 compared to a contraction of 1.4 percent in the year to December 2024. Growth in credit to key sectors of the economy, particularly Agriculture, manufacturing, building and construction, Finance and insurance, and consumer durables, remained strong in December 2025. This mainly reflects improved

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

demand for credit in line with the declining interest rates.

34. The Monthly (month on month) credit flows to the private sector improved to KSh 31.9 billion in December 2025 due to the easing of the monetary policy stance to lower the cost of funds for banks **(Figure 2.4).** Sustained demand particularly for working capital due to resilient economic activities and the implementation of the Credit Guarantee Scheme for the vulnerable MSMEs will continue to support private sector credit uptake.

**Figure 2.4: Private Sector Credit**




*Source of Data: Central Bank of Kenya 2026*

## External Sector Developments

35. The current account deficit stood at US$ 3,298.9 million (2.4 percent of GDP) in December 2025, compared to US$ 1,550.6 million (1.2 percent of GDP) in December 2024 **(Table 2.4).** The current account balance was supported by resilient goods exports, an improvement in services receipt and net primary income, and increased remittances. The current account deficit in the 12 months to December 2025 was more than fully financed by financial account inflows.

APPROVED

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

**Table 2.4: Balance of Payments (USD Million)**

| | | | | Year to December 2025 | | Actuals as a Percent of GDP | |
|---|---|---|---|---|---|---|---|
| | Dec-23 | Dec-24 | Dec-25 | Absolute Change | Percent Change | Dec-24 | Dec-25 |
| **Overall Balance** | **1,008.1** | **(1,458.7)** | **(1,868.3)** | **(409.6)** | **(28.1)** | **(1.2)** | **(1.3)** |
| **A) Current Account** | **(2,728.4)** | **(1,550.6)** | **(3,298.9)** | **(1,748.3)** | **(112.8)** | **(1.2)** | **(2.4)** |
| *Merchandise Account (a-b)* | (9,556.4) | (9,734.2) | (10,995.3) | (1,261.1) | (13.0) | (7.8) | (7.9) |
| a) Goods: exports | 11,031.3 | 12,507.9 | 13,266.1 | 758.1 | 6.1 | 10.0 | 9.5 |
| b) Goods: imports | 20,587.8 | 22,242.1 | 24,261.3 | 2,019.2 | 9.1 | 17.7 | 17.3 |
| *Net Services (c-d)* | 1,703.4 | 2,416.1 | 2,100.9 | (315.2) | (13.0) | 1.9 | 1.5 |
| c) Services: credit | 7,149.2 | 8,077.6 | 8,168.3 | 90.6 | 1.1 | 6.4 | 5.8 |
| d) Services: debit | 5,445.8 | 5,661.5 | 6,067.4 | 405.9 | 7.2 | 4.5 | 4.3 |
| *Net Primary Income (e-f)* | (1,861.1) | (1,845.5) | (1,798.7) | 46.8 | 2.5 | (1.5) | (1.3) |
| e) Primary income: credit | 182.3 | 291.7 | 401.1 | 109.4 | 37.5 | 0.2 | 0.3 |
| f) Primary income: debit | 2,043.5 | 2,137.2 | 2,199.8 | 62.6 | 2.9 | 1.7 | 1.6 |
| *Net Secondary Income* | 6,985.8 | 7,613.0 | 7,394.1 | (218.8) | (2.9) | 6.1 | 5.3 |
| g) Secondary income: credit | 7,079.0 | 7,662.1 | 7,459.7 | (202.4) | (2.6) | 6.1 | 5.3 |
| of which Remittances | 4,189.9 | 4,945.2 | 5,036.8 | 91.5 | 1.9 | 3.9 | 3.6 |
| h) Secondary income: debit | 93.3 | 49.1 | 65.5 | 16.4 | 33.5 | 0.0 | 0.0 |
| **B) Capital Account** | **127.6** | **232.2** | **180.7** | **(51.5)** | **(22.2)** | **0.2** | **0.1** |
| **C) Financial Account** | **(1,847.0)** | **(3,213.6)** | **(5,266.7)** | **(2,053.1)** | **(63.9)** | **(2.6)** | **(3.8)** |

***Source of Data: Central Bank of Kenya 2026***

36. The balance in the merchandise account deteriorated by US$ 1,261.1 million to a deficit of US$. 10,995.3 million in December 2025 mainly due to an increase in import bill that more than offset the increase in exports. Goods exports increased by 6.1 percent, due to higher domestic exports particularly horticulture, coffee, manufactured goods, and apparel. Goods imports rose by 9.1 percent, reflecting increases in intermediate and capital goods imports.

37. Services receipts increased by 7.2 percent, mainly supported by increased receipts from travel services. The deficit on the primary account narrowed by US$ 46.8 million to a deficit of US$. 1,798.7 million in the year to December 2025, compared to the same period last year. Diaspora remittances increased by 1.9 percent to US$ 5,036.8 million in the 12 months to December 2025 compared to US$ 4,945.2 million in a similar period in 2024. Remittances increased forex inflows into the country, with some going to investment while others support household consumption of our people.

38. The capital account balance decreased by US$. 51.5 million to register a surplus of US $180.7 million in December 2025 compared to a surplus of US$ 232.2 million in the same period in 2024. Net financial inflows improved to US$. 5,266.7 million in December 2025 compared to US$. 3,213.6 million in December 2024 reflecting an increase in net financial liabilities, which more than offset the decline in net acquisition of financial assets. The net financial inflows were mainly in the form of Portfolio investments, direct investments, financial derivatives and other investments.

APPROVED CFSP 2

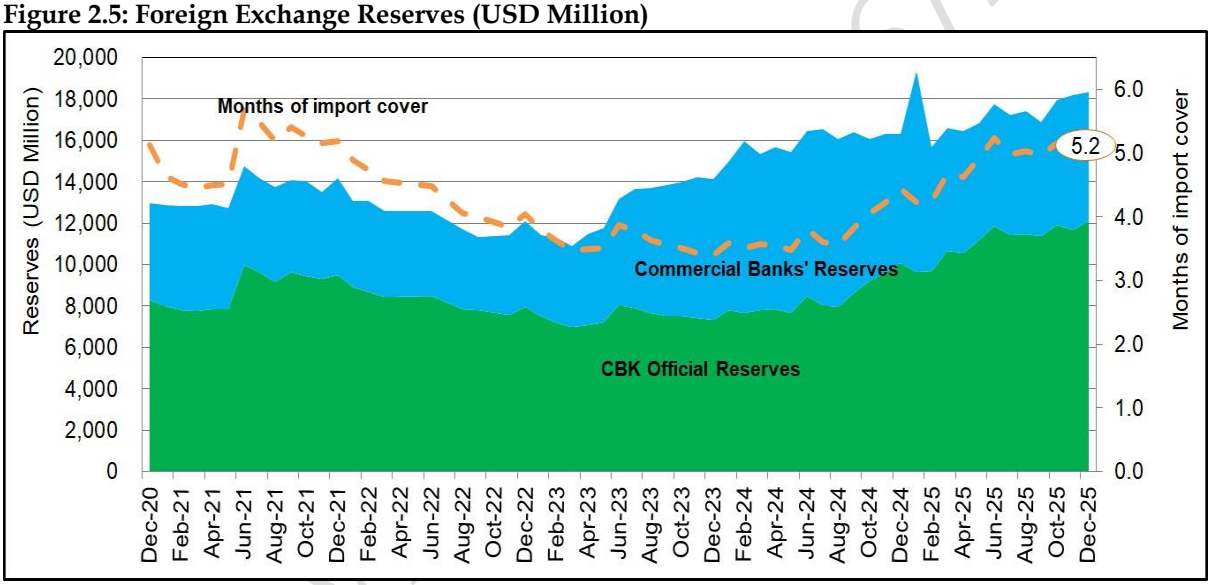
COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

## Foreign Exchange Reserves

39. The banking system's foreign exchange holdings remained strong at US$. 18,312.1 million in December 2025 from US$. 16,324.5 million in December 2024. The official foreign exchange reserves held by the Central Bank stood at US$. 12,098.6 million compared to US$ 10,066.6 million over the same period in 2024 **(Figure 2.5).** Commercial banks foreign exchange holdings decreased to US$. 6,213.6 million in December 2025 from US$. 6,257.9 million in December 2024.

40. The official reserves held by the Central Bank in December 2025 represented 5.2 months of import cover, compared to 4.4 months of import cover in December 2024. These reserves continue to provide adequate cover and a buffer against short-term shocks in the foreign exchange market. The level of reserves also exceeds the minimum requirement of four months of import cover.

**Figure 2.5: Foreign Exchange Reserves (USD Million)**



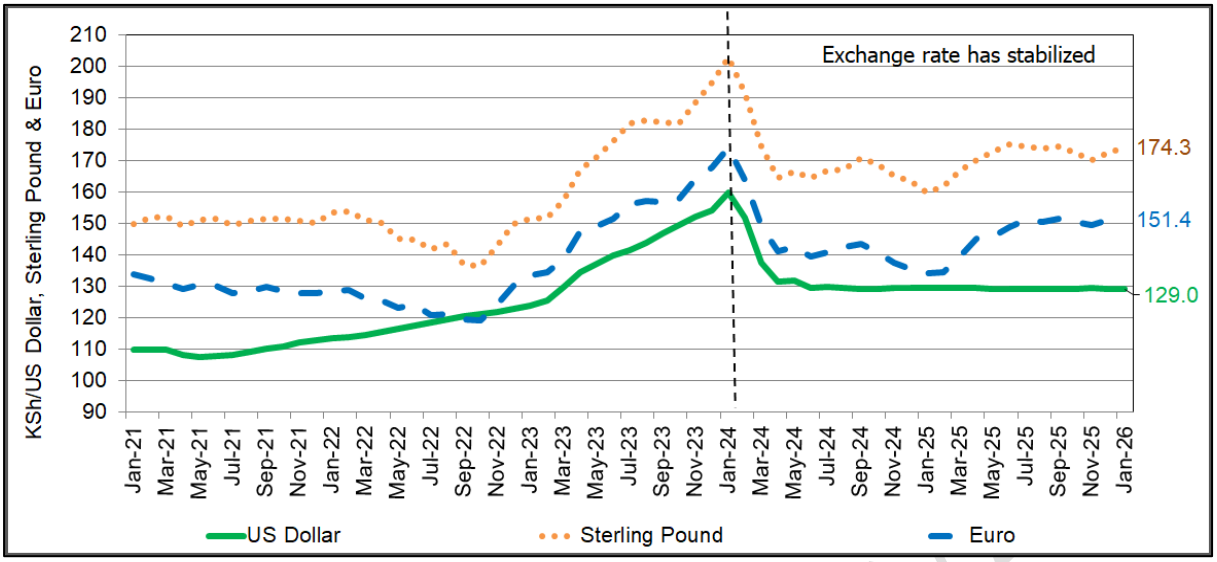

*Source of Data: Central Bank of Kenya 2026*

## Exchange Rate Developments

41. The Kenya Shilling remained relatively stable against the US Dollar, exchanging at an average of KSh 129.0 in January 2026 compared to KSh 129.4 in January 2025. However, the Shilling depreciated against the Sterling Pound and the Euro by 9.1 percent and 13.0 percent, respectively. The Sterling Pound averaged KSh 174.3 in January 2026, up from KSh 159.8 in January 2025, while the Euro averaged KSh 151.4 compared to KSh 134.0 over the same period. Overall, the foreign exchange market remained well-supported by steady inflows from agricultural exports and diaspora remittances, which helped cushion the Shilling against excessive volatility **(Figure 2.6).**

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

**Figure 2.6: Kenya Shillings Exchange Rate**

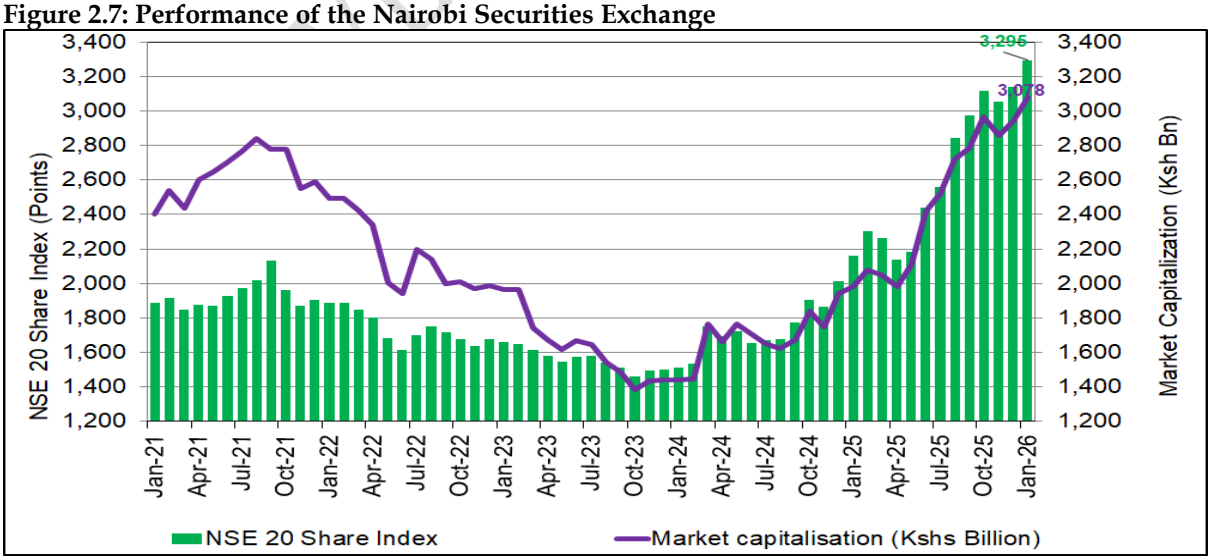



*Source of Data: Central Bank of Kenya 2026*

## Capital Markets Developments

42. The stability of the Kenya Shilling against major international currencies, together with improved macroeconomic conditions, has boosted investor confidence. This has driven higher foreign direct investment inflows and increased participation in the Nairobi Securities Exchange (NSE). As a result, the NSE 20 Share Index improved by 52.4 percent to 3,295 points in January 2026, up from 2,163 points in January 2025. Similarly, market capitalization expanded by 55.2 percent to KSh 3,078 billion from KSh 1,984 billion over the same period **(Figure 2.7).** These levels represent the strongest performance of the NSE since the pre-COVID period, reflecting renewed confidence in Kenya's economic recovery and long-term prospects.

**Figure 2.7: Performance of the Nairobi Securities Exchange**




*Source of Data: Nairobi Securities Exchange 2026*

## 2.2 Kenya's Macroeconomic Policy Outlook

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

43. Kenya's economic outlook is estimated to have expanded by 5.0 percent in 2025 and expected to strengthen to 5.3 percent. This performance is taking place against a broadly supportive global environment, where growth is estimated at 3.3 percent in 2026 and 3.2 percent in 2027, sustained by easing trade tensions, accommodative financial conditions and expanding technology investment, particularly in artificial intelligence.

