

THE COUNTY GOVERNMENT OF TAITA TAVETA



MEDIUM TERM COUNTY FISCAL STRATEGY PAPER

Peace, Love and Prosperity for All

FEBRUARY 2024

County Vision

A prosperous, cohesive and globally competitive county with high quality of life for all

County Mission

To promote optimum socio-economic and political development, through sustainable and prudent exploitation of resources and good governance

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To obtain copies of the CFSP, please contact:

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The document is also available on the County Government website: www.taitataveta.go.ke

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Foreword

The 2024 County Fiscal Strategy Paper (CFSP), presents the broad strategic priorities and policy goals and reforms that will guide the County government in preparing its budget for FY 2024/2025 and the medium term.

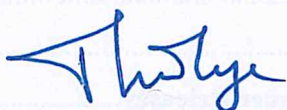
The 2024 CFSP will be the second to be prepared under the current regime prioritize the implementation of the programmes and sub-programmes proposed by various sectors and stakeholders. The County will endeavor to implement projects and programmes in line with Vision 2030, the national objectives stipulated in the Budget Policy Statement (BPS) and its Medium-Term Plan (MTP) IV, the CIDP 2023-2027, H.E the Governor's manifesto and feedback from the Public as highlighted in the 2024 Annual Development Plan.

The Kenyan economy is demonstrating resilience with growth performance well above the global and Sub-Saharan Africa average. In the first half of 2023/24 the economic growth averaged 5.4% (5.5% in Q1 and 5.4% in Q2). This growth was primarily underpinned by a rebound in the Agricultural activities and continued resilience of service sectors. All economic sectors recorded economic growth in the first half of FY 2023 though the magnitude varied across activities.

Exchequer revenues continue to form the largest part of our revenue budget, contributing 69% towards our budget. Our own generated revenues formed 5% of our budget. Out of the projected revenue, the County was able to realize KES 2,269,385,898 in actual revenues, representing 31% performance. This performance was as a result of 42% realization of the County Allocation through Exchequer, 24% on own generated revenues and 0% Transfers from other government entities.

This fiscal strategy paper articulates economic policies and fiscal reforms as well as sector-based expenditure programmes that the county intends to implement in order to achieve its broad development agenda. The proposed fiscal framework ensures continued fiscal discipline and provides support for sustained growth and development.

In the FY 2024/25, the county government expects to receive Kshs 5.11B as equitable share from the national government. The county has further projected to raise Kshs 400M as Own Source Revenue and 220M from our health facilities. This implies that the amount of shareable revenue to be allocated to the county departments for FY 2024/25 is Kshs 5.5B.



HON DAWSON KATUU MZENGE CPA(K)

COUNTY EXECUTIVE COMMITTEE MEMBER – FINANCE AND ECONOMIC PLANNING

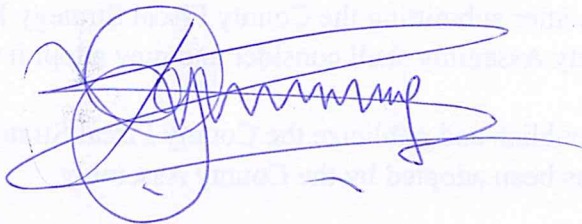
Acknowledgement

The 2024 Taita Taveta County Fiscal Strategy Paper has been prepared pursuant to the provisions of the Public Finance Management Act, 2012 Section 117 (1) which stipulates that the County Treasury should each year prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval. The County Treasury shall further submit the approved County Fiscal Strategy Paper to the County Assembly, by 28th February each year.

The preparation of this paper was highly consultative as well as capturing the views and input from various stakeholders as required by law. We are particularly grateful to H.E the Governor and the Deputy Governor for their lead role, direction and guidance during the preparation of this document.

I wish to acknowledge the County Executive Committee Members led by Dawson Katuu Mzenge CPA(K) – CECM Finance and Economic Planning for providing leadership in the process, County Budget and Economic Forum (CBEF) members, Director of Planning and Budgeting Mr. Laban Kinyai, CPA(K), for providing technical guidance and coordinating the process, the devoted efforts of the Budget team.

The County Treasury remains grateful to officers from County departments, Sub-County and Ward Administrators for coordinating and moderating the public consultative forums at Sub-County levels.

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

NASHON NYALI CHOVU CPA(K)

COUNTY CHIEF OFFICER- FINANCE AND ECONOMIC PLANNING

Legal Framework

The County Fiscal Strategy Paper is prepared in accordance with section 117 of The Public Finance Management Act, 2012 which stipulates that:

1. The County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval.
2. The County Treasury shall submit the approved County Fiscal Strategy Paper to the county Assembly by the 28th February in each year.
3. The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.
4. In preparing the County Fiscal 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.
5. 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.
6. 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; and
 - d) Any other forum that is established by legislation.
7. 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.
8. The County Treasury shall publish and publicize the County Fiscal Strategy Paper within seven days after it has been adopted by the County Assembly.

Rationale

The Fiscal strategy paper outlines the County's fiscal policies in the context of prevailing macro-economic policies and outlook while articulating the County's strategic priorities and policies for the fiscal year 2024/2025 and how these will be achieved with the limited available resources.

The County Fiscal Strategy Paper is the guide to the County Budget Process, with binding policy directions on budget formulation and implementation in the medium term. This paper specifies the broad strategic priorities and policy goals that guide the County government in preparing its budget for the subsequent financial year and over the medium term.

The fiscal framework outlined in this Fiscal Strategy Paper (FSP) requires greater fiscal discipline and alignment of resources to priorities. In particular, better control of expenditure and a clear focus on core mandates by county departments will be required. The Fiscal Strategy Paper contains the following:

- a) The principles that will guide the FY 2024/2025 budgetary process.
- b) The broad fiscal parameters for the 2024/2025 budget and the key strategies and policies for management of revenues and expenditures.
- c) The broad strategic priorities and policy goals that will guide the preparation of the budget over the medium term.
- d) A discussion of risks to the budget parameters.
- e) The medium-term outlook for county government's revenues and expenditures.
- f) A discussion on how the Budget Strategies relates to the County priorities as outlined in the County Integrated Development Plan (CIDP) 2023-2027

1. RECENT ECONOMIC DEVELOPMENT AND POLICY OUTLOOK

Overview

The Kenyan economy is demonstrating resilience with growth performance well above the global and Sub-Saharan Africa average. In the first half of 2023/24 the economic growth averaged 5.4% (5.5% in Q1 and 5.4% in Q2). This growth was primarily underpinned by a rebound in the Agricultural activities and continued resilience of service sectors. All economic sectors recorded economic growth in the first half of FY 2023 though the magnitude varied across activities.

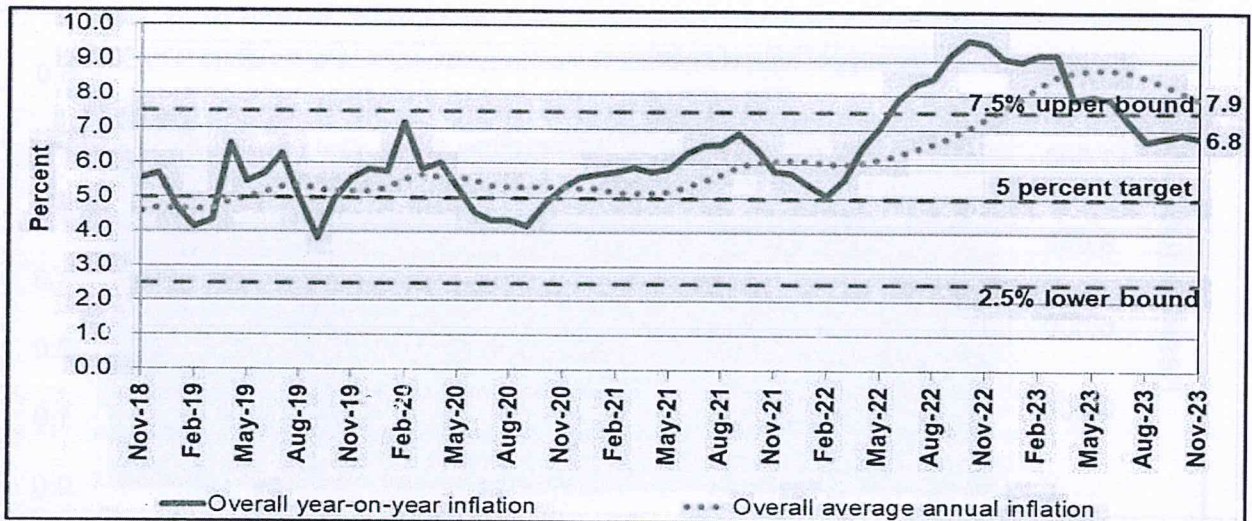
Agriculture: In the first half of 2023, the sector rebounded strongly following improved weather conditions and the impact of fertilizer and seed subsidies provided to farmers by the government. The sector grew by 6% in Q1 and 7.7% in Q2. The strong performance was reflected in enhanced production, especially of food crops that led to significant increase in exports of tea, coffee, vegetables and fruits. However, production of cut flowers and sugarcane declined during the period.

Service: The sector continued to sustain strong growth momentum in the first half of 2023 growing by 6% in Q1 and 5.9% on Q2. The performance was reflected in the growth of information and communication, wholesale and retail trade, accommodation and food services, transport and storage, financial and insurance and real estate.

Industry: In the first half of 2023, the sector recorded lower growth of 2.5% in Q1 and 1.8% in Q2. The slowdown in growth was mainly reflected in manufacturing and electricity and water supply sub sectors.

Inflation outcomes

Inflation had remained above the Government target range of $5\pm 2.5\%$ from June 2022 to June 2023. Consequently, inflation eased gradually to 6.8% in November 2023 from a peak of 9.6% in October 2022 and has been within the target range for the five months of FY 2023/2024.



Source of Data: Kenya National Bureau of Statistics

Food inflation remained the dominant driver of overall inflation in November 2023. However, it declined to 7.6% in November 2023 from a peak of 15.8% in October 2022 supported by general decline in international food prices. Fuel inflation remained elevated reflecting the impact of the rise in international oil prices. It increased to 15.5% in November 2023 from 11.7% in November 2022. The increase reflects the impact of higher international oil prices, depreciation in the shilling exchange rate and gradual withdrawal of the fuel subsidize from September 2022 and the upward adjustment of electricity tariff from April 2023.

