Fiscal Devolution and Healthcare Accessibility
A Case Study of Homa Bay County

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Abstract:- Fiscal devolution has gained prominence as a policy approach in many developing countries, aiming to enhance healthcare accessibility. This study focused on the influence of Fiscal devolution on healthcare accessibility in Homabay County. The study employed a mixed-methods approach to assess the impact of fiscal devolution on public sector efficiency, combining quantitative data analysis and qualitative observations. With an emphasis on metrics like service quality, punctuality, and accessibility, quantitative data were gathered via questionnaires and administrative records. Key stakeholders, such as representatives of the local government, prominent members of the community, and recipients of services, were interviewed in-depth and participated in focus groups to get qualitative data. The data were analyzed using appropriate SPSS version 27 statistical techniques and thematic analysis to identify patterns and relationships. Results showed that fiscal devolution had both positive as well as negative effects on healthcare accessibility in Homabay County, underlining the importance of effective local government and resource allocation processes. Preliminary data indicate that fiscal devolution in Homabay County has had a mixed effect on healthcare accessibility. On one hand, decentralization has empowered local authorities to make decisions tailored to local needs, resulting in improved service responsiveness and community engagement. On the other hand, challenges related to inadequate financial resources, capacity constraints, and intergovernmental coordination have hindered the efficient delivery of public services. Effectiveness of fiscal devolution largely depends on the presence of effective local governance structures, transparent resource allocation mechanisms, and capacity building initiatives.

Keywords:- Fiscal Devolution, Healthcare Accessibility, Efficiency.

I. INTRODUCTION

Public sector reforms in many developing countries have focused heavily on fiscal devolution, which is defined as the transfer of fiscal duties and resources from central governments to lower-level administrative units (Bardhan and Mookherjee, 2006). By decentralizing decision-making processes, this strategy change seeks to improve local government, maximize resource allocation, and strengthen healthcare accessibility (Bahl and Martinez-Vazquez, 2008).

The underlying philosophy is to bring decision-making closer to the people, fostering a sense of local empowerment.

Despite these objectives, the effect of fiscal devolution on the effectiveness of public services is a subject of ongoing debate, marked by considerable variation across regions and contexts (Faguet, 2012). While proponents argue that local decision-making leads to more responsive and tailored public services, critics caution that decentralization may result in disparities, with some regions lacking the capacity to manage resources effectively. The success of fiscal devolution, therefore, hinges on the delicate balance between local autonomy and the need for overarching coordination, demanding careful consideration of the unique socio-economic and political landscapes within each context.

This research paper aimed to contribute to studies related to fiscal devolution by investigating its impact on public service efficiency in Homabay County, Kenya. Homabay County, like many other subnational entities in Kenya, has undergone significant decentralization reforms in recent years. This study examined the extent to which fiscal devolution has influenced healthcare accessibility in the county.

II. LITERATURE REVIEW

A. Fiscal Devolution

According to Bird and Ebel (2006), fiscal devolution is the process of shifting decision-making, taxing, and spending duties from the federal government to subnational organizations like counties or municipalities. This change was intended to strengthen healthcare accessibility. Fiscal devolution allows subnational entities to better tailor their activities to the unique requirements and preferences of their local communities by giving them more authority over their finances and policy decisions. The fundamental goal of fiscal devolution is to guarantee that public services are responsive to local needs and to bring governance closer to the people. Local governments, being closer to the ground, possess better knowledge of local conditions and can design policies and allocate resources more effectively. This localization of decision-making allows for greater flexibility and adaptability in addressing local challenges, leading to improved healthcare accessibility.

The outcomes of fiscal devolution can be contingent on various factors (Oates, 1972). One crucial factor is the capacity of subnational entities to manage resources efficiently and effectively. Adequate financial management systems, skilled personnel, and transparent governance structures are essential for subnational governments to make sound fiscal decisions and utilize resources optimally. The success of fiscal devolution also depends on the coordination and cooperation between the central government and subnational entities. Effective intergovernmental relations, clear division of responsibilities, and mechanisms for fiscal equalization can ensure a harmonious and equitable distribution of resources and responsibilities.

The level of fiscal devolution should be aligned with the local context and capacity (Smoke, 2003). In some cases, a high degree of decentralization may be suitable, while in others, a more gradual approach might be necessary to build local capacity and institutional frameworks. In conclusion, fiscal devolution holds the potential to improve healthcare accessibility by empowering subnational entities to tailor policies and allocate resources according to local needs. However, the outcomes of decentralization are contingent on factors such as local capacity, intergovernmental relations, and the appropriate level of decentralization. By carefully considering these factors and implementing effective governance mechanisms, countries can harness the benefits of fiscal devolution and enhance healthcare accessibility at the local level.

