

REPUBLIC OF KENYA



COUNTY GOVERNMENT OF TANA RIVER

COUNTY FISCAL STRATEGY PAPER

FY 2021/2022

FEBRUARY 2021

*Consolidating Devolution Gains for Continued Socio-Economic
Development*

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Foreword

The 2021 CFSP is the eighth to be prepared by the County Government of Tana River. The purpose of this document is to provide direct linkages between policies, plans and budgets. It also provides the resource envelope and presents the fiscal framework for the 2021/2022 budget estimates over the medium term.

This 2021 Tana River County Fiscal Strategy Paper (CFSP) is prepared in accordance with the provisions of Section 117 of the Public Finance Management Act (PFMA), 2012. The paper specifies the broad strategic priorities and policy goals of Tana River County which will inform the budget for the FY 2021/2022 and the medium-term expenditure framework. It further gives the forecast on revenues and expenditures and the sector spending limits as a basis for the FY2021/2022 budget and in the medium term. In the preparation of this FY 2021/2022 CFSP the technical team sought and took into account views of the Sector Working Groups, the County Budget and Economic Forum, the public, the Commission on Revenue Allocation (CRA), The National Treasury, and other stakeholders and groups.

The policy objectives in this CFSP will focus on continued consolidation of gains made in previous Financial Years for accelerated socio-economic development. This will be achieved through completion of ongoing projects rolled over from previous financial years, supporting recovery from the impact of the COVID-19 impact and the settlement of pending bills in line with PFM Act 2012 and its corresponding regulations, Executive Orders and National Treasury directives. Further, the CFSP will focus on monitoring and evaluation of projects to ensure that the projects attain the planned results. The strategic priorities will be pursued across all demographics and across the three sub-counties and will ensure that programs and projects actively involve the youth, women, and persons with disabilities. The paper further proposes prioritization of project and investment completion that will bring about urbanization and growth of the county economy in line with the Second County Integrated Development Plan (CIDP II).

The proposed envelope for the FY 2021/2022 is estimated at **Kshs.7,151,832,272** with proposed recurrent expenditure of **Kshs.4,727,925,390** and a development expenditure of **Kshs. 2,423,906,882**. However, these are provisional figures based on the draft 2021 Budget Policy Statement (BPS) and will be firmed up in the FY 2021/22 Budget Estimates with reference to the 2021 County Allocation of Revenue Act (CARA). The expenditure ceilings observe all the provisions in the PFMA 2012, the requisite regulations as well as the CRA guidelines.

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Acknowledgement

The 2021 CFSP provides a framework for the FY 2021/2022 budgeting aimed at achieving the medium-term theme “*Consolidating Devolution gains for Continued Socio-Economic Development*” which will be realized through the implementation of policies, completion of ongoing projects and programs aligned to the Second-generation County Integrated Development Plan (CIDP II).

This CFSP is divided into four sections: Section I provides the recent economic developments and the policy outlook providing an overview of the recent economic developments and fiscal outlook at the global, regional, national and county level, information on macro-economic variables, update of fiscal performance and emerging challenges and risks to the outlook; Section II gives the County’s strategic blueprint which sets the pace and direction of the document; Section III explains the fiscal policy and budget framework; section IV covers the medium term expenditure framework.

I wish to acknowledge the Governor of Tana River County, H.E Dr. Major (Rtd.) DhadhoGadaeGodhana for his support and leadership throughout the preparation of this paper. Special thanks goes to the County Executive Committee members in charge of various County Government Departments and Agencies for their input in this process and especially in mobilizing the respective Sector Working Groups to make input to this paper. I also appreciate the CECM - Finance and Economic Planning, Mr. Mathew Babwoya for his guidance in the development of the paper.

A core team in the Tana River County Treasury spent a significant amount of time putting together this paper. We are especially grateful to the Directorate of Economic Planning and Budgeting that included Md. Mariam Bunu, Mr. Arnold Odipo, Mr. Pascal Buya, Mr. Amani Bawata and the economists deployed to various county departments for their unending effort. I take this opportunity to thank the entire staff of the County Government of Tana River for their dedication, sacrifice and commitment to public service.

Finally, we appreciate the input and advice of the public in the preparation of this document.

HERO SAID BWANAMAKA
CCO, FINANCE & ECONOMIC PLANNING

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Legal Basis for the Publication of the County Fiscal Strategy Paper

Section 117 of the Public Finance Management Act, 2012 states;

1. “The County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the County Assembly by the 28th February of each year.”
2. The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.
3. In preparing the County Fiscal Strategy Paper, the County Treasury shall specify the broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year and over the medium term
4. The County Treasury shall include in its County Fiscal Strategy Paper the financial outlook with respect to county government revenues, expenditures and borrowing for the coming financial year and over the medium term
5. In preparing the County Fiscal Strategy Paper, the County Treasury shall seek and take into account, the views of: -
 - a. The Commission on Revenue Allocation
 - b. The public
 - c. Any interested persons or groups
 - d. Any other forum that is established by the PFM Act 2012
6. Not later than fourteen days after submitting the County Fiscal Strategy Paper to the County Assembly, the County Assembly shall consider and may adopt it with or without amendments
7. The County Treasury shall consider any recommendations made by the County Assembly when finalizing the budget proposal for the financial year concerned
8. The County Treasury shall publish and publicize the County Fiscal Strategy Paper within seven days after it has been submitted to the County Assembly

Fiscal Responsibility Principles for the National and County Governments

Section 107 of the Public Finance Management Act, 2012 sets the principles of fiscal responsibility.

Subsection (2) states that: “In managing the county government's public finances, the County Treasury shall enforce the following fiscal responsibility principles: -

- a. The county government's recurrent expenditure shall not exceed the county government's total revenue
- b. Over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure
- c. The county government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the county government's total revenues as prescribed by the County Executive member for finance in regulations and approved by the County Assembly.
- d. Over the medium term, the county government's borrowing shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.
- e. The County debt shall be maintained at a suitable level as approved by County Assembly
- f. The financial risks shall be managed prudently, and
- g. a reasonable degree of predictability with respect to the level of tax bases shall be maintained, taking into account any tax reforms that may be made in the future
- h. Short-term borrowing as mentioned in (d) above shall be restricted to management of cash flows and shall not exceed five percent of the most recent audited county government revenue.

Acronyms and Abbreviations

ADP	Annual Development Plan
BPS	Budget Policy Statement
CARA	County Allocation of Revenue Act
CARB	County Allocation of Revenue Bill
CBEF	County Budget and Economic Forum
CBK	Central Bank of Kenya
CBR	Central Bank Rate
CBROP	County Budget Review and Outlook Paper
CCO	County Chief Officer
CECM	County Executive Committee Member
CFSP	County Fiscal Strategy Paper
CHVs	Community Health Volunteers
CIDP	County Integrated Development Plan
CILOR	Contribution In Lieu of Rates
CPI	Consumer Price Index
DRR	Disaster Risk Reduction
ECDE	Early Childhood Development Education
EDE	Ending Drought Emergencies
EU	European Union
EYE	Early Years Education
FY	Financial Year
IDeP	Integrated Development Plan
IFMIS	Integrated Financial Management Information System
KISIP	Kenya Informal Settlements Improvement Project
OAG	Office of the Auditor General
RMLF	Road Maintenance Levy Fund
TVETA	Technical and Vocational Education and Training Authority
VTCs	Vocational Training Centers

Outline of County Fiscal Strategy Paper

This fiscal strategy paper is presented in four sections. The introduction presented in Section I, presents an overview of the recent economic development and fiscal outlook at the Global, National and County Levels. It also reviews the latest information on the macroeconomic variables, gives update on Fiscal Performance and Emerging Challenges, offers Revised Estimates, Economic Policy and Outlook as well as Risks to the Outlook.

Section II outlines the Programmes for achieving the Tana River County Strategic Blueprint's Objective.

In Section III, the paper describes the fiscal policy and budget framework. The section further highlights the fiscal policy status, Fiscal Strategy Paper's obligation to observe Fiscal Responsibility Principles as set out in the PFMA 2012, Fiscal Structural Reforms, Budget Framework for proposed budget year 2021/22 (Revenue projections, recurrent expenditure forecast, development expenditure projections, and fiscal balance). The section generally outlines the county fiscal strategic objectives that the County is implementing to achieve her fiscal responsibility principles.