Interest Rates Development

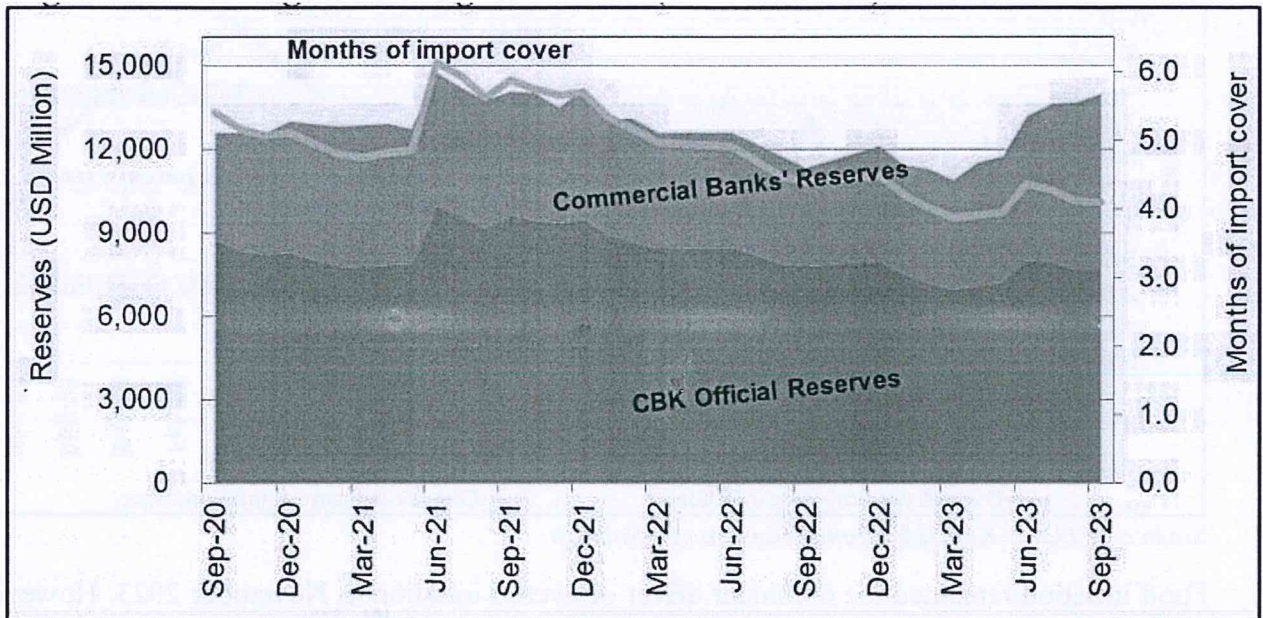
Interest rates increased in the year to November 2023. The interbank rate increased to 11.4% in November 2023 compared to 4.6% in November 2022 while the 91-day treasury bills rate increased to 15.4% compared to 9.2% over the same period. Commercial banks average lending and deposit rates increased in the year to September 2023 in tandem with the tightening monetary policy stance.

External Sector Development

In the year to September 2023, exports contracted by 2% mainly due to a decline in horticultural exports particularly cut flowers despite an improvement in receipts from tea and manufactured exports. On the other hand, imports declined by 13.2% in the 12 months to September 2023 mainly reflecting lower imports of infrastructure related equipment, manufactured goods, oil and chemicals.

Foreign Exchange Reserves

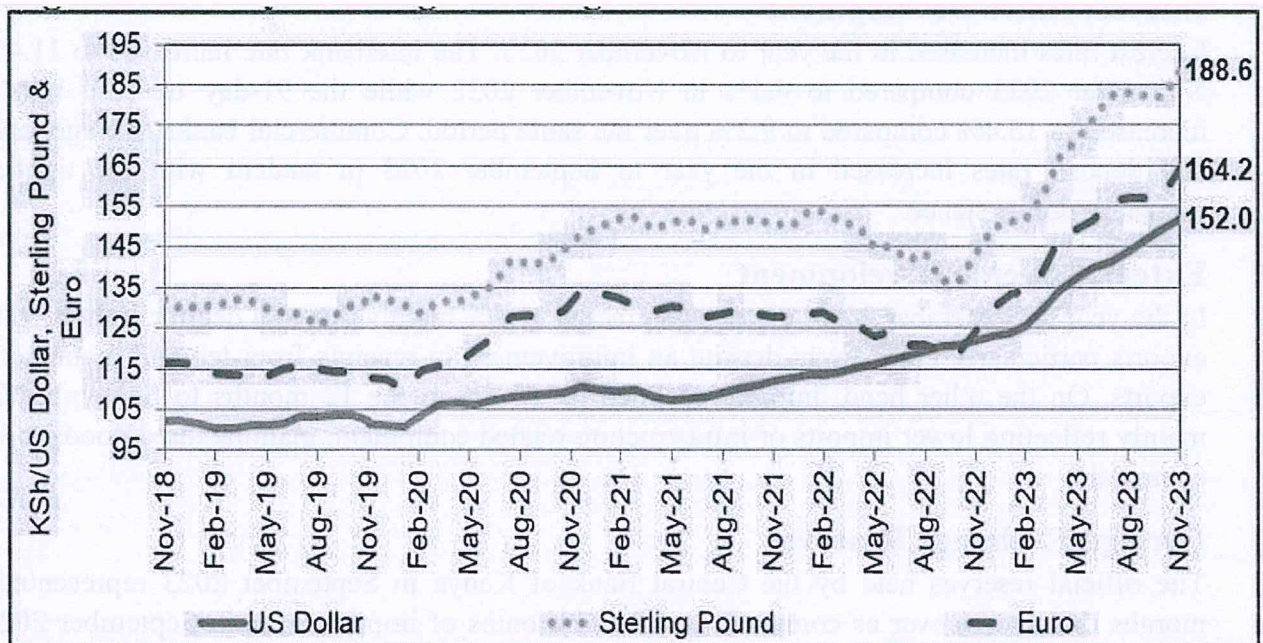
The official reserves held by the Central Bank of Kenya in September 2023 represented 4.1 months of import cover as compared to the 4.4 months of import cover in September 2022. It however fulfilled the requirement to maintain it at a minimum of 4 months of import cover to provide adequate buffer against short term shocks in the foreign exchange market. Import cover measures the number of months of imports that can be covered with foreign exchange reserves within the CBK.



Source of Data: Central Bank of Kenya

Exchange Rates Developments

In November 2023, the Kenya shilling weakened by 24.7% against US Dollar, 31.9% against the sterling pound and 32.2% against the Euro, compared to a similar period in 2022.



Source of Data: Central Bank of Kenya

County Economic Outlook

Between 2018 and 2022, Taita Taveta county contributed 0.6% to the national economy. The Agricultural sector is key to the overall economic growth and development in the County. It is therefore expected to lead the growth and transformation of the county economy. Other key economic activities are trade, mining and tourism. The Government continues to implement programmes which will encourage prudent management of resources in order to support economic growth as well as creating an enabling environment to support start-ups and growth in businesses.

The county is set to benefit from the additional conditional allocation from the National Government of Kshs. 250M, where it is also required to allocate equal amount, for the establishment of County Aggregation and Industrial Park (CAIP) whose main objective is to grow manufacturing and investments through Agro-Industries and enhance productivity of agriculture sector in a sustainable manner hence creating inclusive decent jobs, increase farmers' income; increase foreign exchange, provide platforms where farmers, processors, exporters, research institutions, industrial bodies and Government can engage for agro-industrial development.

Infrastructure is also key to economic development as it ensures the public has access to markets and resources hence the Government will continue to improve on roads development. The County Government is keen and set to receive Kshs. 223M recommended by the Commission of Revenue Allocation, to be disbursed as an additional allocation for maintenance of county roads for the FY 2023/2024.

The National economy also impacts on the County economy. Import prices rising due to the weakening shilling have led to an increase in prices of goods and services. It however has a positive impact on tourism sector. With high interest rates, it becomes more expensive to borrow leading businesses and consumers to cut back on spending.

Fiscal Performance

Exchequer revenues continue to form the largest part of our revenue budget, contributing 69% towards our budget. Our own generated revenues formed 5% of our budget.

Out of the projected revenue, the County was able to realize KES 2,269,385,898 in actual revenues, representing 31% performance. This performance was as a result of 42% realization of the County Allocation through Exchequer, 24% on own generated revenues and 0% Transfers from other government entities.

| Revenue Classification | Revenue Budget (KEs) | Actual (KEs) | Realization (%) |
|------------------------------------------|----------------------|---------------|-----------------|
| Exchequer releases | 5,040,427,430 | 2,091,777,383 | 42 % |
| Transfers from other government agencies | 1,530,854,149 | 500,000 | 0 % |

| | | | |
|----------------------|----------------------|----------------------|-----------------|
| Own Source Revenue | 730,682,445 | 177,071,330 | 24 % |
| Return to CRF issues | - | 37,185 | 0 % |
| Total | 7,301,964,024 | 2,269,385,898 | 31 % |

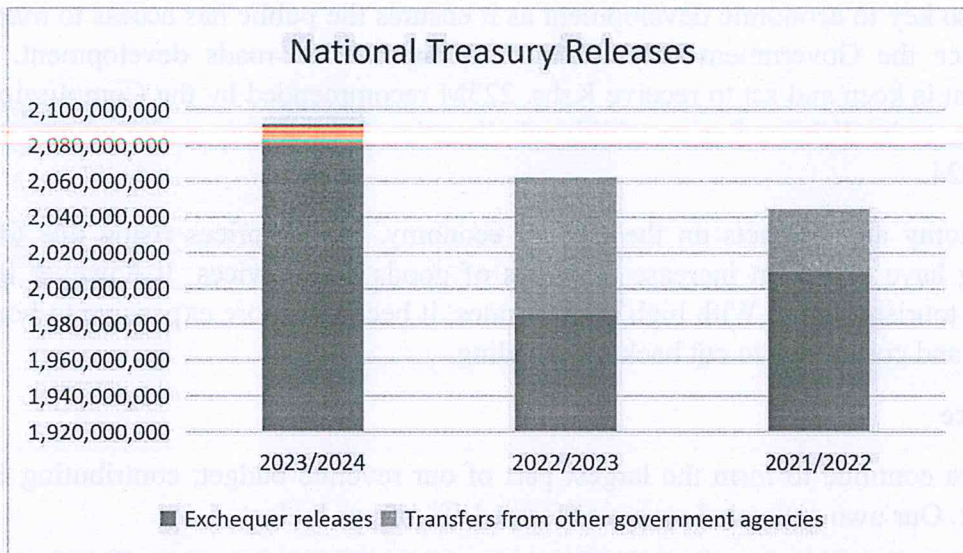
Table 1 Revenue performance for the first half 2023/24

Exchequer and Donor Funding Analysis

Exchequer releases is the amount of money we receive from the National government. The basis of revenue sharing in the 47 counties include health index 17%, Agricultural index 10%, Population index 18%, Urban services index 5%, Basic share 20%, Land area index 8%, rural access index 8%, and poverty head count index 14%.

Transfer from other governmental agencies include funds received from donors. The donor funds received as at 31st December 2023 include Agriculture Sector Development Support Programme (ASDSP) Ksh 500,000.

Below is a graphical representation of the exchequer releases and transfer from other governmental agencies.



The following table shows half-year comparison of releases from the National Treasury for Financial Years 2021/2022-2023/2024

| Financial Year | Exchequer | Transfers from other government |
|----------------|--------------|---------------------------------|
| 2023/2024 | 2,091,777,38 | 500,000 |
| 2022/2023 | 1,985,291,62 | 76,832,50 |
| 2021/2022 | | |

2,009,502,499

34,783,842

There was a slight improvement on the exchequer releases to the county from 1.985B of the previous financial year to 2.091B this financial year.

