

**REPUBLIC OF KENYA**



**COUNTY GOVERNMENT OF TANA RIVER**

**COUNTY FISCAL STRATEGY PAPER**

**FY 2018/2019**

**FEBRUARY 2018**

*Consolidating Devolution Gains for Better Lives*

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To obtain copies of the document, please contact:

Tana River County Treasury

P.O. Box 29 – 70101

**HOLA, KENYA**

The document is also available on the County website: [www.tanariver.go.ke](http://www.tanariver.go.ke)



## **FOREWORD**

The 2018 CFSP is the fifth to be prepared in the Tana River Government. Its purpose is to build direct linkages between policies, plans and budgets. It provides the resource envelope and presents the fiscal framework for the 2018/2019 budget estimates and over the medium term.

This 2018 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 strategy paper specifies the Tana River County broad strategic priorities and policy goals which will inform the financial year (FY) 2018/19 budget and the Medium Term. It further gives the forecasts on revenues and expenditures and the sector spending limits as a basis for the FY 2018/19 budget and the medium term. In the preparation of this FY 2018/19 CFSP, the technical team took into account views of the public, the Commission on Revenue Allocation, the National Treasury, Office of the Controller of Budget, the Civil Society Organizations (CSOs) and other interested persons and groups.

In the recent past our county has experienced failed rainfall in most parts leading to prolonged drought and its devastating effects. As we strategize for the financial year 2018/19 budget and the Medium Term, we shall recognize the effects of climate change and put up effective measures to minimize them. The laid down strategies will be gender responsive and will ensure that all our priorities and programmes are gender sensitive in the FY 2018/2019 budget and the medium term. We further propose far reaching policy priorities and programs which will bring about rapid urbanization and transformation of the county economy and ultimate realization of our Second County Integrated Development Plan (CIDP II),

The proposed resource envelope for the FY 2018/19 is estimated at Kshs. 5.6 billion with proposed recurrent expenditure of Kshs. 3,766,111,731 and a development expenditure of Kshs. 1,798,549,337. The expenditure ceilings observe all provisions in the PFMA 2012, the requisite regulations as well as the Commission on Revenue Allocations guidelines.

**HON. MATHEW BABWOYA,**

**CEC MEMBER FINANCE AND ECONOMIC PLANNING**

## **ACKNOWLEDGEMENT**

The 2018 CFSP provides a framework for the FY 2018/2019 budgeting. This aimed at achieving the Medium Term theme “Consolidating Devolution Gains for Better Lives” which will be realized through the implementation of policies, projects and programmes aligned to the Second County Integrated Development Plan (CIDP II).

This CFSP is organized in four sections; section I gives the county’s strategic blue-print which sets the pace and the direction of the document; section II provides the recent economic developments and the Policy Outlook providing an overview of the recent economic development 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 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. Major (Rtd.) Dhadho Gaddae Godhana and his deputy H.E. Salim Batuyu for their unwavering and leadership throughout the preparation of this paper. Special thanks go to the County Executive Committee Members (CECMs) in-charge of various county government entities for their input and support to the process. I also appreciate the CECM in-charge of Finance and Economic Planning, Mr. Mathew Babwoya for his guidance in the development of the paper. I recognize the effort and advice of the County Assembly through the leadership of the Hon. Speaker Mr. Michael Nkaduda and the House Committee in-charge of Budget and Appropriation.

A core team in the County Treasury spent a significant amount of time putting together this paper. We are grateful to the County Director Economic Planning and Budgeting Mr. Lennox Mbwana, and the team members; Mr. Odipo, Mr. Patrick K. Kiongo and Mr. Sokorote Lulutya 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.

**Ahmed M. Barako**

**CCO – Finance & Economic Planning**

### **Legal Basis for the Publication of the County Fiscal Strategy Paper**

Section 117 of the Public Finance Management Act, 2012 states; “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 28<sup>th</sup> February of each year.”

The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.

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

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

In preparing the County Fiscal Strategy Paper, the County Treasury shall seek and take into account, the views of:-

- i. The Commission on Revenue Allocation
  - ii. The public
  - iii. Any interested persons or groups
  - iv. 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: -

The county government's recurrent expenditure shall not exceed the county government's total revenue

Over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure

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.

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.

The County debt shall be maintained at a suitable level as approved by County Assembly

The financial risks shall be managed prudently, and 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

Short term borrowing as mentioned in (d) above shall be restricted to management of cash flows and shall not exceed five percent

## **ACRONYMS AND ABBREVIATIONS**

BMI	Business Media Inc.
BPS	Budget Policy Statement
CBEF	County Budget and Economic Forum
CBK	Central Bank of Kenya
CBOs	Community Based Organizations
CBR	Central Bank Rate
CBROP	County Budget Review and Outlook Paper
CCG	Council of County Governors
CCO	County Chief Officer
CECM	County Executive Committee Member
CFSP	County Fiscal Strategy Paper
CHVs	Community Health Volunteers
CIDP	County Integrated Development Plan
COFOG	Classification of Functions of Government
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
IBEC	Intergovernmental Budget and Economic Council
IFMIS	Integrated Financial Management Information System
KBRR	Kenya Banks Reference Rate
KNBS	Kenya National Bureau of Statistics
MDGs	Millennium Development Goals
MTEF	Medium Term Expenditure Framework
MTP	Medium Term Plan
NDMA	National Drought Management Authority
NGOs	Non-Governmental Organizations
PER	Public Expenditure Review
PFMA	Public Finance Management Act
PWDs	Persons with Disabilities
SDGs	Sustainable Development Goals
SGR	Standard Gauge Railway
SMEs	Small and Medium Enterprises
SSA	Sub-Saharan Africa
SWG	Sector Working Groups
TVET	Technical Vocational Education Training

US	United States
VTCs	Vocational Training Centers
WEO	World Economic Outlook
WSTF	Water Services Trust Fund

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## **SECTION I: CONSOLIDATING DEVOLUTION GAINS FOR BETTER LIVES**

### **Overview**

1. The 2018 CFSP is the fifth to be prepared in the Tana River Government. Its purpose is to build direct linkages between policies, plans and budgets. It provides the resource envelope and presents the fiscal framework for the 2018/2019 budget estimates and over the medium term.
2. The global growth is projected to increase to 3.8 percent in 2018 from 3.6 percent in 2017 and 3.2 percent in 2016 primarily driven by improving domestic demand in advanced economies, China and other emerging economies.
3. The broad-based slowdown in Sub-Saharan Africa is easing and growth is expected to improve from 1.4 percent in 2016 to 2.6 percent in 2017 and further to 3.4 percent in 2018, partly supported by a recovery in growth of larger commodity exporters such as Nigeria and South Africa.
4. Growth of the Kenyan economy remained resilient, broad-based and registered strong performance in the past five years supported by strong public and private sector investment and appropriate economic and financial policies. In 2017 the economy grew by 4.4 percent in Quarter 3, 5.0 percent in Quarter 2 and 4.7 percent in Quarter 1, largely supported by robust activities in the service sectors, particularly; accommodation and restaurant; real estate and information and communication. The growth was somewhat constrained by subdued performance in agriculture, forestry, fishing, manufacturing, electricity, and financial intermediation sectors.
5. The uncertainty associated with elections coupled with effects of adverse weather conditions slowed the performance of the economy in 2017. As a result, the economy is estimated to grow by 4.8 percent in 2017.
6. Inflation has been low, stable and within the Government target range of 5+/- 2.5 percent in the period 2013-2017 as a result of prudent monetary and fiscal policies. Inflation averaged 6.7 percent in the period 2013-2017.

