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COUNTY GOVERNMENT OF BOMET

Revenue Enhancement Strategy 2025 – 2030

*"A transparent, accountable, and efficient revenue system
for sustainable development in Bomet County."*



1. Executive Summary

The County Government of Bomet recognizes that sustainable own-source revenue (OSR) mobilization is the cornerstone of financial independence, improved service delivery, and long-term development. This Revenue Enhancement Strategy (2025–2030) sets out a clear roadmap for strengthening revenue administration, expanding the county’s resource base, and ensuring accountability and efficiency in line with the Constitution of Kenya, the Public Finance Management Act (2012), and the Commission on Revenue Allocation’s Fourth Basis for revenue sharing.

The strategy is guided by a vision of *“a transparent, accountable, and efficient revenue administration system that maximizes collections while fostering citizen trust and compliance.”* Its mission is to mobilize adequate resources for development through effective policies, innovative systems, and inclusive enforcement mechanisms.

Over the past five years, Bomet has recorded commendable growth in OSR, with collections rising from Ksh 238.9 million in FY 2023/24 to Ksh 367.8 million in FY 2024/25. Despite this improvement, the county continues to face significant challenges: overreliance on hospital fees, underperformance in land rates, cess, and parking fees, widespread arrears, leakages linked to fraudulent licenses, and political resistance to reforms such as valuation roll updates. These systemic weaknesses constrain revenue potential and limit the county’s ability to finance priority development projects.

The strategy responds by setting six overarching objectives:

1. Increase OSR by at least 15 percent annually through diversification and arrears recovery.
2. Expand the revenue base via property valuation, trade licensing reforms, and stronger cess enforcement.
3. Achieve 100 percent automation and cashless collection by adopting the Integrated County Revenue Management System (ICRMS) in alignment with the National Treasury.
4. Strengthen compliance and enforcement mechanisms, including fraud prevention and prosecution of offenders.
5. Build institutional capacity through continuous staff training, performance management, and professionalism.
6. Enhance transparency, accountability, and taxpayer engagement to improve trust and voluntary compliance.

Expected outcomes include a more predictable and diversified revenue base, enhanced compliance levels, reduced revenue leakages, improved service delivery to citizens, and alignment of county fiscal performance with national policy frameworks such as the Bottom-up Economic Transformation Agenda (BETA), Vision 2030, and the County Integrated Development Plan (CIDP 2023–2027).

This strategy is therefore both a financial and governance tool. It provides the framework for mobilizing the resources needed to drive inclusive growth in Bomet while embedding transparency, accountability, and citizen trust at the heart of revenue administration.

2. Legal and Policy Framework

The revenue mobilization agenda of the County Government of Bomet is anchored in both national and county-level legal instruments. These frameworks provide the legitimacy for revenue collection, guide fiscal policy, and safeguard accountability.

At the national level, the Constitution of Kenya (2010) sets the foundation. Article 201 outlines the principles of public finance, emphasizing openness, accountability, and equitable sharing of resources. Article 209 empowers county governments to impose property rates, entertainment taxes, and charges for services delivered, while Article 210 requires that no tax or licensing fee is imposed except as provided by legislation. These provisions create a direct mandate for counties to generate and manage their own revenue streams.

The Public Finance Management Act (2012) provides the overarching fiscal management framework. Sections 75–79 require counties to maintain sound financial systems, ensure all revenue flows into the County Revenue Fund, and establish clear reporting mechanisms. Complementing this, the County Governments Act (2012) requires integrated planning and alignment of resource mobilization to development priorities.

The Commission on Revenue Allocation (CRA) Fourth Basis for Revenue Sharing (2025–2030) has introduced a formula that rewards fiscal effort alongside population, poverty, income distance, equal share, and land area. This formula underscores the importance of robust OSR mobilization in shaping Bomet's equitable share, making local revenue strategies even more critical for financial sustainability.

At the county level, Bomet has enacted a number of revenue-related laws and policies:

- The Bomet County Finance Act (2024/25) provides the basis for annual fees, charges, and tax schedules.
- The Bomet County Revenue Administration Bill ^{Act} establishes the office of the County Revenue Collector, defines enforcement powers, prescribes penalties, and provides for delegation and record-keeping.
- The Bomet County Trade Licensing Bill (2025) standardizes licensing regimes, introduces zoning categories, and addresses fraudulent licensing practices.
- The Bomet County Agricultural Produce Cess Bill (2025) provides a legal basis for cess collection at factories and exit points, defines scheduled products, and creates penalties for non-compliance.

In addition, the county has adopted model laws and guidelines from the Council of Governors and CRA to enhance uniformity in tariff setting, OSR mapping, and valuation processes.

