REPUBLIC OF KENYA

COUNTY GOVERNMENT OF HOMA BAY

COUNTY BUDGET IMPLEMENTATION REVIEW REPORT

QUARTER THREE

FY 2025/2026

APRIL, 2026

COUNTY EXECUTIVE COMMITTEE MEMBER
FINANCE AND ECONOMIC PLANNING
10 APR 2026
HOMA-BAY COUNTY GOVERNMENT
P.O BOX 469-40300, HOMA-BAY

FOREWORD

The Quarter Three FY 2025/26 Homa Bay County Budget Implementation Review Report presents the County's budget performance during the first nine months of the financial year. It provides an analysis of revenue performance, including Own Source Revenue, Facility Improvement Fund (FIF), equitable share, grants, exchequer releases, expenditure, and budget absorption across all spending entities, while highlighting key implementation challenges and recommendations.

The report has been prepared in accordance with Sections 166 and 168 of the Public Finance Management Act, 2012, which require the County Executive Committee Member for Finance to prepare and submit quarterly budget implementation reports to the relevant oversight institutions. It also complies with the Act's reporting and public disclosure requirements.

As part of the County Government's commitment to transparency, accountability, and prudent financial management, this report provides useful information to policymakers, oversight institutions, development partners, and the public on the implementation of the FY 2025/26 budget. I encourage all stakeholders to review the report and provide constructive feedback to support improved budget execution and service delivery in Homa Bay County.

Thank You,

SOLOMON OBIERO,

CECM – FINANCE AND ECONOMIC PLANNING

COUNTY GOVERNMENT OF HOMA BAY

COUNTY EXECUTIVE COMMITTEE MEMBER
FINANCE AND ECONOMIC PLANNING
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ACKNOWLEDGEMENT

The preparation of the Homa Bay County Budget Implementation Review Report for the First Nine Months of FY 2025/26 was made possible through the collective efforts and commitment of the staff of the Department of Finance and Economic Planning. I sincerely appreciate everyone who contributed to the successful preparation of this report.

I extend my profound gratitude to H.E. Governor Gladys Nyasuna Wanga, EGH, and H.E. Deputy Governor Danish Otieno Onyango for their visionary leadership, guidance, and unwavering support in strengthening public financial management within the County.

I also wish to acknowledge Hon. Solomon Obiero, the County Executive Committee Member for Finance and Economic Planning, for his strategic leadership and invaluable guidance throughout the preparation of this report. My appreciation also goes to all County Executive Committee Members, Chief Officers, Municipal Managers, Accounting Officers, and Members of the County Assembly for their collaboration and commitment to sound budget implementation.

Finally, I commend the Directorates of Budget, Economic Planning, and Accounts, together with their technical teams, for their professionalism, dedication, and technical support in compiling and validating the information contained in this report. Their collective efforts have been instrumental in producing a report that accurately reflects the County Government's budget implementation and fiscal performance.

LAWRENCE SMITH GWORO
ACHIEF OFFICER,
ECONOMIC PLANNING AND BUDGET
COUNTY GOVERNMENT OF HOMA BAY

EXECUTIVE SUMMARY

This Quarter Three Budget Implementation Review Report (CBIRR) for Homa Bay County, covering July to September 2025 in the FY 2025/26, is prepared in compliance with Sections 166 and 168 of the Public Finance Management Act, 2012. The report evaluates the budget execution status across all 19 county entities during the review period, analyzing revenue generation and expenditure trends. It also identifies key challenges encountered in the implementation process and proposes strategic recommendations to enhance efficiency in future budget execution.

For FY 2025/26, the Homa Bay County Assembly approved a revised budget of KShs. 13,601,450,964, representing an increase from the initial approved estimates of KShs. 12,185,176,905. Of the total budget, KShs. 5.192 billion (38%) was allocated to development programmes, while KShs. 8.410 billion (62%) was earmarked for recurrent expenditure.

Within the recurrent budget, KShs. 5.192 billion was allocated to Compensation to Employees, while KShs. 2.198 billion was allocated to Operations and Maintenance. The allocation of 38 percent of the total budget to development expenditure complies with the requirements of the Public Finance Management Act, 2012, which requires county governments to allocate at least 30 percent of their budgets to development expenditure. This allocation demonstrates the County Government's commitment to financing development priorities while ensuring the continued provision of essential public services through adequate recurrent funding.

The County Government of Homa Bay projected total revenue of KShs. 13,601,450,964 to finance its FY 2025/26 budget. The projected revenue comprises an Equitable Share of KShs. 8,646,376,063, Conditional Grants amounting to KShs. 2,429,216,326, Own Source Revenue of KShs. 1,671,087,323 including Appropriations-in-Aid (A-I-A) for Health of KShs. 1,104,906,565 and Ordinary Own Source Revenue of KShs. 566,180,758, the Equalization Fund of KShs. 214,023,965, and unspent balances carried forward from FY 2024/25 amounting to KShs. 640,747,287.

During the first nine months of FY 2025/26, the County Government of Homa Bay realized KShs. 7.261 billion against a revised annual revenue target of KShs. 13.601 billion, representing 53.4% of the annual target. The revenue comprised KShs. 5.669 billion from the Equitable Share, KShs. 467.344 million from conditional grants, KShs. 304.043 million from Own Source Revenue (OSR), KShs. 714.574 million from the Facility Improvement Fund (FIF), and KShs. 105.999 million in opening balances. Revenue performance remained below target due to delayed grant disbursements and underperformance in some own-source revenue streams, underscoring the need to strengthen local revenue mobilization and improve the timely release of external funding.

During the first nine months of FY 2025/26, Homa Bay County spent KShs. 6.80 billion, comprising KShs. 6.12 billion by the County Executive and KShs. 680.61 million by the County Assembly. This represents a 14.2 per cent increase from KShs. 5.95 billion spent during the corresponding period of FY 2024/25. While recurrent expenditure accounted for the largest share of spending, development expenditure recorded an absorption rate of 31 per cent.

Budget implementation during the first nine months of FY 2025/26 was constrained by delayed procurement processes, late disbursement of exchequer releases and conditional grants, a high wage bill that limited resources for development, and pending bills that exerted pressure on the County's cash flow and overall budget absorption.

The County should strengthen procurement planning and project implementation, enhance own-source revenue mobilization, ensure prudent wage bill management, improve cash flow and pending bills management, and work closely with the National Treasury to facilitate timely disbursement of funds to improve budget execution and service delivery.