7. However, inflation increased to above target in the first half of 2017 due to drought that affected food prices. Inflationary pressures started to ease in the second half of 2017 as the weather situation improved and earlier measures taken by the government to address food shortages took effect. These measures included; allowing duty free imports of major food items (maize, wheat, sugar and milk) and introducing a temporary subsidy on maize meal prices. As a result, overall month on month inflation was 4.5percent in December 2017 from 6.4 percent in December 2016, and was within the Government range.
8. The county economy is vulnerable to both exogenous and endogenous shocks that threaten macro-economic stability. The weak fiscal policies have resulted to accumulation of pending bills, especially in FY 2016/2017 which adversely affected businesses, especially Small and Medium Enterprises (SMEs).
9. The depressed rainfall and drought has affected agriculture and livestock keeping which are the economic mainstays of the people of Tana River.

### **County Strategic Objectives**

10. The County Government will over the medium term focus on the following major thematic areas, namely: Urban Planning and Development; Investing in modern and commercially oriented Agriculture and Livestock; Promotion of Trade, Tourism and Cooperative Development; Investing in Environment, Water and Sanitation; Promoting quality education and Best Employable Skills Training; Investing in Youth, Sports, Culture and Social Services; Investing in quality healthcare; Investing in infrastructure; and good governance. In the 2018/2019 financial year, the county will emphasize on investing in four main sectors to accelerate economic growth.
11. This CFSP therefore outlines four key strategic objectives that forms the 2018/2019 priority interventions that the county government intends to achieve as we conclude the five year term. It reaffirms polices and strategies indicated in the Second Generation County Integrated Development Plan (CIDP 2018-2022): The strategic interventions include:
12. **Investing in Urban Planning and Development:** The County will focus on infrastructural development such as grading and murraming of existing roads; opening of new roads;

construction of drifts, bridges and culverts; Installation of street and high mast lights; Construction of parking bays and bus parks.

13. **Investing in accessible and quality education:** Through this outcome the county intends to enhance investment in establishing Model Early Years Education (EYE) Centres formally Early Childhood Education Centres (ECDE); Provision of bursaries to enhance access, retention and transition among the learners and also partner with other institutions to enhance tertiary education.
14. **Investing in quality and accessible healthcare:** Through this outcome, the county intends to enhance access to health care by equipping of the existing facilities, completion of stalled projects and construction of 1 level V hospital. The county department of Health Services intends to fill the gaps in service delivery within all the facilities by construction of requisite facilities such as incinerators, soak pit, staff houses and placenta pits and hiring of staffs.
15. **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: value addition of both livestock and agricultural produce; marketing of livestock and agricultural produce; investing in hay barns; livestock disease control, investment in alternative sources of livelihoods through fish farming, poultry and apiculture; investing in measures that ensure food security through greenhouse farming and promotion of traditional high value crops (THVC).
16. However, the county government will continue to invest resources in all the sectors so as to consolidate the gains made since inception of devolution. The 2018 CFSP will also focus on offsetting all the pending bills related to FY 2016/2017 and the previous years. This is to mitigate the adverse effects currently facing businesses especially Small Medium Enterprises (SMS)

### **Programmes for Achieving the County Strategic Blueprint's Objective**

17. This County Fiscal Strategy Paper (CFSP, 2018/19) articulates priority economic policies and structural reforms as well as sector-specific expenditure programs to be implemented

under the Medium Term Expenditure Framework for 2018/19, 2019/20 and 2020/21 in order to achieve the County Government's development goal of '*Consolidating Devolution Gains for Better Lives*'. The county government will pursue to achieve the outlined strategic outcomes within the identified 8 sectors:

### **Agriculture, Land, livestock and Fisheries**

18. The County Government has put in place the department of Agriculture, land, livestock and fisheries. The implementation of programmes in this sector has focused on attainment of food security, improved rural infrastructure and sustainable land management. The sector experienced various challenges over the past three years including: inadequate funding, delays in disbursements of exchequer and donor funds, slow court processes in land matters, high incidence of animal and crop diseases, insecurity and the impact of climate change.
19. The prioritized programmes for the FY 2018/19 include enhancement of the supply of inputs particularly fertilizer and planting materials, upgrade the existing irrigation schemes, establishment of new small scale irrigation schemes, vaccination and disease control, operationalization of fish landing sites in Kipini, development and dissemination of the County Spatial Plan, land banking and physical planning of towns and trading centres in Garsen, Hola, Bura, Madogo and Bangale.
20. The County wishes to establish an Agricultural extension projects; Agricultural Resource Centre; Agri-Processing and establishment of a Modern Slaughter house and a leather park.

### **Education Sector**

21. The Educational sector comprises of the department of Early Years Education and Vocational Training. The sector continues to work towards achieving its overall goal on increasing and expanding the access to early childhood development education and application of relevant Best Employable Skills Training and innovation for the youth.

### **Youth, Sport, Gender, culture, Social Services and Special Program Sector**

22. The main goals of this sector are: To provide social welfare services; Disability Mainstreaming; Youth development; Gender and community services. This sector also seeks to promote, develop and preserve culture; Provide library and information services; Rescue and rehabilitate Orphans and Vulnerable Children; Care for the Abandoned and the aged. In

addition it endeavours to enhance sustainable social development through: identification, nurturing, developing and managing sports, arts and talents; and intervention to disaster and emergencies.

### **Health Sector**

23. 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. The programmes include Equipping and operationalization of the existing health facilities such as Waldena Health Centre; Construction of a Diagnostic centre at Hola; Construction of Hurara Dispensary and Construction of a new referral hospital at Wayu.
24. Nevertheless, the county shall endeavor to focus on promotive and preventive healthcare by introduction of mobile health clinics, training of community health workers, formation and implementation of environment and hygiene policy, waste water and sewerage management, and promoting essential and primary care e.g. sanitation and best health practices.
25. To achieve this, the sector plans to hire more medical practitioners and also organize medical camps where medical specialists can be visiting to attend to special cases beyond the capacity of the existing health system.

### **The General Economic and Commercial Affairs Sector**

26. The General Economic and Commercial Affairs sector is composed of Trade and Cooperative Development and the department of Tourism, Investment and Information Communication Technology (ICT). The main goal of the sector is to promote and develop weight and measures, fair trade, tourism, industrialization and entrepreneurship, innovation, savings mobilization and investment. Among the programmes which this sector will implement are Completion of the Garsen market; Construction of the Madogo market; Improvement of Hola market; installation of weigh bridges, establishment of community resorts and Tana Tourism and Conservation Trust. This sector also plans to establish the INUKA fund to enhance access to credit and promote growth of small and medium enterprises especially amongst the youth, women and people with disabilities. The county treasury shall also endeavour to set apart at least 30 percent of all county government

procurement opportunities to the same target group to accelerate growth and employment creation.