Own Source Revenue Analysis

The County government targeted to collect KES 730 million for the FY 2023/2024, out of which 201 million was to be collected from FIF and 529 million from own source revenue streams. As at 31st December, 2023 the total own source revenue stood at KES 177 million which is 24% of the budgeted amount. This comprised of 85 million from Facility Improvement Fund and 92 million from ordinary own source revenue streams.

Below is the graphical representation showing quarterly trends and comparison of own source revenues from the FY 2021/2022 to FY 2023/2024.

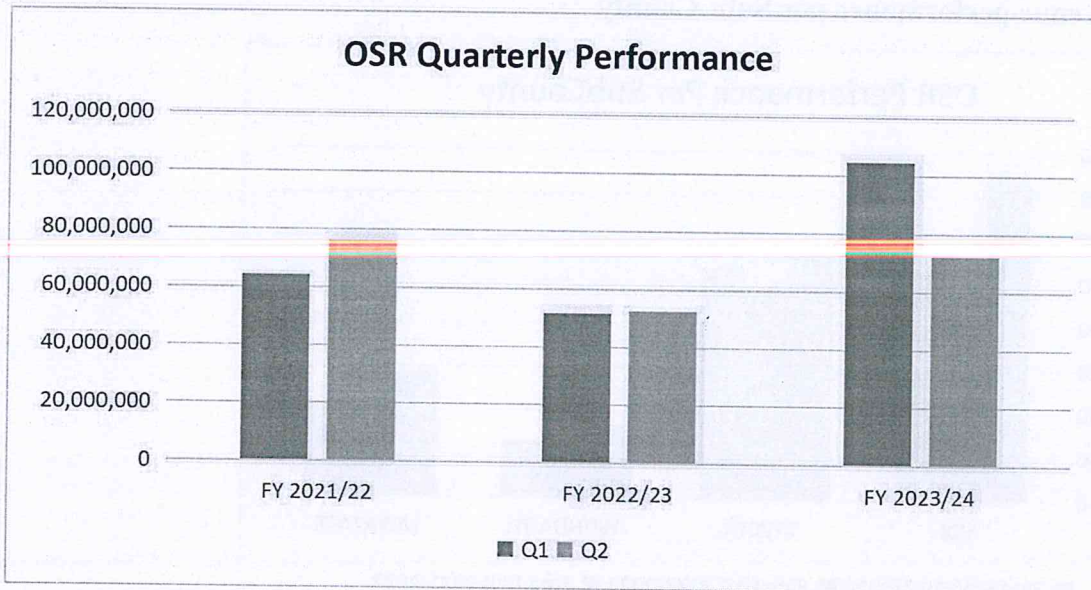


Figure 1 graphical representation of Quarterly performance

Actual OSR Per Stream

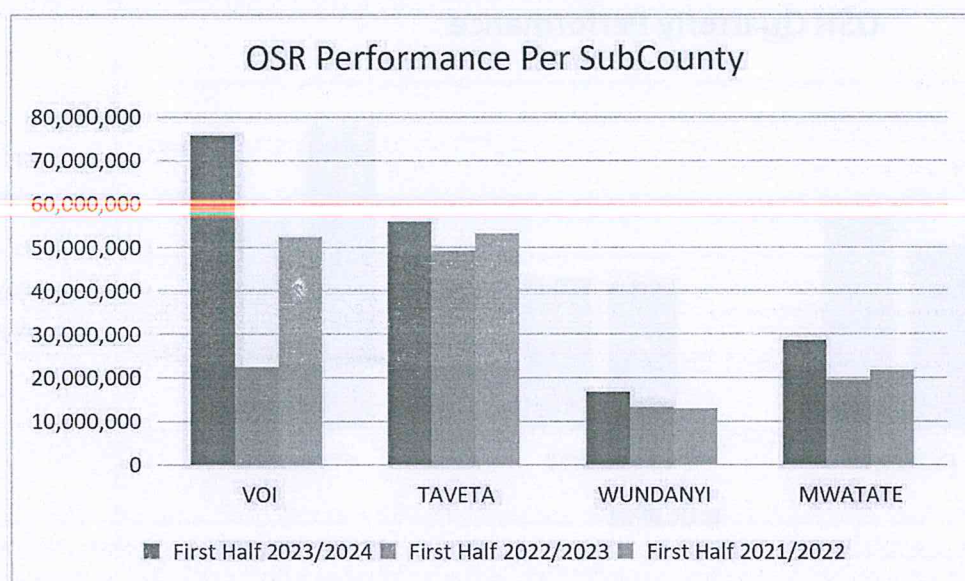
The table below shows the revenue collected from various streams in the first half of 2023/24

| County Own Source Revenue | First Half 2022/2023 | First Half 2023/24 |
|---------------------------|----------------------|--------------------|
| | K | K |
| Cess | 65,926,3 | 49,674,51 |
| Land/Poll Rate | 2,350,6 | 1,444,20 |
| Single/Business Permits | 9,433,7 | 13,499,00 |

| | | |
|---------------------------------------------|------------------|------------------|
| Property Rent | 4,539,7 | 2,380,14 |
| Parking Fees | 7,886,8 | 7,703,46 |
| Market Fees | 4,447,4 | 4,463,25 |
| Advertising | 1,233,5 | 856,94 |
| Hospital Fees (FIF) | 69,204,4 | 83,185,38 |
| Public Health Service Fees (FIF) | 2,435,6 | 2,385,84 |
| Physical Planning and Development | 2,358,8 | 4,459,33 |
| Hire Of County Assets | 915,4 | 85,00 |
| Conservancy Administration | 2,344,3 | 2,701,19 |
| Administration Control Fees and | 1,658,5 | 828,20 |
| Other Fines, Penalties, And Forfeiture Fees | 425,7 | 372,53 |
| Miscellaneous receipts | 631,7 | 3,243,49 |
| | 175,792,9 | 177,282,5 |

source: County Treasury

Local revenue performance per Sub- County



Voi sub-county had the highest collection in the period under review whereas Wundanyi sub-county recorded the least revenues.

OSR Performance by Department

| DEPARTMENT | Revenue Streams | First Half 2023/2024 | First Half 2022/2023 |
|-----------------------------------------------|-----------------------------------------------|----------------------|----------------------|
| Devolution, Public Service and Administration | Administration service fees | 480,269 | 113,930 |
| Youth, Sports, Culture and Gender | Hire of stadiums, social premises use charges | 474,600 | 915,400 |
| Office of the Governor | Advertisement & promotion, | 856,940 | 1,233,540 |

| | | | |
|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|
| Water sanitation Environment and climate | Community water supply administration fees, sand cess, public toilet fees, natural resource exploitation, environmental refuse collection, exhauster services. | 15,295,493 | 28,117,679 |
| Finance | Fines, penalties and forfeitures fees, sale of county assets, other levies. | 378,596 | 60,990 |
| Agriculture, Livestock, Fisheries, Veterinary | Livestock & veterinary, slaughter houses administration, fisheries, sisal and Agricultural | 37,233,376 | 32,846,088 |
| Health | Public health, burial sites, health hospitals. | 2,358,344 | 67,818 |
| F.I.F | Health Hospitals | 85,543,729 | |
| Public Works, Housing, Roads, Transport and | Drawing plans, renovation fees, plot fencing fees, signboards, vehicle parking, house rent, hire of county equipment, approval of building plans, renewal of building plans. | 9,290,548 | 10,036,073 |
| Lands, Physical Planning, Mining and Energy | Mining cess, land rates, ground rent, rates clearance certificate, plot transfer fees, opening of files, | 5,824,185 | 14,608,778 |
| Trade, Tourism, Industrialization and | Liquor licensing, weights and measures, Application of SBP/renewal, market stalls/slabs, Single business permits, market fees, application for liquor licenses-operatives | 19,335,250 | 16,217,380 |

Analysis of the first six months of 2023/2024 indicate that the department of health recorded the highest collection. This is from Facility Improvement Fund. Finance department came in second with revenues from cess.

FIF Collection Per Facility

| Health Facility | Annual Target | User Fees | NHIF |
|------------------------|----------------------|------------------|------------------|
| MOI REFFERAL HOSPITAL | 120,223,375 | 24,445,8 | 24,489,2 |
| MWATATE HOSPITAL | 13,689,992 | 3,978,6 | 4,249,4 |
| TAVETA HOSPITAL | 28,014,769 | 6,562,5 | 10,345,5 |
| WESU HOSPITAL | 12,547,261 | 3,827,6 | 5,286,4 |
| VOI PUBLIC HEALTH | 3,261,600 | 805,8 | |
| MWATATE PUBLIC HEALTH | 1,292,998 | 634,8 | |
| TAVETA PUBLIC HEALTH | 2,748,337 | 485,4 | |
| WUNDANYI PUBLIC | 1,015,200 | 432,2 | |
| TOTAL | 182,793,532 | 41,173,10 | 44,370,62 |

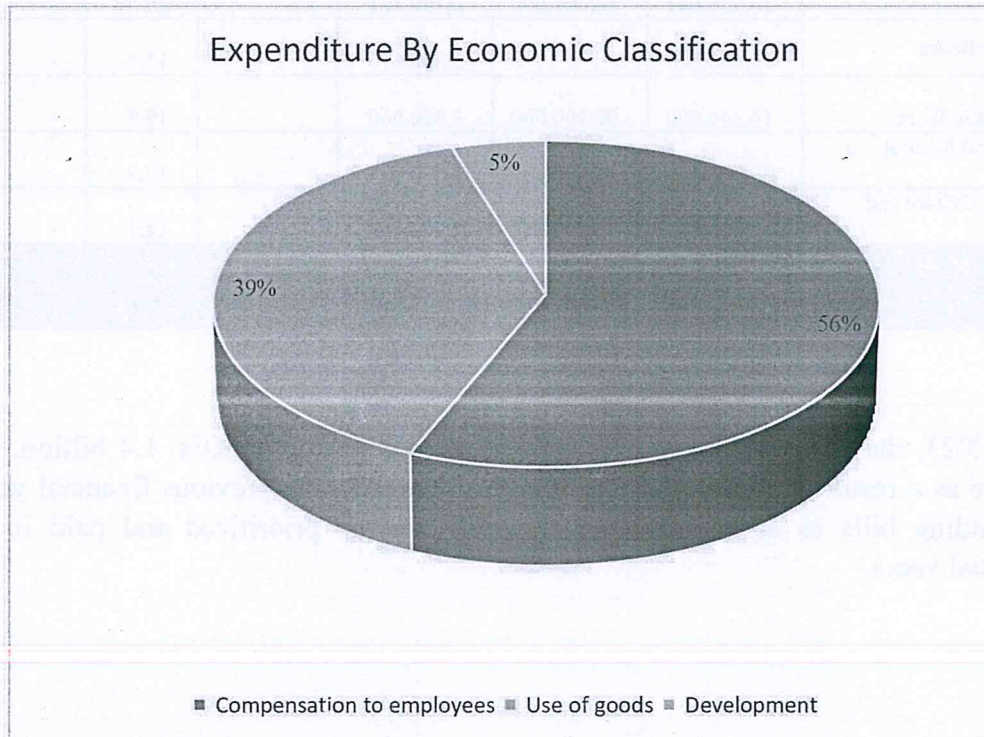
Transfers

In the period under review, the County Government of Taita Taveta 7,301,964,024 transferred a total of KEs 2,055,914,893. The transfers comprised of KEs 1,724,599,469 to County Executive and KEs 331,315,424 to County Assembly.

| | Period Ended Dec 20 K Es. | FY 2022-2023 K Es. |
|------------------------------------------|---------------------------------------|-----------------------------|
| Receipts | | |
| Exchequer releases | 2,091,777,3 84 | 4,842,174,6 99 |
| Transfers from other government agencies | 500,0 00 | 833,372,6 18 |
| Other grants | - | - |
| Proceeds from Domestic Borrowing | - | - |
| Proceeds from Foreign Borrowing | - | - |
| Own Source Revenue | 177,071,3 30 | 263,882,4 56 |
| Return to CRF issues | 37,185 | 387,611,27 3 |
| Total Receipts | 2,269,385,8 99 | 6,327,041,0 46 |
| Payments | | |
| Transfers to County Executive | 1,724,599,4 69 | 5,240,960,9 91 |
| Transfers to County Assembly | 331,315,4 24 | 902,223,1 68 |
| Other Transfers | - | - |
| Total Payments | (2,055,914,89 3) | (6,143,184,15 9) |

Expenditure Analysis

County Executive of Taita Taveta was able to utilize a total of KES. 1.78 billion. The expenditure comprised of KES 86 million spent on development activities while KES 1.7 billion was spent on recurrent activities.



