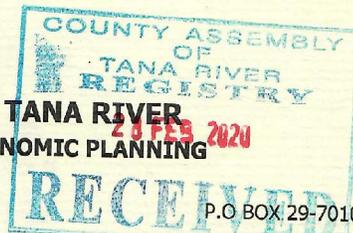


REPUBLIC OF KENYA



COUNTY GOVERNMENT OF TANA RIVER
DEPARTMENT OF FINANCE AND ECONOMIC PLANNING



Email address: tanarivercg@gmail.com

Telephone: 0466260000

Ref. No. TRCG/FIN/2/3

28th February, 2020

The Clerk,
Tana River County Assemby

RE: TANA RIVER COUNTY FISCAL STRATEGY PAPER FOR FY 2020/2021

The above matter refers.

The County Treasury has prepared the Tana River County Fiscal Strategy Paper (CFSP) for FY 2020/2021.

Kindly find attached herewith the following documents for your further action:

1. Tana River CFSP for FY 2020/2021
2. Minutes of the Tana River CBEF and Excerpt of the minutes of the Tana River CEC approving the 2020 CFSP
3. Report of the Public Participation Forum on the 2020 CFSP.

MATHEW BABWOYA
CECM, Finance and Economic Planning



REPUBLIC OF KENYA



COUNTY GOVERNMENT OF TANA RIVER

COUNTY FISCAL STRATEGY PAPER

FY 2020/2021

FEBRUARY 2020

*Consolidating Devolution Gains for Continued Socio-Economic
Development*

© County Fiscal Strategy Paper (CFSP) 2020

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

Foreword

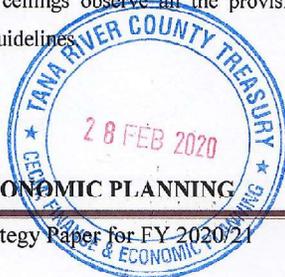
The 2020 CFSP is the seventh to be prepared by the County Government of Tana River. The purpose of this document is to provide direct linkages between policies, plans and budgets. It also provides the resource envelope and presents the fiscal framework for the 2020/2021 budget estimates over the medium term.

This 2020 Tana River County Fiscal Strategy Paper (CFSP) is prepared in accordance with the provisions of Section 117 of the Public Finance Management Act (PFMA), 2012. The paper specifies the broad strategic priorities and policy goals of Tana River County which will inform the financial year (FY) 2020/2021 budget and the medium term expenditure framework. It further gives the forecast on revenues and expenditures and the sector spending limits as a basis for the FY 2020/2021 budget and in the medium term. In the preparation of this FY 2020/2021 CFSP the technical team took into account views of the public, the Commission of Revenue Allocation (CRA), The National Treasury, Office of the Controller of Budget, the Civil Society Organizations (CSOs) and other stakeholders and groups.

The policy objectives in this CFSP will focus on continued consolidation of gains made in previous Financial Years for accelerated socio-economic development. This will be achieved through completion of ongoing projects from FY 18/19 and the current FY (2019/20), with special focus on the clearance of pending bills in line with Executive Orders and National Treasury directives (including National Treasury Circular No. 20/2019 of 19/11/2019 on payment of pending bills). The strategic priorities will endeavor to include all demographics and will ensure that programs and projects actively involve the youth, women, and persons with disabilities. The paper further proposes prioritization of project and investment completion that will bring about urbanization and growth of the county economy in line with the Second County Integrated Development Plan (CIDP II).

The proposed envelope for the FY 2020/2021 is estimated at **Kshs. 6,382,045,526** with proposed recurrent expenditure of **Kshs. 4,467,431,868** and a development expenditure of **Kshs. 1,914,613,658**. However, these are provisional figures based on the 2020 Budget Policy Statement (BPS) and will be firmed up in the FY 2020/21 Budget Estimates with reference to the 2020 County Allocation of Revenue Act (CARA). The expenditure ceilings observe all the provisions in the PFMA 2012, the requisite regulations as well as the CRA guidelines.


MATHEW BABWOYA,
CECM, FINANCE AND ECONOMIC PLANNING



Acknowledgement

The 2020 CFSP provides a framework for the FY 2020/2021 budgeting aimed at achieving the medium-term theme “*Consolidating Devolution gains for Continued Socio-Economic Development*” which will be realized through the implementation of policies, completion of ongoing projects and programs aligned to the Second generation County Integrated Development Plan (CIDP II).

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

I wish to acknowledge the Governor of Tana River County H.E Dr. Major (Rtd.) Dhadho Gadae Godhana and his deputy H.E Salim Batuyu for their support and leadership throughout the preparation of this paper. Special thanks go to the County Executive Committee members in charge of various County Government Departments and Agencies for their input in this process. I also appreciate the CECM in charge of Finance and Economic Planning, Mr. Mathew Bahwoya for his guidance in the development of the paper.