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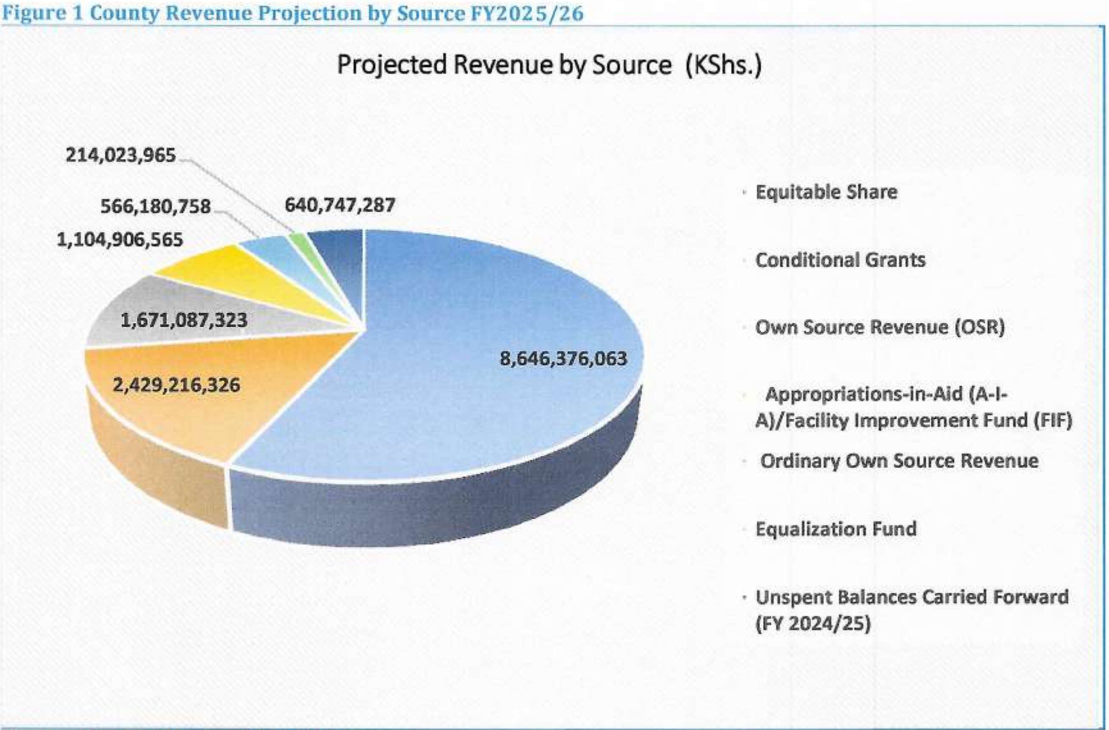
CHAPTER ONE: FINANCIAL ANALYSIS OF THE BUDGET IMPLEMENTATION

1.1.0 Overview of Fiscal Framework FY 2025/26

The County Government of Homa Bay approved a FY 2025/26 budget of KShs. 13.601 billion, comprising KShs. 5.192 billion (38%) for development programmes and KShs. 8.409 billion (62%) for recurrent expenditure. This represents an increase from the FY 2024/25 approved budget of KShs. 12.185 billion, reflecting the County's commitment to financing development priorities while ensuring the continued delivery of essential public services.

To finance the budget, the County projected KShs. 8.646 billion (63.6%) from the Equitable Share, KShs. 2.429 billion (17.9%) from Conditional Grants, KShs. 214.024 million (1.6%) from the Equalization Fund, KShs. 1.671 billion (12.3%) from Own Source Revenue comprising KShs. 1.105 billion in Appropriations-in-Aid (A-I-A)/Facility Improvement Fund (FIF) and KShs. 566.181 million in ordinary own-source revenue and KShs. 640.747 million (4.7%) from unspent balances carried forward from FY 2024/25.

Figure 1 County Revenue Projection by Source FY2025/26



Source: County Treasury 2025/2026

1.2.0 Revenue Performance

During the first nine months of FY 2025/26, the County realized Kshs. 7.261 billion against an annual revenue target of Kshs. 13.601 billion, representing an overall performance of 53.4% and a variance of Kshs. 6.340 billion.

The Equitable Share remained the largest source of revenue, with Kshs. 5.669 billion received, achieving 65.6% of the annual target. Health Facility Improvement Financing (FIF/SHIF) and Own Source Revenue (OSR) recorded performances of 64.7% and 53.7%, respectively. conditional grants performed poorly at 17.0% due to delayed disbursement of conditional grants, while no

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funds were received from the Equalisation Fund. The County also carried forward Kshs. 105.999 million in unspent balances from FY 2024/25, representing 32.5% of the expected opening balance.

Overall, the County's revenue performance was mainly supported by the Equitable Share, while delayed transfers under conditional grants constrained the achievement of the annual revenue target.

Table 1 First Nine Months Revenue performance against the Target, FY2025/26

Revenue Category	Approved Supplementary FY2025/26 (Kshs.)	First Nine Months Actual Receipts (Kshs.)	Total Revenue (Accrual Basis) (Kshs.)	Variance (Kshs.)	Performance (%)
Unspent Balance from FY 2024/25	325,747,287	105,998,933	105,998,933	219,748,354	32.50%
Equitable Share	8,646,376,063	5,669,078,386	5,669,078,386	2,977,297,677	65.60%
Equalisation Fund	214,023,965	-	-	214,023,965	0.00%
Additional Allocations	2,744,216,326	467,344,004	467,344,004	2,276,872,322	17.00%
Own Source Revenue	566,180,758	304,042,856	304,042,856	262,137,902	53.70%
Health Facility Improvement Financing (FIF/SHIF)	1,104,906,565	714,574,159	714,574,159	390,332,406	64.70%
Grand Total	**13,601,450,964**	**7,261,038,339**	**7,261,038,339**	**6,340,412,625**	**53.40%**

Table 2 First Nine Months Comparison of Revenue Performance by Source FY2023/24-FY2025/26

Revenue Category	Q3 FY2023/24 Actual Receipts (KShs.)	Q3 FY2024/25 Actual Receipts (KShs.)	Q3 FY2025/26 Actual Receipts (KShs.)
Equitable Share	4,858,923,043	5,389,033,196	5,669,078,386
Conditional Grants	255,299,459	65,131,579	467,344,004
Own Source Revenue	258,230,138	285,542,183	304,042,856
Health Facility Improvement Financing (FIF/SHIF)	668,995,814	753,151,722	714,574,159
Equalisation Fund	-	-	-
Unspent Balance from Previous FY & Refunds	142,874,788	693,090,512	105,998,933
Total Revenue	**6,184,323,242**	**7,185,949,192**	**7,261,038,339**

Source: County Treasury, 2025/2026

1.3.0 Trend in the OSR Collection

During the first nine months of FY 2025/26, the County collected a total of KShs. 1,018,617,015.45 in own-source revenue, comprising KShs. 304.04 million from Ordinary Own Source Revenue (OSR) and KShs. 714.57 million from Health Sector Appropriations-in-Aid (A-I-A)/Facility Improvement Fund (FIF). This represents a slight decline from the KShs. 1.039 billion realized during the same period in FY 2024/25, but remains significantly higher than the KShs. 927.23 million collected in FY 2023/24. The collections account for 60.9 percent of the annual own-source revenue target of KShs. 1.671 billion, indicating the need to strengthen revenue mobilization and enforcement measures to improve performance during the final quarter of the financial year

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Table 3 First Nine Months Own Source Revenue Performance by Stream FY2025/26