44. Kenya's growth projection will be anchored by a robust agricultural sector, steady expansion in services, and a gradual rebound in industry. Agriculture is expected to benefit from favorable weather conditions, climate-smart investments, and Government initiatives aimed at improving productivity and market access. Strong linkages between agriculture and other sectors, particularly Agro-processing, exports, and rural household incomes, will continue to support broad-based growth.

45. Industrial activity is projected to firm up over the medium term, supported by easing production costs and a more stable exchange rate environment. The construction industry is set for a notable turnaround following the clearance of verified pending bills, which will help restart stalled projects, improve liquidity for contractors, and stimulate related industries such as manufacturing and construction materials. Kenya's dynamic services sector, especially finance, ICT, and trade, is expected to retain momentum. Government efforts to promote sustainable tourism, expand community-based tourism models, and enhance port infrastructure to support cruise tourism will further lift hospitality and transport services.

46. On the demand side, private consumption and investment are expected to remain resilient, supported by a favorable macroeconomic environment. Lower inflation and prudent monetary policy will help improve household purchasing power and ease cost pressures on firms. Remittances, Kenya's largest source of foreign exchange, are projected to remain strong and provide an additional buffer for household consumption. The ongoing decline in lending rates will improve credit affordability for businesses and households, stimulating private investment, enterprise expansion, and job creation.

47. Private sector investments will also be bolstered by measures aimed at improving competitiveness, reducing regulatory bottlenecks, and strengthening market efficiency. Positive investor sentiment, improved access to international markets, adherence to fiscal consolidation, and a more stable exchange rate anchored on credible monetary policy and sound liability- management practices will enhance Kenya's investment climate. The expansion of Public– Private Partnerships (PPPs) is expected to play a major role in closing development infrastructure gaps. The harmonized Public Investment Policy, now fully operational, aligns PPP and Public Investment Management processes to ensure efficient, coordinated planning and execution of projects. Over the medium term, the Government will prioritize PPP investments across key sectors including Agriculture, Roads, Transport and Logistics, Urban Development and Housing, Energy, Water, ICT, Agribusiness and Manufacturing, and Health. There are currently 40 Public Private Partnership (PPP)

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

projects, of which 10 are under implementation while 30 are in the pipeline at various stages of the PPP project cycle. In FY 2026/27, the Government targets to mobilize at least KSh 80 billion in private investment through PPPs. To strengthen openness, transparency, and accountability, the Government will continue to enforce compliance with the National Treasury Circular on Public Disclosure of Privately Initiated Proposals (PIPs) issued in April 2025, and enhance public participation at all critical stages of the PPP project lifecycle, in line with the PPP Act, including the publication of all intended and ongoing projects pursuant to Sections 43 and 69 of the PPP Act. Ongoing privatization of select State-owned enterprises will complement these efforts by improving efficiency, attracting both domestic and foreign investors, and creating fiscal space for priority development programs.

48. Growth in public consumption is expected to remain modest in line with the medium-term fiscal adjustment. Recurrent expenditure as a share of GDP is projected to gradually decline, while development spending is expected to rise to support implementation of BETA priorities. To support private-sector liquidity and stimulate economic activity, the Government will continue efforts to clear pending bills, especially those in the roads sector. These payments will be facilitated through a bond issuance by the Kenya Roads Board. In addition, major infrastructure investments will increasingly leverage PPP arrangements to reduce pressure on the exchequer.

49. Kenya's external position is expected to remain stable over the medium term, supported by rising exports and an improving global environment. The implementation of key trade agreements, stronger growth in Kenya's main regional markets in Africa, and lower international commodity prices will help strengthen export performance. The removal of certain export tariffs by China, and improved access to European Union markets, are expected to enhance Kenya's export competitiveness, boost foreign exchange earnings, and narrow the external imbalance. Continued resilience in agricultural exports, particularly horticulture and tea, will remain a core driver of external sector stability.

50. Stabilizing global economic conditions are expected to strengthen diaspora remittances and support continued growth in tourism and transport services. The expected rebound in service exports, particularly tourism, ICT-enabled services, and transport, will help cushion the economy against reduced income flows from declining donor support. Import growth is projected to pick up as domestic demand strengthens, supported by a stable exchange rate and industrial recovery. The increase in imports will mainly reflect higher demand for raw materials to support manufacturing and industrial activity, as well as consumer goods required to meet rising household consumption.

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

## 2.3 Homa Bay County Macro-Economic Outlook

### Homa Bay Gross County Product

51. The County registered an upsurge in the Gross County Product to Kshs. 200,564,000,000 in 2024 up from KShs. 182,858,000,000 in 2023 which reflected percentage increase of 9.68% and this is projected to increase further in 2025 and 2026 due to increased collaboration with the national government through the development of the special economic zone that is expected to create job opportunities, value addition and increase income level as well as increased infrastructure development e.g. expansion of the air strip that is expected to boast tourism and hospitality as well as transport sector as well dualling and tamarin of major roads which will increase accessibility and the development of the lakefront and pier that is expected to create foreign markets for the county's produce

**Table 2.7: Gross County Product at Current Prices+, 2020–2024**

| Year | 2020 | 2021 | 2022 | 2023 | 2024* |
|---|---|---|---|---|---|
| GCP in current prices(millions) | 120,773 | 147,854 | 168,678 | 182,858 | 200,564 |

*Source: KNBS Gross County Product 2025*

52. Over the years, the county's contribution to the gross value added has remained generally stable between 1.2% and 1.4% and is projected to remain the same for the next 5 years.

**Table 2.8: Homa Bay GCP by Economic Activity at Current Prices, 2024 in millions**

| Agriculture, Forestry & Fishing | Mining & Quarrying | Manufacturing | Electricity Supply | Water Supply; Waste Collection | Construction | Wholesale & Retail Trade; Repair of Motor Vehicles | Transport & Storage | Accommodation & Food Service Activities | Information & Communication | Financial & Insurance Activities | Real Estate Activities | Professional & Technical Services | Administrative Support Services | Public Administration & Defense | Education | Human Health & Social Work Activities | Other Service Activities | Financial Services | GCP |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 94,619 | 763 | 6,469 | 474 | 643 | 3,800 | 7,048 | 24,660 | 2,578 | 2,509 | 1,845 | 7,262 | 3,637 | 2,060 | 16,603 | 16,253 | 4,725 | 5,402 | (786) | 200,564 |

*Source: KNBS Gross County Product 2025*

### Homa Bay Gross County Product Per Capita

53. The Gross County Product per Capita shows an increase in 2024 to KShs.159,822 up from KShs. 148,465 in 2023 this reflected an increase of 7.64% and is projected to increase in 2025 and 2026

**Table 2.8: Homa Bay GCP Per Capita+, 2020–2024**

| Year | 2020 | 2021 | 2022 | 2023 | 2024* |
|---|---|---|---|---|---|
| GCP per Capita (KShs) | 103,947 | 124,757 | 139,588 | 148,465 | 159,822 |

*Source: KNBS Gross County Product 2025*

### Homa Bay County Own Source Revenue

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

54. The own source revenue generation has steadily increased over the last 4 financial years and this is projected to continue so in FY 2025/26 and FY 2026/27 over the medium term this is attributed to the introduction of cashless systems for revenue collection, improvement and building of new markets, completion of the Raila Odinga Stadium , improvement of the health facilities with the accident and Emergency block at the referral hospital expected to be complete in 2026, improvement of infrastructure like roads and air strip.

55. In FY 2024/25 the own source revenue generated rose to KShs. 1,730,042,142 against a target of KShs. 1,482,806,657 which represent a 116.67% achieved target this increased from KShs 1,200,495,831 raised in FY 2023/24 reflecting a percentage growth of 44.1%

**Table 2.9: Own Source Revenue 2020/21–2024/25**

| Financial Year | Target (KES) | Actual (KES) | Actual as % of Target |
|---|---|---|---|
| **2020/21** | 170,818,374 | 120,412,567 | 71 |
| **2021/22** | 164,982,028 | 146,642,418 | 89 |
| **2022/23** | 818,315,811 | 491,496,550 | 60 |
| **2023/24** | 1,392,206,352 | 1,200,495,831 | 86 |
| **2024/25** | 1,482,806,657 | 1,730,042,142 | 116.67 |

*Source: Office of the Controller of Budgets (OCOB) Reports 2021-2025*

## 2.4 Risks to the Economic Outlook

56. Kenya's economic outlook faces several downside risks that could constrain growth and challenge macroeconomic stability. Domestically, extreme weather events, such as droughts, floods, and prolonged dry spells, pose significant threats to agricultural output. Disruptions in food production could lead to elevated food prices, fueling inflationary pressures and reducing household purchasing power. Climate-related damage to infrastructure, including roads, bridges, and irrigation systems, could further disrupt economic activities and increase Government spending on emergency response and reconstruction, diverting resources from development priorities.

57. On the external front, rising costs of imported fuel and food, driven by global supply shocks, geopolitical tensions, or trade restrictions, could amplify inflation and increase production costs for businesses. Volatility in international financial markets, fluctuations in commodity prices, and tighter global financing conditions may also adversely affect investment flows and exchange rate stability. Uncertainty surrounding trade policies, tariffs or regional trade agreements could further impede export growth and cross-border commerce.

58. Despite these potential headwinds, there are significant upside opportunities. Accelerated implementation of structural reforms under BETA and the Fourth Medium-Term Plan, including enhanced public financial management, improved expenditure efficiency, governance reforms, and streamlined business regulations, could boost investor confidence, attract private investment, and spur economic activity.

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

A supportive global economic environment, characterized by stable commodity prices, declining oil prices, and robust external demand, could further strengthen export earnings, foreign exchange inflows, and overall economic resilience. Additionally, Kenya's transition to climate-smart agriculture, renewable energy investments, and enhanced disaster preparedness can mitigate some domestic risks, supporting more sustainable and inclusive growth.

59. Sustained coordination between monetary and fiscal policies will remain critical in maintaining a stable macroeconomic environment conducive to investment, savings, and growth. The Government will continue to closely monitor both domestic and international developments and implement timely policy interventions to shield the economy from adverse shocks, while promoting structural transformation and resilience in key sectors such as agriculture, energy, manufacturing, and services.

60. Homa Bay county economic outlook also faces several downside risks that could constrain growth and challenge macroeconomic stability. Approaching an election year there is a risk of political intolerance and animosity, unpredictable climate patterns also possess a major threat to the agricultural sector, Floods is also an anticipated threat to lives and livelihood hence ballooning emergency expenditure and destruction of infrastructure.

61. External the effects of President Trumps decision on reduction of external support could also pause a threat to the health sector as well as employment, Kenya political situation could also have far reaching effects on the county economy.

62. Despite these potential risks, there are significant upside opportunities. Accelerated implementation of structural reforms under BETA, the Fourth Medium-Term Plan and Genowa transformative agenda, including enhanced public financial management, improved expenditure efficiency, governance reforms, improved infrastructure, completion of the economic zone, revitalization of the pier could boost investor confidence, attract private investment, and spur economic activity.

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

# CHAPTER THREE: STRATEGIES FOR UNLOCKING COUNTY'S POTENTIAL FOR ACCELERATED AND INCLUSIVE GREEN GROWTH

## 3.1 Overview

63. The 2026 County Fiscal Strategy sets out a clear pathway toward faster, inclusive, and sustainable development in Homa Bay County, aligned with the vision of the GENOWA Administration. In developing this strategy, the County Government acknowledges the close link between economic advancement, social fairness, and environmental responsibility. Accordingly, the strategy emphasizes actions that drive strong growth while ensuring development gains are fairly distributed across all sections of the population, so that no group is left behind.

64. The County Government is dedicated to creating a supportive environment for innovation, allowing the county to tackle persistent challenges while taking advantage of new opportunities. Sustainability is central to this approach, emphasizing the protection of natural resources and strengthening resilience against changing global pressures. By promoting collaboration, transparency, and prudent financial management, the county seeks to uphold good governance and accountability, thereby building a strong foundation for a sustainable and prosperous future for all residents of Homa Bay County.

## 3.2 Priority Policy Measures

65. To ensure the fulfillment of GENOWA agenda, the County Government aims to build strong partnerships with the National Government and other key stakeholders. This spirit of collaboration is essential in creating an environment that supports economic growth, enhances social well-being, and encourages responsible environmental management. The 2026 CFSP provides a strategic framework, detailing priority policies and expenditure programs to be implemented during the MTEF period 2026/27–2027/28.

66. The actions outlined in this strategy are intended to establish the conditions required to promote rapid, inclusive, and sustainable development throughout Homa Bay County. These measures include:

a) Harnessing the implementation of the "Bottom-Up Economic Transformation Agenda" of the Government of Kenya for reducing the cost of living and improving livelihoods, while at the same time fostering sustainable inclusive economic transformation.
b) Enhancing the business environment by maintaining macroeconomic stability, enhancing security, improving business regulations and providing support.
c) Fast tracking development of critical infrastructure in the county such as roads, energy and water, among others, to reduce the cost of doing business as well as promote competitiveness of local products.
d) Transforming the county's economic sectors for broad based sustainable

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

economic growth.

e) Improving access to education, health services, and social welfare programs which are essential to improve human development indicators and uplifting vulnerable populations.
f) Supporting youth, women and persons with disability to enable them actively to contribute to the economic recovery agenda; and
g) Implementing various structural reforms to enhance the efficiency of public service delivery while at the same time ensuring accountability for better macroeconomic and fiscal stability, sustained credit ratings, improved fiscal discipline and minimized corruption.

## 3.3 Alignment with national priorities and the 2026 Budget Policy Statement

67. Kenya Vision 2030 is the country's long-term development framework designed to transform Kenya into a modern, industrialized, and globally competitive middle-income nation that offers a high standard of living to all its citizens by the year 2030. The Vision was formulated through a broad, participatory, and inclusive consultative process that engaged stakeholders from across all sectors of the economy, and it is founded on three core pillars: economic, social, and political.

68. The Constitution of Kenya (2010) and the County Governments Act (2012) require county development plans to align with national vision and development frameworks. In line with this requirement, deliberate efforts have been made to harmonize the Homa Bay CIDP with Kenya Vision 2030 and its Fourth Medium-Term Plan. The BETA agenda focuses on economic recovery and inclusive growth by promoting increased investment in key sectors identified as having the greatest impact on economic performance and household welfare. These priority sectors include Agriculture Transformations; Micro, Small and Medium Enterprises (MSMEs); Housing and Settlements; Healthcare (UHC); and the Digital Superhighway and Creative Economy.