Compensation to employees recorded the highest expenditure, 56%, in the period under review. These are Salaries and Wages, Allowances, Statutory Contribution for employees. Use of goods and services accounted for 39% while development expenditure accounted for 5%. This low expenditure is due to non-realization of donor funds, and delayed approval of first supplementary budget which dragged the procurement processes.

The below table shows expenditure per department;

| Department | Budget Allocation (Kshs.) | | Expenditure (Kshs.) | | Absorption rate | |
|---------------------------------------------|---------------------------|------------|---------------------|------------|-----------------|------|
| | R | D | R | D | Rec | Dev |
| County Assembly | 780,860,45 | 90,000,000 | 315,815,45 | 15,499,965 | 40.4 | 17.2 |
| Public Service and Administration | 3,071,274,1 | - | 1,347,985,3 | - | 43.9 | - |
| The Governor's and Deputy Governor's Office | 163,610,00 | - | 49,807,523 | - | 30.4 | - |
| Finance and Economic Planning | 258,381,59 | 200,000,00 | 76,427,031 | 75,050,80 | 29.6 | 37.5 |
| Agriculture, Livestock and Fisheries | 15,345,272 | 559,459,32 | 3,667,865 | - | 23.9 | - |

| | | | | | | |
|----------------------------------------------------|--------------------|--------------------|--------------------|-------------------|-------------|------------|
| Water and Irrigation | 10,451,380 | 1,045,725,0 | 3,568,792 | 11,000,000 | 34.1 | 1.1 |
| Education and Libraries | 247,590,00 | 59,300,000 | 20,828,338 | - | 8.4 | - |
| Health | 352,266,94 | 75,388,500 | 122,027,34 | - | 34.6 | - |
| Trade, Tourism and Cooperative Development | 10,726,641 | 58,600,000 | 2,739,221 | - | 25.5 | - |
| County Public Service Board | 13,480,000 | - | 2,358,656 | - | 17.5 | - |
| Infrastructure and Public Works | 14,340,000 | 95,400,000 | 2,856,660 | - | 19.9 | - |
| Lands, Environment and Natural Resources | 20,986,169 | 68,000,000 | 2,708,894 | - | 12.9 | - |
| Youth, Gender, sports, Culture and Social Services | 14,628,600 | 76,150,000 | 2,062,994 | - | 14.1 | - |
| Total | 4,973,941,2 | 2,328,022,8 | 1,952,854,1 | 101,550,77 | 39.3 | 4.4 |

Pending Bills

As at 30th June 2023, the County Government reported pending bills of KES. 1.4 billion. The pending bills were as a result of completion of projects initiated in the previous financial years. The stock of pending bills as at 31st December, 2023 will be prioritized and paid in the subsequent financial years.

| Category | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|----------------------------------------------------|--------------------|--------------------|--------------------|-------------------|-------------|------------|
| Water and Irrigation | 10,451,380 | 1,045,725,0 | 3,568,792 | 11,000,000 | 34.1 | 1.1 |
| Education and Libraries | 247,590,00 | 59,300,000 | 20,828,338 | - | 8.4 | - |
| Health | 352,266,94 | 75,388,500 | 122,027,34 | - | 34.6 | - |
| Trade, Tourism and Cooperative Development | 10,726,641 | 58,600,000 | 2,739,221 | - | 25.5 | - |
| County Public Service Board | 13,480,000 | - | 2,358,656 | - | 17.5 | - |
| Infrastructure and Public Works | 14,340,000 | 95,400,000 | 2,856,660 | - | 19.9 | - |
| Lands, Environment and Natural Resources | 20,986,169 | 68,000,000 | 2,708,894 | - | 12.9 | - |
| Youth, Gender, sports, Culture and Social Services | 14,628,600 | 76,150,000 | 2,062,994 | - | 14.1 | - |
| Total | 4,973,941,2 | 2,328,022,8 | 1,952,854,1 | 101,550,77 | 39.3 | 4.4 |

2. COUNTY PERFORMANCE REVIEW

Overview

This 2024 County Fiscal Strategy Paper (CFSP) is prepared in accordance with the provisions of the Public Finance Management Act, 2012 cap 117 which requires the county treasury to prepare this paper for each financial year.

In line with the provisions of the law, the 2024 CFSP presents the fiscal objectives and highlights the broad strategic priorities and policy goals that will guide the County government in preparing its budget for the subsequent financial year and medium term. This paper also highlights the progress report of the first half for the FY 2023/2024, that is, giving a brief analysis of revenue and expenditure analysis.

The strategic objectives spelt out in this CFSP are derived from the County Integrated Development Plan (2023-2027), Annual Development Plan FY 2024/25 and consultative public participation fora on the CIDP III. In addition to this, the 2024 CFSP aligns to the 2024 Budget Policy Statement (BPS) which outlines national government priority policy areas as well as strategic objectives prioritized in the Fourth Medium Term Plan (MTP IV) and the Vision 2030 development blueprint.

This fiscal strategy paper articulates economic policies and fiscal reforms as well as sector-based expenditure programmes that the county intends to implement in order to achieve its broad development agenda. The proposed fiscal framework ensures continued fiscal discipline and provides support for sustained growth and development.

Sectoral Performance

The Government has continued to implement its accelerated transformative agenda in the past years. Some of the sectoral achievements are as summarized below:

Agriculture, Livestock, Fisheries and Irrigation

Improve food and nutrition security:

- Livestock extension services coverage has increased by 30% due to employment of 6 new field extension staff, deployed in Saghala, Ronge, Chawia, Wundanyi Mbale, Wumingu Kishushe ward
- Livestock extension services coverage has increased by 30% due to employment of 6 new field extension staff, deployed in Saghala, Ronge, Chawia, Wundanyi Mbale, Wumingu Kishushe ward.
- Milk production has increased by 10% due to supply of over 10 tons of pasture seed to over 100 groups of farmers, farms and ranches.

- Development and launching of the first Taita Taveta County Animal Feed Strategy 2022-2032 which is a 10-year guide in addressing livestock feed and nutrition for sustainable development of the livestock.
- Over 3200 Galla goats have been supplied to over 2000 farmers across the county (Mbololo, Chala, Mata, Chawia, Kasighau,) with aim to upscale the spread of galla goat breed among small scale farmers.
- County has supported the 6 Dairy Cooperatives Societies with 3,220 inseminations in partnership with the Agriculture Sector Development Support Program (ASDSP II).
- Issuing of life saver jacket, safety boots, boat repair kits and gloves to Mkwajuni and Chala BMUs.
- Electric fencing of Mkwajuni BMU fish ponds
- Purchase of fertilizers to rice farmers of Uswi cooperative in Challa ward (16.35 Tons SA and urea) Supply of green gram seed in Marungu ward (1.332 Tons), supply of farm yard manure in Werugha ward- 875 tons, Supply of farm yard manure in Wumingu/Kishushe ward - 1400 tons, Supply of green gram seed to County wide to 500 farmers in conjunction of FAO (1 ton) and maize seed (1 ton), Supply of dam liners in partnership of KCEP CRAL.
- County government in partnership with World Bank and the National Government managed the completion of Irienyi/Kokua Water pan - 30,000m³Mghange/Mwanda (10,000 beneficiaries), completion of Mwambiti Water pan - 42,000m³Sagalla (11,000 beneficiaries), completion of Mwataru Water pan - 15,000m³Wumingu/Kishushe (15,000 beneficiaries)

Improve income and employment creation:

- Last year, over 50 tons of silage and hay were conserved.as the farmers have been supplied with grass cutting machines and forage chopping equipment and trained to do value addition by producing silage and hay.
- Supported dairy farmer's cooperative societies who are operating 6 milk aggregation and chilling centres. The centres aggregate a total of about 5000lts per day making about Ksh 88M/yr through the chilling centres.
- Dairy farmers' cooperative societies linked to New Kenya Co-operative Creameries limited who is collecting about 6,500lts every 3 days.
- Milk value addition equipment for pasteurizing milk and making yoghurt and Mala milk has been bought for 2 dairy cooperative societies and will be launched soon.
- 4 fully equipped motorbikes for collecting milk for Mwafugha, Tagho, Mgange and Ngache Dairy Cooperatives, have been bought and ready for launch.
- Alternative livelihood has been promoted by Supplying of 305 bee hives and harvesting kits to 59 villages in wundanyi mbale.
- supplied over 5100 improved chickens to beneficiaries across the county to enhance commercialization of improved chicken.

- 11 lead farmers have been trained and supported to raise F1 KARI improved chicken so as to produce fertile eggs, incubate and hatching to produce day old chicks.
- Hosted a team from Indonesia and State department of Livestock who had come to assess our potential to produce and supply beef animals for export.
- County government in partnership with Sale of breeding and culled animals to farmers has increased our OSR and the restocking exercise is on-going.
- To improve job creation amongst youth, the county in partnership with Taita Taveta Wildlife Conservancies Association (TTWCA) has trained 20 youth in Mwatate in hide and skins processing and leather value addition.
- The County in partnership with CANCO held a World fisheries day at lake Chala where farmers and stakeholders exhibited our counties riches.
- Establishment of Tilapia fish fingerlings for youth boda boda group in Dembwa and Taveta.
- Launching of Aquaculture course at Njoro Polytechnic on March 2023 (12 students sponsored in the program by GIZ)
- Farmer profiling and registration in 20 wards ongoing already 51,017 Households registered.
- 5,000 farmers trained on matters extension services with collaboration of partners.