S/No	Ordinary Own Sources of Revenue	Annual Revised Targets Revenue (Kshs.)	Actual Revenue First Nine Months FY2025-2026 (Kshs.)	Variance (Kshs.)
1	Land Rates/Plot Rents	36,560,500	6,566,223	-29,994,277
2	Land Transfers/Sales/Ext/Change of Use	1,780,400	678,900	-1,101,500
3	Lease Charges/Consent/Transfers	2,690,500	2,984,469	293,969
4	Ground rents	2,595,500	1,111,905	-1,483,595
5	Single Business Permit	117,560,340	73,723,940	-43,836,400
6	Market Dues	54,670,340	30,799,015	-23,871,325
7	Approval plans/Transfers/Certificates	16,568,000	5,607,970	-10,960,030
8	Housing Fees (Rents)	1,324,970	531,200	-793,770
9	Fish Cess	18,580,790	5,063,567	-13,517,223
10	Other Cess Income	27,400,560	17,879,384	-9,521,176
11	Taxi /Motorbike Fees	46,789,369	5,676,951	-41,112,418
12	Site Value Rates	-	10,000	-
13	Stall/Kiosk Rents	12,090,700	7,072,850	-5,017,850
14	Slaughter House Fees	2,531,300	978,040	-1,553,260
15	Stock Auction Fees (Cattle/Goat/sheep)	7,289,400	1,584,650	-5,704,750
16	Stock Movement Fees	1,100,560	49,860	-1,050,700
17	Veterinary Charges	1,670,110	712,051	-958,059
18	Advertising /Bill Board	32,450,290	12,363,910	-20,086,380
19	Landing Fees	1,180,900	460,190	-720,710
20	Bus Park Fees	60,679,625	32,242,794	-28,436,831
21	Liquor Licencing	20,678,230	6,345,504	-14,332,726
22	Search and clearance certificates	161,789	20,200	-141,589
23	Noise Pollution Fees	1,550,690	338,300	-1,212,390
24	Fire Inspection Fees	5,200,000	677,100	-4,522,900
25	Tractor Hire Services	2,560,780	132,650	-2,428,130
26	Hire of Machineries & Equip & Wayleave charges	3,280,450	478,500	-2,801,950
27	Conservancy Fees/Wildlife Grants	-	12,000	-
28	Water Charges	701,495	416,135	-285,360
29	Fines & Penalties	3,860,780	1,169,550	-2,691,230
30	Survey/Sub Division Fees	601,490	179,000	-422,490
31	Weight and Measures Fees	709,600	3,437,080	2,727,480
32	Bricks/Sand/Murram/Stones	69,400,300	46,364,656	-23,035,644
33	Hire of stadium/Park/Open spaces	3,560,600	615,000	-2,945,600
34	Public Health	-	4,029,002	4,029,002
35	Miscellaneous Incomes	8,400,400	33,730,310	25,329,910
	Sub-Total (ksh)	**566,180,758**	**304,042,856**	**-262,159,902**

Source: County Treasury 2025/2026

Figure 2 First Nine Months Best performing Ordinary OSR by Stream FY2025/26

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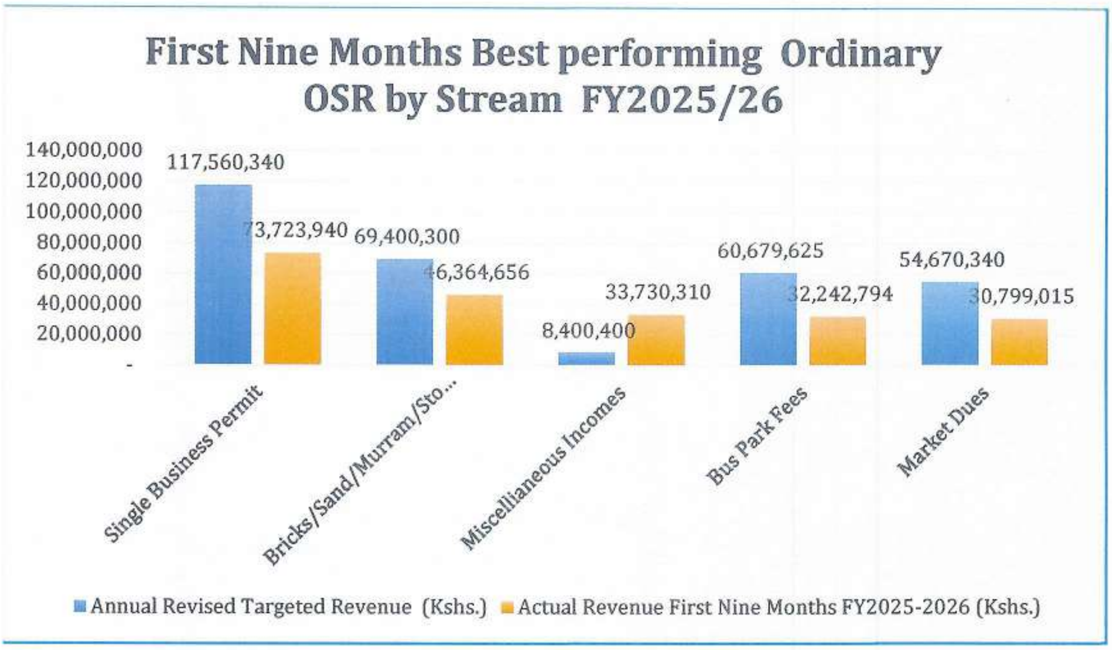
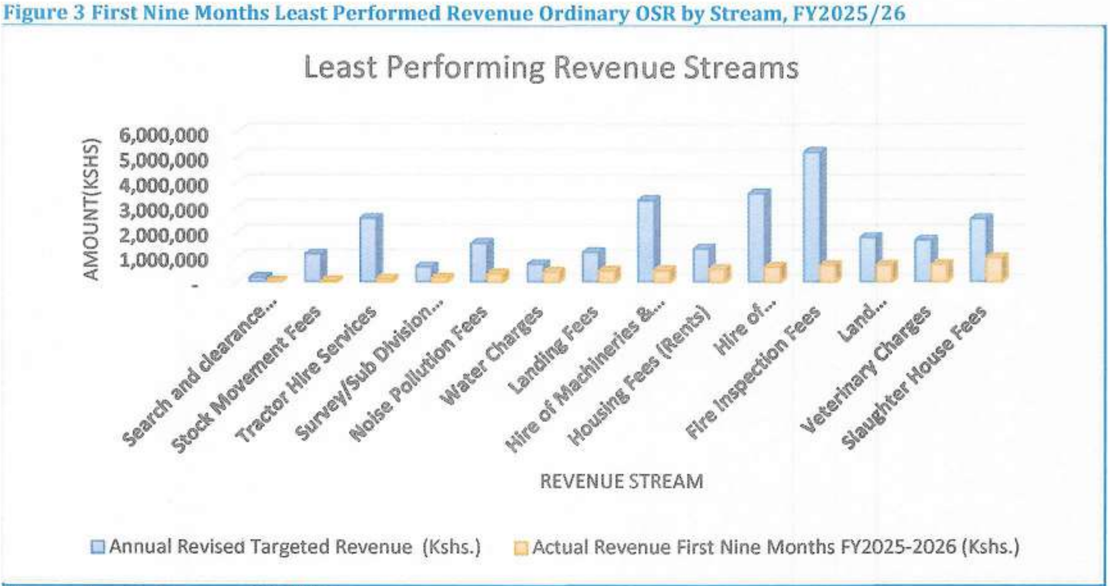