69. The County Government of Homa Bay will continue working closely with the National Government and other development partners to lay down a solid foundation for the County's economic recovery, through industrialization, improving ease of doing business, wealth creating and improving health indicators as envisaged in the County's Vision Statement.

## 3.4 MTEF Sectors Performance and Strategies

### 3.4.1 Public Administration and Intergovernmental Relations Sector

70. The Public Administration and Inter-Government Relations Sector comprise of 5 Sub-sectors namely: The Executive Office of the Governor; County Department for Governance, Administration, Communication and Public Participation; County Department for Finance and Economic Planning; County Public Service Board; and The County Assembly Service Board.

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

#### 3.4.1.1 Inclusive Governance

71. Inclusive governance remains a central pillar of Homa Bay County's development framework, encompassing a range of approaches and systems designed to promote representation, participation, transparency, and accountability.

72. Emphasis will be placed on representation and diversity to ensure that decision-making organs mirror the county's diverse demographic composition, enabling governance structures to meaningfully reflect the experiences and aspirations of all residents.

73. In addition, citizen participation will be strengthened even further through policies that encourage engagement via public consultations, stakeholder forums, and effective feedback channels. This approach ensures that community views inform decision-making, nurturing a sense of shared ownership and responsibility in governance processes.

74. Access to information will continue to underpin inclusive governance in Homa Bay County, with timely, transparent, and easily accessible information disseminated through platforms such as the county website. An informed citizenry is better positioned to participate meaningfully and to hold leaders accountable.

75. The County Government will continue to uphold the rule of law and reinforce accountability mechanisms to build trust and integrity within governance systems. Adherence to principles of fairness, justice, and transparency will enhance public confidence in government actions and decisions.

76. Social and economic inclusion will be advanced through targeted policies aimed at reducing inequalities and expanding equal opportunities for all residents. By addressing structural barriers and promoting equity, inclusive governance seeks to ensure that development benefits are shared broadly.

77. Empowering marginalized groups will remain a fundamental aspect of inclusive governance in the county, with targeted policies and programs designed to uplift communities facing systemic challenges. By amplifying their voices and addressing their unique needs, the county Government will be working towards creating a more equitable society.

78. Capacity building will remain essential for equipping Government officials and stakeholders with the skills and knowledge needed to address diverse needs effectively. By investing in continuous learning and development, the county's inclusive governance ensures that governance structures remain adaptive and responsive.

79. The County Government will also harness technology and innovative solutions

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

to enhance access, participation, and service delivery, while enacting policies and legislation that promote inclusivity and prohibit discrimination.

80. Finally, collaboration and partnerships with civil society, the private sector, and development partners will be strengthened to leverage shared expertise and resources in advancing sustainable development. Mechanisms for conflict resolution and mediation will be institutionalized to ensure disputes are resolved fairly and promptly, promoting social cohesion and ensuring all voices are heard.

#### 3.4.1.2 Fiscal Prudence

81. Fiscal discipline is a cornerstone of Homa Bay County's strategy to sustain its development momentum. It reflects the County Government's commitment to managing financial resources prudently, ensuring efficient allocation to advance development priorities. Guided by principles of transparency, accountability and sustainability, the county emphasizes sound fiscal management as a foundation for growth.

82. Transparency and accountability remain central, with the County Government providing open access to financial information through timely and accurate reports. Tools such as budget hearings and audits strengthen oversight, ensuring officials are held responsible for financial decisions and public resources are managed responsibly.

83. Efficient allocation of resources is a key feature of fiscal prudence, with investments prioritized based on their impact on economic growth, social development, and service delivery. Through careful budget planning and performance monitoring, funds are directed to critical sectors, including healthcare, education, infrastructure, and public safety.

84. Prudent debt management is emphasized, with borrowing undertaken strategically to support projects that deliver long-term benefits while avoiding excessive debt accumulation. This approach maintains financial stability and ensures favorable refinancing terms.

85. Revenue generation efforts are being strengthened through improved collection mechanisms, innovative revenue streams, and fair tax policies that broaden the tax base while minimizing leakages. These measures increase available resources for development initiatives and essential public services.

86. Contingency planning forms an integral part of fiscal management, with emergency reserves established to respond to unforeseen events such as natural disasters or economic shocks, ensuring that urgent needs can be addressed without compromising long-term financial stability.

87. Capacity building for public financial management personnel is a priority, with

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

training and professional development programs enhancing skills and expertise. This strengthens fiscal discipline and equips staff to manage public resources effectively in support of development goals.

88. Finally, public-private partnerships (PPPs) will be leveraged to finance infrastructure and service delivery projects, enabling the county to share risks and responsibilities with private partners while minimizing pressure on the budget and delivering benefits to the community.

#### 3.4.1.3 Enhancing Public Service Delivery

**Entrenching Fiscal Reforms**

89. The County Government remains firmly committed to fighting corruption, recognizing its negative impact on economic growth through the loss of public funds. To strengthen accountability throughout public financial management, the Government has implemented a comprehensive set of anti-corruption measures.

90. To ensure value for money, the County Government will prioritize the timely implementation and completion of key projects outlined in the County Annual Development Plan 2026. Compliance with project timelines and budgets will be reinforced through on-site inspections and robust public engagement. Additionally, the Government will continue to adhere to the Public Investment Management (PIM) Guidelines Circular No. 16/2019, which provides a standardized framework for managing public investments at all stages.

91. In response to potential global economic challenges, the County Government will review and rationalize stalled projects while ensuring that new projects comply with PIM appraisal requirements. A comprehensive baseline assessment will centralize data on all public investments, enabling analysis to identify projects for reprioritization or rationalization, supporting fiscal consolidation efforts.

92. To standardize project monitoring, reporting, and status declaration across all departments, manuals on Economic Project Appraisal and Project Monitoring & Evaluation are being developed. These will be implemented systematically to strengthen project management and accountability.

93. Acknowledging the critical role of Own Source Revenue (OSR) in increasing financial resources and improving service delivery, the County Government is committed to optimizing revenue collection. Efforts will include expediting the implementation of the National Policy to Support Enhancement of County Governments' OSR, enhancing internal capacity in public financial management, and finalizing additional revenue bills to operationalize the Finance Bill 2026.

#### 3.4.1.4 Community Engagement

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

94. Community engagement is a critical element in driving and sustaining the growth and prosperity of the County. It involves collaborative efforts with individuals and groups to address key issues, make informed decisions, and implement initiatives that reflect the needs and aspirations of the community.

95. The County Government will maintain transparent and accessible communication channels, using multiple platforms to share information and provide updates on ongoing projects and developments. Active listening will remain a priority to understand and respond to community concerns, feedback, and ideas, fostering mutual understanding and respect.

96. By promoting the active participation of all community members, including marginalized groups, engagement processes will be inclusive and representative. Residents will be involved in decision-making to encourage ownership, accountability, and collective contribution toward shared goals. Strategic partnerships with local organizations, community leaders and other stakeholders will continue to strengthen engagement efforts by leveraging expertise, resources, and networks.

97. For the County Government of Homa Bay, respect for the county's diverse cultural practices, traditions and values will underpin engagement strategies, promote inclusivity and understanding. These strategies will remain flexible and adaptable to accommodate evolving community needs, priorities, and dynamics over time.

98. Transparency regarding the goals, processes, and outcomes of engagement initiatives will be maintained to build trust, credibility, and accountability. Long-term engagement programs will be adopted to foster enduring relationships, collaboration, and positive community outcomes. Fair and transparent mechanisms will also be established to manage conflicts and disagreements, promoting harmony, unity, and social cohesion.

99. Empowering local communities is essential for ensuring that economic development initiatives are inclusive, responsive, and sustainable. Participatory decision-making, capacity-building programs, and inclusive development projects will address the unique needs of residents, fostering ownership and accountability. Investments in community-led initiatives, such as cooperatives, women's groups, and youth programs, will stimulate entrepreneurship, create jobs, and strengthen social cohesion.

100. Unlocking the full potential of Homa Bay County requires a holistic approach integrating infrastructure development, human capital investment, sustainable use of natural resources, and enhancement of the business environment. By implementing these pillars cohesively, the county can transform into a dynamic economic hub in the East African region, leveraging the opportunities presented by Lake Victoria and its strategic location bordering Uganda and Tanzania. Guided by a vision of a healthy, prosperous, and environmentally harmonious county, effective fiscal management, strategic investments, and inclusive governance will sustain Homa Bay's growth,

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

fostering resilience, innovation, and a brighter future for generations to come.

### 3.4.2 Health Sector

101. The sector comprises of three programmes, namely; preventive and promotive services, curative and rehabilitative services and general administration policy and planning and research and development. The sector is mandated to build a progressive, responsive and sustainable technology-driven, evidence-based and client-centered health system for accelerated attainment of the highest standards of health to the people of Homa Bay County.

102. The County Government strengthened service delivery through integration of HIV/TB services in OPD, roll-out of the WHO Labor Care Guide, and initiation of group ANC interventions; Facilities conducted maternity and child open days, integrated outreaches, and quarterly BeMONC assessments; Mass deworming achieved 84% success rate, and mass drug administration for schistosomiasis was conducted; Telemedicine services were successfully implemented at Sindo SCH; TB screening outreaches using digital CAD X-ray reduced mortalities; Staff and Community health promoters received extensive trainings and mentorship on health related technical modules, while geo-mapping of pregnant mothers and facility scorecards improved accountability; Health Management Information Systems were enhanced through ward-level performance review meetings, facility-based DQAs, distribution of MNH tools to 10 health facilities, and increased utilization of the MCH module; Infrastructure was improved through completion of the funeral parlor at HBCTRH, mortuary building at Mbita Sub-County Hospital, modern administration block at Tom Mboya Level 4 Hospital, and various ward projects; Health products and technologies were strengthened through the use of drone technology for delivery of blood and vaccines, and the formation of a pharmacovigilance committee; Leadership and governance were enhanced through the formation of community-based multisectoral committees to scale up nurturing care activities; In addition, human resources for health were supported through the hiring of technical staff on locum to address service delivery gaps.

103. Over the medium term, the County will continue addressing both communicable and non-communicable health challenges. Efforts will focus on reducing the burden of communicable diseases to levels that are no longer a significant to public health concern. Simultaneously, the sector will implement targeted strategies to halt and reverse the rising prevalence of non-communicable diseases and mental disorders. To further improve health outcomes, measures will be adopted to reduce violence and injuries through tailored interventions that account for factors such as gender, age, and geographic distribution. Additionally, the sector aims to provide affordable, equitable, and accessible essential healthcare services, improve health facilities infrastructure and promote healthy behaviors by minimizing exposure to health risk factors, and strengthen partnerships across various sectors through a "Health in All Policies" approach.

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

### 3.4.3 Education Sector

104. The sector comprises of three (3) programmes namely; Early Years Education Services, Human Capital Development and Vocational Training Services, and General Administration and Quality Assurance Services.

105. The County Government of Homa Bay recognizes the pivotal role of investing in human capital to foster inclusive economic growth and competitiveness in the digital era. In alignment with this vision, the Government has significantly increased its allocation of resources to the education sector, aiming to enhance the country's human capital index. Notably, investments have been directed towards revitalizing both vocational training and early years' education sectors, reflecting the Government's commitment to providing quality and relevant education.

106. The enrolment of learners in public EYE centers decreased from 64,797 pupils in FY 2023/24 to 63,119 in FY 2024/25, while enrolment of learners with special needs grew from 1113 to 1228 during the same period. Similarly, the number of trainees enrolled in vocational centers rose from 2,118 to 2,394. Education reforms progressed with the continued implementation of the Competency-Based Curriculum (CBC) and Competency-Based Education and Training (CBET). The number of public and private VET institutions increased from 35 to 36. To address staffing gaps in public schools, 1,608 teachers were recruited, reducing the teacher-pupil ratio to 1:39 against the required 1:30, while 141 instructors were hired, maintaining the instructor-trainee ratio at 1:21 against the recommended 1:15. Moving forward, the Sector aims to enhance teacher and instructor management by recruiting additional personnel, confirming appointments, building capacity, conducting quality assurance checks, and routinely assessing performance.

107. Looking ahead, the County Government remains steadfast in its commitment to expanding access to quality early years' education and improving learning outcomes in vocational training centers. Key priorities include infrastructure expansion, teacher development initiatives, and the introduction of a comprehensive school feeding program in underserved areas, supported by partnerships with NGOs. Additionally, efforts will be intensified to ensure a seamless transition from early childhood development through secondary education, coupled with the expansion of scholarship opportunities for deserving students from disadvantaged backgrounds.

### 3.4.4 Agriculture, Rural and Urban Development Sector

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

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

109. The County achieved notable progress across the ARUD Sector. Under Agriculture Sub-sector, the Ward-Based Seed Subsidy Programme exceeded its target by reaching 32,000 farmers against 8,000 planned, strengthening food security; Distribution of 15,750 Kg of sunflower seed and 86.5 tons of KSA and BT cotton seed supported crop diversification and value chain development under BETA and MITI; Livestock infrastructure improved through the completion of cattle auction rings in Oyugis and Nyakwere; renovation of Homa Bay Town slaughterhouse and vaccination of 92,000 cattle against Lumpy Skin Disease; The National Agricultural and Rural Inclusive Growth Project managed to establish four milk aggregation centers, three solar water pumps and a poultry feed processing factory, boosting commercialization and productivity; Additionally, 245,245 farmers were registered under the NAVCDP.

110. Under Blue Economy Sub-Sector, a lakefront Corporation was successfully established and operationalized in collaboration with the National Government in Homa Bay Town Sub-County; Homa Bay Pier and Koginga Fish Market jetty was constructed to enhance blue economy services, trade efficiency and fisheries value chains around the lake in Homa Bay Town; Blue Economy Conference was also held in Homa Bay Town to strengthen stakeholder coordination and investment dialogue; 80 lake patrols were conducted to curb illegal fishing; 21 pit latrines and eight fish bandas were constructed to improve hygiene at the fish landing sites; and 160,000 fingerlings, fish feeds and harvesting nets were supplied through partnerships with Victory Farms and the Aquaculture Business Development Programme, significantly boosting farmed fish production.

111. Under Lands sub-sector, the sector managed to develop County Spatial Plan at 35 per cent completion and the Land Information Management System digitized in nine towns, enhancing land administration; Affordable housing delivery continued under the National Housing Corporation with 100 units completed, while six settlements are being upgraded under the Kenya Informal Settlements Improvement Project; A Lakefront Corporation was operationalized to advance the blue economy services; aquaculture productivity improved through construction of sanitation facilities at landing sites; and the distribution of pond harvesting nets.

112. Going forward, the county will continue to enhance food and nutrition security by creating an enabling environment for the development of the agricultural sector. Focus on increasing agricultural productivity and outputs through targeted investments and improved practices. Also, the county will promote investment in fisheries and aquaculture to strengthen the blue economy. To boost economic growth, value addition, manufacturing, market access, and trade will be prioritized. At the same time, institutional capacity will further be strengthened to ensure efficient and effective service delivery across the sector.