Public health, food safety and hygiene:

- Veterinary services have partnered with African Network for Animal Welfare (ANAW) and Brooke East Africa towards vaccination of 12,024 dogs, cats and donkeys to reduce the risk of rabies.
- Kenya Climate Smart Agriculture Project (KCSAP) in partnership with the County have vaccinated 111,613 cattle and 53,034 sheep and goats against notifiable diseases benefitting 9,628 livestock keeping households.
- To support youth and women local poultry enterprise, the county veterinary directorate has vaccinated a total of 89,531 poultry benefitting 1,790 poultry farmers.
- The County veterinary directorate has provided food safety and hygiene services for 6,930 cattle and 16,205 sheep and goats slaughtered in our local slaughterhouses.

Public works, Infrastructure, transport and Housing

- Roads are the most important infrastructure in the county. Over the period, the Government has undertaken projects that have eased accessibility. A total of 1,195.5 Km has been graded, 100km graveled and 100Km of new roads formed while for proper drainage, culverts were constructed.

Trade, Tourism, Cooperative development and Industrialization

Trade and industrial development:

- Commissioning of Rukanga stalls
- Opening of the Mwatate market.
- Electrification of the Voi highway market.
- Prevented unfair trading practices by 92.5% ensuring buyers are not exploited by traders.
- Inspection of liquor licensing in the county has assist in revenue collection and ensuring the premises are suitable for offering such services.
- Funded Tailoring program by Generation Kenya in collaboration with the County Government has benefitted 200 taita Youths by providing them with skills and jobs at EPZ's in the Coast.

Tourism promotion and development:

- Draft creation of tourism master and tourism policy still on draft to improve legislation of devolved tourism functions.

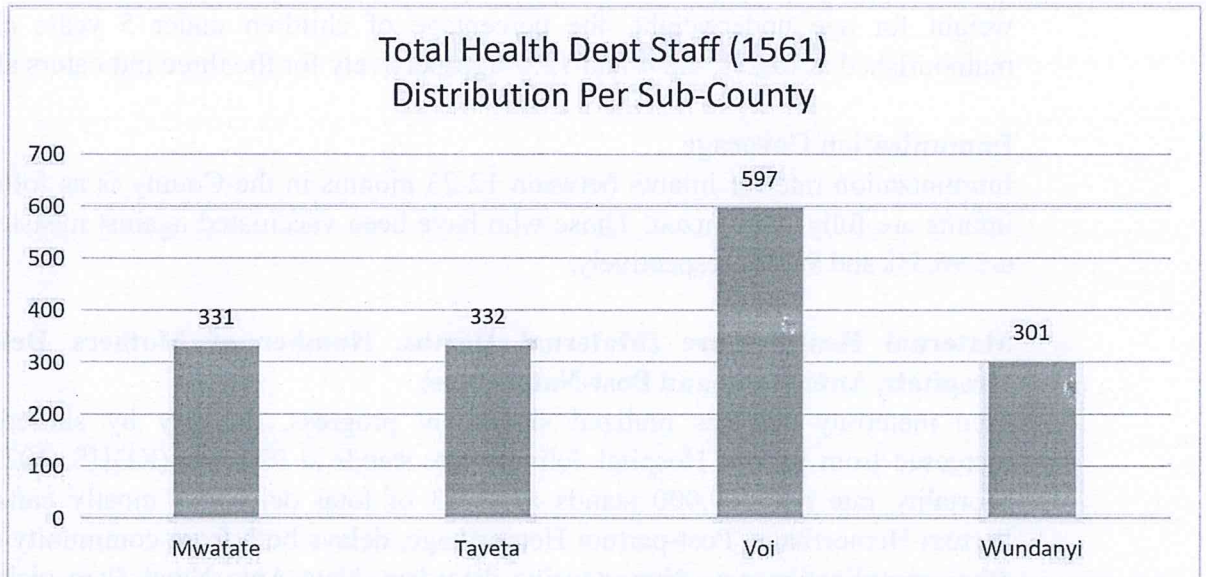
Health Services

Health Access (Health Facilities, Health Personnel and Their Distribution by Sub County)

On Health Facilities; The County has 4 level four main Hospitals that is Moi County Referral Hospital (MCRH) at Voi Sub-County, Mwatate Sub County Hospital, Wesu Sub County Hospital and Taveta Sub County Hospital, these have bed Capacities of 184,122,143,158 respectively. There are 12 level Three Facilities, 56 dispensaries which fall under the category of level 2 facilities.

On Human Resources for Health; Currently the County has 1,561 health workers who include 20 medical consultants ,41 general medical officers 145 clinical officers and 509 nurses spread across public health facilities. There is however a shortage of 1706 heath personnel who will ensure quality of health services.

With an estimated population of 377,656, the doctor-population ratio stands at 1: 6191, falling short by far, of the 1:600 standard set by the World Health Organization (WHO). Even inclusion of clinical officers does not lead to improvement of the situation greatly, as the ratio comes to 1:1833. The Nurse-population ratio stands at 1:741.



On access to eye care services, the department aims at preventing unwanted blindness and the report shows that Number of clients receiving eye services against the expected target of 3222 for 2022/2023 was over achieved by reaching 13,754 (427%). This is also attributed to frequent outreach services conducted across the county and the opening on new eye care centers.

On HIV and AIDS Prevalence Rates and Related Services. The HIV prevalence rate in the County currently stands at 3.4% as per NACC 2022 Estimates, the number of people living with HIV (PLHIV) is approximately 12,840 in the County for the period under review. Those on treatment-HAART 7,249. The rate of new HIV infections among the population has increased among the youth. However, the new infections vary per sub-county, with the majority of the new infections coming from Voi sub-county due to ongoing economic activities. The number of HIV positive mothers receiving ARVs has increased from 402 in 2016/17 to 514 in 2022/23 due to improved targeted testing. Tuberculosis Preventive Therapy (TPT) uptake remains low at 41%. On HIV and AIDS Prevalence Rates and Related Services.

Morbidity: Five Most Common Diseases in Order of Prevalence

The Most prevalent diseases in the County are Upper Respiratory Tract Infection (URTI) at 69% Skin infections 12%, Urinary Tract Infection 8%, Arthritis, Joint Pains 6% and Diarrhea 5%.

Nutritional Status

Prevalence of Stunting and Wasting in Children Under 5 Years: (Height-For-Age, Weight-For-Height, Weight-For-Age) According to the three anthropometric indices of nutritional status of children i.e., height for age stunting, weight for height wasting, and

weight for age underweight, the percentage of children under 5 years classified as malnourished is 19.2%, 4.2% and 12.6% respectively for the three indicators above.

Immunization Coverage

Immunization rate for infants between 12-23 months in the County is as follows ,65.4% infants are fully immunized. Those who have been vaccinated against measles and BCG are 96.5% and 98.4% respectively.

Maternal Health Care (Maternal Deaths, Number of Mothers Delivering in Hospitals, Ante-Natal and Post-Natal Care)

Free maternity services realized significant progress, delivery by skilled attendants increased from 95.7%. Hospital delivery rate stands at 93.3.9% (KDHS, 2022) Maternal Mortality rate per 100,000 stands at 159.3 of total deliveries mostly caused by ante Partum Hemorrhage, Post-partum Hemorrhage, delays both from community and facility, other complication e.g., Hypertensive disorders. New Ante Natal Care visits stands at 80.6% and mothers completing 4 anti-natal care visits stands at 64.9%

Access to Family Planning Services/ Contraceptive Prevalence

Currently married women aged 15-49 using contraceptive in different methods is as follow. Any method 67.5% any modern method 64.5%, IUD 4.2% Injectables 29.3%, Implants 15.4% Pills 7.3%, Male condom 1.8%, Emergency contraceptive 0.2% SDM 2.5%, LAM 0.8%, Any traditional Methods is 3.0%, Rhythm 2.6%, Whereas male aged 15-49 who prefer using contraceptives is as follows, Male Condom 1.8%, Withdrawal 0.5%. Those not using contraceptive are 32.5%.

Source: (KDHS 2022)

Education, Libraries, and VTCs

ECDE Service Improvement

- Distributed food staff (porridge flour and sugar) worth more than Ksh. 7M to all ECDE centres. Successful conducted MLP TOOL-Monitoring Learners Progress for all ECDE learners.
- Completion and commissioning of three door toilets at Baraka ECDE, Sowene, Mahoo and Mrabani ECDE and modern classroom at Star Kishushe ECDE.
- Completion of classrooms in Sagalla and Birikani ECDEs.
- Fenced Mbele and Majengo ECDEs in Kasigau.
- Construction of a classroom and a toilet at Itinyi.
- Conversion of terms of employment (from contractual to permanent and pensionable) for 84 ECDE teachers.

Library Services

- 3 library staff and 3 ECDE coordinators changed to permanent and pensionable.
- Acquired 30,000 library books which are to be distributed in schools.
- Completion of Mwatunge Library waiting to be commissioned.

Education Fund

- Financial year 2022/2023 Ksh 100 million of was distributed in 20 wards with a total number of 21,705 beneficiaries from secondary schools, colleges and Universities.
- Disbursed ksh 10 million Educational Loans to 394 students and ksh 3.2 million to 80 students and a total of ksh 30 million was offered to 400 county scholars and partly used to pay all fee arrears for the last two years.

Lands, Mining, Energy and Urban development

Survey and mapping:

- High precise survey tools were purchased and supplied; this includes RTK and GPS machines and laptops. This will ease service delivery and cost of hiring the equipment when undertaking survey works.
- County Valuation Roll Development. The department also completed successfully the public participation and sensitization forum on the developed draft valuation roll **for enlightening the public on the same. The process was conducted between 20th and 23rd March, 2023 across the county with the exercise ending successfully.**
- Ongoing projects. Other projects ongoing and at advanced stage are; completion of Chawia Wumari Sechu and Ngoloki adjudication sections, all expected to be completed by this financial year. Both areas are at 50% to their completion with picking of the parcels at 80% and handling of the disputes on the processing stage.

Land use planning:

- Development of County Spatial Plan. The department has been in involved in several departmental meetings and other workshops related to planning activities. These meetings included County Spatial Planning workshop with stakeholders drawn from various organizations and agencies.

Urban planning and development:

- Establishment of the Voi and Taveta Municipality The department has so far with the guidance of the urban areas and Cities Act initiated the process of establishing the Voi and Taveta Municipalities which as per the law meets the threshold of being upgraded from towns to municipality level. The ad hoc committees with the support of the technical team deed an audit of the towns and prepared a report together with charters for the two towns which were submitted to county executive committee which adopted the reports and submitted to the assembly for approval. The two charters have been signed and gazette as per the requirements with the board members and managers on the verge of recruitment.

Field work and site analysis:

- The department has undertaken several site visits where development applications have been made. This has been helpful in determining the land use and its conformity as per the proposed development. This has guided the department in appreciating the areas and the profiling land use in each area. Additionally, the department has worked towards establishing and understanding various trading Centre plans through fact finding and ground verification. This has enabled the department to have better understanding of the areas in connection to development plan implementation and fact finding.

Mineral Resources management.