This legal framework is further reinforced by policy commitments in the County Fiscal Strategy Paper (CFSP 2025/26), the County Annual Development Plan (CADP 2025/26), and the County Integrated Development Plan (CIDP 2023–2027). These planning documents emphasize revenue enhancement as a cross-cutting enabler for service delivery, aligning local efforts with national priorities under Vision 2030 and the Bottom-up Economic Transformation Agenda (BETA).

Together, these instruments provide the legitimacy, structure, and accountability measures necessary for Bomet to strengthen its OSR base while protecting taxpayers through transparent, law-abiding administration.

3. Situational Analysis

3.1 Revenue Performance Trends (2020/21–2024/25)

Bomet County has demonstrated gradual growth in own-source revenue (OSR), although performance has consistently fallen short of set targets. In FY 2023/24, the county collected Ksh 238.9 million against a target of Ksh 430 million, representing 55.6 percent achievement. In FY 2024/25, performance improved significantly with Ksh 367.8 million realized against a target of Ksh 455 million, translating to 80.8 percent performance. This growth was largely driven by hospital fees, which accounted for more than half of OSR, while other revenue streams lagged behind expectations.

Quarterly performance reports also reveal persistent challenges with arrears, particularly in land rates and ground rent, as well as significant under-collection from parking, administrative fees, and hire of assets. Audit responses for the year ending June 2025 flagged these gaps as systemic, recommending enhanced enforcement and updating of valuation rolls.

3.2 Key Revenue Streams

- **Land Rates and Ground Rent:** Despite being a high-potential source, performance remains low due to outdated valuation rolls, political resistance, and high arrears.
- **Single Business Permits and Trade Licenses:** Collections have been undermined by fraudulent licenses, weak compliance monitoring, and manual loopholes.
- **Parking Fees and Transport Sector Charges:** Revenue from parking remains below capacity, with enforcement constraints and evasion reported.
- **Agricultural Cess and Produce Levies:** Tea, milk, and other agricultural products contribute cess, though factory arrears and weak exit-point enforcement persist. Some multinational companies have made partial land rate payments, leaving significant balances outstanding.
- **Market Fees and Property Rent:** Market fees are modest but stable, while property rent contributes significantly (Ksh 77.8 million in FY 2024/25).
- **Health Facility Improvement Fund (FIF) and Hospital Fees:** This remains the dominant stream, generating Ksh 211 million in FY 2024/25, though overreliance poses fiscal risks.

3.3 Challenges and Constraints

The county's revenue system faces structural, institutional, and compliance challenges:

- **Revenue Leakages and Fraudulent Licenses:** Circulation of fake permits undermines trust and causes direct losses. A countywide memo issued in March 2025 warned businesses against dealing with imposters and emphasized cashless collections.
- **Weak Enforcement and Arrears Recovery:** Land rate arrears, factory cess backlogs, and weak follow-up mechanisms continue to erode revenue potential.
- **Overreliance on a Few Streams:** With hospital fees contributing more than 57 percent of OSR, the county is vulnerable to health sector fluctuations.
- **Outdated Valuation Rolls and Low Compliance:** Failure to update valuation rolls has kept land rates artificially low and politically sensitive.
- **Capacity Gaps in Revenue Staff and Systems:** Ongoing staff verification exercises revealed gaps in professionalism, while ICT adoption has been slow.
- **Systemic Audit Gaps:** In-year audit reports highlighted weaknesses in reconciliation, enforcement, and accountability mechanisms.

4. Strategic Objectives

The Revenue Enhancement Strategy is built around six strategic objectives that provide both direction and measurable targets for the period 2025–2030:

Increase Own Source Revenue (OSR) by at least 15 percent annually through arrears recovery, expansion of the revenue base, and efficiency in collections.

Expand and diversify the revenue base by completing and operationalizing property valuation rolls, strengthening agricultural cess administration, and modernizing trade licensing systems.

Achieve full automation and cashless collection by adopting the Integrated County Revenue Management System (ICRMS) aligned with the National Treasury, ensuring transparency, real-time reporting, and reduced leakages.

Strengthen compliance, enforcement, and fraud prevention mechanisms, including proactive monitoring of fake licenses, increased field inspections, and stronger legal action against defaulters.

Build institutional capacity and staff professionalism through continuous training, structured performance management, and the establishment of a dedicated compliance and enforcement unit.

Enhance transparency, accountability, and taxpayer trust by publishing revenue performance data, holding citizen engagement forums, and embedding integrity measures in all revenue systems.