113. Further, the county remains committed to increasing the participation of youth, women, and vulnerable groups in agricultural value chains, while also promoting, regulating and facilitating agricultural research. Furthermore, sustainable land

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI KENYA

management is being emphasized to guarantee equitable, productive, and effective administration of land resources for long-term development.

### 3.4.5 Environmental Protection, Water and Natural Resources Sector

114. The sector comprises of all programmes under the County Department of Water, Sanitation, Environment, Energy, and Climate Change. The sector focused on conservation and management of forests, and management of wetlands, restoration of degraded land, green economy, waste management, pollution control, integrated regional development, water resources management, increase access to water and sanitation and mitigation and adaptation to the effects of climate change among other programmes.

115. The water and sanitation sub-sector implemented 52 ward-based water projects with 33 projects completed, 8 projects are currently on going while 11 projects are pending due to contractor withdrawal and failing to take up site and are currently being retendered. In partnership with UNICEF the division of Water and Sanitation achieved the following: Completed Rehabilitation of Kochia/Ngegu CWP, Rehabilitation of Ndhiwa water reticulation system, Rehabilitation of West Karachuonyo water supply and Ramula water supply; The County strengthened waste management through the expansion of daily clean-up programs to additional markets, held two public dialogue forums on waste management and localized solutions, which significantly improved community attitudes toward responsible waste disposal, created awareness on waste management in Homa Bay Town, Rehabilitated and maintained 6 waste skips, Improved the of Homa Bay Town dump site, A total of 43 Climate resilience water projects have been implemented. As well as a total number of eighty-two (82) youth and women groups were supported to establish community tree nurseries, an arboretum has been constructed in Homa Bay Municipality, Rehabilitation of the Awach Tende Water Project, and Rehabilitation of the Sindo Water Project. Overall, these interventions contributed to improved environmental sanitation, enhanced community participation in conservation, and strengthened local climate resilience.

116. The county is committed to sustainable water resource management through the implementation of various policies and standards. These include the Water Resources Management Policy to guide efficient water use and conservation efforts and the Water Catchment Area Conservation, Control, and Protection Policy to safeguard critical catchment areas. The Water and Sewerage Services Management Policy ensure effective delivery and maintenance of water and sewerage services, while the Wastewater Treatment and Disposal Policy address the safe and environmentally friendly handling of wastewater. The county is also focused on maintaining water quality and controlling pollution, improving sanitation management, and overseeing the operations of public water schemes and community water projects. To enhance water availability, strategies for water harvesting and storage for both domestic and industrial use are also being implemented.

117. Looking forward, the County Government of Homa Bay remains also

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

committed to prioritizing the sustainable use, management, and conservation of the environment, including safeguarding critical water catchment areas. This will be achieved through a comprehensive strategy that involves continuous public sensitization on environmental justice, scaling up the adopt-a-tree initiative to cover all learning institutions, and encouraging conservation-oriented business practices. By nurturing a strong culture of environmental responsibility and implementing forward-looking conservation actions, the county seeks to secure the long-term sustainability of its natural resources while supporting inclusive and sustainable socio-economic development for its people.

### 3.4.6 General Economic and Commercial Affairs Sector

118. The sector comprises of two sub-sectors namely; Trade and Tourism Sub-sectors that are contributing towards accelerating economic development.

119. The County Government developed 80 percent of Riwa Special Economic Zone (SEZ) Master Plan with the construction of the County Aggregation and Industrial Park ongoing; The Aggregation and Industrial Park within the Special Economic Zone which is 45% complete with the following components: 2 cold storage facilities, 2 Aggregation warehouses, 4 value addition warehouses, office block, external ablution block, sentry house and perimeter wall; The Department in partnership with the National Youth Service has initiated construction of a buffer wall along river Tende. This would help to mitigate the perennial flooding within the region; The Department supported 5 SMEs to attend, participate and exhibit at the 2024 East Africa Community Trade Fair in Juba South Sudan. This participation enabled the SMEs to access market for their products and equally learn best practices in branding and marketing; The Department in partnership with Absa Bank and DHL capacity built a total of 165 SMEs. The training presented and opportunity for the SMEs in accessing the cross-border markets; The Department participated at the Nyanza International Investment Conferences. This presented an opportunity for the department to showcase investment opportunities available for the county; The department disbursed KSh 39 million in grants to boda boda SACCOs, auditing existing cooperatives, and registering new ones. Additional achievements included market modernization initiatives, relocation of traders and Jua Kali artisans to facilitate infrastructure improvements, election of market management committees, and participation in investment forums to showcase county investment opportunities.

120. Under Trade sub-sector, the sector will prioritize completion of the Special Economic Zone (SEZ) at RIWA to 80 percent through milestone-based supervision of works to ensure timely completion and value for money; Incubation centers will be constructed and equipped in all eight sub-counties through standardized models and installation of critical equipment to enhance entrepreneurial skills; The county will host trade fairs and exhibitions for traders to showcase their products by inviting local and international participants and mobilizing exhibitors nationwide, thereby expanding markets for local products and promoting knowledge transfer; A trade fund kitty will be established to provide affordable loans to traders through the

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

establishment of a trade fund policy, which will enhance business activity, employment prospects and county revenue generation; Capacity building of SMEs will be strengthened through targeted training to improve governance, alongside market campaigns on value chains supported by enhanced digital outreach programmes to enhance business volumes and job creation; Markets will be upgraded to modern standards and three new markets constructed, all aimed at increasing business activity and improving revenue collection; Further, the county will boost investments by attending and hosting investment conferences to enhance awareness of investment opportunities.

121. Under Tourism sub-sector, the county will prioritize development of a niche tourism products by identifying, developing, and conserving unique tourist attraction sites to enhance revenue generation; Digital marketing outreach will be strengthened by enhancing social media visibility; The county will also improve access to funding for cooperatives by training leaders and members and developing a cooperatives fund policy to enhance management efficiency; Further, the county will observe International Cooperatives Day to facilitate early mobilization and participation of local cooperatives and strengthen networking at both local and international levels; Additionally, boda boda loans will be facilitated through public-private partnerships with local lenders to improve cooperatives' access to affordable financing.

### 3.4.7 Energy, Infrastructure and ICT Sector

122. Energy, Infrastructure and ICT sector is one of the enablers and transformative sectors expected to contribute towards driving realization of economic growth for the county in the next 5 years. The sector comprises of 3 sub-sectors namely; Energy, Infrastructure and ICT sub-sectors.

123. The County Government acknowledges the need of supporting other sectors and the public at large in matters access to energy related services and products, development of sound and well-built environment that guarantees public safety, having reliable and motorable road network and efficient transport system. Under Energy sub-sector, the sector managed to install and maintain 145No. market solar lights in 33 wards for ease of doing business and security; 200 youths, women and PWDs drawn from Kendu-Bay, Kochia, Homa-Bay Central and Gwassi South trained on promotion of renewable energy technologies; Installed 60No. low cost energy cooking stoves at Homa-Bay municipal market (Koginga beach) and Rodi Kopany market as part of the strategy by the County promote the transition to green energy to promote green energy transition.

124. Under Infrastructure sub-sector, the sector managed to develop and operationalize Homa-Bay County Roads and Transport Policy Framework which has provided a clear strategic direction for the sub-sector and enhancing policy guidance in infrastructure development and service delivery in strengthening the county's roads and transport sector through strategic planning, infrastructure development, and operational improvements; developed Strategic Development Plan 2023–2027

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

guiding medium-term planning and ensure sustainable growth within the subsector. In order to enhance connectivity, access essential services, mobility and supporting economic activities, a total of a total of 280kms new ward roads were opened across the county; 38kms of access to public facilities were also rehabilitated; In addition, 180kms of other county roads were maintained to ensure safety, reliability, and continued functionality of the road network.

125. Under ICT subsector, the sector managed to install LED display screens in Homa Bay and Oyugis towns to increase visibility of government programs, events and dissemination of public information to residents of the 2 towns; Lastly, the subsector acquired and distributed assorted ICT Equipment and materials.

126. The county remains focused on improving service delivery and the coordination of sector-wide functions, programmes, and activities to enhance efficiency and effectiveness. Efforts are being made to improve access, mobility, and connectivity across the county through the development and modernization of transport infrastructure. Additionally, the county is committed to ensuring compliance with quality and standard control measures for all infrastructural development projects, both public and private. The county is also committed to enhance electrical connectivity and access as well as installation of solar lights in centers and markets to enhance security and economic activities across the county. To further boost economic empowerment and service delivery, the county is prioritizing the provision of a robust ICT and digital infrastructure, enabling faster communication, improved governance, and support for business growth.

### 3.4.8 Social Protection, Culture and Recreation Sector

127. Social Protection, Culture and Recreation Sector comprise of all programmes under the County Department of Gender Equality and Inclusivity, Youth, Sports, Talent Development, Cultural Heritage and Social Services. The sector plays a strategic role in empowerment of communities and vulnerable groups, safeguarding rights of children and the elderly, nurturance of diverse cultures, arts and sports to enhance county cohesiveness and competitiveness.

128. To this end, the County completed Phase I of the Homa Bay Cultural Centre while participating in major cultural events, including Piny Luo in Siaya and KICOSCA in Kakamega; Tangible and intangible cultural heritage products, such as the Gor Mahia shrine and traditional troupes, have been identified and preserved; The county hosted the KYISA Games 2025, completed the Raila Odinga Stadium, participated in inter-county competitions, successfully rolled out the GENOWA Governors Cup 2024 Upgraded Kosele Stadium and distributed sports equipment to support local clubs and tournaments; The county has been able to develop and launch The Homa Bay county SGBV policy and the Gender inclusion and participation policy; Developed the Zero draft for the SGBV Bill; Hosted the 2025 National Celebrations for the International Women's Day; Mapped 1,160 women group in all 9 sub-counties; Constructed a Rescue Centre in Ndhiwa Sub County; Developed the County

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

Integrated Gender Reporting Tool (CIGRET); Launched Hope Centre in Mbita, Rangwe and Homa Bay; Had male engagements to be champions against Tripple Threat and harmful norms and traditions; Developed and launched the child welfare and protection policy and disseminated the policy to 12 wards in the county; and Commemorated the vulnerable days such as UN disability day, Deaf awareness week and Day of African Child.

129. Going forward, the County will continue positioning Homa Bay as a leading tourism destination within the Western Kenya Circuit by developing, promoting, and marketing its tourism and hospitality sector. Efforts will also focus on conserving tourist attraction sites to ensure their long-term sustainability. By stimulating the tourism and industrial sectors, the County seeks to generate revenue and create employment opportunities, thereby improving livelihoods.

130. The county remains committed to strengthening, regulating, and growing the sports sector through capacity building and effective governance, while also safeguarding and promoting its diverse cultural heritage, creative industries, and access to information. In pursuit of inclusive socio-economic development, emphasis is being placed on decent work, skills enhancement, and sustainable employment opportunities for youth, women, and persons with disabilities. Priority is also given to initiatives that empower and protect children, older persons, PWDs, and other vulnerable groups. Furthermore, the county is advancing gender equality, social inclusion, and the empowerment of women and young people, supported by the formulation and implementation of appropriate policies, legal instruments, and institutional frameworks.

131. In addition, the county is also focused on expanding and upgrading sports infrastructure while systematically identifying, developing, and supporting sporting talent. Considerations for gender, disability, and youth will be mainstreamed across planning, budgeting, and project implementation to strengthen inclusivity. Progress is also being made in improving childcare and child protection services, alongside efforts to grow and showcase the cultural and creative arts sector. The county will establish safe spaces for vulnerable groups and survivors of abuse, implement programs that strengthen and diversify livelihoods for targeted populations, and prioritize integrated community empowerment initiatives—including cross-cohort male empowerment—to drive inclusive and sustainable socio-economic development.

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI KENYA

# CHAPTER FOUR: BUDGET FRAMEWORK FOR THE FY 2026/2027 AND THE MEDIUM TERM

## 4.0 Fiscal Framework

132. In pursuit of its broad policy goal, the county government of Homa Bay will ensure county development plans, priority programmes, and fiscal policies/strategies are linked and aligned to the National Budget Policy documents as envisaged in the third generation CIDP. This alignment supports the bottom-up Economic Transformation Agenda; the national government transformation Agenda geared towards economic turnaround through value chain development.

133. The County's broad objectives/goals and programmes will also be informed by priority interventions in the Fourth Medium Term Plan 2023-2027, Vision 2030 and the Sustainable Development Goals/targets and indicators as part of the County's commitment to support in the implementation of the global development instruments.
The County will ensure fiscal discipline across all the departments by implementing the following strategies:

- Compliance to the budget lines to avoid expenditures outside the budget framework.
- Development and implementation of accurate expenditure plans linked to performance management plans and work plans.
- Prudent utilization of scarce financial resources in order to achieve the desired outputs and outcomes in the medium term.
- Implementation of development projects that meet the needs of citizens.
- Enhance Fiscal transparency and accountability by engaging the stakeholders both state and non-state actors and communicating the government's medium-term fiscal goals, policies, and priorities.
- Strengthening the PFM institutions within the department to ensure proper planning for prioritization of programmes, reporting, and effective management of fiscal aggregates.

## 4.1 Fiscal Performance

### 4.1.1 Revenue Performance

134. The total revenue realized was KSH **12,015,671,370** which was 92% of the projected revenue targets. Equitable share amounted to KSH **8,170,280,800**, the total receipts of conditional grants cumulatively amounted to KSH **1,242,963,991**, while the ordinary own source revenue collected amounted to KSH **390,674,038** and Appropriation-in-Aid (FIF) KSH **1,339,368,103**. The balance carried forward available at CRF account was KSH. 98,545,349, Equalization fund was KSH. **123,569,225** and capitation from June FY 2023/2024 was KSH **650,269,863**.