- County Mineral Resources Management/Mining Zoning and Mining Inventory Development. The department carried out baseline Industrial mineral survey in Wundanyi, Voi and Mwatate Sub County. More than 40 sites visited, sample tested and mapping is on progress. This is aimed at developing a County wide mineral information portal, mineral geodatabase and County Mineral Maps.
- Participated on familiarization tour by Cabinet Secretary Mining, Blue economy and Maritime Affairs where we visited Kishushe iron ore mine and Voi gemstone centre where matters royalty sharing and operationalization of Voi Gemstone centre were initiated
- Handled mining disputes between Chawia CBO and Awongo CBO on boundary conflicts
- Small scale mining Programs. Training of Artisanal Miners TOT on Financial literacy and Occupational Health and safety Participate in gems Africa conference and market day.
- Offered mine extension services to artisanal miners on cadaster verification.
- Offered equipment support to mining group in Alia
- Offered sample testing services to industrial miners
- Resolved mining related disputes between Kishushe Ranch and Mining groups.
- Exhibited mineral and gemstone potential during the World War II commemoration.

Adoption of renewable and alternative sources of energy

- Assessment and mapping of the areas that require street lighting all over the county is being conducted with Voi and Mwatate already at 70% to completion.

Water, Environment, Climate change and Natural resources

Provision of clean, safe and adequate water for all

- 22 boreholes have been drilled - In Voi subcounty include, Talent academy school and Sagalla SDA, In Mwatate subcounty are mwashuma, Singila, Mwasinenyi, Mwachawaza, Modambogho dispensary, in Wundanyi subcounty include wanyumba & Kishushe sharp corner and ECD, Nakruto Di Moody, Nakruto Irrigation, Taveta town SDA, Taveta prison SDA, Mrabani SDA, Miembeni SDA, Njukini SDA, Uthian B, Tangini SDA, Malukloriti SDA, AIC Makutano church, ACK mata and Lang'ata in Taveta subcounty.

- Published water master which will guide intervention towards addressing water gaps and shortages and resource mobilization.

Climate Change adaptation

- Development of a County Policy, Legislative, Institutional and regulatory framework for Climate Change, County Solid Waste Management Strategy.
- Developed a County Climate Change Action Plan 2023-2027, establishment of its fund and a county wide participatory climate risk assessment and prepared a PCRA Report was undertaken.

Environmental and natural resource conservation and management

- Undertaking a County wide Solid Waste Management Audit.
- Construction of a Materials Recovery Facility at Chakaleri, undertook.
- County wide tree planting and establishment of 2 Tree Nurseries in Voi sub county its completed and wundanyi is ongoing.

Biodiversity and forests conservation and management

- Gazettement of the County Environment Committee as enshrined in the Environmental Management Conservation Act 1999(Revised 2015)

3. DEPARTMENTAL CEILINGS, BUDGET PRIORITIES FOR 2024/2025 AND THE MEDIUM TERM

The FY 2024/25 and the medium-term budget is based on the County Government's development and policy priorities aimed at building its agenda which is to promote peace, love and sustainable socio-economic development across the county. This will be achieved through implementation of priority programmes aimed at improving service delivery while enhancing mobilization of revenues and maintaining prudent expenditure.

Public Participation and Stakeholders Engagement

Public participation is a necessary tool in the process of policy formulation. The constitution of Kenya considers public participation as a principle of public finance management. The County Government Act (Section 115) makes it mandatory for the public participation to be done during the county planning and budgeting process.

In fulfillment of this, this document was subjected to public Fora in February 2024.

Departmental Ceilings

Resource allocation criteria

The total sectoral resource requirement according to our CIDP III is Kshs. 15B for the FY 2024/2025. Since our resource envelope for the same FY is way below the resource requirement **them, there is need to prioritize and rationalize expenditure requirements of each sector by eliminating non-core expenditures while improving efficiency in development and projects implementation and without compromising efficient service delivery.** The following criterion has been used in the proposed FY 2024/2025 departmental allocations.

1. Non-discretionary expenditure takes first priority.
2. Sectoral priority areas proposed by the public in the CIDP and CADP influence the planning and funding framework.
3. Completion of ongoing and stalled critical infrastructure projects. This is to ensure the government gets value for money and citizens reap from investment of public resources.
4. Pending bills. In a bid to reduce and clear the county debt, significant resources have to be set aside.

Fiscal Framework for FY 2024/2025 and the Medium Term

Revenue Projections

In the FY 2024/25, the county government expects to receive Kshs 5.22B as equitable share from the national government. The county has further projected to raise Kshs 500M as Own Source Revenue and 250M from our health facilities and a balance brought forward of Ksh 400Million. This implies that the amount of shareable revenue to be allocated to the county departments for FY 2024/25 is Kshs 6.3B.

Below is a summary table of the revenue projection:

| Revenue Source | FY 2023/2024 | 2024/2025 Estimates | 2025/2026 Projection |
|--------------------------------------------|----------------------|----------------------|----------------------|
| Equitable Share | 5,040,427,430 | 5,229,266,247 | 5,500,000,000 |
| Own Source Revenue | 529,000,000 | 500,000,000 | 520,000,000 |
| Mineral Royalties | 51,756,326 | 8,603,601 | 9,033,781.05 |
| Facility Improvement Fund | 201,682,445 | 250,000,000 | 270,000,000 |
| Conditional Funds from National Government | 128,368,021 | 514,181,859 | |
| Development Partners Funds | 1,350,729,802 | 1,516,450,273 | |
| Balance B/F FY 2023/2024 | | 403,000,000 | |
| Total Revenue | 7,301,964,024 | 8,421,501,979 | 6,299,033,781 |

The county expects to receive conditional funds from the National Government, that is, Kshs. 250M for the County Aggregation and Industrial Parks (CAIP) programme, an allocation of Kshs. 223M for Roads Maintenance and Fuel Levy Fund and 41M for Community Health Promoters. Additionally, the County is set to benefit from unconditional allocation of Kshs. 8.6M as a share of Mineral Royalties.

Further, the county will get additional allocations financed from proceeds of grants and loans from development partners for FY 2024/2025 to fund various programmes. These include:

- a) World Bank – National Agricultural Value Chain development Project (NAVCDP) – Kshs. 151.5M
- b) World Bank - Water and Sanitation Development Project (WSDP) – Kshs. 850M
- c) DANIDA Grant - Primary Healthcare in Devolved Context Programme – Kshs. 6.5M
- d) World Bank- Kenya Informal Settlement Improvement Project (KISIP II) – Kshs. 190.6M
- e) World Bank - Kenya Devolution Support Programme – Kshs. 37.5M
- f) World Bank – Kenya Urban Support Programme – Kshs. 35M
- g) Financing Locally Led Climate Change Action Projects - Kshs 111M
- h) Kenya Agricultural Business Development Project (KABDP) - Kshs 10M
- i) Balance B/F FY 2023/2024 FLloCCaP -105M
- j) Kenya Urban Support Project (KUSP) - Urban Development Grant (UDG) - IDA (World Bank) Credit –Ksh 18M

County Broad Priorities for FY 2024/2025

The main goal of the MTEF 2024/2025 is accelerated social-economic transformation with special emphasis to food security, special groups empowerment, open and transparent government to steer our county's development agenda forward.

| Priority Area | Sub-Priority | Estimated Cost (KSh) | Estimated Revenue (KSh) |
|---------------------------------|---------------------------------|----------------------|-------------------------|
| Food Security | Food Security | 1,200,000,000 | 100,000,000 |
| | Food Security | 1,200,000,000 | 100,000,000 |
| | Food Security | 1,200,000,000 | 100,000,000 |
| | Food Security | 1,200,000,000 | 100,000,000 |
| Special Groups Empowerment | Special Groups Empowerment | 1,200,000,000 | 100,000,000 |
| | Special Groups Empowerment | 1,200,000,000 | 100,000,000 |
| | Special Groups Empowerment | 1,200,000,000 | 100,000,000 |
| | Special Groups Empowerment | 1,200,000,000 | 100,000,000 |
| Open and Transparent Government | Open and Transparent Government | 1,200,000,000 | 100,000,000 |
| | Open and Transparent Government | 1,200,000,000 | 100,000,000 |
| | Open and Transparent Government | 1,200,000,000 | 100,000,000 |
| | Open and Transparent Government | 1,200,000,000 | 100,000,000 |
| Total | | 3,600,000,000 | 300,000,000 |

The county expects to receive conditional transfers from the National Government, that is, KSh 300 million for the County Agriculture and Industrial Parks (CAIP) programme, an allocation of KSh 200 million for Kapsa, Kapsalwa and Kapsalwa (KAP) for community health promotion. Additionally, the County is set to benefit from unconditional allocation of KSh 500 million as share of national revenue.

Further, the county will get additional conditional transfers from various levels of grants and loans (main development partners for FY 2024/2025) in fund various programmes. These include:

- a) World Bank - National Agricultural Value Chain Development Project (N-VAIDP) - KSh 150.5M
- b) World Bank - Water and Sanitation Development Project (WSDP) - KSh 850M
- c) DANIDA Grant - Training Facilitator in Districts/County Programme - KSh 6.5M
- d) World Bank - Kenya Informal Settlement Improvement Project (KISIP II) - KSh 190.6M
- e) World Bank - Kenya Devolution Support Programme - KSh 77.5M
- f) World Bank - Kenya Urban Support Programme - KSh 25M
- g) Promoting Locally Led Climate Change Action Project - KSh 11M
- h) Kenya Agricultural Business Development Project (KABDP) - KSh 10M
- i) Balance BPT 2023/2024 (LDC) - KSh 19.5M
- j) Kenya Urban Support Project (KUSP) - Urban Development Grant (UDG) - IDA (World Bank) Credit - KSh 18M

The broad priorities are therefore aimed at:

- a) Fostering good governance and public participation
- b) Effective land use planning and sustainable management of resources.
- c) Human Resources Development and Management.
- d) Access to quality and affordable education and training
- e) Investing sufficiently in Climate Smart Agriculture for improved Food and nutrition Security
- f) Increased access to quality, affordable, adequate and timely Health Care and Medical Services
- g) Access to adequate and safe water for domestic, livestock and agricultural use.
- h) Investing sufficiently in renewable energy as well as training on modern energy conservation measures.
- i) Promotion of small, medium and micro enterprises, partnering with local and private sector as well as uplifting the cooperatives movement for posterity
- j) Investing significantly in the special interest groups (Youth, women, PWDs, elderly), Culture, sports and Performing Arts
- k) Sustainable management of mineral resources - through value addition, marketing and support to small and artisanal miners.
- l) Diversification of tourism through promotion of eco-tourism, cultural tourism and sports tourism as well as the protection of historical sites
- m) Investing in physical Infrastructure and Communication - Improving and maintaining the entire road infrastructure and internet connectivity

Sectoral Budget Priorities for FY 2024/2025 and The Medium Term

In regard to the detailed ceilings as provided in Annex 1 based on the projected resource envelope and the guiding criteria, the details of sectoral and departmental priorities are as discussed below based on the allocation of funds for the FY 2024/2025:

SECTOR I: AGRICULTURE, LIVESTOCK, FISHERIES, AND IRRIGATION

The sector's strategic objective is to improve crop, livestock and fisheries production; productivity and sustainable development; management of land and water resources to achieve food security for economic growth and development of the county.