5. Strategic Interventions

To translate objectives into results, the strategy sets out priority interventions across six pillars:

5.1 Legal and Institutional Strengthening

- Fast-track enactment and implementation of the Bomet County Finance Act, Revenue Administration Bill, Trade Licensing Bill, and Agricultural Produce Cess Bill.
- Harmonize fees, charges, and tariffs to ensure consistency with service delivery and national guidelines.
- Establish a dedicated Revenue Enforcement and Compliance Unit with clear mandates.
- Strengthen collaboration with the County Assembly to ensure timely approval of revenue laws and policies.

5.2 Revenue Mobilization and Diversification

- Update and operationalize property valuation rolls, with annual reviews.
- Enforce land rates and ground rent arrears through waivers, structured repayment plans, and targeted enforcement.
- Scale up cess collection at factories and county exit points, with focus on tea, milk, timber, horticulture, and cereals.
- Expand licensing compliance through digital profiling of businesses and zoning-based permit systems.
- Review market fees and property rents to reflect service costs and local economic conditions.

5.3 Integrated Revenue Collection and Management System (ICRMS)

- Roll out ICRMS in alignment with the National Treasury, ensuring seamless integration with county treasury systems.
- Digitize all revenue streams (SBPs, parking, cess, land rates, markets, health fees).
- Implement GIS mapping of businesses, markets, and properties.
- Provide mobile and online payment platforms (M-Pesa, bank transfers, cards).
- Develop real-time dashboards for monitoring revenue performance across sub-counties.

5.4 Enforcement and Compliance Mechanisms

- Introduce electronic and physical identification systems for all revenue officers.
- Deploy clamps, spikes, and towing equipment for parking enforcement.
- Strengthen collaboration with the police for joint compliance operations.
- Conduct quarterly arrears follow-ups for factories, markets, and large property owners.
- Prosecute fraudulent license holders and officers colluding with imposters.

5.5 Transparency and Anti-Fraud Safeguards

- Maintain cashless revenue collection, prohibiting direct cash handling.
- Use QR/barcodes to authenticate all permits and licenses.
- Publish monthly and quarterly revenue performance data for public access.
- Launch public awareness campaigns warning against fake licenses and imposters.
- Introduce whistleblower mechanisms for reporting corruption and fraud.

5.6 Capacity Building and Stakeholder Engagement

- Train revenue officers on ICT systems, compliance, and customer service.
- Introduce performance-based contracts for revenue officers.
- Hold annual taxpayer education forums to improve compliance.
- Engage stakeholders such as tea factories, dairy cooperatives, traders' associations, and transport operators in joint compliance initiatives.
- Partner with development partners and financial institutions for technical and capacity support.

6. Financial Projections and Targets

Financial projections for the period 2025–2030 are informed by past performance, macroeconomic trends, and county-level policy reforms. Historical data shows steady growth in OSR from Ksh 238.9 million in FY 2023/24 to Ksh 367.8 million in FY 2024/25, reflecting the impact of improved enforcement and compliance. Going forward, the strategy sets ambitious yet realistic targets based on a combination of:

- Elasticity models – to estimate how revenue responds to changes in economic activity, fees, and compliance levels.
- Moving averages – to smooth past fluctuations and provide stable forward projections.
- Trend analysis – to benchmark annual growth against comparable counties and national averages.

By applying these approaches, Bomet aims to grow OSR by at least 15 percent annually, while diversifying away from overreliance on hospital fees.

Table 1: Bomet County OSR Performance and Projections (2020/21–2030)

Financial Year	Target (Ksh Million)	Actual (Ksh Million)	% Performance	Projection Formula Applied	Forecast (Ksh Million)
2020/21	350	190	54%	–	–
2021/22	380	220	58%	–	–
2022/23	410	245	60%	–	–
2023/24	430	238.9	55.6%	–	–
2024/25	455	367.8	80.8%	–	–
2025/26*	500	–	–	Moving average (last 3 yrs)	422.0
2026/27*	–	–	–	15% annual growth target	485.3
2027/28*	–	–	–	15% annual growth target	558.1
2028/29*	–	–	–	15% annual growth target	641.8
2029/30*	–	–	–	15% annual growth target	738.0
2030/31*	–	–	–	15% annual growth target	848.7

* Projections.

Narrative Highlights

- By FY 2025/26, revenue is projected at Ksh 422 million, calculated using a three-year moving average of past collections.
- From FY 2026/27 onwards, a compound 15 percent annual growth rate is applied, supported by expanded cess enforcement, updated valuation rolls, and ICRMS automation.
- By FY 2030/31, OSR is expected to nearly double from current levels, reaching approximately Ksh 849 million.
- Stream-specific targets will be set for land rates, SBPs, cess, parking, and health to ensure balanced growth across the portfolio.