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

| Revenue Category | Approved Estimates FY2024/25 | Annual Receipts FY2024/25 | % Realized |
|---|---|---|---|
| Equitable Share | 8,170,280,800 | 8,170,280,800 | 100% |
| Conditional Grants | 2,468,464,225 | 1,242,963,991 | 50% |
| Own Source Revenue | 501,737,917 | 390,674,038.65 | 78% |
| Appropriations–In-Aid (Health Sector) | 981,068,740 | 1,339,368,103 | 137% |
| Share of equalization fund | 260,206,608 | 123,569,225 | 47% |
| June 2023/24 Capitation | 650,270,979 | 650,269,863 | 100% |
| Other Sources (Including Bal. B/F) | 98,545,349 | 98,545,349 | 100% |
| **Total Revenue** | **13,130,574,618** | **12,015,671,370** | **92%** |

***Source: County Treasury, 2026***

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

### Total Own Source Revenue Collection Yearly for Homa Bay County for FY 2024/2025

135. The total OSR realized in the FY 2024/25 was KSH 1,730,042,142 which defines an increase in the revenue accrued for the previous consecutive 2 Financial years. This surpasses the target of KSH 1,482,806,657 by 17%. For the current financial year 2025/2026 the revenue generated in the half year was KSH. 648,474,138 which is 40% of the targeted amount of KSH. 1,631,087,323

| DEPARTMENT/REVENUE STREAMS | | Actual OSR Collection FY2022/23 | Actual OSR Collection FY2023/24 | Actual OSR Collection FY2024/25 | Printed OSR Estimates FY2025/26 | Actual Revenue Half Year FY 2025/26 |
|---|---|---|---|---|---|---|
| **A. Department of Land, Physical Planning, Housing & Urban Development:** | | | | | | |
| 1 | Land Rates | 5,996,073 | 8,347,826 | 8,854,170 | 36,560,500 | 3,146,073 |
| 2 | Land Transfers/Sales/Change of Use | 138,530 | 1,456,500 | 654,500 | 1,780,400 | 469,000 |
| 3 | Lease Charges/Consent/Transfers | 1,598,552 | 2,305,925 | 2,875,187 | 2,690,500 | 2,875,869 |
| 4 | Land/Ground rents | 2,444,825 | 2,246,590 | 1,187,800 | 2,595,500 | 819,405 |
| 5 | Approval plans/Transfers/Certificates | 2,449,634 | 7,279,879 | 5,808,203 | 16,568,000 | 3,848,870 |
| 6 | Housing Fees (Rents) | 1,582,609 | 1,122,700 | 840,400 | 1,324,970 | 433,700 |
| 7 | House/Kiosk Rents | 4,614,290 | 10,532,780 | 9,202,720 | 12,090,700 | 4,559,220 |
| 8 | Site Value Rates | 4,090 | 35,200 | - | 0 | 82,730 |
| 9 | Search and clearance certificates | 23,600 | 131,000 | 271,300 | 161,789 | 20,200 |
| 10 | Survey/Subdivision Fees | 359,620 | 521,000 | 49,500 | 601,490 | 35,000 |
| **SUB-TOTAL** | | **19,211,823** | **33,979,400** | **29,743,780** | **74,373,849** | **16,290,067** |
| **B. Department of Trade, Industry, Tourism, Co-operative Development & Marketing:** | | | | | | |
| 1 | Single Business Permit | 61,770,496 | 99,333,166 | 101,876,640 | 117,560,340 | 9,050,806 |
| 2 | Market Dues | 24,955,898 | 40,648,114 | 40,054,776 | 54,670,340 | 19,736,723 |
| 3 | Weight and Measures Fees | 501,310 | 593,020 | 492,360 | 709,600 | 140,400 |
| 4 | Advertising /Billboard | 9,313,233 | 10,543,053 | 22,578,503 | 32,450,290 | 698,000 |
| 5 | Liquor Licensing | 350,500 | 11,146,336 | 6,246,309 | 20,678,230 | 2,751,500 |

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

| | | | | | | |
|---|---|---|---|---|---|---|
| **SUB-TOTAL** | | **96,891,437** | **162,263,689** | **171,248,588** | **226,068,800** | **32,377,429** |
| **C. Department of Agriculture, Irrigation and Livestock Development** | | | | | | |
| 1 | Slaughterhouse Fees | 1,686,094 | 1,755,505 | 1,692,470 | 2,531,300 | 759,290 |
| 2 | Stock Auction Fees (Cattle/Goat/sheep) | 4,063,130 | 6,328,220 | 5,970,810 | 7,289,400 | 1,333,200 |
| 3 | Stock Movement Fees | 379,910 | 61,485 | 62,946 | 1,100,560 | 26,830 |
| 4 | Other Agric. Cess Income | 24,331,008 | 12,146,048 | 25,537,614 | 27,400,560 | 13,304,534 |
| 5 | Tractor Hire Services | 121,250 | 971,810 | 403,530 | 2,560,780 | 132,650 |
| 6 | Veterinary Charges | 263,725 | 1,333,117 | 1,318,831 | 1,670,110 | 512,430 |
| **SUB-TOTAL** | | **30,845,117** | **22,596,185** | **34,986,201** | **42,552,710** | **16,068,934** |
| **D. Department of Roads, Public Works, Transport & Infrastructure:** | | | | | | |
| 1 | Bus Park Fees | 29,359,416 | 46,784,631 | 47,707,690 | 60,679,625 | 22,178,423 |
| 2 | Taxi /Motorbike Fees | 1,838,575 | 7,121,839 | 6,941,212 | 46,789,369 | 3,328,061 |
| 3 | Hire of Machineries, Equip & Wayleave charges | 186,000 | 237,000 | 805,250 | 3,280,450 | 409,500 |
| **SUB-TOTAL** | | **31,383,991** | **54,143,470** | **55,454,152** | **110,749,444** | **25,915,984** |
| **E. Department of Blue Economy, Fisheries, Mining & Digital Economy:** | | | | | | |
| 1 | Landing Fees | 53,285 | 111,050 | 22,000 | 1,180,900 | 192,240 |
| 2 | Bricks/Sand/Murram/Stones | 31,579,853 | 56,105,447 | 68,628,581 | 69,400,300 | 33,479,956 |
| 3 | Fish Cess | 7,004,275 | 9,122,382 | 5,268,087 | 18,580,790 | 2,777,201 |
| **SUB-TOTAL** | | **38,637,413** | **65,338,879** | **73,918,668** | **89,161,990** | **36,449,397** |
| **F. Department of water, Sanitation, Environment, Energy, Forestry & Climate Change** | | | | | | |
| 1 | Water Charges | 20,885 | 592,684 | 577,117 | 701,495 | 261,510 |
| 2 | Noise Pollution Fees | 193,490 | 413,320 | 477,600 | 1,550,690 | 216,600 |
| 3 | Conservancy Fees/Wildlife Grants | 144,060 | 87,480 | 3330 | - | 0 |
| **SUB-TOTAL** | | **358,435** | **1,093,484** | **1,058,047** | **2,252,185** | **478,110** |
| **G. Department of Governance & Administration:** | | | | | | |
| 1 | Fines & Penalties | 2,974,124 | 2,324,577 | 3,827,385 | 3,860,780 | 834,050 |

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

| | | | | | | |
|---|---|---|---|---|---|---|
| 2 | Fire Inspection Fees | 361,060 | 801,811 | 653,600 | 5,200,000 | 85,000 |
| **SUB-TOTAL** | | **3,335,184** | **3,126,388** | **4,480,985** | **9,060,780** | **919,050** |
| **H. Department of Youths, Sports, Gender & Talent Dev.:** | | | | | | |
| 1 | Hire of Stadium, park & open spaces | 0 | 1,723,716 | 852,400 | 3,560,600 | 430,000 |
| **SUB-TOTAL** | | | **1,723,716** | **852,400** | **3,560,600** | **430,000** |
| **I. Department of Finance & Economic Planning:** | | | | | | |
| 1 | Miscellaneous Incomes | 12,143,630 | 14,997,967 | 18,931,218 | 8,400,400 | 11,331,572 |
| **SUB-TOTAL** | | **12,143,630** | **14,997,967** | **18,931,218** | **8,400,400** | **11,331,572** |
| | **ORDINARY OSR TOTALS** | **232,807,030** | **359,263,178** | **390,674,039** | **566,180,758** | **11,331,572** |
| **J. Department of Public Health & Medical Services (A-I-A)** | | | | | | |
| 1 | FIF & Billed NHIF/SHA | 626,646,993 | 841,232,651 | 1,339,368,104 | 1,064,906,565 | 507,694,996 |
| 2 | Public Health | | | | | 518,600 |
| **SUB-TOTAL** | | **626,646,993** | **841,232,651** | **1,339,368,104** | **1,064,906,565** | **508,213,596** |
| | **GRAND TOTAL (KSH)** | **859,454,023** | **1,200,495,829** | **1,730,042,142** | **1,631,087,323** | **648,474,139** |

*Source: The County Treasury, 2026*

APPROVED CF

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

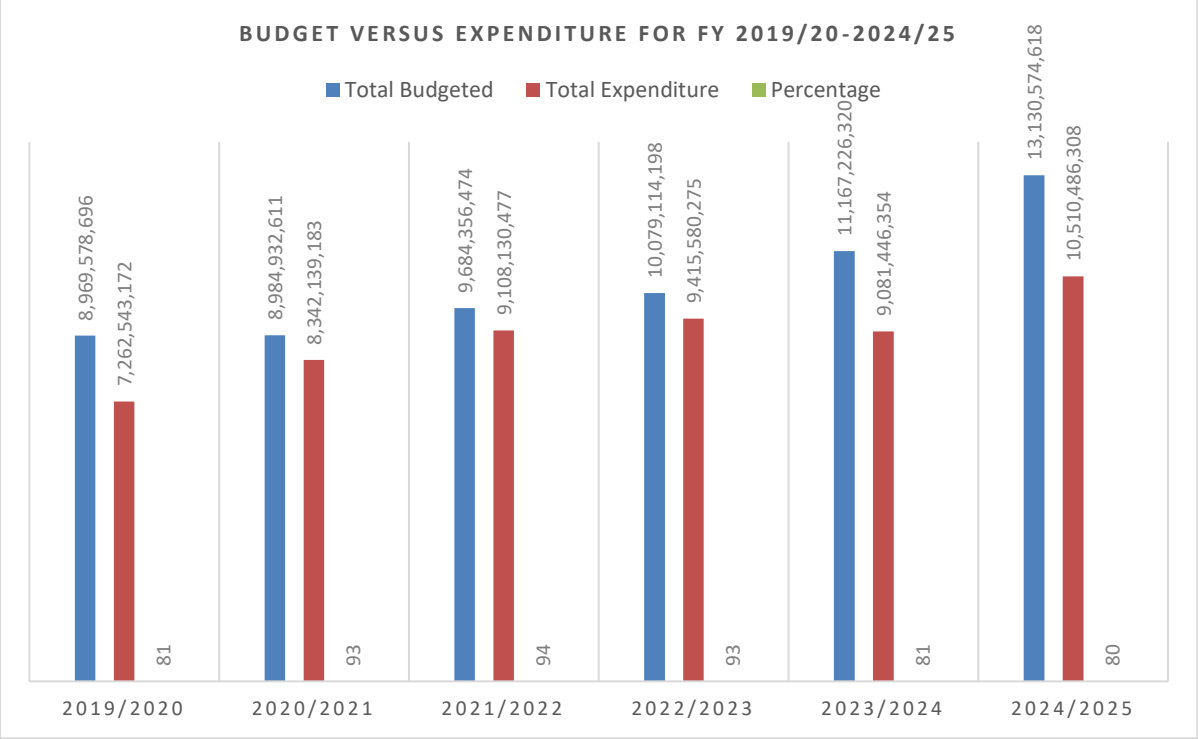
### 4.1.2 Expenditure Performance

136. The county budget estimates for FY 2024/2025 were KSH. **13,130,574,618** comprising of KSH 7,939,423,075 as recurrent expenditure and KSH **5,191,151,543** being development expenditure.

**Approved Budgets versus Expenditures- FY2019/2020 -2024/2025**

| Financial Year | Total Budgeted | Total Expenditure | Percentage |
|---|---|---|---|
| 2019/2020 | 8,969,578,696 | 7,262,543,172 | 81 |
| 2020/2021 | 8,984,932,611 | 8,342,139,183 | 93 |
| 2021/2022 | 9,684,356,474 | 9,108,130,477 | 94 |
| 2022/2023 | 10,079,114,198 | 9,415,580,275 | 93 |
| 2023/2024 | 11,167,226,320 | 9,081,446,354 | 81 |
| 2024/2025 | 13,130,574,618 | 10,510,486,308 | 80 |

***Source: Homa Bay County Budget Review and Outlook Papers (CBROP)***




***Source: Homa Bay County Budget Review and Outlook Paper (CBROP), 2025***

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

### 4.1.3 Expenditure Performance by Spending Entity

#### Recurrent Expenditure

137. The County Government continued to observe fiscal discipline by keeping its recurrent expenditure for the financial year under review under 70% of all revenues available for operations. Out of the recurrent expenditure of KShs 7.19 billion, personnel emoluments costs Kshs.5.85 billion that were processed through the Human Resource Information System (HRIS)

138. Managing the county staff wage bill remains a key priority in compliance with the provisions of the PFM Act, 2012 that requires this expenditure item to be below 35% of all total county expenditure.

**Breakdown of Recurrent Expenditure by Spending Entities**

| Spending Entity | Budget Allocation (Kshs. Million) | Expenditure (Kshs. Million) | Rate of Absorption |
|---|---|---|---|
| Finance and Economic Planning | 575.86 | 493.05 | 85.60 |
| County Public Service Board | 68.36 | 60.10 | 87.90 |
| County Assembly Service Board | 925.70 | 925.70 | 100.00 |
| Homa Bay Municipal Board | 28.62 | 25.24 | 88.20 |
| Office of the Deputy Governor, Agriculture and Livestock | 234.74 | 225.80 | 96.20 |
| Gender Equality and Inclusivity, Youth, Sports, Talent Development, Cultural Heritage and Social Services | 152.12 | 131.96 | 86.70 |
| Roads, Public Works, Transport and Infrastructure | 155.39 | 143.20 | 92.20 |
| Blue Economy, Fisheries, Mining and Digital Economy | 124.40 | 114.83 | 92.30 |
| Education, Human Capital Development and Vocational Training | 1,244.70 | 1,136.34 | 91.30 |
| Public Health and Medical Services | 2,726.68 | 2,512.53 | 92.10 |
| Lands, Physical Planning, Housing and Urban Development | 82.31 | 76.13 | 92.50 |
| Trade, Industry, Tourism, Cooperative Development and Marketing | 189.06 | 180.08 | 95.30 |
| Water, Sanitation, Irrigation, Environment, Energy and Climate Change | 270.28 | 234.81 | 86.90 |
| Governance, Administration, Communication and Devolution | 569.00 | 465.89 | 81.90 |
| Executive Office of the Governor | 549.76 | 70.00 | 81.10 |
| Kendu Bay Municipal Board | 9.87 | 7.85 | 44.60 |
| Mbita Municipal Board | 9.87 | 7.85 | 42.60 |
| Ndhiwa Municipal Board | 9.87 | 8.55 | 46.50 |
| Oyugis Municipal Board | 12.83 | 7.85 | 47.20 |
| **Grand Total** | **7,939.42** | **6,827.76** | **80.58** |

*Source: The County Treasury, 2025*

CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

## Development Expenditure

139. In the review period, the County reported spending Kshs.3.56 billion on development programmes, representing an increase of 18 per cent compared to FY 2023/24, when the County spent Kshs.3.03 billion.