B. Efficiency of Healthcare Accessibility

Governments around the world strive for efficient service delivery in public sector. It refers to a government's ability to generate and distribute public services efficiently while making the most use of available resources. Efficiency is critical for ensuring that public services are delivered on time, within budget, and for the long term. Efficiency is an important part of effective governance because it represents a government's ability to distribute resources intelligently, reduce waste, and maximize the benefits obtained from public investment (Alahakoon & Jehan, 2020). It is frequently used as an indicator of the efficacy of public policy and the general success of the public sector.

When public services are delivered efficiently, several positive outcomes can be realized. Firstly, service quality is likely to improve (Poterba, 1997). Efficient delivery processes ensure that services are delivered in a timely and reliable manner, meeting the needs and expectations of the citizens. This, in turn, enhances public trust and satisfaction. Secondly, efficiency can lead to increased access to public services. When resources are utilized efficiently, governments can expand service coverage and reach underserved populations. This promotes inclusivity and reduces disparities in accessing essential services in healthcare. Lastly, improved efficiency contributes to enhanced public welfare (Besley and Coate, 1991).

By optimizing resource utilization, governments can allocate resources to areas where they are most needed, addressing societal needs and promoting socioeconomic development. Efficient service delivery can also free up resources that can be redirected towards other critical areas, fostering overall economic growth and social progress. To achieve efficiency in healthcare accessibility, governments need to adopt various strategies. These may include implementing sound financial management practices, enhancing administrative capacity, embracing technology and innovation, promoting transparency and accountability, and fostering a culture of continuous improvement and performance measurement. Through a focus on efficiency, governments can maximize the impact of their policies and resources, ultimately benefiting the well-being and development of their citizens.

C. Fiscal Devolution in Kenya

Kenya's 2010 Constitution, which established a decentralized form of administration, was a major turning point in the nation's governmental framework. Under this system, Kenya was divided into 47 counties, each with substantial fiscal and administrative autonomy (Republic of Kenya, 2010). The primary objective of this constitutional reform was to promote effective local governance, improve healthcare accessibility (Mugambi and Karuri, 2016). The devolution of resources and responsibilities to the counties has resulted in a remarkable degree of fiscal devolution in Kenya. Researchers and policymakers have recognized the need to examine how this transformative governance model has influenced the efficiency and effectiveness of public services at the local level (Mose, 2022).
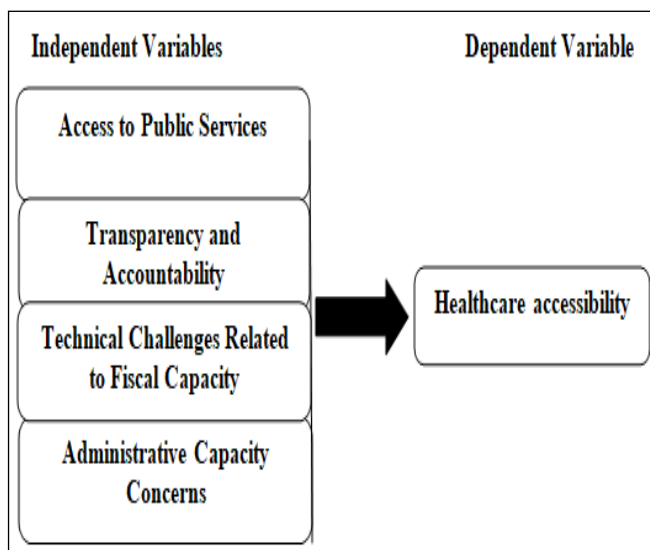
According to Mose, (2021) argued that devolution granted counties the authority to manage their own finances and make decisions tailored to their specific needs, fiscal devolution has empowered local governments to address local challenges more effectively. The devolved system allowed counties to set priorities, allocate resources, and implement policies that are responsive to the unique needs of their communities (Mugambi and Karuri, 2016). This localized decision-making process has the potential to enhance healthcare accessibility by promoting greater accountability and responsiveness to citizen demands. However, the devolution process also presents challenges that need to be carefully addressed. Counties vary in their capacity to manage resources and deliver services (Munyua, et al., 2020). Additionally, intergovernmental coordination between national and county governments is crucial to ensure seamless service provision and avoid duplication of efforts.

Rutto, *et al.,* (2022) conducted a comprehensive research that combines quantitative and qualitative methods. Quantitative analysis can provide insights into the overall trends and patterns of service delivery outcomes across different counties, while qualitative research can offer a deeper understanding of the contextual factors, challenges, and success stories at the local level (Munyua, et al., 2020). Studying the impact of fiscal devolution in Kenya's counties can contribute valuable lessons for other countries grappling with similar governance reforms. Examining the strengths and weaknesses of the devolved system, policymakers can identify strategies to optimize the benefits of fiscal devolution, address existing challenges, and further improve

healthcare accessibility in Kenya and beyond (Mose, 2021).