Section IV covers the medium-term expenditure framework. It highlights the total resource envelope, Spending Priorities, Medium Term Expenditure Estimates, Baseline ceilings, Finalization of spending plans, Details of Sector Priorities.

SECTION I: RECENT ECONOMIC DEVELOPMENTS AND POLICY OUTLOOK

Overview

1. In 2020, the Kenyan economy was adversely affected by the outbreak of COVID-19 Pandemic and the swift containment measures, which have not only disrupted the normal lives and livelihoods, but also to a greater extent businesses and economic activities. As a result, our economy contracted by 5.7 percent in the second quarter of 2020 from a growth of 4.9 percent in the first quarter in 2020. The economy is therefore estimated to slow down to a growth of around 0.6 percent in 2020 from the earlier projection of 2.6 percent. Economic growth is projected to recover to 6.4 percent in 2021 due to in part, the lower base effect in 2020. In terms of fiscal years, economic growth is projected to grow by 3.5 percent in FY 2020/21 and further to 6.2 percent over the medium term.
2. The economy continues to register macroeconomic stability with low and stable interest rates and a competitive exchange rate that support exports. Year-on-year overall inflation remained within the Government target range of 5 ± 2.5 percent in December 2020 at 5.6 percent from 5.8 percent in December 2019. This lower inflation was mainly supported by a reduction in food prices.
3. The foreign exchange market has largely remained stable but partly affected by a significant strengthening of the US Dollar in the global markets and uncertainty with regard to the Covid-19 pandemic. In this regard, the Kenya Shilling to the dollar exchanged at Kshs. 110.6 in December 2020 compared to Kshs. 101.5 in December 2019. Despite this, the current account deficit is estimated to improve to 5.1 percent in 2020 from 5.8 percent in 2019 mainly supported by an improvement in the trade balance.
4. Short-term interest rates remained fairly low and stable. The Central Bank Rate was retained at 7.00 percent on November 26, 2020 same as in April 2020 to signal lower lending rates in order to support credit access by borrowers especially the Small and Medium Enterprises, distressed by COVID-19 pandemic. The interbank rate declined to 5.1 percent in December 2020 from 6.0 percent in December 2019 in line with the easing of the monetary policy and adequate liquidity in the money market.

Update on Fiscal performance and Emerging Challenges

5. The total approved budget in FY 2019/20 was Kshs. 8,075,147,524, comprising of Kshs. 5,373,094,723 (66.5%) recurrent expenditure and Kshs. 2,702,052,801 (33.5%) development expenditure. The recurrent budget absorption was at 90% while the development budget had an absorption of 65%. The composite budget absorption rate for FY 2019/20 is 81%.
6. The FY 2020/21 approved budget is **Kshs. 8,145,250,253** which comprises of **Kshs. 5,855,250,000** equitable share of the revenue raised nationally, **Kshs. 788,997,677** worth of conditional grants, **Kshs. 72,600,000** of Own Source Revenue (OSR), and **Kshs. 1,428,402,576** as balance brought forward from the FY 2019/20. The Recurrent expenditure is **Kshs. 4,690,382,274** which is 58% of the Total Expenditure, while the development budget is **Kshs. 3,454,867,979** which accounts for 42% of the total budget.
7. Absorption of both the recurrent and development allocations for the County in the first half of FY 2020/21 was below the projection. As at 31st December, 2020, Kshs. 896,879,947 had been absorbed from the recurrent budget while Kshs. 391,642,921 had been absorbed out of the development budget. This was due to the delayed approval of the Budget Estimates for the FY 2020/21 and the delayed disbursement of funds from the National treasury owing to the impasse on the third basis for sharing revenue among county governments which was adopted by the senate in September 2020.

1. Table 1: County Government of Tana River-Executive Expenditure Report for FY 2019/20

Department		Final Approved	Actual Expenditure	Variance	Absorption
		Estimates	2019/2020		rate
		(a)	(b)	(b-c)	(b/a*100)
Office of the Governor and the Deputy governor	Sub-Total	608,796,871	564,738,744	44,058,127	92.76%
	Rec	608,796,871	564,738,744	44,058,127	92.76%
	Dev	0	0	0	-
Special programs	Sub-Total	141,436,717	110,040,761	31,395,956	77.80%
	Rec	141,436,717	110,040,761	31,395,956	77.80%
	Dev	0	0	0	0.00%

Department		Final Approved	Actual Expenditure	Variance	Absorption
		Estimates	2019/2020		rate
		(a)	(b)	(b-c)	(b/a*100)
Education and vocational training	Sub-Total	519,078,030	399,872,376	119,205,654	77.04%
	Rec	397,130,346	378,644,078	18,486,268	95.35%
	Dev	121,947,684	21,228,298	100,719,386	17.41%
youth, sports, gender, culture and social services	Sub-Total	74,475,048	55,736,105	18,738,943	74.84%
	Rec	66,475,048	55,736,105	10,738,943	83.85%
	Dev	8,000,000	0	8,000,000	0%
Medical services, public health and sanitation	Sub-Total	1,305,265,604	1,161,440,498	143,825,106	88.98%
	Rec	1,273,065,604	1,161,440,498	111,625,106	91.23%
	Dev	32,200,000	0	32,200,000	0%
Agriculture, livestock, fisheries, veterinary	Sub-Total	642,431,008	524,125,976	118,305,032	81.58%
	Rec	566,700,907	474,245,976	92,454,931	83.69%
	Dev	75,730,101	49,880,000	25,850,101	65.87%
Water, irrigation environment and Natural resources	Sub-Total	184,149,396	160,487,105	23,662,291	87.15%
	Rec	168,149,396	160,487,105	7,662,291	95.44%
	Dev	16,000,000	0	16,000,000	0%
Roads, transport, public works, housing and urban development	Sub-Total	866,980,746	265,596,069	601,384,677	30.63%
	Rec	119,980,474	108,217,479	11,762,995	90.20%
	Dev	747,000,272	157,378,590	589,621,682	21.07%
Public service, administration and citizen participation	Sub-Total	410,885,219	402,694,164	8,191,055	98.01%
	Rec	402,474,299	395,283,244	7,191,055	98.21%
	Dev	8,410,920	7,410,920	1,000,000	88.11%
Trade, tourism & wildlife and cooperative development	Sub-Total	119,003,013	110,624,523	8,378,490	92.96%
	Rec	110,903,013	110,624,523	278,490	99.75%
	Dev	8,100,000	0	8,100,000	0%
Finance and economic planning	Sub-Total	2,270,882,030	2,059,766,212	211,115,818	90.70%
	Rec	850,199,206	684,963,866	165,235,340	80.57%
	Dev	1,420,682,824	1,374,802,346	45,880,478	96.77%
Lands and physical planning	Sub-Total	82,541,959	78,829,712	3,712,247	95.50%
	Rec	78,560,959	74,848,712	3,712,247	95.27%
	Dev	3,981,000	3,981,000	0	100.00%

Department		Final Approved Estimates	Actual Expenditure 2019/2020	Variance	Absorption rate
		(a)	(b)	(b-c)	(b/a*100)
County Assembly	Sub-Total	646,497,243	617,623,382	28,873,861	95.53%
	Rec	486,497,243	478,117,813	8,379,430	98.28%
	Dev	160,000,000	139,505,569	20,494,431	87.19%
Hola Municipality	Sub-Total	152,500,000	4,728,900	147,771,100	3.10%
	Rec	52,500,000	4,728,900	47,771,100	9.01%
	Dev	100,000,000	0	100,000,000	0%
Total Recurrent Expenditure		5,373,094,723	4,809,616,245	563,478,478	89.51%
Total Development Expenditure		2,702,052,801	1,754,186,723	947,866,078	64.92%
GRAND TOTAL EXPENDITURE		8,075,147,524	6,563,802,968	1,511,344,556	81.28%