140. The increase in development expenditure was attributed to improved project planning and budgeting, increased disbursement of conditional grants/additional allocations, and prioritization of development activities

**Breakdown of Development Expenditure by Spending Entities**

| Spending Entity. | Budget Allocation (Kshs. Million) | Expenditure (Kshs. Million) | Rate of Absorption |
|---|---|---|---|
| Finance and Economic Planning | 526.14 | 288.84 | 54.90 |
| County Public Service Board | - | - | - |
| County Assembly Service Board | 271.50 | 119.30 | 43.90 |
| Homa Bay Municipal Board | 49.92 | 8.30 | 16.60 |
| Office of the Deputy Governor, Agriculture and Livestock | 393.91 | 179.55 | 45.60 |
| Gender Equality and Inclusivity, Youth, Sports, Talent Development, Cultural Heritage and Social Services | 75.00 | 74.94 | 99.90 |
| Roads, Public Works, Transport and Infrastructure | 675.00 | 605.97 | 89.80 |
| Blue Economy, Fisheries, Mining and Digital Economy | 78.69 | 57.74 | 73.40 |
| Education, Human Capital Development and Vocational Training | 70.00 | 69.81 | 99.70 |
| Public Health and Medical Services | 337.00 | 486.15 | 144.30 |
| Lands, Physical Planning, Housing and Urban Development | 1,243.60 | 904.74 | 72.80 |
| Trade, Industry, Tourism, Cooperative Development and Marketing | 366.40 | 274.95 | 75.00 |
| Water, Sanitation, Irrigation, Environment, Energy and Climate Change | 777.19 | 216.11 | 27.80 |
| Governance, Administration, Communication and Devolution | 46.00 | 38.27 | 83.20 |
| Executive Office of the Governor | 232.00 | 69.60 | 94.10 |
| Kendu Bay Municipal Board | 8.00 | 7.79 | 18.60 |
| Mbita Municipal Board | 8.00 | 7.61 | 55.60 |
| Ndhiwa Municipal Board | 8.00 | 8.55 | 98.30 |
| Oyugis Municipal Board | 24.80 | 7.85 | 22.00 |
| **Grand Total** | **5,191.15** | **3,025.19** | **68.60** |

***Source: County Treasury, 2025***

CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

## County Pending Bills

141. The eligible pending bills as at 30th January 2026 amounted to KES**. 1,004,962,582.59** comprising of KES. **204,540,515** Recurrent and KES. **800,422,067** Development Bills as presented in Table below.

| | Department | Re-Current Projects (Kshs) | Development Projects (Kshs) | Outstanding Pending Bill Amount as of 30th June, 2025 (Kshs.) | Settled Pending Bills in Fy 2025/26 (Kshs.) | Outstanding Pending Bill Amount as of 31st January, 2026 (Kshs.) |
|---|---|---|---|---|---|---|
| **1** | Finance And Economic Planning. | 9,730,285.50 | - | 9,730,285.50 | - | 9,730,285.50 |
| **2** | County Public Service Board | 12,970,878.00 | - | 12,970,878.00 | 2,542,968.00 | 10,427,910.00 |
| **3** | Homa Bay Municipal Board | 1,759,040.00 | - | 1,759,040.00 | - | 1,759,040.00 |
| **4** | Office Of the Deputy Governor and Department of Agriculture and Livestock. | 5,482,285.80 | 13,405,677.83 | 18,887,963.63 | 2,561,255.00 | 16,326,708.63 |
| **5** | Department Of Gender Equality, Inclusivity, Youth, Sports and Talent Development, Cultural Heritage and Social Services. | 16,615,460.33 | 109,803,271.98 | 126,418,732.31 | - | 126,418,732.31 |
| **6** | Department Of Roads, Public Works, Transport and Infrastructure | 3,258,645.93 | 695,687,832.89 | 698,946,478.82 | 273,749,760.37 | 425,196,718.45 |
| **7** | Department Of Blue Economy, Fisheries, Mining and Digital Economy | 2,633,817.00 | 35,967,961.60 | 38,601,778.60 | 8,727,341.00 | 29,874,437.60 |
| **8** | Department Of Education, Human Capital Development and Vocational Training | 1,626,871.00 | 33,874,838.50 | 35,501,709.50 | 20,896,612.50 | 14,605,097.00 |
| **9** | Department Of Public Health and Medical Services | 179,549,904.21 | 196,167,608.04 | 375,717,512.25 | 143,620,817.00 | 232,096,695.25 |
| **10** | Department Of Lands, Physical Planning, Housing and Urban Development | 3,537,095.65 | 3,696,442.40 | 7,233,538.05 | 3,113,350.00 | 4,120,188.05 |

APPROVED CFSP 2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

| | | | | | | |
|---|---|---|---|---|---|---|
| **11** | Department Of Trade, Industry, Tourism, Cooperative Development and Marketing. | 8,411,310.00 | 28,714,534.00 | 37,125,844.00 | 15,023,297.00 | 22,102,547.00 |
| **12** | Department Of Water, Sanitation, Irrigation, Environment, Energy and Climate Change | 391,920.00 | 88,658,899.00 | 89,050,819.00 | 12,224,109.00 | 76,826,710.00 |
| **13** | Executive Office of the Governor | 13,713,642.04 | 41,111,658.30 | 54,825,300.34 | 37,091,287.60 | 17,734,012.74 |
| **14** | Governance, Administration, Communication & Devolution | 13,710,607.10 | 1,224,555.00 | 14,935,162.10 | - | 14,935,162.10 |
| **15** | Kendu Bay Municipal Board | - | | - | - | - |
| **16** | Mbita Municipal Board | 1,899,303.36 | | 1,899,303.36 | - | 1,899,303.36 |
| **17** | Ndhiwa Municipal Board | 909,034.60 | | 909,034.60 | - | 909,034.60 |
| **18** | Oyugis Municipal Board | - | | - | - | - |
| **19** | County Assembly of Homa Bay | 111,298,988.22 | 200,703,177.72 | 312002165.94 | 10860450 | 301141715- |
| | **Total** | **276,200,100.52** | **1,248,313,279.54** | **1,524,513,380.06** | **519,550,797.47** | **1,004,962,582.59** |

***Source: The County Treasury, 2026***

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

## 4.2 Fiscal Projections

### 4.2.1 Revenue Projections

142. In the FY 2026/27, the projected revenue that Homa Bay County is planning to implement the desired programmes, projects, activities and deliver quality services to the people of Homa Bay is estimated at **KShs. 11,877,334,895.** This comprises of **KSh. 8,749,360,113** from Equitable Share as per the National Treasury's recommendation contained in the CARB 2025; **KSh. 1,242,863,494** from conditional grants; **KSh. 566,180,758** from ordinary revenues and **KSh 1,104,906,565** from the health's appropriation-in-aid and **KSh. 214,023,965** from share of the Equalization Fund.

143. The table below illustrates the estimated county revenues by different revenue categories within the MTEF period.

**Revenue Projections per Source for MTEF Period FY 2026/27-2028/29**

| County Revenue Growth Projections FY 2026/27 – 2028/29 | | | | | |
|---|---|---|---|---|---|
| **Revenue Source/ Category** | **Approved Estimates FY 2024/25** | **Approved Estimates FY 2025/26** | **Projected Estimates FY 2026/27** | **Projected Estimates FY 2027/28** | **Projected Estimates FY 2028/29** |
| **Total Revenue** | **11,876,978,601** | **12,185,176,903** | **11,877,334,895** | **12,677,458,050** | **13,184,556,372** |
| Equitable Share | 8,170,279,683 | 8,539,802,361 | 8,749,360,113 | 9,099,334,518 | 9,463,307,898 |
| Conditional Grants | 1,829,487,963 | 1,646,539,167 | 1,242,863,494 | 1,713,059,349 | 1,781,581,723 |
| Ordinary Revenue | 566,180,758 | 566,180,758 | 566,180,758 | 589,054,461 | 612,616,639 |
| Appropriation in Aid | 1,064,906,565 | 1,104,906,565 | 1,104,906,565 | 1,107,928,790 | 1,152,245,942 |
| Share of Equalization Fund | 124,000,500 | 214,023,965 | 214,023,965 | 129,010,120 | 134,170,525 |

*Source: HB County Treasury, 2026*

APPROVED CFSP /2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

**Conditional Grants Projected for MTEF Period FY 2026/27-2028/29**

| EXPECTED CONDITIONAL GRANTS (UNSPENT BALANCES AND CGAAA-2025) FY 2025/26 | | | |
|---|---|---|---|
| **Department** | **Project** | **Approved Estimates FY 2025/26** | **CGAA Act FY2025/26** |
| Agriculture | National Value Chain Development Project (NAVCDP) | 151,515,152 | 105,000,000 |
| | Integrated Natural Resources Management Program me-INReMP) IFAD | 0 | 81,244,200 |
| Blue Economy | Aquaculture Business Development Programme (ABDP) | 12,909,422 | 10,866,551 |
| Public Health and Medical Services | Resilient and Responsive Heath systems | 0 | 202,861,542 |
| | Community Health Promoters (CHP) | 88,620,000 | 88,620,000 |
| Water, Sanitation, Environment, Forestry and Climate Change | Financing Locally-Led Climate Actions Programme-CCRI&CCRIG IDA & KFW | 251,984,144 | 251,984,144 |
| | Financing Locally-Led Climate Actions Programme-CCIS | 11,000,000 | 11,000,000 |
| Lands, Physical Planning, and Urban Development | Kenya Informal Settlements Improvement Programme (KISIP) II | 474,207,780 | 0 |
| | Kenya Urban Support Programme (UIG) | 35,000,000 | 35,000,000 |
| | Housing Levy Fund | 0 | 7,787,057 |
| Homa Bay Municipal Board | Kenya Urban Support Programme (UDG) | 39,000,000 | 39,000,000 |
| Oyugis Municipal Board | Kenya Urban Support Programme (UDG) | 20,000,000 | 20,000,000 |
| Governance, Administration, Communication and Devolution | Kenya Devolution Support Programme (KDSP II) - Institutional/Level 1 Grant | 37,500,000 | 37,500,000 |
| | Kenya Devolution Support Programme (KDSP II) - Investment/Level 2 Grant | 352,000,000 | 352,000,000 |
| **GRAND TOTAL** | | **1,646,539,167** | **1,242,863,494** |

***Source: Homa Bay County Treasury, 2026***

144. In the FY 2026/27, the projected conditional grants that Homa Bay County is planning to implement the desired programmes, projects, activities and deliver quality services to the people of Homa Bay is estimated at **KShs. 1,242,863,494.** This is a slight reduction from the financial year FY 2025,26 which was **KShs. 1,646,539,167.**

APPROVE

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

**OSR Projections for MTEF Period FY 2026/27-2028/29**

| DEPARTMENT/REVENUE STREAMS | | Actual OSR Collection FY2022/23 | Actual OSR Collection FY2023/24 | Actual OSR Collection FY2024/25 | Printed OSR Estimates FY2025/26 | Proposed OSR Estimates for FY2026/27 | Projected OSR Estimates FY2026/27 | Projected OSR Estimates FY2027/28 |
|---|---|---|---|---|---|---|---|---|
| **A. Department of Land, Physical Planning, Housing & Urban Development:** | | | | | | | | |
| 1 | Land Rates | 5,996,073 | 8,347,826 | 8,854,170 | 36,560,500 | 36,560,500 | 38,388,525 | 40,307,951 |
| 2 | Land Transfers/Sales/Change of Use | 138,530 | 1,456,500 | 654,500 | 1,780,400 | 1,780,400 | 1,869,420 | 1,962,891 |
| 3 | Lease Charges/Consent/Transfers | 1,598,552 | 2,305,925 | 2,875,187 | 2,690,500 | 2,690,500 | 2,825,025 | 2,966,276 |
| 4 | Land/Ground rents | 2,444,825 | 2,246,590 | 1,187,800 | 2,595,500 | 2,595,500 | 2,725,275 | 2,861,539 |
| 5 | Approval plans/Transfers/Certificates | 2,449,634 | 7,279,879 | 5,808,203 | 16,568,000 | 16,568,000 | 17,396,400 | 18,266,220 |
| 6 | Housing Fees (Rents) | 1,582,609 | 1,122,700 | 840,400 | 1,324,970 | 1,324,970 | 1,391,219 | 1,460,779 |
| 7 | House/Kiosk Rents | 4,614,290 | 10,532,780 | 9,202,720 | 12,090,700 | 12,090,700 | 12,695,235 | 13,329,997 |
| 8 | Site Value Rates | 4,090 | 35,200 | - | 0 | | | 0 |
| 9 | Search and clearance certificates | 23,600 | 131,000 | 271,300 | 161,789 | 161,789 | 169,878 | 178,372 |
| 10 | Survey/Subdivision Fees | 359,620 | 521,000 | 49,500 | 601,490 | 601,490 | 631,565 | 663,143 |
| **SUB-TOTAL** | | **19,211,823** | **33,979,400** | **29,743,780** | **74,373,849** | **74,373,849** | **78,092,541** | **81,997,169** |
| **B. Department of Trade, Industry, Tourism, Co-operative Development & Marketing:** | | | | | | | | |
| 1 | Single Business Permit | 61,770,496 | 99,333,166 | 101,876,640 | 117,560,340 | 117,560,340 | 123,438,357 | 129,610,275 |
| 2 | Market Dues | 24,955,898 | 40,648,114 | 40,054,776 | 54,670,340 | 54,670,340 | 57,403,857 | 60,274,050 |
| 3 | Weight and Measures Fees | 501,310 | 593,020 | 492,360 | 709,600 | 709,600 | 745,080 | 782,334 |
| 4 | Advertising /Billboard | 9,313,233 | 10,543,053 | 22,578,503 | 32,450,290 | 32,450,290 | 34,072,805 | 35,776,445 |
| 5 | Liquor Licensing | 350,500 | 11,146,336 | 6,246,309 | 20,678,230 | 20,678,230 | 21,712,142 | 22,797,749 |
| **SUB-TOTAL** | | **96,891,437** | **162,263,689** | **171,248,588** | **226,068,800** | **226,068,800** | **237,372,240** | **249,240,852** |
| **C. Department of Agriculture, Irrigation and Livestock Development** | | | | | | | | |
| 1 | Slaughterhouse Fees | 1,686,094 | 1,755,505 | 1,692,470 | 2,531,300 | 2,531,300 | 2,657,865 | 2,790,758 |
| 2 | Stock Auction Fees (Cattle/Goat/sheep) | 4,063,130 | 6,328,220 | 5,970,810 | 7,289,400 | 7,289,400 | 7,653,870 | 8,036,564 |
| 3 | Stock Movement Fees | 379,910 | 61,485 | 62,946 | 1,100,560 | 1,100,560 | 1,155,588 | 1,213,367 |