The priorities are to improve food and nutrition security through strengthening delivery of extension services, development of disease and pest control, development and improvement of fish market, development and improvement of irrigation infrastructure and policy development.

Improve income and employment creation through promotion of commercialization of agricultural value chains, development of livestock marketing infrastructure, facilitate livestock trade and animal movement control and Promote fish trade.

Promote natural resource management through promotion of agroforestry and fodder trees, soil and water conservation, water harvesting for irrigation and sustainable use of natural resources (Land, water).

Public health, food safety and hygiene through promotion of appropriate post-harvest management practices, safe and wholesome food of animal origin, safe fish and fish products and management and control of zoonotic diseases and microbial residues.

SECTOR II: PUBLIC WORKS, INFRASTRUCTURE, ROADS, TRANSPORT AND HOUSING

This sector is responsible for quality roads construction and maintenance, quality building construction and maintenance, improving living standard by maintaining existing county government buildings, reducing damages due to fire incidences and increase road safety.

The priorities are opening, maintenance of county roads and construction of structures. To implement this there will be purchase of more road making equipment and machinery and regular site inspection and reporting.

Improve road safety and controlled parking through creating roads safety awareness, increasing roads furniture (bumps, signs) and maintaining the designated parking areas.

Housing Infrastructure development and maintenance services through maintaining and managing inspection of existing government buildings and allocating more Funds for maintenance.

SECTOR III: TRADE, TOURISM, COOPERATIVES DEVELOPMENT AND INDUSTRIALIZATION

The sector is committed to achieving prosperity through promotion of tourism and markets for local products, championing of value addition ventures, vibrant cooperatives and private sector development.

The priorities are improving trade and promote industrialization through market infrastructure improvement, training and capacity building, promotion of investments and creation of market linkages.

Promotion and development of tourism by mapping, branding and marketing tourism products, diversification of tourism and improvement of infrastructure in tourist attraction sites.

Development and empowering of cooperatives by improving their governance, creating awareness, training, research and cooperatives financing.

SECTOR IV: HEALTH SERVICES

The health services sector is committed to ensuring access to quality, affordable and timely preventive, promotive, curative and rehabilitative healthcare to all.

To achieve its objective, the sector has outlined the following strategies to be implemented in FY 2024-25 and the medium term

| Priorities | Strategies |
|---------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Promote Community Health Interventions | Adopt the Primary health care act and Pay Stipends for Community Health Promoters to promote Advocacy and health education at Community levels |
| Control HIV AID, TB & Malaria | Education and advocacy on change and health seeking behaviors including schools and Learning institutions |
| Promote Nutrition status for the children | Sensitization of community of Agricultural practices, Food farming and Dieting |
| Improved workers skills on curative & rehabilitative services | Ensure Continuous Training & capacity building of health care workers on skills such as CEMONC, EMONC, MPDSR, LARC, FANC |
| Improved Emergency and chronic diseases services | Mobilize resources for identified works at hospitals including Ambulances. |
| improved accessibility & utilization of health services | Mobilize resources for identified renovations and construction works at health centers & dispensary |
| Improved functionality & availability of Medical Equipment | Adopt a special Medical Equipment Service for Routinely purchasing and maintaining medical equipment |
| Improved Stock of HPTs (medical drugs & Surgical | Operationalize HPTs Unit to Lobby & Quantify for a Standalone budgetary allocation by County Treasury |
| Improved Human Resource Welfare | Ensure adequate Re numeration, Training, Promotion & Motivation for Staff |
| Improved Facility Improvement Fund (FIF) | Enhance internal Audits & Automation for Revenue collection and Reporting at hospitals and points of collection. Review the hospitals price list to market trends. Operationalize Hospital Boards |

| | |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Reduced Pending Bills | Strengthen Monitoring, Evaluation and Reporting in County Health System |
| Managed Wage bill | Put up an elaborate Human Resource Management System to coordinate planning, career progression, succession planning & knowledge management in health department |
| Improved Resource Mobilization | Expand from equitable share & Own Source revenue to Inviting External investors |

SECTOR V: EDUCATION, LIBRARIES, VTCs and ICT

The sector's overall objective is ensuring access to quality education and training, aimed at building a productive society for socio-economic development

The priorities are improvement of infrastructure in ECDE and VTCs by equipping and staffing them, provision of capitation and digital learning in ECDEs, specialization and development of homecrafts in VTCs and enhancing the schools feeding programme.

Adequately funding of bursaries and scholarships, provision of mobile library equipment, book stocking and construction of community libraries.

SECTOR VI: LANDS, MINING AND ENERGY

The sector's mandate includes ensuring proper land use planning and management, promote sustainable mining and environmental conservation and improve mineral resource management.

The priorities are preparation of County spatial plan, strategic urban development, upgrading of informal settlement, urban & local areas, settlement planning and development control.

Establishment of Voi and Taveta municipalities, opening up of municipality roads and formation of urban management committee and boards.

Support artisanal and small-scale miners, minerals exploration and extraction and develop a minerals marketing strategy.

Solar electrification in hospitals, schools, markets, irrigation systems, feed formulation machines, solarized honey refining machines and street lighting, Installation of solar water heaters and use of solar energy in mining sites.

SECTOR VII: PUBLIC ADMINISTRATION AND INTERGOVERNMENTAL RELATIONS

The sector is committed to ensuring an all-inclusive leadership, sound fiscal policy formulation, prudent management of public resources and public service welfare

The priorities are formulation and implementation of monitoring and evaluation policy, establishment of an efficiency monitoring unit and increase mobilization of external resources.

Adequate remuneration and continuous promotion of staff, conducting and implementing training needs and bench-marking.

Enforcing internal control mechanism and internal audit and ensuring timely preparation of statutory documents and reports.

Sector VIII: YOUTH, GENDER, SPORTS, CULTURE AND SOCIAL SERVICES

The sector comprises of Sports development, Youth development, Social Services, Gender and Culture Development. It is mandated to promote youth empowerment, training and investment and promote sports at all levels to enhance youth participation in development activities.

The priorities are construction, rehabilitation and equipping of sporting facilities, establishment of talent and empowerment centres and enactment of sporting and talent legislation.

Provision of support to youth, women and self-help groups and empowering them with entrepreneurial skills.

Carrying out sensitization campaigns on gender mainstreaming, establishment of GBV, rescue and recovery and sub-county incubation centres through advocacy and partnership with donors.

SECTOR IX: WATER, ENVIRONMENT, SANITATION, CLIMATE CHANGE AND NATURAL RESOURCES

The sector is committed to improving safe water supply in a clean environment as well as building an adverse climate change resilience county.

The priorities are establishment of new water sources, rehabilitation of existing ones and reticulation and augmentation of water supply.

Protection of all catchment areas and fragile ecosystems, enforcement of all EMCA provisions and waste water and solid waste management.

Demarcation of all county forests, urban forestry, participatory forests and invasive species management and conservation of endemic species.

4. FISCAL FRAMEWORK AND FISCAL RISK

Fiscal Responsibility Principles

The Public Finance Management Act, 2012 sets out the fiscal responsibility principles to ensure prudent and transparent management of public resources. Section 107(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 70 percent of 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 revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly;
- (d) Over the medium term, the government's borrowings 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 sustainable level as approved by county assembly;
- (f) The fiscal risks shall be managed prudently; and
- (g) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.

Fiscal Policies and Strategies

Some of the policies and strategies to be adopted in the FY 2024/2025 and the medium term include:

- a) Implementation of a Projects' Management framework where Planning, approval and implementation of projects will be based on suitability, acceptability, viability, impact and sustainability.
- b) Ongoing and Stalled projects will be given first priority to prevent wastage of resources.
- c) For huge capital projects, the planning and implementation will be done in phases to ensure efficiency.
- d) The county government will implement measures and strategies to enhance its Own Source revenue collection to supplement the funds received from the Exchequer.
- e) County Spatial Planning will be prioritized as strategy towards streamlining development processes and enhancement of County OSR.
- f) Establishment of the Monitoring, Evaluation and Statistics unit to enhance access to data and information for decision making purposes.

Fiscal Risks

- a) High expenditure on personnel emoluments contrary to Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 that sets the limit of the County Government's expenditure on wages and benefits at 35 percent of the County's total revenue.
- b) Below target Own Source Revenue Collections that results to unfunded budget deficits and accumulation of pending bills negatively affecting service delivery to the citizens
- c) County Governments continue to report high levels of pending bills that remain unpaid and have a negative impact on the business community as well as the economy in general.
- d) Low actual development expenditure which is not in line with the County Governments approved budgets and contrary to Section 107(2) (b) of the Public Finance Management (PFM) Act, 2012, that provides that over the medium term, a minimum of thirty percent of the County Government budget shall be spent on the development expenditure.
- e) Climate Change, natural disasters and man-made hazards- In the recent past, Kenya and the county has been exposed to multiple disasters ranging from floods, drought, famine and its ravaging impacts have had severe impact on lives, livelihoods and the economy.

Mitigation Measures

- a) Mapping of all revenue streams i.e. its source, location, size etc. and acquire and operationalize the use of an integrated revenue management system to improve efficiency.
- b) Ensure effective and efficient execution of the budget through expenditure tracking, strengthening the audit functions and monitoring and evaluation of the projects.
- c) Creation of a balanced budget where expenditure is equivalent to the revenue projections.
- d) Feasibility studies to be undertaken before project implementation to inform costing of the projects and assess impact on lives and livelihood.
- e) Projects to be undertaken should take into account Environmental Impact Assessment to curb effects on climate.