Table 2: County Government of Tana River Expenditure Report for FY 2020/21

TANA RIVER COUNTY GOVERNMENT-EXECUTIVE EXPENDITURE REPORT 2020-21 AS AT 31ST DECEMBER 2020						
DEPARTMENT	RECURRENT			DEVELOPMENT		
	BUDGET ESTIMATES	ACTUAL EXPENDITURE	VARIANCE	BUDGET ESTIMATES	ACTUAL EXPENDITURE	VARIANCE
Office of the Governor	367,529,026	84,841,075	282,687,951	0	0	0
Special Programme	83,146,937	12,733,707	70,413,230	0	0	0
Education and Vocational Training	378,393,093	91,967,562	286,425,531	175,664,894	0	175,664,894
Culture, Gender, Sports and Social Service	34,577,316	5,828,630	28,748,686	85,200,000	0	85,200,000
Health Services Public Health and Sanitation	1,291,476,255	281,451,002	1,010,025,253	122,500,000	0	122,500,000
Agriculture, Livestock, Fisheries and Veterinary Services	745,436,705	31,347,533	714,089,172	128,884,845	0	128,884,845
Water Irrigation, Environment & Natural Resources	122,876,878	14,453,804	108,423,074	153,500,000	0	153,500,000
Roads, Transport, Public Works, Housing and Urbanization	98,975,188	19,995,467	78,979,721	1,124,243,026	0	1,124,243,026
Public Service, Administration and Citizen Participation.	395,035,155	95,934,975	299,100,180	30,000,000	0	30,000,000
Finance and Economic Planning	748,875,959	211,705,308	537,170,651	755,949,005	391,642,921	364,306,084
Trade, Tourism, Wildlife and Cooperative Development.	72,413,107	13,347,429	59,065,678	39,500,000	0	39,500,000
Land and Physical Planning	34,159,193	9,000,607	25,158,586	55,000,000	0	55,000,000
County Assembly	486,497,243			135,000,000		
County Public Service Board	61,311,548	23,595,239	37,716,309	0	0	0
Hola Municipality	13,800,000	677,510	13,122,490	100,000,000	0	100,000,000
TOTAL	4,934,503,602	896,879,847	3,551,126,513	2,905,441,770	391,642,921	2,378,798,849

8. The county government departments reported some challenges during the previous MTEF period due to resource constraints caused by the delayed approval of the FY 2020/21 Budget Estimates by the County Assembly and delayed approval of the FY 2020/21 CARA. The 2020 CARB was passed by the Senate on 29th September, 2020 and by the National Assembly on 6th October, 2020. The delays were on account of the delays in the conclusion of the discussions on the Third Basis for Revenue Sharing among County Governments. This caused subsequent delays in budget implementation in all the departments. Delays in the exchequer disbursement of funds resulted to delayed procurement processes and subsequently causing delays in the implementation of projects.
9. Additionally, the fiscal performance of the FY 2019/2020 was below expectation mainly due to the application of the e-procurement with some challenges in navigation of the system recorded.

Revised Estimates

10. The FY 2020/21 Approved Budget needed revision for the following reasons:
 - a. Provide for additional revenue to the County from the Equitable share as a result of the enacting of the CARA 2020.
 - b. Revision of projected Balance brought forward from FY 2019/20.
 - c. Provide for other emerging needs.

Economic Policy Outlook

11. Tana River County Government will continue to pursue prudent fiscal policy to ensure stability while cultivating an environment for sustainable management of public finances. The County Government is also committed to clear pending bills as first charge as prescribed by law.
12. Fiscal policy will continue to support County development economic activities while providing a platform for the implementation of the CIDP within a context of sustainable public financing. This process will be strengthened in the FY 2020/21 by encouraging more

private-sector engagement in order to build concrete public private Partnership in pursuit of new economic opportunities.

13. The County Government will continue with rationalization of expenditure to improve efficiency and reduce wastage. Expenditure management will be strengthened with continued implementation of the Integrated Financial Management Information System (IFMIS) across all the departments.
14. The county will continue redirecting expenditure towards those priority programmes as identified in public consultative forums. The critical programmes to be implemented are expected to accelerate economic activities and socio-economic welfare.
15. The outlook points to a continued macroeconomic stability, which will support robust growth, lower fiscal deficits and contain inflation. In addition, measures being undertaken by the County to align its strategic priorities with the “The Big Four” Plan to boost the manufacturing sector; enhance food security and nutrition; build affordable housing; and achieve Universal Health Coverage are expected to enhance growth, create jobs and promote inclusive growth.
16. The County will also pursue the priorities of the National post-COVID-19 Economic Recovery Strategy by implementing the Tana River County Socio-Economic Reengineering and Recovery Strategy. The priorities of the County are spread across the following key sectors: Manufacturing, Agriculture, Water and Sanitation, Urban Development and Housing, Transport, Tourism, Health, Education and Training, Social Protection, Gender and Youth, and Environment and Natural Resources Management.

Risks to the Outlook

17. The County experienced a significant increase in the County Own Source Revenue Collection. However, without comprehensive revenue mapping and enforcement there may be leakages which could threaten the realization of the set target and hence a budget deficit which will affect the adequate financing of the outlined projects and programs.

18. The County Government shall put in measures to mitigate against the adverse effects of the outlined risks.

Table 3: Risks and mitigation measures

S/No	Risk	Mitigation Measure
1.	COVID-19	Strengthening the capacity of the Department of Health and the Department of Water, Irrigation, Environment and Natural Resources to step up their efforts in the monitoring, surveillance and containment of COVID-19 in the County.
2.	More frequent and more severe natural disasters: drought, floods, locust invasion, and human and livestock disease outbreaks.	<p>Strengthening the capacity of the Special Programmes unit under the Office of the Governor to coordinate emergency response, relief and recovery initiatives. This includes implementation of the Disaster Risk Management Act and operationalization of the Disaster Risk Management Fund.</p> <p>The Department of Health and the Department of Agriculture, Livestock, Fisheries and Veterinary Services continue to step up their efforts on disease surveillance while their capacity to respond is strengthened.</p> <p>The County continues to invest in adaptation measures against drought. These include establishment of small-scale irrigation schemes to reduce reliance on rain-fed agriculture, and establishment of water harvesting structures in the hinterland to promote water security for pastoralists. Through the Kenya Climate Smart Agriculture Project, the County will continue with the investments in climate-smart agriculture.</p>
3.	Settlement of pending bills that exposes the County to litigation and that constrains resources available for new programmes and projects.	<p>The County Treasury continues to prioritize payment of pending bills listed as eligible in the report from the County Ineligible Pending Bills Resolution Committee. The county is keen to clear all cleared ineligible pending bills by the committee.</p> <p>Efforts have been put in place to reduce over-commitment in the implementation of projects and programmes in development and recurrent expenditure.</p>
4.	Weak financial and non-financial reporting	The County Treasury shall conduct skills training for accountants and other technical staff responsible for both financial and non-financial reporting. Moreover, the County Treasury shall continually sensitize County Departments and Agencies on their responsibility to report. The County shall also implement the report on the suitability tests that were conducted for officers in the County Treasury.

SECTION II:CONSOLIDATING DEVOLUTION GAINS FORCONTINUED SOCIO-ECONOMIC DEVELOPMENT

Overview

19. The 2021 CFSP is the eighth to be prepared in the Tana River County. Its purpose is to build direct linkages between policies, plans and budgets. It provides the resource envelope and presents the fiscal framework for the 2021/2022 budget estimates and over the medium term.
20. According to the 2021 Budget Policy Statement, in 2021, the Kenyan economy was adversely affected by the outbreak of COVID-19 Pandemic and the swift containment measures, which have not only disrupted the normal lives and livelihoods, but also to a greater extent businesses and economic activities. As a result, our economy contracted by 5.7 percent in the second quarter of 2020 from a growth of 4.9 percent in the first quarter in 2020. The economy is therefore estimated to slow down to a growth of around 0.6 percent in 2020 from the earlier projection of 2.6 percent. Economic growth is projected to recover to 6.4 percent in 2021 due to in part, the lower base effect in 2020. In terms of fiscal years, economic growth is projected to grow by 3.5 percent in FY 2020/21 and further to 6.2 percent over the medium term.
21. The Kenyan economy continues to register macroeconomic stability with low and stable interest rates and a competitive exchange rate that support exports. Year-on-year overall inflation remained within the Government target range of 5 ± 2.5 percent in December 2020 at 5.6 percent from 5.8 percent in December 2019. This lower inflation was mainly supported by a reduction in food prices.
22. The county economy is vulnerable to both exogenous and endogenous shocks that threaten macro-economic stability. Poor implementation of fiscal policies has resulted in accumulation of pending bills over previous FYs, which has in turn affected businesses, especially Small and Medium Enterprises (SMEs). The invasion of desert locusts in several wards within the County adversely affected crop production. Although the County has not registered numbers of COVID-19 cases, the pandemic has affected production and the demand and supply of goods and services thereby slowing down the growth of the County economy.