Figure 3 First Nine Months Least Performed Revenue Ordinary OSR by Stream, FY2025/26



Source; County Treasury 2025/26

Facility Improvement Fund (FIF)/Appropriations-in-Aid (A-I-A)

As at 31st March 2026, county health facilities had realized KShs. 586.44 million in Facility Improvement Fund (FIF)/Appropriations-in-Aid (A-I-A) revenue against an approved annual target of KShs. 1.105 billion, representing 53.1 percent of the annual target. Homa Bay County Teaching and Referral Hospital accounted for the largest share of collections, generating KShs. 289.91 million, followed by Nyandiwa Level 4 Hospital (KShs. 28.15 million), Rachuonyo County Hospital (KShs. 22.82 million), and Rangwe Sub-County Hospital (KShs. 18.16 million).

In addition, health facilities submitted SHA claims amounting to KShs. 531.00 million, of which KShs. 415.45 million (78.2 percent) had been reimbursed by the end of the third quarter. An outstanding balance of KShs. 115.55 million in approved claims and KShs. 267.04 million in

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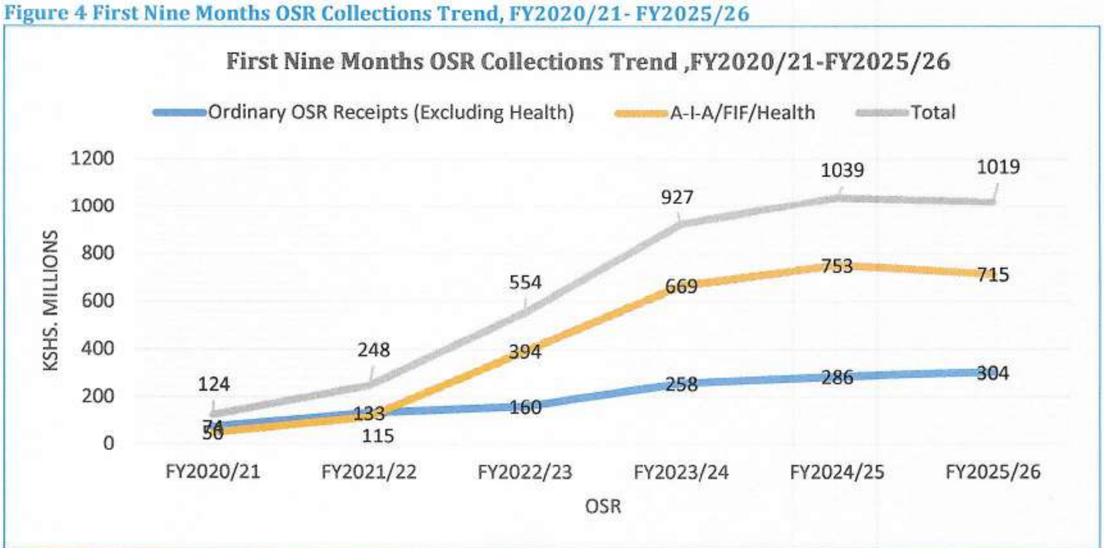
pending claims remained unpaid, underscoring the importance of timely reimbursements in supporting health facility revenue and ensuring uninterrupted service delivery.

Table 4 Health Facilities Revenue Performance as at 31st March 2026

HEALTH FACILITIES REVENUE PERFORMANCE AS AT 31ST MARCH,2026					
		SHA			NHIF
S/No	Level of Health Facility and number of facilities	Approved Claims (Kshs.)	Claims Paid (Kshs.)	Balance (Kshs.)	Pending Debt (Kshs.)
1	Homa Bay County Teaching &Referral Hospital	321,212,968	268,903,826	52,309,142	84,387,280
2	Makongeni Level 4 Hospital	2,047,760	4,029,095	(1,981,335)	5,310,065
3	Marindi Sub County Hospital	7,352,634	781,398	6,571,236	3,055,840
4	Rachuonyo North Sub County Hospital	19,656,179	7,863,780	11,792,399	4,565,700
5	Kandiege Level 4 Hospital	5,896,480	1,292,882	4,603,598	11,199,118
6	Miriu Level 4 Hospital	7,389,065	4,980,477	2,408,588	2,342,346
7	Kabondo Sub County Hospital	3,057,980	844,660	2,213,320	14,952,000
8	Othoro Level 4 Hospital	3,647,110	3,630,200	16,910	2,731,980
9	Ober Level 4 Hospital	5,065,120	14,005,941	(8,940,821)	7,234,400
10	Rachuonyo County Hospital	22,306,960	14,255,730	8,051,230	25,862,550
11	Nyang'iela Level 4 Hospital	14,134,720	3,531,727	10,602,993	8,504,000
12	Rangwe Sub County Hospital	11,820,861	17,397,930	(5,577,069)	8,342,980
13	Ndiru Level 4 Hospital	3,041,681	1,554,487	1,487,194	645,000
14	Ndhiwa Sub County Hospital	11,162,640	1,168,375	9,994,265	
15	Pala Sub County Hospital	7,122,360	3,005,438	4,116,922	46,106,220
16	Malela Level 4 Hospital	9,004,530	6,740,182	2,264,348	-
17	Suba South Sub County Hospital	13,568,240	2,155,353	11,412,887	6,660,100
18	Nyandiwa Level 4 Hospital	15,182,440	27,808,041	(12,625,601)	5,653,500
19	Magunga Level 4 Hospital	2,980,877	1,625,624	1,355,253	14,718,630
20	Kisegi Level 4 Hospital	9,132,305	3,482,301	5,650,004	5,744,000
21	Mbita Sub County Hospital	15,386,760	6,581,933	8,804,827	
22	Ogongo Level 4 Hospital	6,921,750	9,758,326	(2,836,576)	2,072,150
23	Tom Mboya Memorial Level 4 Hospital	9,626,480	10,039,606	(413,126)	4,646,691
24	Sena Level 4 Hospital	4,284,580	17,451	4,267,129	2,300,600
	Total	**531,002,480**	**415,454,763**	**115,547,717**	**267,035,150**

Figure 4 First Nine Months OSR Collections Trend, FY2020/21- FY2025/26



1.4.0 Borrowing by the County

The County Government continued to utilize a payroll management overdraft facility with Equity Bank (K) Limited and KCB Bank Limited, following approval by the County Assembly. The facilities attracted interest rates of 1.5% and 0.5%, respectively, plus 20% excise duty on applicable interest and bank charges. As at 31 March 2026, the outstanding overdraft balance with Equity Bank (K) Limited was Kshs. 498 million.

