

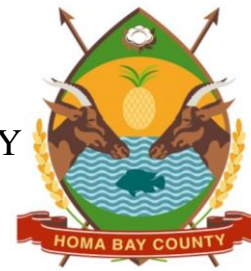


REPUBLIC OF KENYA

COUNTY GOVERNMENT OF HOMA BAY

OFFICE OF THE GOVERNOR

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PRESS STATEMENT

DATE: September 28, 2022

BRIEFING ON THE PRELIMINARY FINDINGS BY THE REVENUE ADMINISTRATION TASKFORCE

1. As you are aware on **September 12th, this month**, I announced the setting up of a **Taskforce on Revenue Administration** to help us find **ways of streamlining** our **revenue administration and mapping** and also enable us identify the challenges affecting optimal revenue mobilization in our county.
2. On that day, I also **declared a 15-day tax holiday** to give the Taskforce an opportunity to carry out its **preliminary work**.
3. It is gratifying to note that the taskforce embarked on the task with vigour and within the **first 15 days**, it has produced a preliminary report.
4. It should be **NOTED** that: Since the enactment of **Kenya Constitution 2010**, some functions such as provision of **Healthcare, Primary Education** and **Maintenance of Local Roads** which were previously the **National Government** functions, were shifted to the devolved units. In turn, these governments receive a share of the national revenue, which coupled with **Own Source Revenue** and other revenue sources for that matter, was intended to enable them to cater for their recurrent and development expenditure.
5. Cognisant of the challenges faced in raising resources at county level, **streamlining revenue mapping, management and collection** was one of the **First 100 Days in Office** tasks that I promised to execute. It is against this backdrop that the Taskforce on Revenue was established to devise means of reversing this sorry trend.
6. According to the **Preliminary Report** handed over to me, the main challenge bedevilling **Homa Bay County** is revenue leakage occasioned by:
 - I. Written and Verbal MoUs;

- II. Pre-election informal declarations;
- III. Lack of a mechanism to collect revenue from the national government agencies;
- IV. Low integrity among a section of staff;
- V. Poor debt collection;
- VI. Weak audit programme;
- VII. Ineffective revenue administration structure;
- VIII. Non-collection of revenue from the extractive sector;
- IX. Static Property Valuation Roll;
- X. Vulnerable cash-based system;
- XI. Manipulation of the electronic system;
- XII. Lack of corresponding by-laws to the Finance Act 2022, to buttress enforcement and interference with the revenue collection system by influential people within and without the County Government

7. In addition, **poor service delivery** by the County government also depressed the morale for voluntary compliance.
8. The foregoing substantially explain why **Homabay County** was ranked by the **Revenue Allocation Commission** among the counties **collecting less than 20%** of estimated revenue potential with respect to **Own Source Revenue**.
9. Homabay County's GDP reportedly constitutes 1.4% of National GDP. This translates to a conservative County GDP of Ksh. 170 billion. The Own Source Revenue potential as per the CRA estimates is **Ksh. 1,024,200,000** against an average annual collection of **Kshs. 136,808,555** leading to a negative variance of **Ksh. 887,391,445**. This means 87% of revenue collected remain uncounted for.
10. I wish to reiterate that **my administration** will put in place **immediate remedial measures** to reverse this trend, once the final report is released.
11. These will include among others restructuring the **revenue collection establishment**, enhancing **revenue collection oversight**, putting in place **integrity assurance programmes**, providing support to the **compliant revenue contributors** and **taking deterrent legal and administrative measures against both internal and external offenders**. More details will be availed, once the task force has completed its report.

12. Once we get the final report we shall share it with relevant agencies for relevant actions to be taken where necessary
13. As we wait for the final report to be handed over in a few days, let me announce the following decisions;

- a) That the **tax holiday** is extended **by another 7 days**. The date of the resumption of revenue collection is **October 5,2022**
- b) A back to work plan for **revenue officers** on leave and a reorganized revenue mobilization structure will also be **communicated accordingly**.
- c) A **cashless plan** aimed at eradicating pilferage and theft of revenue collected shall also be unveiled.

H.E. Gladys Wanga

**Her Excellency Hon Gladys Wanga CBS.
Governor**