### **The Public Administration and Inter Governmental Relations**

27. The Public Administration and Inter Governmental Relations comprise of the department of Public Service and Administration, the County Treasury, the County Public Service Board, the County Executive Services 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.
28. Over the past three years, the sector has implemented a number of programmes including: preparation and approval of County policies and bills, ensuring good governance by strengthening governing structures through the engagement of the public in policy formulation, infrastructural development programmes among others.
29. The programmes which have been earmarked for budgeting in the FY 2018/19 include: effective public participation through effective engagement of citizens in development planning and participatory budgeting, institutionalization of monitoring and evaluation framework and systems, digitizing the selection and recruitment of county employees, enhancing compliance to statutory regulations through capacity building of policy makers and the completion of infrastructural projects.
30. The Public Service Administration department will seek to improve service delivery through the following interventions: construction and equipping of ward administrators' offices in every ward and equipping of sub county administrators' offices; performance appraisals for public servants; ICT policy formulation, digitization of public information and e-government; provision of scholarship grants for public officers. The department will also rollout civic education in preparation for the hiring of village administrators. Meanwhile it will seek to strengthen the existing village structures under the village headmen.
31. In a bid to enhance efficiency and effectiveness of the public sector to attain the development agenda the department of public service intends to implement programs such as: capacity assessment and recruitment; training and development of county personnel; welfare programs such as medical cover and staff motivation.

32. The county will also endeavor to pursue Economic integration by actively participating in activities of *Jumuia ya Kaunti za Pwani* (JKP) and the Frontier Counties Development Council (FCDC) to promote economic growth and integrated regional development.

### **The Water and Infrastructure Sector**

33. The Water and Infrastructure sector is represented by the department of water services and the department of infrastructure which are under one management in the county. 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 portable water. In the financial year 2018/19, the sector plans to expand the Hola, Garsen and Handampia Water projects; Restoration of the river course at Ngao; Establish a Wayu Water Supply through boreholes.

34. In the infrastructural development and roads, street lighting programmes and the upgrading of rural access roads will continue to be given priority to enhance security, improve transport system and open up areas for development. The sector shall also aim to establish bus parks and business centres.

### **Outline of County Fiscal Strategy Paper**

35. Section I: This sub-section provides an outline of the sections that make up the rest of the paper with brief descriptions of each. This will be the introductory paragraphs to each section.

36. Section II: This section provides 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.

37. Section III: In this section the fiscal policy and budget framework is explained. It is 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 2017/18 (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.

38. Section IV: This section 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 II: RECENT ECONOMIC DEVELOPMENTS AND POLICY OUTLOOK**

### **Overview**

39. Growth of the Kenyan economy remained resilient, broad-based and registered strong performance in the past five years supported by strong public and private sector investment and appropriate economic and financial policies. In 2017 the economy grew by 4.4 percent in Quarter 3, 5.0 percent in Quarter 2 and 4.7 percent in Quarter 1, largely supported by robust activities in the service sectors, particularly; accommodation and restaurant; real estate and information and communication. The growth was somewhat constrained by subdued performance in agriculture, forestry, fishing, manufacturing, electricity, and financial intermediation sectors.
40. The uncertainty associated with elections coupled with effects of adverse weather conditions slowed the performance of the economy in 2017. As a result, the economy is estimated to grow by 4.8 percent in 2017.

### **Update on Fiscal Performance and Emerging Challenges**

41. In FY 2016/17 excluding the county assembly, the recurrent budget absorption was at 99.94 percent meanwhile the development budget had absorption of 86.82 percent.
42. The FY 2017/18 approved budget is Ksh.5,795,034,389 which comprises of Ksh.5,345,400,000 equitably share of the revenue raised nationally, Ksh.389,634,389 worth of conditional grants and Ksh.60,000,000 of Own Source Revenue. The Recurrent expenditure is Ksh.3,336,710,157 is 58 percent of the Total Expenditure, meanwhile the development budget is Ksh.2,458,324,232 which stands at 42 percent of the total budget.

43. As at 31<sup>st</sup> December 2017, only Ksh.937,130,733 was absorbed from the recurrent budget, while Ksh.67,652,004 was absorbed out of the Development budget. This was due to the delayed approval of the budget estimates occasioned by the political situation in 2017.

**Table 1: County Government of Tana River-Executive Expenditure Report for FY 2016/17 and 1<sup>st</sup> Half FY 2017/18**

DEPARTMENT	RECURRENT			DEVELOPMENT		
	BUDGET ESTIMATES	ACTUAL EXPENDITURE	VARIANCE	BUDGET ESTIMATES	ACTUAL EXPENDITURE	VARIANCE
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Office of the Governor	369,283,988	476,855,936	107,571,948	96,205,642	95,052,862	1,152,780
Finance and planning	324,245,173	337,799,949	-13,554,776	9,830,500	9,830,500	0
County Public service Board	52,756,792	41,529,968	11,226,824	0	0	0
Trade	47,844,745	26,452,509	21,392,236	2,846,000	2,846,000	0
Tourism	23,454,280	4,614,336	18,839,944	128,475,484	89,792,353	38,683,131
Fisheries	9,381,740	6,896,843	2,484,897	16,959,450	0	16,959,450
Veterinary	30,563,028	18,594,160	11,968,868	81,343,593	0	81,343,593
Livestock	23,461,643	19,172,091	4,289,552	30,743,532	722,574	30,020,958
land adjudication	15,672,842	9,637,615	6,035,227	42,173,213	0	42,173,213
Agriculture	57,687,579	58,264,023	-576,444	193,645,525	52,237,094	141,408,431
Urban planning & cooperative development	14,053,003	10,357,209	3,695,794	23,305,993	7,580,487	15,725,506
Gender, social service and youth dev.	29,012,724	31,262,665	-2,249,941	5,785,268	1,729,908	4,055,360
ECDE	60,327,750	52,163,647	8,164,103	244,297,256	495,078,321	-250,781,065
Vocational training	9,737,304	5,592,641	4,144,663	38,899,180	35,456,785	3,442,395
sports	3,434,750	3,416,000	18,750	1,874,235	1,874,235	0
Education	62,493,950	63,389,412	-895,462		0	0
Health services	532,773,086	528,979,400	3,793,686	578,615,260	419,613,394	159,001,866
Water services	40,002,167	37,550,710	2,451,457	353,592,065	337,836,039	15,756,026
Special programme & cohesion	48,378,069	38,470,266	9,907,803	391,646,929	511,742,090	-120,095,161
Roads	17,623,344	17,468,980	154,364	576,745,163	388,481,380	188,263,783
Public works	25,387,097	16,261,617	9,125,480	33,793,023	29,605,178	4,187,845
Environment & natural resources	22,413,068	14,113,136	8,299,932	37,335,240	28,034,848	9,300,392
<b>TOTAL</b>	<b>1,819,988,122</b>	<b>1,818,843,113</b>	<b>1,145,009</b>	<b>2,888,112,551</b>	<b>2,507,514,048</b>	<b>380,598,503</b>
<b>TANA RIVER COUNTY GOVERNMENT-EXECUTIVE EXPENDITURE REPORT 2017-18 AS AT 31<sup>ST</sup> DECEMBER 2017</b>						