III. CONCEPTUAL FRAMEWORK

It serves as a foundation for understanding and analyzing the research problem, providing a systematic way to organize and conceptualize key variables and their relationships. The independent variables used in this study are; access to public services, transparency and accountability, technical challenges related to fiscal capacity and administrative capacity concerns. however, the dependent variable is efficiency of healthcare accessibility.

Fig 1: Conceptual Framework

IV. RESEARCH METHODOLOGY

A. Data Collection

A mixed-methods strategy was used in this work to obtain thorough insights. Quantitative data were gathered via surveys and interviews with Homabay County people and county officials. The investigation also used secondary data sources, such as service delivery indicators and budget reports. Furthermore, semi-structured interviews and focus groups with important County stakeholders were used to gather qualitative data.

B. Data Analysis

The analysis of quantitative data employed statistical software to examine important variables associated with fiscal devolution and healthcare accessibility. Simultaneously, qualitative data underwent thematic analysis to uncover valuable insights and patterns concerning the effects of fiscal devolution on public service efficiency in Homabay County.

V. STUDY FINDINGS

A. Positive Effects of Fiscal devolution

In Homabay County, fiscal devolution has brought about notable improvements in public service accessibility, particularly in rural areas. Local authorities have become more responsive to the unique needs of their respective communities, leading to significant expansions in crucial services in healthcare. Decentralization has improved transparency and accountability in resource allocation and service provision. Citizens have greater opportunities to engage with local governments and participate in decision-making processes.

B. Challenges and Negative Effects

Homabay County faces challenges related to fiscal capacity, with limited revenue sources and overdependence on central government transfers. This has affected the county's ability to fund and sustain public services adequately. While fiscal devolution has empowered local authorities, administrative capacity remains a concern. Some counties, including Homabay, have struggled to efficiently manage devolved functions and resources.

Table 1: Effects of Fiscal devolution in Homabay County

Statements	A	N	D	Mean	Std
Increased Access to Healthcare Services	61 (54.5%)	19 (17.0%)	32 (28.5%)	2.16	.33
Improved Transparency and Accountability	72 (64.3%)	11 (9.8%)	29 (25.9%)	1.99	.37
There are Technical Challenges Related to Fiscal Capacity	81 (72.3%)	7 (6.3%)	24 (21.4%)	2.52	.26
There are administrative Capacity Concerns	79 (70.5%)	13 (11.6%)	20 (17.9%)	2.66	.32

Source: Field Data, 2023

Over half of the respondents (54.5%) agree that fiscal devolution has led to increased access to public services, indicating a positive impact. The mean value of 2.16 suggests a generally favorable perception. A significant majority (64.3%) agree that fiscal devolution has improved transparency and accountability. The mean value of 1.99 again indicates a positive overall sentiment, though standard deviation of .37 suggests more varied opinions among respondents.

A substantial majority (72.3%) agree that there are technical challenges related to fiscal capacity. The mean of 2.52 indicates a consistent agreement among respondents about the existence of challenges, while the standard

deviation of .26 suggests some variability in the perceived severity of these challenges. A large percentage (70.5%) agree that there are administrative capacity concerns. The mean value of 2.66 indicates a shared perception of such concerns, with a standard deviation of .32 suggesting some variation in the level of concern among respondents.

The results suggest that fiscal devolution in Homabay County has generally had positive effects, particularly in terms of increased access to public services and improved transparency and accountability. However, there are notable concerns regarding technical and administrative capacities, indicating that challenges exist in effectively managing devolved functions and resources. Challenges related to fiscal and administrative capacity highlight areas that may require attention and improvement in order to fully realize the benefits of decentralization.

VI. STATISTICAL MODEL

A multiple linear regression model was appropriate given that the study aimed to examine how multiple independent variables (related to fiscal devolution) influence a dependent variable (public service efficiency).

The proposed regression model is:
$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where:
Y = Public service efficiency score (dependent variable)
X_1 = Increased Access to Public Services
X_2 = Improved Transparency and Accountability
X_3 = Technical Challenges Related to Fiscal Capacity
X_4 = Administrative Capacity Concerns
β_0 = Constant term
$\beta_1, \beta_2, \beta_3$ = Regression coefficients
ε = Error term

The variables would be operationalized and measured as follows:
Y = Public service efficiency score (composite index combining indicators of accessibility, availability, affordability, acceptability and quality of key services)

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.548[a]	.300	.311	.17272	.011	.431	4	108	.006
a. Predictors: (Constant), Increased Access to Public Services, Improved Transparency and Accountability, There are Technical Challenges Related to Fiscal Capacity, There are administrative Capacity Concerns									

Source: Field Data, 2023

The study shows the regression model's results, which show that the included predictors account for about 30% of the variance in the dependent variable (R Square value of 0.300). With an adjusted R Square value of 0.311, which is somewhat higher, the predictors appear to have a moderate effect on explaining the variation. The average difference between the dependent variable's observed and anticipated values is 0.17272, according to the estimate's standard error.