Additionally, the County is financing the construction of the County Headquarters, Amphitheatre, and Ushuru Centre through a Tenant Purchase Agreement signed with the County Pension Fund (CPF) on 6 May 2024. The agreement provides for a project cost of Kshs. 820 million, to be repaid in monthly instalments of Kshs. 17.25 million over a four-year period.

1.5.0 Exchequer Releases

During the first nine months of FY 2025/26, the Controller of Budget approved exchequer withdrawals of Kshs. 6.54 billion, comprising Kshs. 5.20 billion (79%) for recurrent expenditure and Kshs. 1.34 billion (21%) for development programmes. Of the recurrent releases, Kshs. 4.55 billion was allocated to personnel emoluments and Kshs. 641 million to operations and maintenance. Domestic travel, accommodation and subsistence accounted for Kshs. 219.82 million, all of which was requested by the County Assembly, while no funds were requested for foreign travel during the review period.

1.6.0 Implementation of the Equalisation Fund

Although the County budgeted KShs. 214.02 million under the Equalisation Fund in the FY 2025/26 Supplementary Budget, no allocations were disbursed during the reporting period. As a result, no expenditure was incurred, and all planned Equalisation Fund projects remained unimplemented.

CHAPTER TWO: BUDGET PERFORMANCE BY COUNTY ENTITIES

2.1.0 EXPENDITURE BY ECONOMIC CLASSIFICATION

During the first nine months of FY 2025/26, the County Government of Homa Bay spent KShs. 6.80 billion on recurrent and development programmes, equivalent to 104 per cent of the exchequer funds released by the Controller of Budget and an increase from KShs. 5.95 billion recorded during the same period in FY 2024/25. Recurrent expenditure amounted to KShs. 5.18 billion, while development expenditure totalled KShs. 1.62 billion, representing 62 per cent and 31 per cent of the respective annual budgets.

The County Executive accounted for KShs. 6.12 billion (90%) of the total expenditure, while the County Assembly spent KShs. 680.61 million (10%). Employee compensation remained the largest expenditure item at KShs. 4.50 billion, followed by KShs. 675.16 million on operations and maintenance and KShs. 1.62 billion on development programmes.

Table 5 First Nine Months Budget Absorption by economic classification, FY2025/26

Expenditure Classification	Approved Budget (KShs.)		Total Expenditure in the First Nine Months of FY 2025/26 (KShs.)		Absorption (%)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	7,376,782,217	1,032,574,503	4,542,832,657	632,247,230	60.8	60.9
Compensation of Employees	5,737,473,231	474,225,034	4,246,439,775	305,083,694	74	64
Operations and Maintenance	1,639,308,986	558,349,469	296,392,882	327,163,536	18	59
Development Expenditure	5,048,755,756	143,338,488	1,574,378,329	48,363,670	31	34
Total Expenditure	**12,425,537,973**	**1,175,912,991**	**6,117,210,986**	**680,610,900**	**49**	**58**

Table 6 Expenditure Comparison by Economic Classification (Q3 FY2023/24–Q3 FY2025/26)

Expenditure Classification	Actual Q3 FY2023/24		Actual Q3 FY2024/25		Actual Q3 FY2024/25	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Recurrent	**3,800,935,021**	**610,927,632**	**4,174,681,497**	**641,280,775**	**4,542,832,657**	**632,247,230**
Compensation to Employees	2,970,054,334	266,965,267	3,611,923,321	303,886,268	4,193,879,231	305,083,694
Operations and Maintenance	830,880,687	343,962,365	562,758,176	337,394,507	348,953,426	327,163,536
Development	**865,330,080**	**9,112,368**	**1,138,209,864**	**18,719,225**	**1,571,876,171**	**48,363,670**
Total	**4,666,265,101**	**620,040,000**	**5,312,891,361**	**660,000,000**	**6,114,708,828**	**680,610,900**

Source: County Treasury, 2025/2026

2.2 RECURRENT EXPENDITURE ANALYSIS

2.2.1 Expenditure on Employees' Compensation

In the period under review, expenditure on compensation to employees amounted to KShs. 4.55 billion, representing 58 per cent of the available revenue and an increase of 16 per cent from KShs. 3.92 billion recorded during the corresponding period of FY 2024/25. Of the total personnel expenditure, KShs. 2.10 billion (46 per cent) was incurred by the Health Sector. The increase in personnel costs was mainly attributed to annual salary increments across various staff cadres.

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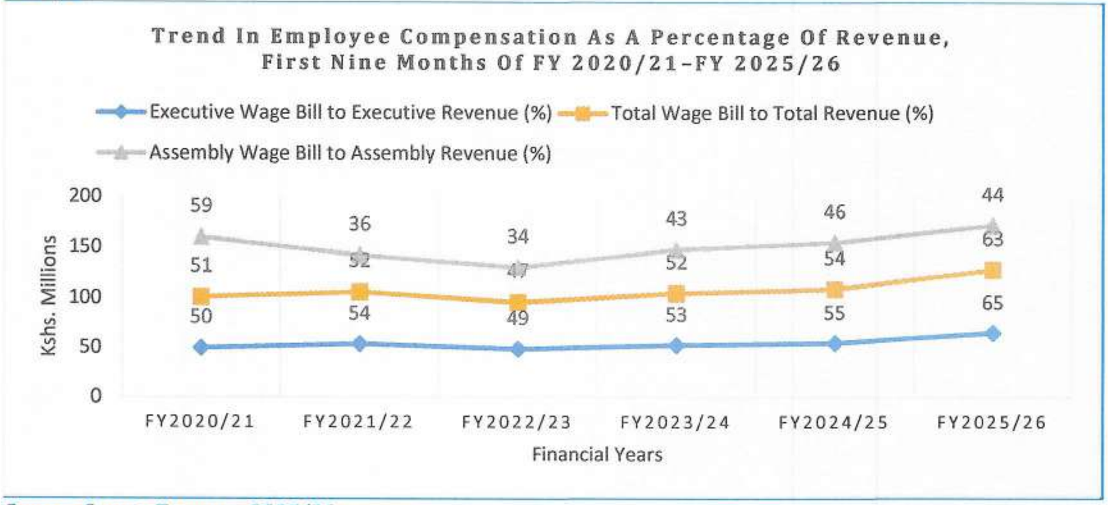
Figure 5 Trend in Employee Compensation as a Percentage of Revenue, First Nine Months of FY 2020/21–FY 2025/26



Source: County Treasury 2025/26

2.2.2 Expenditure on operations and maintenance

The County incurred KShs. 623.56 million on operations and maintenance during the first nine months of FY 2025/26, reflecting a 31 per cent reduction from KShs. 900.15 million spent during the corresponding period of FY 2024/25.