7. Monitoring, Evaluation, and Reporting

Effective monitoring and evaluation (M&E) are essential to ensure that the Revenue Enhancement Strategy delivers on its objectives. The County Government of Bomet will adopt a results-based approach to track revenue performance, identify emerging gaps, and adjust interventions promptly.

7.1 Monitoring Mechanisms

- **Quarterly Revenue Performance Reports:** The Directorate of Revenue will prepare quarterly Own Source Revenue (OSR) statements comparing targets against actual collections by stream and sub-county.
- **Monthly Dashboards:** The Integrated County Revenue Management System (ICRMS) will generate real-time dashboards accessible to the Governor, CEC Finance, and County Secretary for decision-making.
- **Departmental Compliance Audits:** Each revenue stream (land rates, cess, SBPs, parking, health, etc.) will undergo quarterly compliance audits to detect leakages, arrears, and fraud.
- **Citizen Engagement:** Revenue performance highlights will be published through public notices, websites, and citizen forums to strengthen transparency and trust.

7.2 Evaluation Framework

- **Annual Performance Reviews:** At the end of each financial year, the Directorate of Revenue will conduct a comprehensive review of collections, compliance levels, and arrears recovery.
- **Mid-Term Review (2027/28):** A mid-term evaluation will assess the effectiveness of automation, new laws, and enforcement measures, providing an opportunity to recalibrate strategies.
- **End-Term Evaluation (2030/31):** An independent review will assess the overall success of the strategy, including its impact on service delivery, fiscal sustainability, and alignment to the CIDP 2023–2027 and the BETA agenda.

7.3 Key Performance Indicators (KPIs)

1. Annual OSR growth rate (target: 15% minimum).
2. Percentage of OSR streams digitized under ICRMS (target: 100% by FY 2026/27).
3. Compliance rate for land rates, cess, and SBPs (target: 80% by FY 2028/29).
4. Revenue arrears recovered annually (target: 70% of outstanding arrears by 2030).
5. Cost-to-collection ratio (target: below 20%).
6. Percentage of quarterly reports published and shared with stakeholders (target: 100%).
7. Citizen satisfaction index on revenue services (measured via annual taxpayer surveys).

7.4 Reporting Protocols

- The Director of Revenue will prepare and submit quarterly reports to the Chief Officer Finance for review and consolidation.
- The Chief Officer Finance will then forward the consolidated reports to the CEC Finance for policy oversight and decision-making.
- The CEC Finance will table revenue performance reports before the County Assembly as required by the Public Finance Management Act, 2012.
- Consolidated reports will also be shared with the Controller of Budget, Auditor-General, and CRA to ensure alignment with national oversight mechanisms.

8. Risk Management Framework

Revenue mobilization is inherently exposed to risks that can undermine achievement of targets. The County Government of Bomet will adopt proactive risk identification, mitigation, and monitoring measures to ensure the sustainability of its Own Source Revenue (OSR).

8.1 Political Risks

- Risk: Resistance to updating valuation rolls and revising tariffs due to political sensitivity.
- Mitigation: Early stakeholder engagement, bipartisan consultation in the County Assembly, and phased implementation of valuation roll updates.

8.2 Fraud and Corruption Risks

- Risk: Circulation of fraudulent licenses, collusion between revenue officers and businesses, and cash handling leakages.
- Mitigation: Mandatory cashless payments through ICRMS, QR/barcode-based license authentication, staff rotation, and strict enforcement of the Code of Conduct.

8.3 Institutional and Capacity Risks

- Risk: Insufficient capacity among revenue staff, delays in enforcement, and weak compliance monitoring.
- Mitigation: Continuous training, deployment of a dedicated compliance and enforcement unit, and performance-based contracts for officers.

8.4 ICT and System Downtime Risks

- Risk: ICRMS system outages, cyber threats, and lack of integration with Treasury systems.
- Mitigation: Strong ICT infrastructure with backup servers, cybersecurity protocols, disaster recovery plans, and regular system audits.

8.5 Economic and Compliance Risks

- Risk: Economic downturns reducing the ability of businesses and households to pay rates, permits, or cess.
- Mitigation: Flexible payment options (installments, arrears waivers), diversified revenue streams, and taxpayer education to encourage compliance.

8.6 Climate and Environmental Risks

- Risk: Unpredictable weather patterns reducing agricultural output and consequently agricultural cess revenues.
- Mitigation: Broadening the cess base to include diversified agricultural and non-agricultural products, and introducing climate-smart policies in collaboration with farmers.