County Strategic Objectives

23. The County Government will over the medium-term focus on the support to the recovery from the impact of COVID-19, completion of ongoing projects, settlement of pending bills with special focus and decisive investment in Monitoring and Evaluation of projects and programmes to track progress and achievement of their prescribed goals and impacts. In order to consolidate gains made in previous FYs, in FY 2021/22, the County Government will continue to focus on the following areas: Urban Planning and Climate Proof Infrastructure Development; Investing in Modern and Commercially Oriented Agriculture and Livestock; Investing in Quality and Affordable healthcare; Investing in Quality and Accessible Education; Investing in Environment, Water and Sanitation; Investing in Youth, Sports and Culture Promotion; Investing in infrastructure; and creating an enabling environment for socio-economic development through good governance.

24. This CFSP therefore outlines key strategic objectives that forms the 2021/2022 priority interventions that the county government intends to achieve. It reaffirms policies and strategies indicated in the Second-Generation County Integrated Development Plan (CIDP 2018-2022) as well as subsequent ADPs derived from it. The strategic interventions include:

a. **Investing in Urban Planning and Climate Proof Infrastructure Development:** The County will focus on infrastructural development such as rehabilitation of County roads; upgrading of existing roads to either bitumen or cabro standards; refurbishment and maintenance of Government houses; construction of affordable housing units (funded under the KISIP); completion of the construction of the County Headquarters; and maintenance of existing street lights.

The following will be pursued under the Hola Municipality: formulation of the Hola Municipality Integrated Development Plan (IDeP); maintenance of existing street lights; construction of storm water drainage facilities in Laza town; construction of walkways and other non-motorized transport infrastructure; construction of bus station (cabro); and construction of modern public toilets.

The County will also invest in land use management through continued investment in the County Spatial Plan and the Hola Municipality Spatial Plan, community land registration, formalization of existing settlements, and surveying and titling of urban centres.

In light of the tight fiscal space within which the administration will be operating, capital investment to fund these interventions will be expected to originate mainly from the existing conditional grants such as the Kenya Urban Support Program (KUSP), and the Supplement for Construction of County Headquarters. Other potential grants include those under the Kenya Informal Settlement Improvement Project (KISIP).

- b. **Investing in accessible and quality education:** Through this outcome, the county intends to enhance enrolment, retention and transition of learners across all education levels but especially in Early Childhood Education and in vocational training. Priority programs include construction and equipping of EYE and vocational training centres, continuous capacity building of VTC instructors and EYE caregivers, supply of learning and teaching materials, and provision of bursaries to needy students. In pursuing this objective, the County will partner with institutions such as TVETA and Ministry of Education and increase collaboration across County departments such that of Trade, Tourism and Industry that is responsible for the development of the *Jua Kali* industry for the absorption of VTC graduates.

- c. **Investing in quality and accessible healthcare:** Key interventions to enhance access to health care include developing or rehabilitation health infrastructure including completion of the ongoing or planned construction works across health facilities in the County; improving the supply and the management of pharmaceutical and non-pharmaceuticals; improving human resources for health; improve coverage of the County residents to NHIF and leverage on the opportunities under UHC to expand healthcare in the County;

- d. **Investing in modern and commercially-oriented agriculture:** This strategic outcome is geared towards enhancing agricultural productivity hence improving food security and the household incomes among the county residents. The county government intends to invest in: extension services for crop, livestock and fish production; mechanization services for agriculture and pasture production; provision of subsidies in crop production and apiculture; promotion of irrigation agriculture; value addition of both livestock and agricultural produce; marketing of livestock and agricultural produce; investment in alternative sources of

livelihoods through fish farming, poultry and apiculture; and promotion of traditional high value crops (THVC).

25. Moreover, the 2021 CFSP will also focus on offsetting all the pending bills related to previous FYs. This follows a resolution by the Intergovernmental Budget and Economic Council (IBEC) to all counties to plan, budget for and implement settlement of existing pending bills. This is to mitigate the adverse effects currently facing businesses especially Small Medium Enterprises (SMEs) and securing the planned outcomes for the projects and programmes.

Programmes for Achieving the County Strategic Blueprint's Objective

26. This County Fiscal Strategy Paper (2021 CFSP) articulates priority economic policies and structural reforms as well as sector-specific expenditure programs to be implemented under the Medium-Term Expenditure Framework for 2021/22 and 2023/24 in order to achieve the County Government's development goal of '*Consolidating Devolution Gains for Continued Socio-Economic Development*'. The county government will pursue to achieve the outlined strategic outcomes within the identified 8 sectors:

a. Agriculture and Rural Development Sector

This sector comprises the County Department of Agriculture, Veterinary Services, Livestock and Fisheries and is charged with the mandate of attainment of food security, promotion of market accessibility, empowerment of farmers through capacity building on modern and commercially oriented agriculture and livestock keeping as well as alternative agricultural practices such as fish farming and bee keeping.

Agriculture: strengthen extension services by employing more extension staff and improving their mobility; surveillance and management of crop diseases and pests including desert locusts; agriculture subsidy program – seeds, fertilizer, fungicides and mechanization in the irrigation schemes; post-harvest management – procurement of moisture meters to test for aflatoxin levels, completion of food store; completion and operationalization of small-scale irrigation schemes; procurement of tractors and tractor equipment; marketing of farm produce through cooperatives; operationalization of the ATC.

Livestock: Livestock marketing (construction of livestock markets in Garsen, Bangale and Bura, operationalize the one in Kalkacha); livestock breed improvement; fodder production including purchase of harvesting and baling equipment; apiculture – purchase and distribution of beehives, establishment of honey collection and processing centres, marketing of honey through cooperatives.

Veterinary Services: Disease control (routine vaccination against rabies and New Castle Disease – purchase of vaccines and camping equipment, construction of cold room/storage for drugs and vaccines, construction of cattle crushes); meat inspection (construction of slaughter houses in Hola, Garsen and Bura); development of leather cottage industry in Titila.

Fisheries: Fisheries infrastructure in Shakababo and Ngorora (smoking kilns and drying racks), construction and rehabilitation of fish ponds; restocking of natural and man-made water bodies with fish fingerlings; purchase of small fishing gears for the artisanal fishermen; sponsorship for training in deep sea fishing; promotion of mariculture in Ozi and Chara.

b. Education Sector

The Educational sector comprises of the department of Early Years Education and Vocational Training.

In the FY 2020/21, the Department has ensured that 319 EYE centres are operational with about 22,000 learners and a teaching staff of 504. The Department has ensured supply of learning materials and provision of meals to children in school. Moreover, the Department conducted a refresher training for EYE teachers and had plans to absorb the volunteer teachers.

On Vocational training, the Department has increased the enrolment in VTCs from 250 in 2018 to over 800 learners before the closure of learning institutions following the COVID-19 pandemic. Towards this, the Department is at various stages of constructing new VTCs in Madogo, Bangale, Waldena and Kipini and has ensured steady supply of learning materials.

The Department invested in ensuring transition from primary to secondary and from secondary to tertiary levels of education by providing scholarship through the Ward Bursary Fund and subsidized tuition for VTC learners.

In the FY 2021/22, the Department will ensure that the learning continues in the 319 EYE centres, provide meals and learning materials for learners and conduct in-service training for EYE teachers. On vocational training, the Department will complete the construction and operationalization of VTCs, supply learning materials and subsidize tuition for VTC learners.

The County will continue supporting access, retention and transition in education by continuing with the Ward Bursary Fund and rolling out the Governor's Scholarship Fund.

c. Culture, Recreation and Social Protection

County departments in the sector is the Department of Gender, Culture, Youth, Sports and Social Services. The main goals of this sector are: To provide social welfare services, coordinate disability mainstreaming, spearhead youth development, and provide gender and community services. This sector also seeks to promote, develop and preserve culture; provide library and information services, and rescue and rehabilitate Orphans and Vulnerable Children (OVCs). Additionally, it endeavors to enhance sustainable social development through the identification, nurturing, developing and managing sports, arts and talents.