DEPARTMENT	RECURRENT			DEVELOPMENT		
	BUDGET ESTIMATES	ACTUAL EXPENDITURE	VARIANCE	BUDGET ESTIMATES	ACTUAL EXPENDITURE	VARIANCE
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Office of the Governor	489,687,521	289,196,029	200,491,492	73,533,414	0	73,533,414
Finance and planning	266,239,460	112,678,487	153,560,973	20,000,000	0	20,000,000
County Public service Board	65,195,069	25,072,757	40,122,312	0	0	0
Trade and Tourism	51,523,640	8,578,336	42,945,304	156,000,000	0	156,000,000
Fisheries	16,995,827	3,504,790	13,491,037	14,500,000	0	14,500,000
Veterinary	53,042,790	4,848,954	48,193,836	35,164,320	0	35,164,320
Livestock	36,035,011	8,351,706	27,683,305	36,134,445	0	36,134,445
land adjudication	41,712,839	3,737,278	37,975,561	17,548,000	0	17,548,000
Agriculture	188,188,647	28,753,763	159,434,884	256,699,334	0	256,699,334
Urban planning & cooperative development	27,827,661	2,313,368	25,514,293	48,053,900	0	48,053,900
Gender, social service and youth dev.	24,767,755	5,801,452	18,966,303	33,592,475	0	33,592,475
ECDE	78,883,700	2,943,076	75,940,624	154,990,094	0	154,990,094
Vocational training	34,140,342	735,850	33,404,492	69,760,819	0	69,760,819
sports	11,691,263	0	11,691,263	22,500,000	0	22,500,000
Education	238,679,289	84,842,970	153,836,319	0	0	0
Health services	705,568,747	305,558,810	400,009,937	324,954,612	0	324,954,612
Special programme & cohesion	285,532,963	24,026,718	261,506,245	40,370,357	0	40,370,357
Roads	42,192,019	7,540,435	34,651,584	334,190,609	67,652,004	266,538,605
Public works	45,722,306	4,409,869	41,312,437	260,655,134	0	260,655,134
Environment & natural resources	65,938,239	5,433,047	60,505,192	7,608,725	0	7,608,725
Water services	112,649,891	8,803,038	103,846,853	454,067,994	0	454,067,994
<b>TOTAL</b>	<b>2,882,214,979</b>	<b>937,130,733</b>	<b>1,945,084,246</b>	<b>2,360,324,232</b>	<b>67,652,004</b>	<b>2,292,672,228</b>

Source: County Treasury

44. The county government departments reported some challenges during the previous MTEF period such as inadequate transport services. The implementing departments such as Roads & Public Works, Water, Lands, Trade and Education do not have sufficient vehicles which leads to delays in activities such as monitoring and evaluation, auditing and supervision of several development projects and programmes. Meanwhile, some of the county departments

are understaffed and lack technical officers to perform some practical duties. Delays in the exchequer disbursement of funds resulted to delayed procurement processes and subsequently causing delays in the implementation of projects.

### **Revised Estimates**

45. The FY 2017/18 Approved Budget will need to be revised for the following reasons:

- a. To align it to the objectives of the new administration priorities;
- b. Due to weak fiscal policies and strategies there are pending bills related to the FY 2016/17 and previous years amounting to approximately Ksh.1.5Billion which are not part of the budget estimates. They must be paid so as to mitigate against the adverse effects on businesses especially the Small and Medium Enterprises (SMEs);
- c. There is need to have the budget respond adequately to the current drought situation and the emergency of diseases such as the Cholera outbreak in Tana North Sub County.

### **Economic Policy Outlook**

46. Kenya's economic growth prospects for FY 2018/19 and over the medium term takes into account the global and Sub-Saharan Africa growth recovery. The growth projection takes into account the strategic objectives of the Government as outlined in the Third MTP of Vision 2030. Real GDP is projected to expand by 5.3 percent in FY 2017/18, 5.9 percent in 2018/19, 6.3 percent in FY 2019/20 and 6.8 percent by 2020/21. This growth will be sustained by sustained investment in infrastructure, strong agricultural production due to improved weather conditions, buoyant services sector, continued recovery in tourism, increased investor and consumer confidence and macro-economic stability.

47. The outlook, therefore points to a continued coordination of monetary and fiscal policies for overall macroeconomic stability which will support robust growth, lower fiscal deficits, contain inflation within target range and a gradual improvement in the current account balance.

## Risks to the Outlook

48. The underperformance in County Own Source Revenue Collection will affect the adequate financing of the outlined projects and programs. Meanwhile the persistent drought being experienced may exert expenditure pressures on the budget.
49. The County Government shall put in measures to mitigate against the adverse effects of the outlined risks.

**Table 2: Risks and mitigation measures**

S/No	Risk	Mitigation Measure
1.	Underperformance in county own revenue collection	The county shall undertake legal and administrative reforms in the management and administration of county own revenue
2.	Persistent drought and other natural disasters	<p>The County in partnership with National Drought Management Authority (NDMA) shall prepare and implement a contingency plan to mitigate against the attendant risks that accompany drought and other disasters.</p> <p>It will also endeavour to implement Drought Risk Reduction (DRR) Strategies and the Ending Drought Emergencies (EDE) strategies.</p> <p>In the FY 2018/19 the county shall acquire fire engines in response to fire emergencies.</p>

## SECTION III: FISCAL POLICY AND BUDGET FRAMEWORK FOR FY 2018/19

50. 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 2018/19. It showcases measures to reduce wastage in expenditure, improve efficiency in budgetary allocations, and to increase revenue collection.

## Budget Framework

51. Allocation and prioritization of resources shall be on the basis of the key development strategic blueprints in the County Integrated Development Plan (CIDP), Annual Development Plan (ADP) 2018/19, 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 2018/19 budget.

52. The FY 2018/19 budget will focus on measures to sustain development initiatives and enhance the quality of life and standard of living of the citizens of Tana River County. Therefore this budget will seek to clear the pending bills that will be outstanding at the end of the FY 2017/18 so as to consolidate the gains made in the past five years but it will also seek to achieve the outlined four objectives to better the living standards of the citizens.

**Table 3: County Government of Tana River FY 2018/19 and the Medium Term Budget Framework**

Revenue Summary	Approved Estimates	Budget Estimates	Projections	
	2017/2018	2018/2019	2019/2020	2020/2021
FUNDING	Kshs.	Kshs.	Kshs.	Kshs.
Equitable Share of Revenue Raised Nationally	5,345,400,000	5,504,661,068	5779894121	6068888827
Conditional Allocations From National Government Revenue	389,634,389	868,365,832	868,365,832	868,365,832
Revenue From Own County Sources	60,000,000	60,000,000	63,000,000	66,150,000
Balance B/F	-	-	-	-
<b>Grand Total</b>	<b>5,795,034,389</b>	<b>6,433,026,900</b>	<b>6,711,259,953</b>	<b>7,003,404,659</b>
Expenditure Summary				
Personnel Emoluments	1,633,798,834	1,930,357,951	2,112,530,857	2,323,783,942
Operations and Maintenance	1,902,443,139	1,835,753,780	2,443,388,281	2,687,727,109
Development	2,458,324,232	1,798,549,337	2,393,869,168	2,633,256,084
<b>Grand Total</b>	<b>5,994,566,205</b>	<b>5,564,661,068</b>	<b>6,949,788,305</b>	<b>7,644,767,136</b>

### **Revenue Projections**

53. The projected FY 2018/19 resource envelop is Kshs. **6.3** billion. This is constituted by Ksh5.5Billion equitable share of revenue raised nationally, Kshs868.3 Million conditional grants and Ksh 60 Million of county own revenue.