2.2.3 County-Established Funds

Pursuant to Section 116 of the Public Finance Management (PFM) Act, 2012, the County Government allocated KShs. 281.88 million to County-Established Funds in FY 2025/26, representing 2 % of the approved budget. In addition, KShs. 17.23 million was allocated to the Emergency Fund, in accordance with Section 110 of the PFM Act, 2012.

2.2.4 Expenditure on Domestic and Foreign Travel

The County Government incurred KShs. 219.82 million on domestic travel during the first nine months of FY 2025/26. Of this amount, the County Assembly accounted for KShs. 213.98 million, while the County Executive spent KShs. 5.84 million. No expenditure was reported on foreign travel during the review period.

2.3 DEVELOPMENT EXPENDITURE

In the first nine months of FY2025/26, the County incurred development expenditure of KShs. 1.623 billion, an increase of 40.3 per cent from KShs. 1.157 billion recorded during the corresponding period of FY2024/25. The County Executive accounted for KShs. 1.574 billion (97.0%), while the County Assembly spent KShs. 48.36 million (3.0%).

Table 7 Top Development Projects by Expenditure During the First Nine Months of FY 2025/26

No.	Project Category	Project Name	Location	Budget Allocation/ Contract Sum (KShs.)	Expenditure (KShs.)	Completion (%)
Donor-Funded Projects						

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1	FLLoCA	Financing Locally-Led Climate Actions Programme (CCRI & CCRIG)	All Sub-Counties	212,806,459	212,806,459	100
2	KISIP II	Kenya Informal Settlements Improvement Programme	All Sub-Counties	68,000,000	68,000,000	100
3	NAVCDP	National Value Chain Development Project	All Sub-Counties	66,944,054	66,944,054	100
4	KDSP II	Institutional/Level 1 Grant	All Sub-Counties	50,000,000	50,000,000	100
5	FLLoCA	Financing Locally-Led Climate Actions Programme	All Sub-Counties	34,340,021	34,340,021	100
County-Funded Projects						
6	Administration	Construction of County Headquarters	Homa Bay Town	210,000,000	48,750,000	100
7	Health	Construction of Accident & Emergency/Outpatient Block	Homa Bay County Teaching & Referral Hospital	140,000,000	70,786,783	53
8	Health	Electrical Installation – Accident & Emergency Block	Homa Bay County Teaching & Referral Hospital	18,732,681	18,732,681	57
9	Roads	Maintenance of Kobama–Kiasa–Nyarongi Parish Road	Homa Bay Town	8,533,308	8,533,308	100
10	Roads	Opening of Kamolo–Ayuka Dam–Dago Road	Suba South	7,834,058	7,834,058	100
11	Health	Construction of Theatre at Omboga Health Facility	Rachuonyo North	6,719,680	6,719,680	100
12	Roads	Routine Maintenance of Koliech–Nyang'ira Road	Suba South	6,545,000	6,545,000	100
13	Roads	Routine Maintenance of Kolunga–Masanga School–Orembe Road	Ndhiwa	5,994,938	5,994,938	100
14	Roads	Oriri–Kapete Road & Tala Culvert Works	Homa Bay Town	5,894,267	5,894,267	100
15	Roads	Anjech Junction–Wanda Transformer Road	Suba North	5,326,822	5,326,822	100
16	Roads	Routine Maintenance of Nyododa–Kogana–Nyandusi Road	Rachuonyo East	5,201,828	5,201,828	100
17	Roads	Routine Maintenance of Sinema–Marera Junction Road	Rangwe	5,006,283	5,006,283	100

Source: County Treasury 2025/26

2.4 FACILITY IMPROVEMENT FINANCING/ APPROPRIATION IN AID (FIF/AIA)

During the review period, the County's 231 health facilities spent KShs. 485.31 million against an approved budget of KShs. 1.10 billion, translating to an overall absorption rate of 44 per cent. Budget absorption was 59 per cent for the Level 5 Hospital, 29 per cent for Level 4 hospitals, and 145 per cent for Level 2 and Level 3 health facilities, indicating expenditure above the approved allocation for the latter category.

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Table 8 Facility Improvement Fund (FIF) Receipts, Expenditure and Absorption by Health Facility as at 31 March 2026

S/NO	HEALTH FACILITY	Approved supplementary Budget for the Facility	CUMULATIVE Receipts from the Facility as at 31st March (Kshs)	Actual Expenditure of the Facility as at 31ST March (Kshs)	Absorption rate (%)
		A	D=B+C	E	F=E/A*100
1	Homa Bay County Referral Hospital	274,000,000	289,906,954	162,195,886	106%
2	Rachounyo County Hospital	68,000,000	22,823,115	18,062,292	34%
3	Rachounyo North S/County	39,000,000	9,660,275	9,214,570	25%
4	Ndhiwa Sub County Hospital	39,000,000	5,861,240	8,458,252	15%
5	Mbita Sub County Hospital	39,000,000	10,905,823	10,544,026	28%
6	Kabondo Sub County Hospital	39,000,000	2,023,432	898,967	5%
7	Rangwe Sub County Hospital	39,000,000	18,155,192	18,501,115	47%
8	Suba South S/County Hospital	39,000,000	7,576,507	5,117,723	19%
9	Magunga L4 Hospital	39,000,000	2,069,645	1,872,074	5%
10	Kisegi L4 Hospital	26,000,000	3,556,076	20,456,858	14%
11	Pala L4 Hospital	26,000,000	3,180,371	4,847,774	12%
12	Tom Mboya L4 Hospital	39,000,000	11,052,595	5,966,442	28%
13	Ogongo L4 Hospital	26,000,000	9,984,181	10,468,445	38%
14	Makongeni L4 Hospital	39,000,000	5,091,425	3,710,942	13%
15	Marindi L4 Hospital	26,000,000	2,374,796	2,956,183	9%
16	Nyang'iela L4 Hospital	26,000,000	3,955,339	959,000	15%
17	Othoro L4 Hospital	26,000,000	3,785,150	175,000	15%
18	Miriu L4 Hospital	26,000,000	5,765,166	8,017,678	22%
19	Ober L4 Hospital	26,000,000	15,299,957	7,840,486	59%
20	Ndiru L4 Hospital	26,000,000	2,213,633	1,729,264	9%
21	Kandiege L4 Hospital	26,000,000	1,976,580	51,848,789	8%
22	Nyandiwa L4 Hospital	26,000,000	28,150,838	18,943,404	108%
23	Malela L4 Hospital	26,000,000	7,727,480	3,071,024	30%
24	Sena L4 Hospital	26,000,000	291,932	2,471,523	1%
25	Level 3 Facilities	59,906,565	107,542,628	106,978,267	180%
26	Public Health	14,000,000	5,508,000	-	
		1,104,906,565	**586,438,330**	**485,305,983**	**53%**

Source; County Treasury 2025/2026

2.5 SETTLEMENT OF PENDING BILLS

The County made significant progress in clearing pending trade payables during the first nine months of FY 2025/26. From an opening balance of KShs. 2.42 billion as at 1 July 2025, the County settled KShs. 1.47 billion, reducing the outstanding balance by 61 per cent to KShs. 944.10 million as at 31 March 2026. The remaining balance comprised KShs. 703.06 million owed by the County Executive and KShs. 241.04 million by the County Assembly.