In the FY 2021/22, the Sector will focus on documentation of heritage sites, organizing a cultural extravaganza, registration of vulnerable population in need of social protection (OVCs, elderly persons, PWDs), provision of social protection covers for vulnerable populations (older persons), development of sports infrastructure including playgrounds and the completion of the Hola stadium, conducting sports tournaments, and procurement and distribution of sports kits to sports teams.

d. Health Sector

The Health sector is represented by the Department of Medical Services, Public Health and Sanitation. The main goal of the sector is to provide essential health services that are accessible, responsive and affordable to the county population.

In the FY 2021/22, the Sector will focus on the following priorities: human resource for health (recruitment, promotions and continuous medical education and capacity building), strengthening of ambulance services, ensuring supply of water and oxygen in health facilities,

establishment of theatres, radiology departments, ICU and HDU units in health facilities, construction of staff houses for health facilities in far-flung areas, fencing of facilities to improve security, and construction of incinerators in health facilities.

The sector will also prioritize processing of the draft County Health Bill that provides for the Facility Improvement Fund, strengthen drug supply and supplies management, and continue with the initiatives on preventive and promotive programmes.

e. The General Economic and Commercial Affairs Sector

The General Economic and Commercial Affairs sector is composed of the Department of Trade, Tourism and Industrial Development and the Cooperative Development unit within the Department of Agriculture, Livestock, Fisheries and Veterinary Services. The main goal of the sector is to promote and develop weight and measures, fair trade, tourism, industrialization, entrepreneurship and investment.

In the FY 2021/22, the sector will prioritize the following programmes: Trade development through the operationalization of the INUKA Fund to enhance access to credit and promote growth of SMEs, business licensing, promotion of fair-trade practices and consumer protection, support *Jua Kali* artisans in their trade, tourism marketing and promotion, and development and marketing of the cooperative movement in the County.

f. The Public Administration and Inter Governmental Relations Sector

The Public Administration and Inter Governmental Relations comprise of the Department of Public Service Management, Administration and Citizen Participation, the County Treasury (Department of Finance and Economic Planning), the County Public Service Board, Office of the Governor and the Deputy Governor, and the County Assembly. The overall goal of this sector is to provide policy and leadership direction, oversight and management of the county fiscal, human and economic resources.

The Department of Finance and Economic Planning will prioritize the following in the FY 2021/22: participatory economic planning and budgeting, strengthen CIMES by operationalizing the M&E committees, improve reporting and use of M&E information for decision-making;

strengthen the internal audit function by developing the County risk profile and supporting the activities of the County Audit Committee; provide effective and efficient supply chain management services to County departments; ensure compliance to the PFM Act 2012 and its requisite regulations and the PSASB standards; and improving revenue administration by increasing supervision and opening up new revenue streams.

The Department of Public Service Management, Administration and Citizen Participation will seek to improve service delivery through the following interventions: orientation and induction of new staff, improve staff welfare by procuring medical insurance cover, strengthening of performance management through introduction of performance contracting, use of the staff performance appraisal system, conducting a Training Needs Assessment and a Human Resources Audit, develop a staff establishment, and automation of some of the services of the department. The Department will also construct and/or equip administrators offices across the wards and purchase uniforms for enforcement officers.

The County Public Service Board will prioritize the following: promote values and principles of an efficient county public service, provide advisories on human resource management and development, and facilitate recruitment of staff.

Cohesion and Special Programmes will focus on the implementation of the county DRM Act, coordination of emergency response and recovery programmes including water trucking, distribution of relief supplies and provision of cheap housing.

The county will also continue to pursue Economic integration by actively participating in activities of *JumuiyaKauntizaPwani* (JKP) and the Frontier Counties Development Council (FCDC) to promote economic growth and integrated regional development.

g. The Water, Environment and Natural Resources Sector

This sector comprises the Department of Water, Environment and Natural Resources. The sector is home to one semi-autonomous government agency, the Tana Water and Sewerage Company (TAWASCO). The main objective of this sector is to improve household access to safe potable water.

In the financial year 2021/22, the Water sub-sector will prioritize the following programmes: urban water supply, rural water supply, water supply in cluster villages, and water for schools. The Environment and Natural sub-sector will focus on the following programmes: solid waste management through garbage collection and demarcation of dumping sites, noise pollution, establishment of green parks and afforestation programmes.

h. The Energy, Infrastructure and ICT Sector

This sector consists of the following County departments and agencies: Department of Roads, Transport, Public Works, Housing and Urbanization, the Department of Lands and Physical Planning, ICT Directorate, and Hola Municipality.

In the FY 2021/22, the sector shall focus on the following: maintenance of existing road networks and the upgrading of rural access roads; expansion and maintenance of street lights, construction and supervision of county physical infrastructure, construction and maintenance of Government houses, completion of the Hola municipality and the county spatial plans, survey and titling of urban centres, linking of government offices to fibre link connection, construction of ICT resource centres, construction of storm water drainage, and development of walkways and non-transport transport infrastructure.

Other programmes that the sector will prioritize include developing and implementing ICT policies, maintaining county information services through the county website and mass messaging, maintaining the government fleet of vehicles and transport equipment, community land registration and formalization of existing settlements.

The County will also focus on the promoting the use of clean energy in government projects and in the population. Initiatives include solar street lighting, solarization of boreholes and water pumps in irrigation schemes, establishment of solar mini-grids, and supply of solar lanterns.

SECTION III: FISCAL POLICY AND BUDGET FRAMEWORK FOR FY 2021/22

2. This section provides the fiscal policy, principles, reforms and budgetary framework to be implemented in the next financial year to enhance the fiscal position of the county. Tana River County is committed to implement an effective fiscal policy while realizing the strategic blueprint and ensuring overall economic growth. Therefore, this section provides reforms in the administration of revenue, expenditure management, and the overall budget framework for FY 2021/22. It showcases measures to improve efficiency in budgetary allocations, increase revenue collection and operationalize tracking of programmes and projects through monitoring and evaluation.

Budget Framework

3. Allocation and prioritization of resources shall be on the basis of the key development strategic blueprints in the Second-Generation County Integrated Development Plan (CIDP II), Annual Development Plan (ADP) 2021/22, and departmental strategic plans. The CFSP outlines the medium-term fiscal framework, policies and strategic objectives for the county, which is the basis for the FY 2021/22 budget.
4. The FY 2021/22 budget will focus on measures to support recovery from the impact of COVID-19, settle pending bills owed to SMEs, complete ongoing development projects and ensuring effective monitoring and evaluation of programmes and projects that are aimed at enhancing the quality of life and standard of living for the citizens of Tana River County. Therefore, this budget will seek to prioritize the settlement of the pending bills recommended for settlement in the report of the Tana River County Ineligible Pending Bills Resolution Committee as well as those outstanding in FY 2018/19, FY 2019/20 and at the end of the FY 2020/21. This is so as to consolidate the gains made in previous years but it will also seek to achieve the outlined four objectives to better the living standards of the citizens.

Table 4: County Government of Tana River Budget Framework for FY 2021/22 and the Medium-Term

	Approved Estimates Kshs.	Supplementary Estimates Kshs.	Budget Estimates Kshs.	Projections Kshs.	
	2020/2021	2020/2021	2021/2022	2022/23	2023/24
Revenue Summary/ Funding					
Equitable Share of Revenue Raised Nationally	5,602,050,000	5,855,250,000	6,528,408,765	6,854,829,203	7,197,570,663
Conditional Allocations From National Government Revenue	237,326,233	237,326,233	75,000,000	78,750,000	82,687,500
Revenue from Own County Sources	72,600,000	72,600,000	79,860,000	83,853,000	88,045,650
Balance B/F	1,376,297,697	1,428,402,576	0	0	0
Grand Total	7,288,273,930	7,593,578,809	6,683,268,765¹	7,017,432,203	7,368,303,813
Expenditure Summary					
Personnel Emoluments	2,108,704,525	2,044,484,278	2,254,684,075	2,367,418,279	2,485,789,193
Operations and Maintenance	2,288,855,003	2,429,584,122	2,473,241,315	2,596,903,380	2,726,748,549
Development	2,890,714,401	3,119,510,409	1,955,343,375	2,053,110,544	2,155,766,071
Grand Total	7,288,273,929	7,593,578,809	6,683,268,765	7,017,432,203	7,368,303,813

Revenue Projections

27. The projected FY 2021/22 resource envelop is KES. 7.152billion. This is constituted by KES. 6.528 billion equitable share of revenue raised nationally, Kshs. 75 million conditional grants from national government, Kshs. 468.6 million conditional grants from development partners, and Ksh. 79.86 million of county own source revenue.