### **Expenditure Projections**

54. The ADP outlines the development priorities for FY 2018/19 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.

55. The FY 2018/19 total expenditure is projected to be Kshs6.3 billion in pursuit of a balanced budget.

### **Recurrent Expenditure**

56. The projections of FY 2018/19 indicate a recurrent expenditure of 67.7 percent of the total estimated budget which is Kshs3.77 billion. The recurrent budget will enhance county service delivery and support development projects and programmes through the effective implementation of Programme Based Budgeting (PBB).

57. The total recurrent expenditure constitutes of Kshs1.93 billion Personnel Emoluments (P/E) which is 34.7 percent of the entire county budget. The Operations and Maintenance (O/M) expenditure is estimated to amount to Kshs.1.83 billion reflecting 33.0 percent of the total county government budget.

### **Development Expenditure**

58. The development expenditure for 2018/19 financial year is estimated at Kshs1.8 billion, which is 32.3 percent of the total expenditure. This is in line with the PFM Act, 2012 requirement which requires that a minimum of 30 percent of the total county government budget be allocated to development.

### **Fiscal balance**

59. In the FY 2018/19 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. The county governor has recently signed an agreement with European Union to implement a project which seeks to enhance the local economic development by investing in the milk and fish value chains.

### **Fiscal Structural Reforms**

60. The county government seeks to implement several reforms in the management of its fiscal position. The fiscal policy will continue being tightened in the next financial year in order to enhance efficiency in revenue collection, strengthening revenue mobilization, and eliminate unproductive expenditures. The county has an immense potential to increase revenue collection, administration and usage; therefore, such austerity measures have to be implemented.

61. The County shall review revenue collection and management procedures and also anchor them in the County Revenue Administration Act.

62. Develop revenue legislation and policies that anchors the levies such as Single Business Permits, Cess, Rates and Liquor Licensing.

63. 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.

64. Sensitization on the Gazette notice that unbundled entertainment industry functions to clarify roles and assist the County to effectively collect entertainment taxes.

65. Incentivize ratepayers by providing information on ‘easy-to-pay-options’

66. Implementation of revenue automation targeting key revenue streams will enhance efficiency in revenue collection.

67. 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.
68. The County Government will implement expenditure control measures by cutting unproductive expenses and spending only on specific items as indicated in the approved budget.
69. In ensuring accountability in budget implementation, processing of procurement and payments for all good, works and services have been centralized at the head of treasury.
70. The County shall institutionalize project management by setting up committees which will track the implementation of development projects and programs from the county level to the ward and the lowest devolved unit.
71. 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.
72. The County shall institutionalize performance management system to ensure effective and efficient service delivery to the County residents and beyond.

#### **SECTION IV: MEDIUM TERM EXPENDITURE FRAMEWORK**

##### **Resource Envelope**

73. The total budget for 2018/19 is estimated at Kshs.6.3 billion. This is a provisional figure arrived at from projections of the National Budget Policy Statement (BPS). The actual estimates will be informed by the County Allocation of Revenue Act (CARA) 2018. The resource envelope may include a balance brought forward from the 2017/18 budget considering the amount absorbed is below average with less than 4 months to the end of the financial year.

## **Spending Priorities**

74. The County Government endeavor to invest more resources in five strategic areas during the FY 2018/2019:

- i. Investing in quality and accessible healthcare.
- ii. Investing in quality education and training.
- iii. Investing in modern and commercially oriented Agriculture and Livestock.
- iv. Investing in urban planning and development.
- v. Investing in good governance.

75. The social sectors such as health and education have an allocation of 22.94 percent and 11.4 percent respectively of the entire county government budget. Agriculture has been allocated 8.63 percent while roads and infrastructure has an allocation of 7.94 percent. Meanwhile, all other sectors shall be allocated resources to enhance the provision of services.

## **Medium Term Expenditure Estimates**

76. 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 side are informed by the priorities identified for the 2017/18 FY and the medium term. These also considered ongoing projects that must be completed to achieve their desired outcomes.

77. The 2018/19 conditional grants have been excluded from the respective departmental ceilings for clarity in budgeting. The table below provides the projected baseline ceilings for the 2018 MTEF, classified by County Department.

Table 3: Medium Term Expenditure Ceilings 2018/19 to 2020/21

DEPARTMENT/ SECTOR		Final Approved Estimates	Ceilings	Projections		% Share of Total Expenditure					
				2017/18	2018/19	2019/20	2020/21	2017/18	2018/19	2019/20	2020/21
Office of the governor and the deputy governor	<b>SUB-TOTAL</b>	<b>563,220,935</b>	<b>527,705,436</b>	<b>580,475,980</b>	<b>638,523,578</b>	<b>9.40</b>	<b>9.48</b>	<b>9.26</b>	<b>9.72</b>		
	Rec	<b>489,687,521</b>	<b>507,705,436</b>	<b>558,475,980</b>	<b>614,323,578</b>	<b>8.17</b>	<b>9.12</b>	<b>8.94</b>	<b>9.40</b>		
	PE. Gross	258,404,900	230,490,548	253,539,603	278,893,563	4.31	4.14	4.56	5.01		
	OM. Gross	231,282,621	277,214,888	304,936,377	335,430,014	3.86	4.98	4.39	4.39		
	Dev.Gross	73,533,414	20,000,000	22,000,000	24,200,000	1.23	0.36	0.32	0.32		
Special programs	<b>SUB-TOTAL</b>	<b>325,903,320</b>	<b>92,319,766</b>	<b>101,551,743</b>	<b>111,706,917</b>	<b>5.44</b>	<b>1.66</b>	<b>1.46</b>	<b>1.46</b>		
	Rec	285,532,963	82,319,766	90,551,743	99,606,917	4.76	1.48	1.30	1.30		
	PE. Gross	9,681,720	9,875,354	10,862,889	11,949,178	0.16	0.18	0.16	0.16		
	OM. Gross	275,851,243	72,444,412	79,688,853	87,657,739	4.60	1.30	1.15	1.15		
	Dev.Gross	40,370,357	10,000,000	11,000,000	12,100,000	0.67	0.18	0.16	0.16		
County public service board	<b>SUB-TOTAL</b>	<b>65,195,069</b>	<b>64,861,601</b>	<b>71,347,761</b>	<b>78,482,537</b>	<b>1.09</b>	<b>1.17</b>	<b>1.03</b>	<b>1.03</b>		
	Rec	<b>65,195,069</b>	<b>64,861,601</b>	<b>71,347,761</b>	<b>78,482,537</b>	<b>1.09</b>	<b>1.17</b>	<b>1.03</b>	<b>1.03</b>		
	PE. Gross	35,712,936	36,557,856	40,213,642	44,235,006	0.60	0.66	0.58	0.58		
	OM. Gross	29,482,133	28,303,745	31,134,120	34,247,531	0.49	0.51	0.45	0.45		
	Dev.Gross							-			