Table 9 Statement of Pending Bills as at 31 March 2026

Entity	Outstanding as at 1 July 2025 (End of FY 2024/25)			Amount Paid in FY 2025/26			Outstanding as at 31 March 2026		
	D	R	Total(D+R)	D	R	Total(D+R)	D	R	Total(D+R)
County Executive	1,248.31	857.91	**2,106.22**	727.88	675.28	**1,403.16**	520.43	182.63	**703.06**
County Assembly	200.7	111.3	**312**	43.53	27.43	**70.96**	157.17	83.87	**241.04**
Total	**1,449.02**	**969.21**	**2,418.23**	**771.41**	**702.71**	**1,474.12**	**677.61**	**266.5**	**944.1**

Table 10 Ageing Analysis of Homa Bay County Executive and County Assembly Pending Bills as at 31 March 2026

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Category	Under 1 Year	1-2 Years	2-3 Years	Over 3 Years	Total (KShs.)
Development Trade Payables	365,856,814	154,573,981	-	-	520,430,796
Recurrent Trade Payables (Goods & Services)	66,681,507	71,147,976	44,798,409	-	182,627,892
Recurrent Trade Payables (Salary Arrears & Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	66,681,507	71,147,976	44,798,409	-	182,627,892
Total Trade Payables	**432,538,321**	**225,721,958**	**44,798,409**	**-**	**703,058,687**
Percentage of Total (%)	**62**	**32**	**6**	**-**	**100**
COUNTY ASSEMBLY					
Category	**Under 1 Year**	**1-2 Years**	**2-3 Years**	**Over 3 Years**	**Total (KShs.)**
Development Trade Payables	35,837,598	112,113,213	-	9,224,154	157,174,964
Recurrent Trade Payables (Goods & Services)	1,056,150	37,316,446	9,999,305	35,497,787	83,869,688
Total Recurrent Trade Payables	1,056,150	37,316,446	9,999,305	35,497,787	83,869,688
Total Trade Payables	**36,893,748**	**149,429,658**	**9,999,305**	**44,721,941**	**241,044,653**
Percentage of Total (%)	**15**	**62**	**4**	**19**	**100**

Source; County Treasury 2025/2026

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3.1.0 Budget Performance by Department

Table 11 Budget Allocation and Absorption Rates by Department as at 31st March 2026

Department	Budget Allocation		Exchequer Issues		Expenditure		Expenditure to Exchequer Issues (%)		Absorption Rate (%)	
Classification	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Finance and Economic Planning	577.92	341.23	370.22	35.26	370.22	35.26	100	100	64	10
County Public Service Board	69.83	5	28.72	-	28.72	-	100	-	41	-
County Assembly Service Board	1,032.73	152.34	641.64	48.36	641.64	48.36	100	100	62	32
Homa Bay Municipal Board	31.92	74.13	6.44	40.98	6.44	40.98	100	100	20	55
Agriculture, Irrigation & Livestock	240.13	422.26	96.32	68.44	96.32	68.44	100	100	40	17
Gender Equality, Inclusivity, Youth, Sports, Talent Development, Cultural Heritage & Social Services	131.05	61.52	42.38	-	42.38	-	100	-	32	-
Roads, Public Works, Transport & Infrastructure	160.24	655.61	64.67	522.77	64.67	522.77	100	100	40	80
Blue Economy, Fisheries, Mining & Digital Economy	125.4	35.16	54.21	26.99	54.21	26.99	100	100	43	77
Education, Human Capital Development & Vocational Training	1,190.28	436.46	681.43	19.83	681.43	19.83	100	100	57	5
Public Health & Medical Services	3,203.50	446	2,350.10	95.98	2,341.10	376.12	100	392	73	84
Lands, Physical Planning, Housing & Urban Development	83.76	1,037.07	63.75	70.19	63.75	70.19	100	100	76	7
Trade, Industry, Tourism, Cooperative Development & Marketing	197.06	250	108.97	26.23	108.97	26.23	100	100	55	10
Water, Sanitation, Irrigation, Environment, Energy & Climate Change	265.15	552.27	87.85	259.37	87.85	259.37	100	100	33	47
Governance, Administration, Communication & Devolution	517.3	405.5	370.41	51.22	370.41	51.22	100	100	72	13
Executive Office of the Governor	538.41	221.25	207.9	57.36	207.9	57.36	100	100	39	26
Kendu Bay Municipal Board	10.42	15	3.38	-	3.38	-	100	-	32	-
Mbita Municipal Board	10.42	15	3.02	-	3.02	-	100	-	29	-
Ndhiwa Municipal Board	10.42	15	3.45	-	3.45	-	100	-	33	-
Oyugis Municipal Board	13.4	51.31	8.63	17.11	8.63	17.11	100	100	64	33
Total	**8,409.36**	**5,192.09**	**5,193.47**	**1,340.10**	**5,184.47**	**1,620.24**	**100**	**121**	**62**	**31**

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3.2.0 Budget Execution by Programmes and Sub-Programmes

Table 12 Budget Execution by Programmes and Sub-Programmes with the Highest Absorption Rates

Department	Programme	Sub-Programme	Approved Estimates (KShs.)	Actual Expenditure (KShs.)	Variance (KShs.)	Absorption Rate (%)
Finance and Economic Planning	General Administration and Support Services	Staff Remuneration and Welfare Support Services	375,893,111	354,533,277	21,359,834	94
County Public Service Board	General Policy, Planning and Administration Services	Administrative Support Services	58,945,686	28,720,432	30,225,254	49
County Assembly Service Board	Legislative Services	Members' Welfare Support Services	300,032,965	167,906,217	132,126,748	56
	Legislative Development and Approval Services	Legislative Development and Approval Services	63,000,000	62,122,419	877,581	99
	Policy, Planning, Administrative and Support Services	Administrative Support Services	350,616,075	240,714,680	109,901,395	69
Homa Bay Municipal Board	Urban Development Services	Transport Infrastructure Improvement Services	59,000,000	40,978,835	18,021,165	69
Roads, Transport, Public Works and Infrastructure	Road Development and Rehabilitation Services	Road Development Services	256,139,242	246,674,955	9,464,287	96
		Road Maintenance Services	374,474,496	276,095,980	98,378,517	74
Blue Economy, Fisheries, Mining and Digital Economy	Blue Economy and Fisheries Resources Development Services	Capture Fisheries Development Services	15,366,829	11,992,691	3,374,138	78
		Aquaculture Development Services	5,409,422	4,000,000	1,409,422	74
		Blue Economy Development Services	5,730,502	5,686,016	44,486	99
Education, Human Capital Development and Vocational Training	General Administration and Quality Assurance Services	Human Resources Management Services	1,057,384,857	679,173,634	378,211,223	64
Office of the Deputy Governor and Department of Agriculture and Livestock	Policy Planning, General Administration and Support Services	General Administration and Support Services	240,128,649	96,321,425	143,807,225	40
Public Health and Medical Services	Policy Planning and Administrative Support Services	Administrative Support Services	2,651,951,799	2,100,352,193	551,599,606	79
	Preventive and Promotive Health Services	Facility Infrastructure Improvement Services	158,000,000	158,000,000	0	100