¹ Excludes Kshs. 468,563,507 – Conditional grants from Development Partners.

Expenditure Projections

28. The ADP outlines the development priorities for FY 2021/22 as per the sector programmes to be implemented. The principles of fiscal responsibility have been adhered to in allocation of the overall county expenditure budget.
29. The FY 2021/22 total expenditure is projected to be KES. 7.152billion in pursuit of a balanced budget.

Recurrent Expenditure

30. The projections of FY 2021/22 indicate a recurrent expenditure of 66 percent of the total net estimated budget which is Kshs. 4.73 billion. The recurrent budget will enhance county service delivery and support development projects and programmes through the effective implementation of Programme Based Budgeting (PBB).
31. The total recurrent expenditure constitutes of Kshs. 2.255 billion Personnel Emoluments (P/E) which is 31.5 percent of the net county budget (33.74 percent of the Total revenue). The Operations and Maintenance (O/M) expenditure is estimated to amount to Kshs. 2.473 billion reflecting 34.58 percent of the total net County Government budget.

Development Expenditure

32. The development expenditure for 2021/22 financial year is estimated at Kshs. 2.424 billion, which is 33.89 percent of the total expenditure (including conditional grants from development partners). This meets the fiscal responsibility principle on development expenditure (PFM Act 2012 Section 107) which requires that a minimum of 30 percent of the total county government budget be allocated to development.

Fiscal balance

33. In the FY 2021/22 the county government will operate on a balanced budget as guided by the Public Finance Management Act 2012 fiscal responsibility principles. However, the county leadership is pursuing strategic partnership with both domestic and foreign donors to complement the county efforts to fast-track economic development.

Fiscal Structural Reforms

34. The county government seeks to implement several reforms in the management of its fiscal position. Specifically, the County government will pursue the fiscal consolidation policy to provide and maintain a balance between revenues and expenditures. This policy will result in enhanced efficiency in revenue collection, strengthened revenue mobilization, and elimination of unproductive expenditures. The county has an immense potential to increase revenue collection, administration and usage. Coupled with austerity measures, the County will have a better fiscal position.
35. The County shall review revenue collection and management procedures and also anchor them in the Finance bill(s). It will also develop revenue legislation and policies that supports levies such as County Revenue Administration Act, Single Business Permits, Cess, Rates and Liquor Licensing. Implementation of revenue automation targeting key revenue streams will enhance efficiency in revenue collection. In regards to administration, the county will enhance enforcement rules for revenue collection and administration. Enforcement will include strict measures such as penalties and fines to defaulters and those who do not comply with revenue legislation.
36. The County Government shall prepare a valuation roll so as to effectively collect land rates; fast track the payments of CILOR; Endeavour to become a rating authority and all land to be ratable and land rates to be revised upwards.
37. The County Government will implement expenditure control measures by cutting unproductive expenses and spending only on specific items as indicated in the approved budget.
38. In ensuring accountability in budget implementation, processing of procurement and payments for all good, works and services have been centralized at the County Treasury, and all procurement is done through e-sourcing.

39. The County has institutionalized project management by setting up monitoring and evaluation (M&E) committees which are tracking the implementation of development projects and programs from the county level to the ward and the lowest devolved unit.
40. There shall be an asset management and disposal policy which will ensure that all assets acquired are recorded in an asset register and disposed appropriately upon expiry. Meanwhile the County Transport and Administration policy shall ensure seamless management of the existing vehicles and minimize attendant wastage.
41. The County shall institutionalize performance management system to ensure effective and efficient service delivery to the county residents and beyond.
42. The County has the County Audit Committee. The committee shall support the County in ensuring that external and internal audit recommendations are fully addressed.

SECTION IV: MEDIUM TERM EXPENDITURE FRAMEWORK

Resource Envelope

44. The total budget for 2021/22 is estimated at Kshs.**7,151,832,272**. This is a provisional figure arrived at from projections of the draft National Budget Policy Statement (BPS). The actual estimates will be informed by the County Allocation of Revenue Act (CARA) 2021. The resource envelope may include a balance brought forward from the 2020/21 budget considering the challenges in delays in exchequer releases and delays in procuring projects.

Spending Priorities

45. The County Government endeavors to invest more resources in five strategic areas during the FY 2021/2022:

- a. Investing in quality and accessible healthcare.
- b. Investing in quality education and training.
- c. Investing in modern and commercially oriented Agriculture and Livestock.
- d. Investing in urban planning and development.
- e. Investing in good governance.

46. While all sectors will be allocated adequate resources to enable them enhance the provision of services, the County shall allocate more resources to the water and health sectors. The county will also invest more on education, agriculture and infrastructure (roads, transport, public works, housing and urbanization, lands and physical planning, and Hola Municipality).

Medium Term Expenditure Estimates

47. The ceilings for every County Government department/entity have been tabulated to include the personnel emoluments, operations and maintenance and development budget. The recurrent expenditure ceilings are based on the wage bill and requisite operations and maintenance budgets from the previous years. The development expenditure ceilings on the other hand are informed by the priorities identified for the FY 2021/22 and the medium term. These also considered ongoing projects that must be completed to achieve their desired outcomes.

48. The 2021/22 conditional grants have been excluded from the respective departmental ceilings for clarity in budgeting. The table below provides the projected baseline ceilings for the 2021 MTEF, classified by County Department.

Table 5: Medium Term Expenditure Ceilings 2019/20 to 2022/23

Sector		Total Expenditure				% Share of Total Expenditure			
		Final Approved Estimates	Ceilings Proposed Estimates	Projections Estimates	Proposed	Final Approved Estimates	Ceilings Proposed Estimates	Projections Proposed Estimates	
		2020/21	2021/22	2022/23	2023/24	2020/21	2021/22	2022/23	2023/24
Public Administration and Intergovernmental Relations	Sub-total	3,328,971,967	3,332,093,218	3,498,697,879	3,673,632,773	41%	47%	47%	47%
	Rec	2,358,022,961	2,726,393,539	2,862,713,216	3,005,848,877	29%	38%	38%	38%
	Dev	970,949,006	605,699,679	635,984,663	667,783,896	12%	8%	8%	8%
General Economic and Commercial Affairs	Sub-total	108,754,315	65,590,342	68,869,859	72,313,352	1%	1%	1%	1%
	Rec	61,254,315	38,590,342	40,519,859	42,545,852	0.75%	0.54%	0.54%	0.54%
	Dev	47,500,000	27,000,000	28,350,000	29,767,500	0.58%	0.38%	0.38%	0.38%
Agriculture and Rural Development	Sub-total	459,828,634	272,127,942	285,734,339	300,021,056	5.65%	3.81%	3.81%	3.81%
	Rec	220,285,885	171,127,942	179,684,339	188,668,556	2.70%	2.39%	2.39%	2.39%
	Dev	239,542,749	101,000,000	106,050,000	111,352,500	2.94%	1.41%	1.41%	1.41%
Social Protection, Culture and Recreation	Sub-total	181,475,173	302,329,055	317,445,508	333,317,783	2.23%	4.23%	4.23%	4.23%
	Rec	133,275,173	252,329,055	264,945,508	278,192,783	1.64%	3.53%	3.53%	3.53%
	Dev	48,200,000	50,000,000	52,500,000	55,125,000	0.59%	0.70%	0.70%	0.70%
Education	Sub-total	416,360,862	266,484,467	279,808,690	293,799,125	5.11%	3.73%	3.73%	3.73%
	Rec	251,695,968	221,809,573	232,900,052	244,545,054	3.09%	3.10%	3.10%	3.10%
	Dev	164,664,894	44,674,894	46,908,639	49,254,071	2.02%	0.62%	0.62%	0.62%
Health	Sub-total	1,336,932,404	1,339,025,847	1,405,977,139	1,476,275,996	16.41%	18.72%	18.72%	18.72%
	Rec	1,150,232,404	1,089,025,847	1,143,477,139	1,200,650,996	14.12%	15.23%	15.23%	15.23%
	Dev	186,700,000	250,000,000	262,500,000	275,625,000	2.29%	3.50%	3.50%	3.50%
Energy, Infrastructure and ICT	Sub-total	1,434,376,527	846,225,898	888,537,193	932,964,053	17.61%	11.83%	11.83%	11.83%
	Rec	167,422,767	139,257,096	146,219,951	153,530,948	2.06%	1.95%	1.95%	1.95%
	Dev	1,266,953,760	706,968,802	742,317,242	779,433,104	15.55%	9.89%	9.89%	9.89%
Water,	Sub-total	326,878,927	259,391,995	272,361,595	285,979,674	4.01%	3.63%	3.63%	3.63%