		-	-	-	-	-	-		-
Education and vocational training	<b>SUB-TOTAL</b>	<b>610,645,507</b>	<b>626,293,500</b>	<b>688,922,850</b>	<b>757,815,135</b>	<b>10.19</b>	<b>11.25</b>	<b>9.91</b>	<b>9.91</b>
	Rec	<b>363,394,594</b>	<b>410,993,500</b>	<b>452,092,850</b>	<b>497,302,135</b>	<b>6.06</b>	<b>7.39</b>	<b>6.51</b>	<b>6.51</b>
	PE. Gross	76,744,192	132,544,000	145,798,400	160,378,240	1.28	2.38	2.10	2.10
	OM. Gross	286,650,402	278,449,500	306,294,450	336,923,895	4.78	5.00	4.41	4.41
	Dev.Gross	247,250,913	215,300,000	236,830,000	260,513,000	4.12	3.87	3.41	3.41
youth, sports, gender, culture and social services	<b>SUB-TOTAL</b>	<b>58,360,230</b>	<b>291,649,500</b>	<b>320,814,450</b>	<b>352,895,895</b>	<b>0.97</b>	<b>5.24</b>	<b>4.62</b>	<b>4.62</b>
	Rec	24,767,755	70,649,500	77,714,450	85,485,895	0.41	1.27	1.12	1.12
	PE. Gross	5,305,640	21,000,000	23,100,000	25,410,000	0.09	0.38	0.33	0.33
	OM. Gross	19,462,115	49,649,500	54,614,450	60,075,895	0.32	0.89	0.79	0.79
	Dev.Gross	33,592,475	221,000,000	243,100,000	267,410,000	0.56	3.97	3.50	3.50
Medical services, public health and sanitation	<b>SUB-TOTAL</b>	<b>1,030,523,359</b>	<b>1,276,382,684</b>	<b>1,404,020,952</b>	<b>1,544,423,048</b>	<b>20.52</b>	<b>22.94</b>	<b>20.20</b>	<b>20.20</b>
	Rec	905,100,563	976,382,684	1,074,020,952	1,181,423,048	15.10	17.55	15.45	15.45
	PE. Gross	746,730,304	852,349,864	937,584,850	1,031,343,335	12.46	15.32	13.49	13.49
	OM. Gross	158,370,259	124,032,820	136,436,102	150,079,712	2.64	2.23	1.96	1.96
	Dev.Gross	324,954,612	300,000,000	330,000,000	363,000,000	5.42	5.39	4.75	4.75
Agriculture, livestock, fisheries, veterinary	<b>SUB-TOTAL</b>	<b>636,760,375</b>	<b>465,111,776</b>	<b>511,622,954</b>	<b>562,785,249</b>	<b>10.62</b>	<b>8.36</b>	<b>7.36</b>	<b>7.36</b>
	Rec	294,262,276	316,611,776	348,272,954	383,100,249	4.91	5.69	5.01	5.01

	PE. Gross	85,033,880	85,033,880	93,537,268	102,890,995	1.42	1.53	1.35	1.35
	OM. Gross	209,228,396	231,577,896	254,735,686	280,209,254	3.49	4.16	3.67	3.67
	Dev.Gross	342,498,099	148,500,000	163,350,000	179,685,000	5.71	2.67	2.35	2.35
Water, irrigation environment and natural resources	<b>SUB-TOTAL</b>	<b>640,264,849</b>	<b>422,103,746</b>	<b>464,314,121</b>	<b>510,745,533</b>	<b>10.68</b>	<b>7.59</b>	<b>6.68</b>	<b>6.68</b>
	Rec	178,588,130	172,103,746	189,314,121	208,245,533	2.98	3.09	2.72	2.72
	PE. Gross	25,641,120	43,475,880	47,823,468	52,605,815	0.43	0.78	0.69	0.69
	OM. Gross	152,947,010	128,627,866	141,490,653	155,639,718	2.55	2.31	2.04	2.04
	Dev.Gross	461,676,719	250,000,000	275,000,000	302,500,000	7.70	4.49	3.96	3.96
Roads, transport, public works, housing and urban development	<b>SUB-TOTAL</b>	<b>758,641,629</b>	<b>441,609,568</b>	<b>485,770,525</b>	<b>534,347,577</b>	<b>12.66</b>	<b>7.94</b>	<b>6.99</b>	<b>6.99</b>
	Rec	115,741,986	81,763,825	89,940,208	98,934,228	1.93	1.47	1.29	1.29
	PE. Gross	18,966,360	19,345,687	21,280,256	23,408,281	0.32	0.35	0.31	0.31
	OM. Gross	96,775,626	62,418,138	68,659,952	75,525,947	1.61	1.12	0.99	0.99
	Dev.Gross	642,899,643	359,845,743	395,830,317	435,413,349	10.72	6.47	5.70	5.70
Public service, administration and citizen participation	<b>SUB-TOTAL</b>		<b>156,116,988</b>	<b>171,728,687</b>	<b>188,901,555</b>	-	<b>2.81</b>	<b>2.47</b>	<b>2.47</b>
	Rec	-	106,116,988	116,728,687	128,401,555	-	1.91	1.68	1.68
	PE. Gross	-	62,167,488	68,384,237	75,222,660	-	1.12	0.98	0.98
	OM. Gross	-	43,949,500	48,344,450	53,178,895	-	0.79	0.70	0.70
	Dev.Gross	-	50,000,000	55,000,000	60,500,000	-	0.90	0.79	0.79

Finance and economic planning	<b>SUB-TOTAL</b>	<b>286,239,460</b>	<b>395,649,449</b>	<b>435,214,394</b>	<b>478,735,833</b>	<b>4.77</b>	<b>7.11</b>	<b>6.26</b>	<b>6.26</b>
	Rec	266,239,460	365,649,449	402,214,394	442,435,833	4.44	6.57	5.79	5.79
	PE. Gross	69,710,931	85,442,211	93,986,432	103,385,075	1.16	1.54	1.35	1.35
	OM. Gross	196,528,529	280,207,238	308,227,962	339,050,758	3.28	5.04	4.44	4.44
	Dev.Gross	20,000,000	30,000,000	33,000,000	36,300,000	0.33	0.54	0.47	0.47
Trade, tourism & wildlife and cooperative development	<b>SUB-TOTAL</b>	<b>207,523,640</b>	<b>214,066,345</b>	<b>235,472,980</b>	<b>259,020,277</b>	<b>3.46</b>	<b>3.85</b>	<b>3.39</b>	<b>3.39</b>
	Rec	51,523,640	139,466,345	153,412,980	168,754,277	0.86	2.51	2.21	2.21
	PE. Gross	13,902,560	21,102,560	23,212,816	25,534,098	0.23	0.38	0.33	0.33
	OM. Gross	37,621,080	118,363,785	130,200,164	143,220,180	0.63	2.13	1.87	1.87
	Dev.Gross	156,000,000	74,600,000	82,060,000	90,266,000	2.60	1.34	1.18	1.18
Lands and physical planning	<b>SUB-TOTAL</b>	<b>59,260,839</b>	<b>34,790,709</b>	<b>38,269,780</b>	<b>42,096,758</b>	<b>0.99</b>	<b>0.63</b>	<b>0.55</b>	<b>0.55</b>
	rec	41,712,839	15,487,115	17,035,827	18,739,409	0.70	0.28	0.25	0.25
	PE. Gross	1,222,020	5,749,860	6,324,846	6,957,331	0.02	0.10	0.09	0.09
	OM. Gross	40,490,819	9,737,255	10,710,981	11,782,079	0.68	0.17	0.15	0.15
	Dev.Gross	17,548,000	19,303,594	21,233,953	23,357,349	0.29	0.35	0.31	0.31
County assembly	<b>SUB-TOTAL</b>	<b>552,495,177</b>	<b>556,000,000</b>	<b>611,600,000</b>	<b>672,760,000</b>	<b>9.22</b>	<b>9.99</b>	<b>8.80</b>	<b>8.80</b>
	Rec	454,495,177	456,000,000	501,600,000	551,760,000	7.58	8.19	7.22	7.22
	PE. Gross	286,742,271	325,222,763	357,745,039	393,519,543	4.78	5.84	5.15	5.15