8.7 Oversight and Audit Risks

- Risk: Failure to act on Auditor-General and Controller of Budget recommendations.
- Mitigation: Establishing an internal audit function within the Directorate of Revenue and ensuring quarterly follow-ups on audit recommendations.

9. Implementation Plan and Budget

The successful delivery of this strategy requires a phased approach that links actions to resources, responsibilities, and timelines. The plan will be guided by available budget allocations, particularly the Ksh 16.7 million already earmarked for revenue collection and management in FY 2024/25, alongside additional resources mobilized through national treasury support and donor engagement.

9.1 Implementation Matrix

Strategic Intervention	Key Activities	Responsible Office	Timeline	Resource Requirements
Legal and Institutional Strengthening	Fast-track enactment of Revenue Administration Bill, Trade Licensing Bill, Agricultural Cess Bill, and annual Finance Acts	CEC Finance, County Assembly, Legal Directorate	2025–2026	Legal drafting, stakeholder forums, Assembly sessions
Revenue Mobilization and Diversification	Update and operationalize property valuation roll; enforce land rate arrears; expand cess enforcement at factories	Chief Officer Finance, Director Revenue, Sub-County Revenue Officers	2025–2027	Valuation consultants, enforcement vehicles, arrears recovery campaigns
ICRMS Automation	Deploy integrated county revenue management system; digitize all streams; GIS mapping of businesses and properties	ICT Directorate, Director Revenue, Treasury (National ICRMS)	2025–2026	ICT infrastructure, servers, internet, training
Enforcement and Compliance	Establish compliance unit; deploy clamps, spikes, towing equipment; conduct joint operations with police	Chief Officer Finance, Enforcement Unit, Inspectorate	Continuous (2025–2030)	Enforcement gear, staff training, police support
Transparency and Anti-Fraud	QR/barcode licenses; cashless collections; publish revenue data quarterly; public awareness on fake licenses	Director Revenue, ICT, Communication Office	2025–2030	ICT support, awareness materials, media campaigns
Capacity Building and Stakeholder Engagement	Revenue officer training; performance contracts; taxpayer	Chief Officer Finance, HR Directorate,	Annual (2025–2030)	Training budget, workshops, stakeholder forums

Through the adoption of the Integrated County Revenue Management System (ICRMS), robust enforcement mechanisms, diversified revenue bases, and consistent capacity building, the county aims to achieve a minimum 15 percent annual growth in own-source revenue. By 2030, this will more than double collections, reduce dependence on external transfers, and create fiscal space for inclusive development.

The strategy is not only a financial blueprint but also a governance tool. It aligns with the County Integrated Development Plan (CIDP 2023–2027), the Bottom-up Economic Transformation Agenda (BETA), and Kenya Vision 2030. Its implementation will ensure that every shilling collected is accounted for, every taxpayer is treated fairly, and every revenue stream contributes to the shared prosperity of the people of Bomet.

	education forums; partnership with factories and trade associations	Revenue Directorate		
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9.2 Budgetary Requirements (FY 2025/26–2027/28)

Budget Item	FY 2025/26 (Ksh Million)	FY 2026/27 (Ksh Million)	FY 2027/28 (Ksh Million)
Legal Drafting & Policy Development	2.0	1.5	1.5
ICT Infrastructure (ICRMS rollout, servers, GIS, internet)	6.0	4.5	3.0
Enforcement & Compliance Tools (clamps, spikes, towing vehicles, ID tags)	3.0	2.5	2.0
Capacity Building & Training	2.0	2.0	2.0
Public Awareness & Transparency Campaigns	1.5	1.5	1.0
Stakeholder Engagement Forums	1.0	1.0	1.0
Monitoring & Audit	1.2	1.5	1.8
Total	16.7	14.5	12.3

9.3 Phasing

- Phase I (2025–2026): Legal reforms, ICRMS rollout, valuation roll update, initial enforcement capacity.
- Phase II (2026–2028): Consolidation of automation, arrears recovery, expansion of cess enforcement, and intensive public awareness campaigns.
- Phase III (2028–2030): Institutional maturity, sustainability of compliance, and integration with the CIDP successor plan (2028–2032).

10. Annex

- Commission on Revenue Allocation (CRA) Fourth Basis for Revenue Sharing (2025–2030)

Conclusion

The Bomet County Revenue Enhancement Strategy (2025–2030) provides a comprehensive roadmap for strengthening the county’s fiscal independence, transparency, and service delivery. Anchored on national legal provisions and aligned with the Commission on Revenue Allocation’s Fourth Basis, the strategy positions Bomet to optimize its revenue potential while safeguarding accountability and public trust.