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 4 | Other Agric. Cess Income | 24,331,008 | 12,146,048 | 25,537,614 | 27,400,560 | 27,400,560 | 28,770,588 | 30,209,117 |
| 5 | Tractor Hire Services | 121,250 | 971,810 | 403,530 | 2,560,780 | 2,560,780 | 2,688,819 | 2,823,260 |
| 6 | Veterinary Charges | 263,725 | 1,333,117 | 1,318,831 | 1,670,110 | 1,670,110 | 1,753,616 | 1,841,296 |
| **SUB-TOTAL** | | **30,845,117** | **22,596,185** | **34,986,201** | **42,552,710** | **42,552,710** | **44,680,346** | **46,914,363** |
| **D. Department of Roads, Public Works, Transport & Infrastructure:** | | | | | | | | |
| 1 | Bus Park Fees | 29,359,416 | 46,784,631 | 47,707,690 | 60,679,625 | 60,679,625 | 63,713,606 | 66,899,287 |
| 2 | Taxi /Motorbike Fees | 1,838,575 | 7,121,839 | 6,941,212 | 46,789,369 | 46,789,369 | 49,128,837 | 51,585,279 |
| 3 | Hire of Machineries, Equip & Wayleave charges | 186,000 | 237,000 | 805,250 | 3,280,450 | 3,280,450 | 3,444,473 | 3,616,696 |
| **SUB-TOTAL** | | **31,383,991** | **54,143,470** | **55,454,152** | **110,749,444** | **110,749,444** | **116,286,916** | **122,101,262** |
| **E. Department of Blue Economy, Fisheries, Mining & Digital Economy:** | | | | | | | | |
| 1 | Landing Fees | 53,285 | 111,050 | 22,000 | 1,180,900 | 1,180,900 | 1,239,945 | 1,301,942 |
| 2 | Bricks/Sand/Murram/Stones | 31,579,853 | 56,105,447 | 68,628,581 | 69,400,300 | 69,400,300 | 72,870,315 | 76,513,831 |
| 3 | Fish Cess | 7,004,275 | 9,122,382 | 5,268,087 | 18,580,790 | 18,580,790 | 19,509,830 | 20,485,321 |
| **SUB-TOTAL** | | **38,637,413** | **65,338,879** | **73,918,668** | **89,161,990** | **89,161,990** | **93,620,090** | **98,301,094** |
| **F. Department of water, Sanitation, Environment, Energy, Forestry & Climate Change** | | | | | | | | |
| 1 | Water Charges | 20,885 | 592,684 | 577,117 | 701,495 | 701,495 | 736,570 | 773,398 |
| 2 | Noise Pollution Fees | 193,490 | 413,320 | 477,600 | 1,550,690 | 1,550,690 | 1,628,225 | 1,709,636 |
| 3 | Conservancy Fees/Wildlife Grants | 144,060 | 87,480 | 3330 | - | - | - | - |
| **SUB-TOTAL** | | **358,435** | **1,093,484** | **1,058,047** | **2,252,185** | **2,252,185** | **2,364,794** | **2,483,034** |
| **G. Department of Governance & Administration:** | | | | | | | | |
| 1 | Fines & Penalties | 2,974,124 | 2,324,577 | 3,827,385 | 3,860,780 | 3,860,780 | 4,053,819 | 4,256,510 |
| 2 | Fire Inspection Fees | 361,060 | 801,811 | 653,600 | 5,200,000 | 5,200,000 | 5,460,000 | 5,733,000 |
| **SUB-TOTAL** | | **3,335,184** | **3,126,388** | **4,480,985** | **9,060,780** | **9,060,780** | **9,513,819** | **9,989,510** |
| **H. Department of Youths, Sports, Gender & Talent Dev.:** | | | | | | | | |
| 1 | Hire of Stadium, park & open spaces | 0 | 1,723,716 | 852,400 | 3,560,600 | 3,560,600 | 3,738,630 | 3,925,562 |
| **SUB-TOTAL** | | | **1,723,716** | **852,400** | **3,560,600** | **3,560,600** | **3,738,630** | **3,925,562** |
| **I. Department of Finance & Economic Planning:** | | | | | | | | |

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1 | Miscellaneous Incomes | 12,143,630 | 14,997,967 | 18,931,218 | 8,400,400 | 8,400,400 | 8,820,420 | 9,261,441 |
| **SUB-TOTAL** | | **12,143,630** | **14,997,967** | **18,931,218** | **8,400,400** | **8,400,400** | **8,820,420** | **9,261,441** |
| | **ORDINARY OSR TOTALS** | **232,807,030** | **359,263,178** | **390,674,039** | **566,180,758** | **566,180,758** | **594,489,796** | **624,214,286** |
| **J. Department of Public Health & Medical Services (A-I-A)** | | | | | | | | |
| 1 | FIF & Billed NHIF/SHA | 626,646,993 | 841,232,651 | 1,339,368,104 | 1,064,906,565 | 1,104,906,565 | 1,171,397,222 | 1,288,536,944 |
| **SUB-TOTAL** | | **626,646,993** | **841,232,651** | **1,339,368,104** | **1,064,906,565** | **1,104,906,565** | **1,171,397,222** | **1,288,536,944** |
| | **GRAND TOTAL (KSH)** | **859,454,023** | **1,200,495,829** | **1,730,042,142** | **1,631,087,323** | **1,671,087,323** | **1,765,887,018** | **1,912,751,230** |

***Source: County Treasury, County Revenue Board, 2026***

APPROVED CFSP 2026/

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

145. In the MTEF period 2026/27-2028/29, Homa Bay County foresee an increase in the overall revenue across the period, this will support the County to sustain gains realized so far and continue with the delivery priority projects that seek to address the underlying development challenges bedeviling the residents of Homa Bay County.

146. However, assessing individual revenue projections in the FY 2026/27 allocations for the conditional grants and equalization funds are likely to reduce. The County will ensure that within the fiscal space some of the affected donor funded programmes and projects are sustained in the medium-term.

### 4.2.2 Expenditure Projections

The total expenditure for the FY 2026/27 is estimated at KSh. **11,877,334,895** compared to **KSh. 12,185,176,903** for the FY 2025/26 indicating a decrease of **KSh. 307,842,008** this is a result of the reduction in the conditional grants. Recurrent expenditure that comprises of personnel emoluments, operation and maintenance is estimated at KSh. **8,195,361,077,** representing 69 percent. Out of which, personnel emolument is estimated at KSh. **6129457479** accounting for 54 percent, operation and maintenance is estimated at **KSh 2,065,903,598** representing 14.3 percent of the county revenues while development expenditure is estimated at **KSh. 3,681,973,817** representing 31 percent of the overall county revenues.

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

**Expenditure Projections in the Medium Term-FY 2026/27-2028/29**

| COUNTY BUDGET FISCAL FRAMEWORK FOR FY 2026/27-2028/29 | | | | | |
|---|---|---|---|---|---|
| **Revenue/Expenditure Category** | **Printed Estimates FY2025/26** | **Revised Estimate I FY2025/26** | **Proposed Estimates FY2026/27** | **Projected Estimates FY 2027/28** | **Projected Estimates FY2028/29** |
| **Total Revenue** | **12,185,176,903** | **13,601,450,964** | **11,877,334,895** | **12,677,458,050** | **13,184,556,372** |
| Equitable Share | 8,539,802,361 | 8,646376063 | 8,749,360,113 | 9,099,334,518 | 9,463,307,898 |
| Conditional Grants-CGAA Act 2025/26 | 1,646,539,167 | 2,429,216,326 | 1,242,863,494 | 1,713,059,349 | 1,781,581,723 |
| Own Source Revenue (Ordinary) | 566,180,758 | 566,180,758 | 566,180,758 | 589,054,461 | 612,616,639 |
| Appropriations–In-Aid (Health Sector) | 1,064,906,565 | 1,104,906,565 | 1,104,906,565 | 1,107,928,790 | 1,152,245,942 |
| Share of equalization fund | 124,000,500 | 214,023,965 | 214,023,965 | 129,010,120 | 134,170,525 |
| Unspent Balances | 243,747,552 | 640,747,287 | | | |
| **Total Expenditure** | **12,185,176,903** | **13,601,450,964** | **11,877,334,895** | **12,677,458,050** | **13,184,556,372** |
| **Recurrent Expenditure** | **8,055,030,705** | **7,820,379,536** | **8,195,361,077** | **8,441,221,910** | **8,694,458,567** |
| *Personnel Emoluments* | 5,870,279,014 | 6,143,186,020 | 6129457479 | 6,327,481,601 | 6,517,306,049 |
| *Conditional Grants Recurrent* | | | 374,981,542 | 386,230,988 | 397,817,918 |
| *Operations and Maintenance* | 2,184,751,691 | 1,677,193,516 | 1,690,922,057 | 1,727,509,321 | 1,779,334,601 |
| *Conditional Grants Development and Counterpart funding* | | | 1,062,881,952 | 1,116,026,050 | 1,171,827,352 |
| *Non-Grant Development* | | | 2,405,067,900 | 2,525,321,295 | 2,651,587,360 |
| *Equalization Fund Projects* | | | 214,023,965 | 321,035,948 | 337,087,745 |
| **Development Expenditure** | **4,130,146,200** | **1,081,905,917** | **3,681,973,817** | **3,962,383,292** | **4,160,502,457** |

***Data Source: Homa Bay County Treasury, 2026***

APPRO

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

147. Recurrent expenditures take the highest share of the County revenues out of which payment of staff salaries and benefits that is estimated at 54% in the medium term, share of operation and maintenance expenses across all the county spending entities is estimated at 13% in the medium term while development expenditure is estimated at 31% as highlighted in the table above.

148. It is against this backdrop that priorities for funding in FY 2026/27 will be channeled to projects/programmes that focus on county strategic interventions. These programmes are geared towards promotion of service delivery that supports social development, economic growth and transformation of the County. They are also in line with the third generation County Integrated Development Plan (CIDP 2023-2027), fourth Medium Term Plan of the vision 2030, and the Bottom-Up Economic Transformation Agenda (BETA).

149. Further, the county government shall ensure compliance to the Fiscal principles in the management of public finance by implementing measures and strategies that will ensure recurrent expenditure does not exceed 70 percent of county government's total revenue and endeavor allocating more than 30 percent of county government's total revenue. The county government shall also observe a reasonable degree of revenue predictability informed by previous performance trends.

## 4.3 Expenditure projections by spending entities

### 4.3.1 Budget Priorities

150. The county through the MTEF will implement priority programmes derived from the third generation CIDP, the approved development proposals in the CADP 2026/27 proposals, BETA programmes being implemented in the County and the affirmed up sectorial priority programmes in the CFSP 2026 to accelerate economic recovery and enhance service delivery. This will be achieved through strong linkages between policy, budgeting, implementation and monitoring and evaluating of planned outcomes. The county will strive to ensure that public spending remains affordable within a sustainable framework.

151. In this regard, public spending will be directed towards the most critical needs of the county with the aim of achieving quality outputs and outcomes with optimum utilization of resources. Further, the county will ensure CDAs' requests for resources take into account the resource constraints in light of the fiscal consolidation policy taking into account: responsible management of public resources; building a resilient, more productive and competitive county economy; delivering better public services within a tight fiscal environment, and the need to deepen governance, anti-corruption and public financial management reforms to guarantee transparency, accountability and efficiency in public spending. The need to allocate resources based on needs and the impact will also be considered.

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

### 4.3.2 Revenue Enhancement

152. The Government of Homa Bay is mandated to provide quality services to the people of Homa Bay. To make this possible, it must mobilize its revenue mainly from the equitable share, conditional and unconditional grants, Own Source Revenues (OSR) and borrowing.

#### 4.3.2.1 Enhancing Collection of Own – Source Revenue

153. Enhancing revenue collections requires properly determining the appropriate rates to be charged on each item/activity and how to get as many items/activities as possible to be captured for purposes of taxation. Maximizing the activities to be charged for tax will in turn result to more revenue collected within the county, hence enhancing more own source revenue.

154. With respect to making all revenue collection activities legal, the County Government is taking steps to ensure there exists clear and unambiguous legal authority for collecting every category of revenue. This implies specific and sufficiently detailed county legislation for every revenue stream. Such legislation will only be considered complete if they have clear, well-defined methodology for all revenue processes ranging from the definition of the revenue base to collection, to enforcement, to reporting. To ensure maximum compliance with constitutional provisions and national policy, model laws developed jointly by CRA, COG and KLRC shall be adapted to the largest extent possible.

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

156. Revenue enhancement efforts will be focused on measures that will bring the greatest revenue gains. Effort will be concentrated on areas with there is more revenue potential, having understood the pattern of revenue collection. The major areas of potential revenue collection realized by the County Government include Single Business Permits, Cess, Market fees, Parking fees, Rents, Land-based revenue, Property taxes, Liquor licensing, Tourism charges, Transit charges, Construction minerals charges, Advertising among others. The County Government will be focusing on the policy objective of every revenue steam so that charges are priced and administered accordingly. The taxation will be done in accordance with the nature of the business, geographical location and the physical size of the premises.

157. The Government will ensure adequate funding of revenue-producing assets at the same time allocating sufficient funds for maintenance of these revenue producing

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

assets. This will ensure continuous flow of revenue, thus enhancing our own-source revenue. The County Government will also strive to minimize the transaction cost of collecting revenue. Options for annual or monthly billing shall be considered so that costs are saved for both the County Government and the citizens. User accounts shall be opened for payments like market and parking fees and, advance payments shall be incentivized through discounting. These activities when undertaken will greatly help cut the costs involved in collecting revenue hence more revenue will be channeled into the County account.

### 4.3.3 Budgetary Allocation

158.The budgetary allocation to each MTEF sector and County Government Entity largely reflected their on-going commitments and budget priorities for FY 2025-26. Views of the public and key stakeholders were considered, and amendments were made where necessary. The allocations were captured in the form of ceilings for entities and programmes per sector.

#### 4.3.3.1 Departmental Ceilings for the FY 2026/27

159. The Departmental ceiling for the FY 2026-27 is informed by the zero-based budgeting based on the expenditure ceilings for the current FY 2025-26 reflecting on the current spending levels across the Departments and programmes.

160. In the recurrent setting, non-discretionary expenditures have taken first charge. Development expenditures have been allocated based on the on-going flagship projects, Ward Projects and CADP 2025 priorities.