	Curative and Rehabilitative Health Services	Routine Medical Health Services	266,142,114	180,482,351	85,659,763	68
		Facility Infrastructure Improvement Services	288,000,000	218,120,971	69,879,029	76
Lands, Housing, Urban Development and Physical Planning	General Administration Services	General Administrative Support Services	69,308,719	62,823,891	6,484,828	91
Trade, Industry, Tourism, Cooperative Development and Marketing	Policy, Planning and Administrative Services	Remuneration and Welfare Support Services	174,867,754	106,375,065	68,492,689	61
Water, Sanitation, Irrigation, Environment, Energy and Climate Change	Climate Change Management Services	Climate Change Mitigation, Adaptation and Resilience Building	301,268,942	247,146,480	54,122,462	82
Governance, Administration, Communication and Devolution	Governance, Administration and Devolution Services	Governance and Administration	391,255,656	335,158,262	56,097,394	86
Executive Office of the Governor	Governance and Coordination Services	Executive Management and Liaison Services	595,819,306	247,107,649	348,711,657	41
Kendu Bay Municipal Board	Planning, Finance and Administrative Support Services	Personnel Remuneration and Development Services	3,803,640	3,375,265	428,375	89
Mbita Municipal Board	Planning, Finance and Administrative Support Services	Personnel Remuneration and Development Services	3,803,640	3,017,345	786,295	79
Ndhiwa Municipal Board	Planning, Finance and Administrative Support Services	Personnel Remuneration and Development Services	3,886,440	3,449,342	437,098	89
Oyugis Municipal Board	Planning, Finance and Administrative Support Services	Personnel Remuneration and Development Services	6,556,056	5,368,709	1,187,347	82

Table 13 Budget Execution by Programmes and Sub-Programmes with the Lowest Absorption Rates

Department	Programme	Sub-Programme	Approved Estimates (KShs.)	Actual Expenditure (KShs.)	Variance (KShs.)	Absorption Rate (%)
Finance and Economic Planning	General Administration and Support Services	General Logistics, Coordination and Asset Management Services	84,783,769	-	84,783,769	-
County Assembly Service Board	Oversight and Control Services	Public Participation and Education Services	20,000,000	-	20,000,000	-

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	Policy, Planning and Administrative Support Services	Financial Management Services	217,591,253	-	217,591,253	-
		Assembly Infrastructure Development Services	143,338,488	26,438,661	116,899,827	18
Homa Bay Municipal Board	Public Works and Infrastructure Improvement Services	Transport Infrastructure Improvement Services	39,000,000	-	39,000,000	-
Office of the Deputy Governor and Department of Agriculture and Livestock	Food Security Enhancement Services	Farm Input Access Services	40,000,000	4,002,158	35,997,842	10
		National Value Chain Development Project (NAVCDP)	332,776,329	66,944,054	265,832,276	20
Gender Equality, Inclusivity, Youth, Sports, Talent Development, Cultural Heritage and Social Services	Management and Development of Sports and Sports Facilities	Sports Infrastructure Development Services	48,915,565	-	48,915,565	-
		Sports Management and Talent Development	22,713,190	-	22,713,190	-
Roads, Public Works, Transport and Infrastructure	General Administration, Planning and Support Services	Administration Support and Staff Capacity Development Services	26,397,667	-	26,397,667	-
	Public Works and Maintenance Services	Plants, Equipment and Vehicle Support Services	20,000,000	-	20,000,000	-
Education, Human Capital Development and Vocational Training	General Administration and Quality Assurance Services	General Administration Services	18,800,747	2,260,700	16,540,047	12
	Early Years Education (EYE) Services	EYE Infrastructure Development Services	391,500,000	19,830,741	371,669,259	5
	Human Capital Development and Vocational Training	VTC Infrastructure Development Services	39,961,295	-	39,961,295	-
Public Health and Medical Services	Policy Planning and Administrative Support Services	Policy, Planning and Monitoring Services	27,640,000	-	27,640,000	-
	Preventive and Promotive Health Services	Disease Control Services	62,650,000	-	62,650,000	-
Lands, Housing, Urban Development and Physical Planning	Housing and Urban Development Services	Settlements Upgrading Services	973,937,784	68,000,000	905,937,784	7

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Trade, Industry, Tourism, Cooperative Development and Marketing	Trade, Cooperative and Entrepreneurship Development Services	Enterprise Development and Promotion Services	42,000,000	-	42,000,000	-
		Trade Infrastructure and Development Services	66,000,000	12,431,322	53,568,678	19
	Tourism, Industrial and Investment Promotion Services	Value Chain Development Services	130,496,759	13,794,212	116,702,547	11
Water, Sanitation, Irrigation, Environment, Energy and Climate Change	Water Supply and Management Services	Rural Water Supply Services	155,500,000	12,224,109	143,275,891	8
		Urban Water Supply Services	30,000,000	-	30,000,000	-
		Maintenance of Water Supply Services	15,000,000	-	15,000,000	-
	Environmental Management and Forestry Development	Pollution and Waste Management Services	16,000,000	-	16,000,000	-
Governance, Administration, Communication and Devolution	Governance, Administration and Devolution Services	Devolution Support Services	475,409,500	86,478,026	388,931,474	18
		Field Coordination and Administration Services	19,400,000	-	19,400,000	-

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CHAPTER FOUR: CHALLENGES AND RECOMMENDATIONS

4.1 Challenges Encountered

- ✓ **Delayed procurement processes** continue to slow the implementation of development projects, resulting in low absorption of development budgets.
- ✓ **Late disbursement of exchequer and conditional grants** affects timely execution of planned programmes and projects.
- ✓ **High personnel costs** consume a significant share of county revenues, limiting resources available for development expenditure.
- ✓ **Pending bills and cash flow constraints** divert resources from current-year activities, further reducing budget absorption.

4.2 Recommendation

- ✓ **Strengthen procurement planning and contract management** to ensure timely implementation of development projects and improve budget absorption.
- ✓ **Enhance revenue mobilization strategies** to increase own-source revenue and reduce overreliance on equitable share transfers.
- ✓ **Accelerate project implementation and monitoring** by strengthening project planning, supervision, and performance tracking.
- ✓ **Timely disbursement and utilization of funds**, including conditional grants, to facilitate execution of planned activities.
- ✓ **Manage the wage bill prudently** to create additional fiscal space for development expenditure while ensuring compliance with the Public Finance Management (County Governments) Regulations, 2015.
- ✓ **Strengthen cash flow and pending bills management** to ensure timely settlement of obligations without disrupting implementation of current-year programmes.

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