ANNEX 1: Proposed 2024/2025 Spending Ceilings

| VOTE | DEPARTMENT/ARM | COMPENSATION TO EMPLOYEES | RECURRENT | DEVELOPMENT | TOTAL | % share |
|------|-------------------------------------------------------------------------------|---------------------------|----------------------|----------------------|----------------------|------------|
| 3261 | County Assembly | 278,800,000 | 510,720,871 | 70,000,000 | 859,520,871 | 10.2 |
| 3262 | Devolution, Public Service and Administration | 321,234,546 | 191,565,400 | | 512,799,946 | 6.1 |
| 3263 | Office of The Governor | 178,630,219 | 174,959,769 | | 353,589,988 | 4.2 |
| 3264 | Finance and economic Planning | 164,487,852 | 152,496,448 | 210,000,000 | 526,984,300 | 6.3 |
| 3265 | Agriculture, , Livestock, Irrigation Cooperative Development and Blue Economy | 197,095,670 | 21,965,192 | 194,034,071 | 413,094,933 | 4.9 |
| 3267 | Water, Sanitation, Environment, Climate Change and Natural resources | 101,827,472 | 35,522,672 | 1,118,401,402 | 1,255,751,546 | 14.9 |
| 3268 | Education, Libraries and VTCs | 493,891,995 | 281,492,439 | 55,800,000 | 831,184,434 | 9.9 |
| 3269 | Health Services | 1,879,711,430 | 348,286,025 | 87,468,500 | 2,315,465,955 | 27.5 |
| 3270 | Trade, Tourism, Culture development & Industrialization | 38,986,258 | 18,698,725 | 274,500,000 | 332,184,983 | 3.9 |
| 3271 | County Public Service Board | 47,698,847 | 17,342,358 | 4,500,000 | 70,041,205 | 0.8 |
| 3272 | Public Works, Housing and Infrastructure | 55,922,551 | 47,580,000 | 352,661,859 | 456,264,410 | 5.4 |
| 3273 | Lands, Mining and Energy | 34,030,417 | 68,461,377 | 215,404,300 | 317,896,094 | 3.8 |
| 3276 | Youth, Gender, Sports and Social Services | 35,844,715 | 16,128,600 | 124,750,000 | 176,723,315 | 2.1 |
| | GRAND TOTAL | 3,828,161,972 | 1,885,819,876 | 2,707,520,132 | 8,421,501,979 | 100 |

ANNEX 2: Analysis Of Receipts from The National Treasury Exchequer Releases

| Description | Budget Estimates FY 2023/24 | Period Ended Dec 2023 |
|-----------------------------------------------------------|-----------------------------|-----------------------|
| Equitable Share | 5,040,427,430 | 2,091,777, |
| DANIDA - Universal Healthcare in Devolved Units | 7,738,500 | - |
| National Agricultural Value Chain development Project | 250,000,000 | - |
| Agriculture Sector Development Support Project (ASDSP) | 1,991,302 | 500, |
| Kenya Climate Smart Agriculture Project | 90,000,000 | - |
| Water and Sanitation Development Project | 950,000,000 | - |
| Locally Led Climate Action Programme- (FLloCCaP)-WB grant | 11,000,000 | - |
| Kenya Informal Settlement Improvement Project- World Bank | 40,000,000 | - |
| Total | 6,391,157,232 | 2,092,277, |

**ANNEX 3: Statement of Comparison of Budget & Actual Amounts
(Recurrent and Development Combined) for the Period Ended 31st
Decemeber,2023**

| Receipt/Payments | Original Budget | Adjustments | Final Budget | Actual on Comparable Basis | Budget Realization Difference | % of Realization |
|------------------------------------------|----------------------|----------------------|----------------------|----------------------------|-------------------------------|------------------|
| | a | b | c=a+b | d | e=c-d | f=d/c % |
| Receipts | Kshs. | Kshs. | Kshs. | Kshs. | Kshs. | |
| Exchequer releases | 5,040,427,430 | | 5,040,427,430 | 2,091,777,383 | 2,948,650,047 | 42% |
| Transfers from other government agencies | 1,630,854,149 | (100,000,000) | 1,530,854,149 | 500,000 | 1,530,354,149 | 0% |
| Other conditional grants | - | - | - | - | - | 0% |
| Proceeds from Domestic Borrowing | - | - | - | - | - | 0% |
| Proceeds from Foreign Borrowing | - | - | - | - | - | 0% |
| Own Source Revenue | 626,682,445 | 104,000,000 | 730,682,445 | 177,071,330 | 553,611,115 | 24% |
| Return to CRF issues | 184,236,568 | (184,236,568) | - | 37,185 | (37,185) | 0% |
| Total Receipts | 7,482,200,592 | (180,236,568) | 7,301,964,024 | 2,269,385,898 | 5,032,578,126 | 31% |
| Payments | | | | | | |
| Transfers to County Executive | 6,607,964,024 | (176,860,457) | 6,431,103,567 | 1,724,599,469 | 4,706,504,088 | 27% |
| Transfers to County Assembly | 874,236,568 | (3,376,111) | 870,860,457 | 331,315,424 | 539,545,033 | 38% |
| Others | - | - | - | - | - | 0% |
| Total Payments | 7,482,200,592 | (180,236,568) | 7,301,964,024 | 2,055,914,893 | 5,246,049,131 | 28% |
| Balance | (0) | - | (0) | 213,471,005 | (213,471,005) | |

Summary Statement of Appropriation: Recurrent and Development Combined on the County Executive

| Receipt/Expense Item | Original Budget | Adjustments | Final Budget | Actual on Comparison | Budget Utilization | % of Utilization |
|----------------------------------------------------------|--------------------|--------------------|--------------------|----------------------|--------------------|------------------|
| | K | K | K | K | K | KEs |
| | a | b | c=a+b | d | e=c-d | f=d/c % |
| RECEIPTS | | | | | | |
| Transfers from the CRF | 6,607,964,0 | (176,860,45 | 6,431,103,5 | 1,724,599,4 | 4,706,504,0 | 2 |
| Other receipts | - | - | - | - | - | 0 |
| Opening balance for Non-refundable | - | - | - | - | - | 0 |
| TOTAL | 6,607,964,0 | (176,860,45 | 6,431,103,5 | 1,724,599,4 | 4,706,504,0 | 27 |
| PAYMENTS | | | | | | |
| Compensation of Employees | 2,769,658,7 | 64,412,5 | 2,834,071,2 | 1,000,285,9 | 1,833,785,2 | 3 |
| Use of goods and services | 567,021,7 | 99,211,2 | 666,233,0 | 453,448,5 | 212,784,5 | 6 |
| Subsidies | - | - | - | - | - | 0 |
| Transfers to Other Government Units | 288,187,0 | - | 288,187,0 | 89,418,2 | 198,768,8 | 3 |
| Other grants and transfers | 1,825,580,2 | (51,314,17 | 1,774,266,0 | 56,574,6 | 1,717,691,4 | 3 |
| Social Security Benefits | 130,500,0 | - | 130,500,0 | 50,737,1 | 79,762,8 | 3 |
| Acquisition of Assets | 837,716,1 | (388,326,99 | 449,389,1 | 27,657,1 | 421,732,0 | 6 |
| Finance Costs, including Loan Interest | 300,0 | - | 300,0 | 194,1 | 105,8 | 6 |
| Repayment of principal on Domestic and Foreign borrowing | - | - | - | - | - | 0 |
| Other Payments | 189,000,0 | 99,156,9 | 288,156,9 | 97,174,6 | 190,982,2 | 3 |
| TOTAL | 6,607,964,0 | (176,860,45 | 6,431,103,5 | 1,775,490,4 | 4,655,613,0 | 28 |
| SURPLUS/(DEFICIT) | - | - | - | (50,891,03 | 50,891,0 | |

source: county treasury

Statement of Comparison of Budget & Actual Amounts – Recurrent for the period ended 31st December, 2023

| Receipt/Expense Item | Original Budget | Adjustments | Final Budget | Actual on Comparison | Budget Utilization | % of Utilization |
|---------------------------------------------|--------------------|------------------|--------------------|----------------------|--------------------|------------------|
| | K | K | K | K | K | KEs |
| | a | b | c=a+b | d | e=c-d | f=d/c |
| RECEIPTS | | | | | | |
| Exchequer releases (Transfers from the CRF) | 4,001,020,0 | 192,060,7 | 4,193,080,7 | 1,639,226,4 | 2,553,854,3 | 39% |
| Proceeds from sale of assets | - | - | - | - | - | 0 |
| Other receipts | - | - | - | - | - | 0 |
| TOTAL | 4,001,020,0 | 192,060,7 | 4,193,080,7 | 1,639,226,4 | 2,553,854,3 | 39% |
| PAYMENTS | | | | | | |
| Compensation of Employees | 2,769,658,7 | 64,412,5 | 2,834,071,2 | 1,000,285,9 | 1,833,785,2 | 3 |
| Use of goods and services | 563,721,7 | 95,911,2 | 659,633,0 | 449,984,9 | 209,648,1 | 6 |
| Subsidies | - | - | - | - | - | 0 |
| Transfers to Other Government Units | 285,000,0 | - | 285,000,0 | 89,418,2 | 195,581,7 | 3 |

| | | | | | | |
|----------------------------------------------------------|--------------------|------------------|--------------------|--------------------|--------------------|------------|
| Other grants and transfers | 208,182,4 | (9,000,00 | 199,182,4 | 56,574,6 | 142,607,7 | 2 |
| Social Security Benefits | 130,500,0 | - | 130,500,0 | 50,737,1 | 79,762,8 | 3 |
| Acquisition of Assets | 8,470,0 | 8,080,0 | 16,550,0 | 17,501,6 | (951,60 | 106% |
| Finance Costs, including Loan Interest | 300,0 | - | 300,0 | 192,8 | 107,1 | 6 |
| Repayment of principal on Domestic and Foreign borrowing | - | - | - | - | - | 0% |
| Other Payments | 35,187,0 | 32,656,9 | 67,844,0 | 24,535,4 | 43,308,5 | 3 |
| TOTAL | 4,001,020,0 | 192,060,7 | 4,193,080,7 | 1,689,230,7 | 2,503,849,9 | 40% |
| SURPLUS/(DEFICIT) | - | - | - | (50,004,35 | 50,004,3 | |

source: county treasury

Statement of Comparison of Budget & Actual Amounts: Development for the year ended 31st December 2023

| Receipt/Expense Item | Original Budget | Adjustments | Final Budget | Actual on Comparison | Budget Utilization | % of Utilization |
|----------------------------------------------------------|--------------------|--------------------|--------------------|----------------------|--------------------|------------------|
| | K | K | K | K | K | KEs |
| | a | b | c=a+b | d | e=c-d | f=d/c |
| RECEIPTS | | | | | | |
| Exchequer releases (Transfers from the CRF) | 2,606,943,9 | (368,921,16 | 2,238,022,8 | 85,373,0 | 2,152,649,7 | 4 |
| Proceeds from sale of assets | - | - | - | - | - | 0 |
| Other receipts | - | - | - | - | - | 0 |
| TOTAL | 2,606,943,9 | (368,921,16 | 2,238,022,8 | 85,373,0 | 2,152,649,7 | 4 |
| PAYMENTS | | | | | | |
| Compensation of Employees | - | - | - | - | - | 0 |
| Use of goods and services | 3,300,0 | 3,300,0 | 6,600,0 | 3,463,5 | 3,136,4 | 5 |
| Subsidies | - | - | - | - | - | 0 |
| Transfers to Other Government Units | 3,187,0 | - | 3,187,0 | - | 3,187,0 | 0 |
| Other grants and transfers | 1,617,397,8 | (42,314,17 | 1,575,083,6 | - | 1,575,083,6 | 0 |
| Social Security Benefits | - | - | - | - | - | 0 |
| Acquisition of Assets | 829,246,1 | (396,406,99 | 432,839,1 | 10,155,5 | 422,683,6 | 2 |
| Finance Costs, including Loan Interest | - | - | - | 1,3 | (1,32 | 0 |
| Repayment of principal on Domestic and Foreign borrowing | - | - | - | - | - | 0% |
| Other Payments | 153,812,9 | 66,500,0 | 220,312,9 | 72,639,2 | 147,673,6 | 3 |
| TOTAL | 2,606,943,9 | (368,921,16 | 2,238,022,8 | 86,259,7 | 2,151,763,1 | 4 |
| SURPLUS/(DEFICIT) | - | - | - | (886,67 | 886,6 | |

source: county treasury