The addition of predictors to the model yielded a statistically significant F Change value of 0.431, but the

associated p-value of 0.006 suggests caution in interpreting this significance. The R Square Change of 0.011 indicates a small incremental increase in the explained variance with the addition of the predictors. Overall, while the included predictors have some explanatory power, the findings imply that there may be limitations to the model, and additional variables should be considered to better understand and predict the dependent variable. Further research is needed to enhance the model's performance and explore other potential predictors that could contribute to the variability in the outcome.

Table 3: ANOVA[a]

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.051	4	.013	.431	.006[b]
	Residual	8.442	108	.030		
	Total	8.494	112			
a. Dependent Variable: Healthcare Accessibility						
b. Predictors: (Constant), Increased Access to Public Services, Improved Transparency and Accountability, Technical Challenges Related to Fiscal Capacity, Administrative Capacity Concerns						

Source: Field Data, 2023

The analysis presents the results of an ANOVA for a regression model. Regression model explains a small proportion of the variability in the efficiency of healthcare

accessibility, as indicated by the low regression sum of squares (.051) compared to the total sum of squares (8.494). This suggests that the included predictors have limited

impact on explaining the dependent variable. The statistically significant F-test (.431, p = .006) indicates that the regression model performs better than a null model, but the explained variance is relatively small compared to the unexplained variance.

These findings imply that additional factors or variables should be considered to better understand and predict the healthcare accessibility. The current model may not capture all the important determinants of efficiency, and there may be other unaccounted factors influencing the outcome.

Table 4: Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.980	.125		7.837	.000
Increased Access to Public Services	.031	.032	.059	.974	.031
Improved Transparency and Accountability	.017	.029	.037	.589	.046
Technical Challenges Related to Fiscal Capacity	.025	.042	.038	.596	.042
Administrative Capacity Concerns	.007	.035	.014	.212	.032
a. Dependent Variable: Efficiency of Healthcare Accessibility					

Source: Field Data, 2023

The analysis provides the coefficients, standard errors, t-values, and p-values for a regression model predicting the efficiency of healthcare Accessibility. The constant term has a significant effect on efficiency, as indicated by its high t-value (7.837) and low p-value (p < 0.001). In addition, the included predictors (increased access to public services, improved transparency and accountability, technical challenges related to fiscal capacity, administrative capacity concerns) show statistically significant relationships with efficiency of healthcare accessibility. Although the t-values for all the predictors are low, the associated p-values are less than the conventional threshold of 0.05. These findings suggest that the current set of predictors in the model may are adequate in explaining the variability in efficiency of healthcare accessibility. There are significant relationships between the predictors and efficiency implies that they are accounted factors or complexities involved in determining the efficiency of healthcare accessibility.

VII. DISCUSSION

The findings of the analysis indicate that the effects of fiscal devolution on service efficiency are complex and cannot be reduced to a simple cause-and-effect connection. Findings were in support of Arends, (2020) who established that fiscal devolution has undoubtedly brought about positive changes in access and accountability. However, this, therefore, has also revealed a significant challenge, particularly related to fiscal and administrative capacity. The positive effects of fiscal devolution can be attributed to increased local decision-making, responsiveness to community needs, and enhanced citizen engagement (Rotulo, *et. al.,* 2020). However, the challenges related to fiscal and administrative capacity underscore the importance of effective governance structures, capacity building, and intergovernmental fiscal relations.

Fiscal devolution in Homabay County has had both positive and negative effects on healthcare accessibility. The study demonstrates that while decentralization has improved access to services and enhanced accountability, it has also exposed challenges related to fiscal and administrative capacity. To harness the benefits of fiscal devolution fully, it

is crucial for policymakers in Homabay County and similar regions to address these challenges by investing in capacity building and strengthening governance structures. This research contributes to the broader understanding of fiscal devolution and its impact on public service efficiency, emphasizing the need for context-specific analysis and policy adaptations to maximize the benefits of decentralization.

RECOMMENDATIONS

- Enhance fiscal capacity through the diversification of revenue sources and the improvement of revenue collection efforts.
- Invest in administrative capacity building to improve resource management and service provision. Foster intergovernmental cooperation to address fiscal imbalances and promote resource-sharing mechanisms.
- Enhance citizen engagement and participation in local governance to ensure public services are aligned with community needs.

Future Research Future research should explore the long-term impacts of fiscal devolution on healthcare accessibility in other counties in Kenya.

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