	OM. Gross	167,752,906	130,777,237	143,854,961	158,240,457	2.80	2.35	2.07	2.07
	Dev. Gross	98,000,000	100,000,000	110,000,000	121,000,000	1.63	1.80	1.58	1.58
<b>Conditional grant</b>	<b>SUB-TOTAL</b>	<b>389,634,389</b>	<b>868,365,832</b>						
<b>County assembly</b>	<b>Rec</b>		<b>3,766,111,731</b>						
<b>TOTAL</b>	<b>OM. Gross</b>	<b>1,902,443,139</b>	<b>1,835,753,780</b>	<b>2,443,388,281</b>	<b>2,687,727,109</b>	31.74	32.99	35.16	35.16
	<b>Dev. Gross</b>	<b>2,458,324,232</b>	<b>1,798,549,337</b>	<b>2,393,869,168</b>	<b>2,633,256,084</b>	41.01	32.32	34.45	34.45
	<b>PE. Gross</b>	<b>1,633,798,834</b>	<b>1,930,357,951</b>	<b>2,112,530,857</b>	<b>2,323,783,942</b>	27.25	34.69	30.40	30.40
<b>Grand total</b>		<b>5,994,566,205</b>	<b>5,564,661,068</b>	<b>6,949,788,305</b>	<b>7,644,767,136</b>	<b>58.99</b>	<b>67.68</b>	<b>65.55</b>	<b>65.55</b>
<b>Total Resource Envelop</b>		<b>6,384,200,594</b>	<b>6,433,026,900</b>			<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

## Finalization of Spending Plans

78. The revenue estimates shall be firmed up by among other things the approval of the County Allocation of Revenue Act (CARA), National Budget Policy Statement (BPS) and other county policy statements. However, in case of any additional resources the county shall invest in programs and projects that are geared towards poverty reduction and employment creation which are in line with the FY 2018/19 budget theme.

## Details of Sector Priorities

79. Sector priorities have taken into account priorities of the County Integrated Development Plan 2013-2017 and broad strategic priorities of Kenya vision 2030. All sectors have considered the successes made so far and consolidated the gains while at the same time addressed the challenges which continue to derail the county transformation agenda. 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:-

OFFICE OF THE GOVERNOR		
	Department's mandate	To Ensure citizen centric service delivery through public participation for social transformation , enhance departmental capacity and conducive work environment for quality service delivery as well as leverage ICT infrastructure and services for quality service delivery and special programs.
	Key departmental achievements	Setup LAN/WAN & unified communication system in all county offices and production of county newsletters/magazine
	Department's medium term plans	Intervention to disaster and emergencies, setting up of the County Budget and Economic Forum(CBEF), promoting peace and cohesion among all the communities living in Tana River.

	Department's resource usage	Total 527,705,436 Recurrent 507,705,436 Development 20,000,000
<b>COHESION AND SPECIAL PROGRAMS</b>		
	Department's mandate	Provides technical and social services in risks and disaster management in the county
	Key departmental achievements	Purchase of relief food for distribution to vulnerable households across the county, and conducted water trucking services to drought stricken areas
	Department's medium term plans	The department will endeavor to reduce disaster risk (DRR) and build communities resilience for sustainable development. Mainstreaming Ending Drought Emergencies (EDE), DRR and climate change adaptation strategies will minimize reversal of our development gains. In addition, the department will strive towards attainment of sustainable peace and cohesion among all communities of Tana River county
	Department's resource usage	Total: 92,319,766 Recurrent; 82,319,766 Development : 10,000,000
<b>Finance and Economic Planning</b>		
	Department's mandate	This sector is mandated to provide overall policy, leadership, and oversight in economic and devolution management to the county, public service delivery and resource mobilization. It further coordinates county policy formulation, implementation as well as facilitating the tracking of the implementation of county programmes and prepare annual estimates of revenues and expenditures laid before the County Assembly for approval including the preparation of supplementary estimates as the need arises. It is also responsible for policy analysis on a wide range of issues including: fiscal issues, trade issues and private sector development issues. In addition the department ensures that external

		<p>resources (grants, loans, donations) are effectively mobilized, disbursed and efficiently utilized and that there is prudent public debt management. Other responsibilities include administration and enforcement of revenue laws, County budget implementation, monitoring and evaluation. The main objectives of the sector include (i) provide overall policy and leadership direction for county prosperity; (ii) promote good governance and accountability in the management of public affairs at the county level; (iii) promote prudent economic, financial and fiscal management for growth and economic stability; (v) promote and strengthen county legislation, oversight over public agencies and good governance</p>
	<p>Key departmental achievements</p>	<p>The key achievements of the Department include elimination of manual payments and full adoption of IFMIS systems and e-procurement system, substantial progress in alignment of prioritized expenditure to available resources; institution of strategies that have increased resource absorption among departments, institution of sound financial reforms and expenditure management strategies, mobilization of substantial amounts of revenue for funding of programmes, implementation of county revenue laws including the finance act, drafting annual budget estimates, successful formulation of annual development plans (ADPs), County Budget Review and Outlook Paper (CBROP) and other budgeting documents in a timely manner.</p>
	<p>Department's medium term plans</p>	<p>As outlined in the 2017 CFSP and reiterated in this 2018 CFSP, the sector will emphasis on preparation and passage of county bills to ensure smooth and efficient service delivery, strengthening governance structures for good governance and public participation in county policy formulation, strict adherence to relevant Public Financial Management legislations and enhancing prudent use of public financial resources. In addition, the sector will work towards</p>

		<p>establishing an appropriate monitoring and evaluation framework</p> <p>Some of the specific programs to be undertaken in the FY 2018/19 include; the department will continue mobilizing additional revenue by strengthening enforcement and completion of revenue administrative reforms; Automation of processes to increase revenue compliance; Expansion of the revenue base to net in property rates and land rates which is the greatest potential revenue earner. The Department will also enhance its capacity to support Departments in implementation of projects through mounting trainings tailored towards accountability, transparency and enforcement of the financial management regulations; ensure improved management of public resources; and ensure reorientation of budgetary resources towards development projects.</p>
	Department's resource usage	Total; 395,649,449 Recurrent; 365,649,449 Development; 30,000,000
<b>Education and vocational training</b>		
	Department'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 departmental achievements	Major achievements include; construction of ECDE classrooms, provision of furniture and equipment, school feeding program and learning/teaching materials. On vocational training development the department was able to provide modern tools and equipment for training and supply furniture to all vocational training centers. The department again provided education bursaries and vocational training subsidized tuition to enhance access to education.