Environmental and Natural Resources	Rec	131,878,927	89,391,995	93,861,595	98,554,674	1.62%	1.25%	1.25%	1.25%
	Dev	195,000,000	170,000,000	178,500,000	187,425,000	2.39%	2.38%	2.38%	2.38%
Conditional Grants from Donors	Total	551,671,444	468,563,507	491,991,682	516,591,266	6.77%	6.55%	6.55%	6.55%
TOTAL	Rec	4,474,068,400	4,727,925,390	4,964,321,659	5,212,537,742	54.93%	66.11%	66.11%	66.11%
	Dev. Gross	3,671,181,853	2,423,906,882	2,545,102,226	2,672,357,337	45.07%	33.89%	33.89%	33.89%
Total Resource Envelope	Total	8,145,250,253	7,151,832,272	7,509,423,885	7,884,895,079	100.00%	100.00%	100.00%	100.00%

NB: All the personnel emoluments (PE) for all County Departments have been consolidated to the Department of Public Service Management, Administration and ICT. This is except for the County Assembly, Office of the Governor, County Public Service Board, Department of Health and Hola Municipality.

Finalization of Spending Plans

49. These estimates take into consideration the estimates contained in the draft 2021 National Budget Policy Statement (BPS). However, these revenue estimates shall be firmed up when the County Allocation of Revenue Act (CARA) and other county policy statements are approved. However, in case of any additional resources the county shall invest in programs and projects that are geared towards urbanization, quality and affordable health care, quality and accessible education, food security, poverty reduction and employment creation which are in line with the FY 2021/22 budget theme.

Details of Sector Priorities

50. Sector priorities have taken into account priorities of the Second-Generation County Integrated Development Plan (CIDP II) and broad strategic priorities of Kenya vision 2030. Sectors, through the Sector Working groups reviewed their performances and put forward their financial plans taking into consideration the reality of scarce and the need to ensure optimal allocation of resources with efficiency, economy and effectiveness. The details of the sector priorities are explained as follows:

Table 6: Sector Mandates, Key Achievements, Medium Term Plans and Resource Usage

PUBLIC ADMINISTRATION AND INTERGOVERNMENTAL RELATIONS SECTOR	
Sector's mandate	The main mandate of the department is coordination of county public services up to the grass root levels as per the county government act. It is also responsible for efficient and effective management of county public service as well as ensuring compliance and enforcement of the county laws, policies and regulations. It coordinates the human resource management and development, civic education, public participation and implementation of performance management in the county public service.
Key sectoral achievements	<p>The ICT directorate has ensured that the County has active subscription to email services, has a website that is running and has ensured internet connectivity in various County offices. Further, the directorate has provided IT support to county users including support in acquisition and maintenance of IT equipment.</p> <p>The Human Resources directorate: ensuring that all County departments sign performance contracts; facilitating procurement and the administration of medical insurance cover for County staff; appraisal of revenue collection clerks and ECD teachers;</p> <p>The Administration directorate has ensured that enforcement officers</p>

	<p>have uniforms and that the officers provide security to county premises and in county operations.</p> <p>Established and/or strengthened strategic partnerships; peace structures within the county and with other counties operational;</p> <p>The key achievements of the department include full adoption of IFMIS and e-procurement; establishment of the County Audit Committee, institution of strategies that have increased resource absorption within departments; institution of financial reforms and expenditure management strategies, increase in Own Source Revenue collection; formation and training of M&E committees for the operationalization of CIMES; and adherence to the budget calendar including the formulation of the C-ADP, CBROP, CFSP and Budget Estimates.</p>
Sector's medium term plans	<p>The Department of Public Service Management, Administration and Citizen Participation will seek to improve service delivery through the following interventions: orientation and induction of new staff, improve staff welfare by procuring medical insurance cover, strengthening of performance management through introduction of performance contracting, use of the staff performance appraisal system, conducting a Training Needs Assessment and a Human Resources Audit, develop a staff establishment, and automation of some of the services of the department. The Department will also construct and/or equip administrators offices across the wards and purchase uniforms for enforcement officers.</p> <p>The Department of Finance and Economic Planning will prioritize the following in the FY 2021/22: participatory economic planning and budgeting, strengthen CIMES by operationalizing the M&E committees, improve reporting and use of M&E information for decision-making; strengthen the internal audit function by developing the County risk profile and supporting the activities of the County Audit Committee; provide effective and efficient supply chain management services to County departments; ensure compliance to the PFM Act 2012 and its requisite regulations and the PSASB standards; and improving revenue administration by increasing supervision and opening up new revenue streams</p>
Sector's Resource Usage	<p>Recurrent – Kshs. 2,726,393,539; Development – Kshs. 605,699,679; Total – Kshs. 3,332,093,218</p>
GENERAL ECONOMIC AND COMERCIAL AFFAIRS SECTOR	
Sector's mandate	<p>Promotion and development of trade, markets; Trade Licensing and Business Regulation; Formation and Profiling of Producer Business Groups (PBGs); Financial support to the Micro, Small and Medium Enterprises (MSMEs); Promotion, Registration, supervision, inspection and auditing of cooperative societies; Capacity building, value addition and entrepreneurship; Promotion of fair trade practices and consumer protection; Advising on taxation, Fraud Risk management and governance in the co-operative sector; Promotion of Micro, Small (Jua Kali) and cottage industries; Promotion of investments and industrial development; Promotion of Industrial parks; Promotion of technological transfer; Resource mapping, profiling and data collection in all the sectors; Profiling and development of tourism products</p>

	(tourist, cultural and heritage) and services in the county; Marketing and product development in the County within the entire sector; Verification and stamping of weighing and measuring instruments for use for trade in the county
Key sectoral achievements	Facilitated registration of new businesses; continued with the renovation and fencing of the Garsen <i>Jua Kali</i> sheds; installation of weighbridges at Bangale and Hurara; construction of the County cooperative office is ongoing; renovation and fencing of the Hola <i>jua kali</i> sheds ongoing;
Sector's medium term plans	In the FY 2021/22, the sector will prioritize the following programmes: Trade development through the operationalization of the INUKA Fund to enhance access to credit and promote growth of SMEs, business licensing, promotion of fair-trade practices and consumer protection, support <i>Jua Kali</i> artisans in their trade, tourism marketing and promotion, and development and marketing of the cooperative movement in the County.
Sector's Resource Usage	Recurrent – Kshs. 38,590,342 ; Development – Kshs. 27,000,000 ; Total – Kshs. 65,590,342
AGRICULTURE AND RURAL DEVELOPMENT SECTOR	
Sector's mandate	To attain food security, and sustainable agricultural infrastructure development, improve agricultural productivity through value addition, increasing market access and adoption of technologies; exploiting irrigation potential and sustainable management of resources in the sector. To promote, regulate and facilitate livestock production for socioeconomic development and industrialization. To provide and facilitate efficient veterinary services for production of safe and high-quality animals, animal products and by-products and promote trade and industrial growth in a sustainable environment. Promotion of competitive innovative, sustainable fisheries development, and equitable distribution of resources to improve livelihood.
Key sectoral achievements	Improving mobility by acquiring 10 motor cycles for extension staff; investment in agriculture mechanization services by acquiring 20 tractors and implements for 10 tractors; agriculture subsidy programme – supporting farmers with seeds, fertilizer, fungicides and in mechanization services; provision of extension services – agriculture, livestock and fisheries; vaccination of livestock; opening of the Titila livestock market; distribution of bee hives; and meat inspection services.
Sector's medium term plans	Strengthen extension services; surveillance and management of crop diseases and pests; agriculture subsidy program; post-harvest management; completion and operationalization of small-scale irrigation schemes; procurement of tractors and tractor equipment; marketing of farm produce through cooperatives; operationalization of the ATC; construction of livestock markets; livestock breed improvement; fodder production; apiculture; Disease control; meat inspection services; development of leather cottage industry in Titila; Fisheries infrastructure; construction and rehabilitation of fish ponds;