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

**Table 4.3.1 County Entity Budgetary Allocation for FY 2026/27 – 2028/29**

| VOTE | SPENDING ENTITY | APPROVED ESTIMATES FY 2025/2026 | | | PROPOSED CEILINGS FY 2026/2027 | | | PROJECTED ESTIMATES FY 2027/28 | PROJECTED ESTIMATES FY 2028/29 |
|---|---|---|---|---|---|---|---|---|---|
| | | Recurrent | Develop' | Total (R+D) | Recurrent | Development | Total (R+D) | Total(R+D) | Total(R+D) |
| 5120 | Finance and Economic Planning | 565,415,165 | 261,232,242 | 826,647,407 | 655,314,225 | 333,091,865 | 655,314,225 | 1,027,942,334 | 1,069,060,027 |
| 5122 | County Public Service Board | 69,834,348 | 0 | 69,834,348 | 49,077,549 | 0 | 49,077,549 | 51,040,651 | 53,082,277 |
| 5123 | County Assembly Service Board | 1,032,734,503 | 143,338,488 | 1,176,072,991 | 965,225,034 | 150,000,000 | 965,225,034 | 1,128,634,035 | 1,173,779,397 |
| 5124 | Homa Bay Municipal Board | 28,623,320 | 49,919,568 | 79,044,438 | 21,287,661 | 59,000,000 | 21,287,661 | 83,499,167 | 86,839,134 |
| 5125 | Agriculture and Livestock | 234,742,815 | 253,963,679 | 488,706,494 | 142,063,792 | 305,244,200 | 142,063,792 | 465,200,311 | 483,808,324 |
| 5126 | Gender Equality and Inclusivity, Youth, Sports, Talent Development, Cultural Heritage and Social Services | 124,553,803 | 56,515,565 | 181,069,368 | 91,577,300 | 80,000,000 | 91,577,300 | 178,440,392 | 185,578,007 |
| 5127 | Roads, Public Works, Transport and Infrastructure | 158,239319 | 699,474,496 | 857,713,815 | 100,508,889 | 600,000,000 | 100,508,889 | 603,729,244 | 627,878,414 |
| 5128 | Blue Economy, Fisheries, Mining and Digital Economy | 124,398,817 | 47,199,623 | 171,598,440 | 93,671,839 | 55,866,551 | 93,671,839 | 155,519,926 | 161,740,723 |
| 5129 | Education, Human Capital Development and Vocational Training | 1,237,065,338 | 305,461,295 | 1,542,526,633 | 1,125,234,979 | 185,000,000 | 1,125,234,979 | 1,362,644,378 | 1,417,150,153 |
| 5130 | Public Health and Medical Services | 2,897,686,298 | 432,500,000 | 3,330,186,298 | 3,492,752,407 | 470,000,000 | 3,492,752,407 | 4,277,262,504 | 4,448,353,004 |
| 5131 | Lands, Physical Planning, Housing and Urban Development | 82,760,057 | 575,338,850 | 658,098,907 | 132,126,793 | 54,787,057 | 132,126,793 | 194,390,404 | 202,166,020 |
| 5132 | Trade, Industry, Tourism, Cooperative Development and Marketing | 191,059,292 | 132,818,574 | 323,877,866 | 173,565,228 | 170,000,000 | 173,565,228 | 357,307,837 | 371,600,151 |
| 5133 | Water, Sanitation, Irrigation, Environment, Energy and Climate Change | 245,648,646 | 462,428,921 | 708,077,567 | 186,960,806 | 476,984,144 | 186,960,806 | 690,502,748 | 718,122,858 |
| 5134 | Governance, Administration, Communication and Devolution | 479,888,429 | 405,500,000 | 885,388,429 | 611,623,617 | 412,000,000 | 611,623,617 | 1,064,568,562 | 1,107,151,304 |
| 5135 | Executive Office of the Governor | 538,410,906 | 221,248,210 | 759,659,116 | 276,960,310 | 230,000,000 | 276,960,310 | 527,238,722 | 548,328,271 |
| 5136 | Kendu Bay Municipal Board | 9,923,840 | 15,000,000 | 24,923,840 | 15,554,717 | 20,000,000 | 15,554,717 | 36,976,906 | 38,455,982 |
| 5137 | Mbita Municipal Board | 9,923,840 | 15,000,000 | 24,923,840 | 15,269,413 | 20,000,000 | 15,269,413 | 36,680,189 | 38,147,397 |
| 5138 | Ndhiwa Municipal Board | 9,923,840 | 15,000,000 | 24,923,840 | 16,408,454 | 20,000,000 | 16,408,454 | 37,864,793 | 39,379,384 |
| 5139 | Oyugis Municipal Board | 12,903,268 | 39,000,000 | 51,903,268 | 30,178,065 | 40,000,000 | 30,178,065 | 72,985,187 | 75,904,595 |
| | **Total Estimates** | **8,055,030,705** | **4,130,146,200** | **12,185,176,905** | **8,195,361,078** | **3,681,973,817** | **8,195,361,078** | **12,352,428,290** | **12,846,525,422** |

***Source: HB County Treasury, 2026***

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

### 4.3.4 Criteria for Expenditure Appropriation

161. In allocation the expected revenues to support expenditures across all the nineteen spending entities (refer to the table above), the County Government of Homa Bay took into consideration departmental priorities, key functionalities, prudent use of resources, overriding mandates, and national government development agenda, to ensure value for money and efficiency in service delivery. In consultation with other departments, the County Treasury considered the following parameters while coming up with the expenditure ceilings for FY 2026/2027:

- Adherence to the Fiscal Responsibility Principles on recurrent, development, debt, and wage spending as set out in Section 107 of the Public Finance Management Act, 2012.
- Non-discretionary Expenditures – Mandatory and legally obligated spending on employee salaries and employment benefits as per the county approved staff establishment.
- Departmental Obligations and Priorities as per the ADP and CIDP – County programs that aids in the provision of government services including emergency and essential services.
- Ward Development Funding – Departments implementing ward-based projects have been allocated additional resources.
- Prioritizing Ongoing and Stalled Projects - Prioritize funding for ongoing projects in the annual budget to ensure they are not abandoned.
- Conditional Grants - Departments implementing programs funded through conditional grants have been considered.
- Appropriation-In-Aid – Full implementation of the Homa Bay FIF Act which allows the Department of Health to use revenue collected at source to defray their operations.
- Pending Bills Repayment – Priority has been given to settlement of outstanding county pending bills as a first charge.
- Underpinning legislation on ceilings for the County Assembly and County Executive as guided by the CRA recommendations and CARA 2026.
- Linkage of county priorities with the National MTP IV, BETA, SDGs, Vision 2030, and other National priorities.
- Expected County Revenue - County revenue estimates for the FY 2026/2027 forms the resource envelope for distribution.

162. Considering the above parameters, the County Treasury ensured equity, fairness and fiscal responsibility principles while appropriating the expected county revenue for FY 2026/2027.

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI KENYA

# CHAPTER FIVE: FISCAL RESPONSIBILITY IN FINANCIAL MANAGEMENT

## 5.1 Compliance with Fiscal Responsibility Principles

163. The County Government of Homa Bay will continue to uphold and ensure strict adherence to the Fiscal Responsibility Principles as outlined in Section 107 of the Public Finance Management Act 2012 read together with the relevant PFM regulations 2015(County Governments). This will be achieved through implementation of the following measures:

(a) The threshold of County Government's allocation to development expenditures will remain above the 30 percent of the total expenditure as provided by the PFM principles in the law and be capped at Ksh.3,681,973,817 in the FY 2026-2027, resulting into 31% of the total revenues. The recurrent expenditure will account for ksh.8,195,361,077 which is of short-term borrowing for cash management purposes, the same shall be within the 5% set limit and must be repaid within a period of one year as provided by the PFM Act 2012 and the relevant regulations.

(b) The County Government will ensure that borrowing is strictly for development purposes and will be maintained at the legal threshold of 20% of revenues in the medium term. In case of short-term borrowing for cash management purposes, the same shall be within the 5% set limit of the most recent audited revenue and must be repaid within a period of one year as provided by Section 141 and 142 of the PFM Act 2012 and other relevant regulations.

(c) The County Government will ensure prudent debt management through progressive increase payment of verified pending bills. A list of five-year pending repayment plan is also being developed.

(d) The expenditure on wages and related benefits for the public service is estimated at Kshs.6,143,186,020 translating to the total 48% revenue expected in the financial year 2026-2027 and therefore above the statutory limit of 35% as outlined in the law. However, the County Government has instituted necessary reforms over the medium term, that will be able to reign in on the expenditure on wages to ensure that it remains within the legal limits. Some of the key institutional measures include the recent extensive audit of the human resource data and verification of departmental payrolls which culminated in a Human Resource round table meeting chaired by Her Excellency the Governor. This exercise has resulted in determination of actual number of employees per department and will go a long way in ensuring effective monitoring and control of the wage bill. Future adjustments in the payroll by way of recruitment, promotions and annual increments will therefore be conducted based on authentic and verifiable data to guard against wastage of public resources. The County Government will continue to observe the resolutions of the National Conference on Wages 2024 which provided a grace period of up to 2028 for compliance with the 35% ratio together with recent Governor's Executive Order on freezing new employment and the integration of the payroll to the Human Resource Information System (HRIS).

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

Other cost control measures such as natural attrition where vacancies are only declared when an employee has exited the service or upon creation of positions by the County Public Service Board shall be adopted from time to time to ensure the wage bill is maintained within the statutory limits.

(e) The County Government will put in place fiscal measures that will ensure adequate control of recurrent expenditures to minimal levels and allow growth of development allocations in the medium term with a view of creating more wealth and better opportunities for the citizens.

(f) To sustain the steady growth of own source revenue, the full implementation of automated revenue collection system will be attained by capturing all revenue streams, training of collectors and carrying out effective suitability and integrity tests, with a view to sealing all leakages that result in the overreliance on national exchequer that sometimes delays program implementation.

(g) The emergency fund will account for not more than 2%of the budget which shall be applied in strict compliance with Sections 110-115 of the PFM Act 2012 provisions to ensure that the County can respond promptly to natural disasters such as floods, disease outbreaks and drought which have a negative bearing on the lives and livelihoods of our populations. To operationalize the fund, the county government has allocated Kshs. 35 million under Executive Services, Kshs. 50 million under Finance and Economic Planning and Kshs. 9 million under Health Services.

(h) Limited Powers of Accounting Officer to reallocate appropriated funds**.**

Section 154 of the PFM Act 2012 prohibits reallocation of funds in certain circumstances

i. Transfer to another county government entity or person
ii. For capital expenditure except to defray other capital expenditure
iii. For wages to non-wages expenditure

An accounting officer may reallocate funds between programs or between sub-votes in the budget for a financial year but only if:

i. Provisions made in the budget of a program or sub-vote are available and are unlikely to be used.
ii. A request for the reallocation has been made to the county treasury explaining the reasons for the reallocation and the county treasury has approved the request.
iii. The total of all reallocations made to and from a program or sub-vote does not exceed 10% of the total expenditure approved for that program or sub-vote for that year.

(i) Pronouncement of revenue raising measures by the county government shall take into account the following key principles**:**

i. Ensure that the total amount of revenue raised is consistent with the approved fiscal framework and the County Allocation of Revenue Act.
ii. Take into account the principles of equity, certainty and ease of collection.
iii. Consider the impact of proposed changes on the composition of tax

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

revenue with reference to direct and indirect taxes

iv. Consider domestic, regional and international tax trends.
v. Consider the impact on development, investment, employment and economic growth.
vi. Take into account the taxation and other tariff agreements and obligations Kenya has ratified, including taxation and tariff agreements under the East African Community Treaty.

## 5.2 Management of Fiscal Risks and Other Financial Operations

### a) Manifestation of Contingent Liabilities

164. Contingent liabilities are potential liabilities that may occur depending on the outcomes of uncertain future events. Contingent liability can be explicit or implicit. Explicit contingent liabilities are Specific County's obligations established by law or a contract authorized by law. The county is legally mandated to settle such an obligation when they become due, these include interests and penalties charged on unremitted statutory deductions, court fines and damages awarded during litigation. On the other hand, implicit contingent liabilities represent a moral obligation or expected burden for the county not in the legal sense but based on public expectations and political intervention such as bailout of water companies or agricultural enterprises established under county's legislation.

165. Contingent liabilities are frequently not recorded directly in the budget and thus are not subjected to budgetary oversight. These could lead to poor quantification of Contingent Liabilities and the possibility of large unplanned expenditures if it manifests.

166. The County Government of Homa Bay will strive to monitor these contingent liabilities to avoid fiscal difficulties in the budget year in the event they can occur.

### b) Other Fiscal Risks

#### i. Natural Disasters and Man-made Hazards

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

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

### ii. Climate Change Related Fiscal Risks to the Economy

168. The effects of climate change remain a significant global risk and like other public institutions the Homa Bay County Government is vulnerable to its ravaging impacts. To minimize the economic and fiscal risks of climate change phenomenon, the county will continue to pursue a low carbon- climate resilient development path. Climate financing has emerged as an important means of implementation for climate change and for promoting sustainable development and financial sector development.

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

### iii. Political Risks

170. Political commitments and social programmes such as bursaries or health subsidies can create a lot more pressure on the County's fiscal space leading to expenditures outside the budgetary framework thus affecting the overall county's budget implementation plan. A careful risks assessment is important to safeguard against such risks.

### iv. Risk of Revenue under Performance

171. Economic factors such as inflation, income and price changes, conventional revenue collection methods and systemic failures such as revenue pilferage may lead to revenue underperformance resulting to decline in Own Source Revenue. This may negatively impact the fiscal space hence affecting the implementation of budgeted programmes. The County Government of Homabay has put in measures such as Automation of revenue collection, continuous capacity building of the revenue staffs, regular revenue roundtable meetings chaired by Her Excellency the Governor, periodic tax payer engagements that have resulted into a progressive growth of Own Source Revenue over the recent past.

### v. Delayed Exchequer Remittances

172. Irregular exchequer disbursements affect programmes implementation and may results to accumulated pending bills which attract interests and penalties that further squeeze the fiscal space. In order to mitigate the risk of delayed exchequer releases the county government has put in place Own Source Revenue enhancement plans and in some cases resorted to short term borrowings to bridge the gap.

APPROVED CFSP 2026/2027

COUNTY ASSEMBLIES FORUM (CAF)
P. O. Box 73552 - 00200,
NAIROBI, KENYA

### 5.2.1. ASSUMPTIONS

173. The Macroeconomic environment is expected to remain "unchanged" over the projection period and based on current fiscal and monetary policies. The forecasts represent the likely outcomes for growth, inflation, employment and other key economic variables for unchanged policy settings. The County is highly dependent on funding from the National shareable revenue and Conditional Grants from various Development Partners. To this end, the County expects that all the revenues streams as provided in the CARA 2026 will be made available to the County for all the anticipated programs and projects to take off.

174. It equally expected that all own source revenues as outlined in the revenue raising measures will continue to stream in as planned in order to forestall any shortages that could arise out of unseen expenditures and guarantee continuity in service delivery in times of delay in national exchequer releases.

APPROVED CFSP 2026/2027