	Department's medium term plans	<p>Model EYE centers, Construction of EYE classrooms, provision of play &amp; art materials, Provision of education bursary, Orphans and Vulnerable Childrens'(OVCs) Education Fund,</p> <p>Establish new VTCs at Madogo, Bangale &amp; Kipini, Subsidized youth polytechnic tuition, Tree planting program, improvement of Adult and Continuing Education Centers,</p>
	Department's resource usage	Total; 626,293,500 Recurrent; 410,993,500 Development; 215,300,000
<b>Health</b>		
	Department'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 departmental achievements	<p>The Health sector has been able to prevent and promote Health by ensuring Immunization; Child Health; Screening for communicable conditions; Antenatal Care; Prevention of Mother to Child HIV Transmission; Integrated Vector Management; Good hygiene practices; HIV and STI prevention Control and prevention of neglected tropical diseases; Upgrading of health centres to hospitals; Construction of Laboratory; Improve Outpatient services; installation of Stand by generators; sinking of Boreholes in health facilities; facelift of health facilities; Purchase assorted furniture for health facilities. Improve access to medical services; Improve supply of medicines and vaccines; Improve maternal health; improve reproductive health care services; Reduce new HIV infections; Improve access to emergency services; and Improve public health and sanitation within the county.</p>

	Department's medium term plans	Completion of Waldena health center, equipping existing health facilities
	Department's resource usage	Total;1,276,382,684 Recurrent; 976,382,684 Development; 300,000,000
<b>Water, irrigation, environment and natural resources</b>		
	Department's mandate	<p>Improve access to adequate and safe water.</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 socio-economic advancement of the County.</p>
	Key departmental achievements	<p>Water and Sanitation subsector had engaged in rehabilitation of water and supply infrastructure, excavation and pipe laying, rehabilitation of water pans and boreholes.</p> <p>Enforcement of environmental laws and regulations; development, monitor and enforce implementation of the waste management strategy; mapping and monitor waste generation and management in towns in all Sub-counties and mapping and monitor pollution in regulated facilities and create awareness on community agro forestry.</p>
	Department's medium term plans	Restoration of river course, expansion of water projects, establish environmental research center, 10m tree program,
	Department's resource usage	Total; 422,103,746 Recurrent; 172,103,746 Development; 250,000,000
<b>Lands and Physical planning</b>		

	Department's mandate	To ensure sustainable management of land in the county.  Improvement of livelihood to the people through efficient administration equitable access and sustainable management of land
	Key departmental achievements	Planning of urban centers, Survey of Urban centers , Extension of controls/traverses, Formalization of informal settlement scheme, Adjudication in Tana Delta and Sensitization of land rights
	Department's medium term plans	Preparations of the county spatial plans and digitization of land records
	Department's resource usage	Total; 34,790,709 Recurrent; 15,487,115 Development; 19,303,594
<b>Agriculture, Livestock, Fisheries and Veterinary services</b>		
	Department'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 socio-economic 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 departmental	Major achievements include: Fisheries development, Irrigation

	achievements	<p>Drainage and Mechanization Infrastructure, Livestock Resources Management and Development, General Administration, Planning and Support Services for Agriculture and Crop Development.</p> <p>Promotion of livestock sales, capacity building, market linkages and stakeholder fora to increase income; poultry improvement; Beekeeping Apiary establishment; Development of Livestock markets</p> <p>Supply of Veterinary drugs, Construction of cattle crushes to facilitate spraying and treatment, Provision of Artificial insemination, Equip Garsen slaughter house, Construction of 3 cattle dips and connecting them with water source, Control tsetse fly in the delta, Conduct disease surveillance, Carry out timely vaccinations, Carry out meat inspection among others.</p> <p>Renovation of fisheries office at Tarasaa, Purchase of modern fishing gears, Rehabilitation of fish ponds at Umoja cluster of Tana irrigation scheme,</p>
	Department's medium term plans	Construction of sale yards and establishment of small scale irrigation schemes.
	Department's resource usage	Total; 465,111,776 Recurrent; 316,611,776 Development; 148,500,000
<b>Youth, Sports, Gender, Culture and Social Services</b>		
	Department's mandate	<p>To promote Social Development and Social Protection support for elderly persons, promote Culture, Arts and Children services,</p> <p>To establish and strengthen community cohesion that promotes peace and justice, competent and committed communities' development</p>

	Key departmental achievements	<p>To support sports development the department target to provide sports equipment, construct basketball pitch, upgrade sub-county stadiums and facilitate county sports leagues. Construction of infrastructure which includes; Social Halls, Cultural Centres and Libraries. Also the department engaged on refurbishment of Non Residential Buildings as well as Youth and Women Empowerment through INUKA fund initiative.</p> <p>Purchase and distribution of relief food, Construction and rehabilitation of food stores, Mapping of security risks areas and conducting peace meetings and forums</p>
	Department's medium term plans	Hola stadium, cultural research center and Hola social hall
	Department's resource usage	Total; 291,649,500 Recurrent; 70,649,500 Development; 221,000,000
<b>Trade, Weight &amp; Measures, Tourism, wildlife and Co-operative Development</b>		
	Department'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 (tourist, cultural and heritage) and</p>

		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 departmental achievements	Some of the specific achievements include: construction/rehabilitation of Fresh produce markets, Construction of bodaboda shades, shades for small business among others as spelt out by stakeholders during the public hearings.
	Department's medium term plans	Madogo market center and the establishment of INUKA fund for cheap credit for startup by youth, women and PWDs
	Department's resource usage	Total; 214,066,345 Recurrent; 139,466,345 Development; 74,600,000
<b>Roads, transport, Public Works, housing and urban development</b>		
	Department's mandate	To provide the necessary infrastructure and related services for economic growth.
	Key departmental achievements	Some of the specific achievements include: opening up of 200Kms of new roads and 12 bridges; rehabilitation of 45kms of roads; complete the construction of 15Kms of new tarmac roads within towns; Construction of flood masts and unblocking and constructing storm water drains.  Planning of Dukanotu and Charidende Urban center for controlled development, Establishment of a co-operative revolving fund
	Department's medium term plans	Bus terminals, opening new roads and development of the County Headquarters. They will also endeavor to complete the County Governor's Residence
	Department's resource usage	Total; 441,609,568 Recurrent; 81,763,825 Development;

		359,845,743
<b>County Public Service Board</b>		
	Department's mandate	To provide leadership in public service management, to ensure efficiency and effectiveness in service delivery, management and development of human resources in the public service, comprehensive restructuring to ensure the county public service function effectively and optimally utilizes available human resources.
	Key departmental achievements	Some specific achievements include; filling of vacant positions; ensuring the county has a highly motivated and skilled workforce.
	Department's medium term plans	Staff Rationalization; Improved safe & healthy working environment; developing Efficient HRM Policies, Practices, Norms and Standards; formulation of Performance management system; Development of efficient employee relations / compensation policies and practices.
	Department's resource usage	Total; 64,861,601 Recurrent; 6,4861,601 Development; 0

## **Conclusion**

80. The county government of Tana River intends to consolidate the fiscal gains made in the last five years in pursuit of accelerated economic development for better lives the County shall in FY 2018/19 invest in; quality and accessible healthcare, quality education and training, modern and commercially oriented Agriculture and Livestock, urban planning and development and good governance.

81. However, to achieve this strategic objectives there is need for rigorous mobilization of county own source revenue (OSR), avoiding wasteful expenditure and living within our means. The county will also mitigate against cyclic disasters such as drought, floods and famines to safeguard the development gains and livelihoods.