	restocking of natural and man-made water bodies with fish fingerlings; purchase of small fishing gears for the artisanal fishermen; sponsorship for training in deep sea fishing; promotion of mariculture in Ozi and Chara.
Sector's Resource Usage	Recurrent – Kshs. 171,127,942 ; Development – Kshs. 101,000,000 ; Total – Kshs. 272,127,942
SOCIAL PROTECTION, CULTURE AND RECREATION SECTOR	
Sector's mandate	To promote Social Development and Social Protection support for elderly persons, promote Culture, Arts and Children services, To establish and strengthen community cohesion that promotes peace and justice, competent and committed communities' development
Key sectoral achievements	Continued construction of the Hola stadium; improvement of 15 playing grounds; participated in national and international days; women empowerment trainings; conducting sports tournaments within the County as well support the participation of county teams in tournaments outside the county; ongoing construction of Hola multipurpose hall.
Sector's medium term plans	In the FY 2021/22, the Sector will focus on documentation of heritage sites, organizing a cultural extravaganza, registration of vulnerable population in need of social protection (OVCs, elderly persons, PWDs), provision of social protection covers for vulnerable populations (older persons), development of sports infrastructure including playgrounds and the completion of the Hola stadium, conducting sports tournaments, and procurement and distribution of sports kits to sports teams.
Sector's Resource Usage	Recurrent – Kshs. 252,329,055 ; Development – Kshs. 50,000,000 ; Total – Kshs. 302,329,055
EDUCATION AND VOCATIONAL TRAINING SECTOR	
Sector's mandate	To provide quality and basic education, develop vocational skills and talents to enhance socio economic prosperity, cohesion and self-reliance. The department aim to provide, promote and coordinate education and training programs, research and innovations, and talents development.
Key sectoral achievements	In the FY 2020/21, the Department has ensured that 319 EYE centres are operational with about 22,000 learners and a teaching staff of 504. The Department has ensured supply of learning materials and provision of meals to children in school. Moreover, the Department conducted a refresher training for EYE teachers and had plans to absorb the volunteer teachers. On Vocational training, the Department has increased the enrolment in VTCs from 250 in 2018 to over 800 learners before the closure of learning institutions following the COVID-19 pandemic. Towards this, the Department is at various stages of constructing new VTCs in Madogo, Bangale, Waldena and Kipini and has ensured steady supply of learning materials. The Department invested in ensuring transition from primary to secondary and from secondary to tertiary levels of education by providing scholarship through the Ward Bursary Fund and subsidized tuition for VTC learners.
Sector's medium term plans	In the FY 2021/22, the Department will ensure that the learning

	<p>continues in the 319 EYE centres, provide meals and learning materials for learners and conduct in-service training for EYE teachers. On vocational training, the Department will complete the construction and operationalization of VTCs, supply learning materials and subsidize tuition for VTC learners.</p> <p>The County will continue supporting access, retention and transition in education by continuing with the Ward Bursary Fund and rolling out the Governor's Scholarship Fund.</p>
Sector's Resource Usage	<p>Recurrent – Kshs. 221,809,573; Development – Kshs. 44,674,894; Total – Kshs. 266,484,467</p>
HEALTH SECTOR	
Sector's mandate	To build a progressive, responsive and sustainable technologically driven, evidence-based and client-cantered health system for accelerated attainment of the highest standard of health to all residents
Key sectoral achievements	<p>The department-maintained services in all health facilities. More focus was given towards preparedness against COVID-19 and management of confirmed cases.</p> <p>Operationalized health facilities including Odole, Adama, Darime, Korati and Kamaguru; construction of the Accident and Emergency Unit and the records office and the rehabilitation of two wards at the Hola County Referral Hospital ongoing; employed 99 medical personnel across all cadres; and ensured the supply of pharmaceutical and non-pharmaceutical supplies.</p>
Sector's medium term plans	<p>In the FY 2021/22, the Sector will focus on the following priorities: human resource for health (recruitment, promotions and continuous medical education and capacity building), strengthening of ambulance services, ensuring supply of water and oxygen in health facilities, establishment of theatres, radiology departments, ICU and HDU units in health facilities, construction of staff houses for health facilities in far-flung areas, fencing of facilities to improve security, and construction of incinerators in health facilities.</p> <p>The sector will also prioritize processing of the draft County Health Bill that provides for the Facility Improvement Fund, strengthen drug supply and supplies management, and continue with the initiatives on preventive and promotive programmes.</p>
Sector's Resource Usage	<p>Recurrent – Kshs. 1,089,025,847; Development – Kshs. 250,000,000; Total – Kshs. 1,339,025,847</p>
ENERGY, INFRASTRUCTURE AND ICT SECTOR	
Sector's mandate	To provide, supervise and oversee the infrastructural development in the county, transport and related services for sustainable economic growth.
Key sectoral achievements	<p>Some of the key achievements include rehabilitation of roads including; Garsen Town - Police Station (gravel), B89 – Jamuhuri (gravel), Odoganda drift road, Oda – Semikaro (mixed) and B89 – Garsen Town road (paved). The Public Works sub sector oversaw the beginning of the construction of the County Headquarters in Dayate. The department also renovated of the County Public Works offices and is in the process of formulation and adoption of building regulations</p>

	policies and acts. Procurement for the construction of a fire station is underway. Department of Public Works, housing and Urbanization has made strides in installation of solar powered street lighting in urban centers including Madogo, Bangale, Bura, Hola ,Gambaldsowe and Garsen.
Sector's medium term plans	Maintenance of existing road networks and the upgrading of rural access roads; expansion and maintenance of street lights, construction and supervision of county physical infrastructure, construction and maintenance of Government houses.
Sector's Resource Usage	Recurrent – Kshs. 139,257,096 ; Development – Kshs.706,968,802 ; Total – Kshs. 846,225,898
ENVIRONMENTAL PROTECTION, WATER AND NATURAL RESOURCES SECTOR	
Sector's mandate	<p>Improve access to safe and affordable drinking water through investing in adequate infrastructure, providing sanitation facilities and encourage hygiene at every level.</p> <p>Provision of healthy and clean environment, sustainable natural resource utilization and Conservation, enhancing and supporting protection, development and management of Natural resources and its allied developments for environmental stability and socioeconomic advancement of the County.</p>
Key sectoral achievements	<p>Establishment of 3 public parks in Hola, Bura and Garsen; garbage collection across 9 towns; and control and regulation of illegal logging and charcoal production.</p> <p>Ensured water supply in urban areas (supporting water supplies with the payment of electricity for water pumping); and hydrological surveys in clusters.</p>
Sector's medium term plans	In the financial year 2021/22, the Water sub-sector will prioritize the following programmes: urban water supply, rural water supply, water supply in cluster villages, and water for schools. The Environment and Natural sub-sector will focus on the following programmes: solid waste management through garbage collection and demarcation of dumping sites, noise pollution, establishment of green parks and afforestation programmes.
Sector's Resource Usage	Recurrent – Kshs. 89,391,995 ; Development – Kshs. 170,000,000 ; Total – Kshs. 259,391,995

Conclusion

- The County Government of Tana River intends to embrace urbanization to enhance socio-economic development. In order to achieve this, in FY 2021/22, the County shall invest in the following strategic interventions; quality and accessible healthcare, quality education and

training, modern and commercially oriented Agriculture and Livestock, urban planning and development and good governance.

6. However, to achieve these strategic objectives there is need for rigorous mobilization of county own source revenue (OSR), avoidance wasteful expenditure and living within our means through implementation of austerity measures as well as adhering to National treasury directives on payment of pending bills.