A core team in the Tana River County Treasury spent a significant amount of time putting together this paper. We are especially grateful to the Directorate of Economic Planning and Budgeting led by the County Director Economic Planning and Budgeting Mr. Lennox Mbwana, and assisted by among others, Md. Mariam Bunu, Mr. Arnold Odipo, Mr. Pascal Buya, and Mr. Amani Bawata 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 Maalim 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;

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

Fiscal Responsibility Principles for the National and County Governments

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

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

- a. The county government's recurrent expenditure shall not exceed the county government's total revenue
- b. Over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure
- c. The county government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the county government's total revenues as prescribed by the County Executive member for finance in regulations and approved by the County Assembly.
- d. Over the medium term, the county government's borrowing shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.
- e. The County debt shall be maintained at a suitable level as approved by County Assembly
- f. The financial risks shall be managed prudently, and 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
- g. 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

| | |
|-------|---|
| ADP | Annual Development Plan |
| BPS | Budget Policy Statement |
| CARA | County Allocation of Revenue Act |
| CBEF | County Budget and Economic Forum |
| CBK | Central Bank of Kenya |
| CBR | Central Bank Rate |
| CBROP | County Budget Review and Outlook Paper |
| CCO | County Chief Officer |
| CECM | County Executive Committee Member |
| CFSP | County Fiscal Strategy Paper |
| CHVs | Community Health Volunteers |
| CIDP | County Integrated Development Plan |
| CILOR | Contribution In Lieu of Rates |
| 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 |
| OAG | Office of the Auditor General |
| VTCs | Vocational Training Centers |

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SECTION I: CONSOLIDATING DEVOLUTION GAINS FOR CONTINUED SOCIO-ECONOMIC DEVELOPMENT

Outline of County Fiscal Strategy Paper

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 paragraph to each section.

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.

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 2020/21 (Revenue projections, recurrent expenditure forecast, development expenditure projections, and fiscal balance). The section generally outlines the county fiscal strategic objectives that the County is implementing to achieve her fiscal responsibility principles.

Section IV: 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.

Overview

1. The 2020 CFSP is the seventh to be prepared in the Tana River County. Its purpose is to build direct linkages between policies, plans and budgets. It provides the resource envelope and presents the fiscal framework for the 2020/2021 budget estimates and over the medium term.
2. Despite the challenging global environment, Kenya's economy has remained strong and resilient. The economy expanded by 6.3 percent in 2018 up from the 4.9 percent growth registered in 2017. The growth momentum continued in the first three quarters of 2019, with

the economy expanding by an average of 5.4 percent. The latest economic indicators in the third quarter of 2019 point to continued economic recovery that will culminate to an overall projected growth of about 5.9 percent in the FY 2020/21. Economic growth is further projected to rise to 6.2 percent in the FY 2020/21.

3. The Kenyan economy continues to register macroeconomic stability. Month-on-month overall inflation remained stable and within target at 5.8 percent in December 2019 and staying within the 5 (+/-2.5) percent target due to lower food prices occasioned by favourable weather within the period under review. This trend is expected to continue in 2020 largely due to lower energy prices and stability in prices of food and food products.
4. The county economy is vulnerable to both exogenous and endogenous shocks that threaten macro-economic stability. Poor implementation of fiscal policies has resulted in accumulation of pending bills over previous FYs, which has in turn affected businesses, especially Small and Medium Enterprises (SMEs). The erratic weather patterns in the month of October and November of 2019 has adversely affected crop and livestock production which are the economic mainstay of the county.

County Strategic Objectives

5. The County Government will over the medium term focus on the completion of ongoing projects and interventions and settling of pending bills with special focus and decisive investment in Monitoring and Evaluation of projects and programmes to track progress and achievement of their prescribed goals and impacts. In order to consolidate gains made in previous FYs, in FY 2020/21 the County Government will continue to focus on the following areas: Urban Planning and Climate Proof Infrastructure Development; Investing in Modern and Commercially Oriented Agriculture and Livestock; Investing in Environment, Water and Sanitation; Promoting Quality Education and Best Employable Skills Training; Investing in Youth, Sports and Culture Promotion; Investing in quality healthcare; Investing in infrastructure; and creating an enabling environment for socio-economic development through good governance.
6. This CFSP therefore outlines key strategic objectives that forms the 2020/2021 priority interventions that the county government intends to achieve. It reaffirms policies and

strategies indicated in the Second Generation County Integrated Development Plan (CIDP 2018-2022) as well as subsequent ADPs derived from it. The strategic interventions include:

- a. **Investing in Urban Planning and Climate Proof Infrastructure Development:** The County will focus on infrastructural development such as grading and murraming of existing roads; construction of drifts and culverts; construction of parking bays and bus parks; and the construction of the County Headquarters. The County will also invest in land use management through continued investment in the County Spatial Plan, Marine Spatial Plan (areas in and around Tana River County's coastline) and Town Planning through establishment such as the Hola Municipality. In light of the tight fiscal space within which the administration will be operating, capital investment to fund these interventions will be expected to originate mainly from the existing conditional grants such as the Kenya Urban Support Program (KUSP), Supplement for Construction of County Headquarters and the Road Maintenance Fuel Levy Fund (RMFLF);
- b. **Investing in accessible and quality education:** Through this outcome, the county intends to enhance retention and transition of learners across lower, middle and higher learning institutions through completion of Model Early Years Education (EYE) Centers; Provision of bursaries to needy students, and to partner with other institutions to enhance tertiary education, as well as the adoption of Best Employable Skills in Vocational Training Center (VTC) Curricula. The County will also invest in the recruitment of caregivers in EYE Centers and VTC trainers to improve quality of education amongst students.
- c. **Investing in quality and accessible healthcare:** Through this outcome, the county intends to enhance access to health care by equipping of the existing health facilities and completion of ongoing projects in the health sector. The County Department of Health Services intends to fill the gaps in service delivery within all the facilities through refurbishment and maintenance of existing facilities, as well as interventions aimed at meeting the requirements of pharmaceuticals and non-pharmaceuticals in health facilities across the county.
- d. **Investing in modern and commercially-oriented agriculture:** This strategic outcome is geared towards enhancing agricultural productivity hence improving food security and the

household incomes among the county residents. The county government intends to invest in: value addition of both livestock and agricultural produce; marketing of livestock and agricultural produce; investment in alternative sources of livelihoods through fish farming, poultry and apiculture; and promotion of traditional high value crops (THVC).

7. Moreover, the 2020 CFSP will also focus on offsetting all the pending bills related to previous FYs. This follows a resolution by the Intergovernmental Budget and Economic Council (IBEC) to all counties to plan, budget for and implement settlement of existing pending bills. This is to mitigate the adverse effects currently facing businesses especially Small Medium Enterprises (SMEs) and securing the planned outcomes for the projects and programmes.

Programmes for Achieving the County Strategic Blueprint's Objective

8. This County Fiscal Strategy Paper (CFSP, 2020/21) articulates priority economic policies and structural reforms as well as sector-specific expenditure programs to be implemented under the Medium Term Expenditure Framework for 2020/21 and 2021/22 in order to achieve the County Government's development goal of '*Consolidating Devolution Gains for Continued Socio-Economic Development*'. The county government will pursue to achieve the outlined strategic outcomes within the identified 8 sectors:

a. Agriculture, Livestock, Fisheries and Veterinary Services

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

The prioritized programmes for the FY 2020/21 include enhancement of the supply of inputs particularly fertilizer and planting materials, completion of the ongoing small scale irrigation schemes, vaccination and disease control, operationalization of fish landing sites and a fish cooling/ice plant in Kipini in collaboration with the Beach Management Units (BMU).

b. Lands and Physical Planning

The County has faced various challenges in the sector including lack of title deeds and slow court processes in land matters. As such, the county intends to invest in improving rural infrastructure and sustainable land management. It will also seek to complete the County Spatial Plan, physical planning of towns and trading centres in Garsen, Hola, Bura, Madogo and Bangale in line with the County's urbanization agenda. The County will also develop the municipal plan for Hola Municipality.

c. Education Sector

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, retention and transition of learners in learning institutions within the County, and application of relevant Best Employable Skills Training and innovation for the youth. The sector will continue partnership with Jolly Phonics in improving the literacy levels of ECDE learners.

d. Youth, Sport, Gender, culture, Social Services

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

e. Health Sector

The Health sector is represented by the Department of Medical Services, Public Health and Sanitation. The main goal of the sector is to provide essential health services that are accessible, responsive and affordable to the county population. The programmes include equipping and operationalization of the existing health facilities such as Ngao Hospital and Waldena Health

Centre; operationalization of the Intensive Care Unit at Hola County Referral Hospital; and provision of pharmaceuticals and non-pharmaceuticals in facilities across the County.

Nevertheless, the county shall endeavor to focus on promotive and preventive healthcare by training of community health workers, formation and implementation of environment and hygiene policy, waste water and sewerage management, and promoting essential and primary care such as sanitation and best health practices.

To achieve this, the sector plans to hire more medical practitioners and also organize medical camps where medical specialists can attend to special cases beyond the capacity of the existing health system.

f. The General Economic and Commercial Affairs Sector

The General Economic and Commercial Affairs sector is composed of the Department of Trade, Tourism and Industrial Development and the Cooperative Development unit within the Department of Agriculture, Livestock, Fisheries and Veterinary Services.

The main goal of the sector is to promote and develop weight and measures, fair trade, tourism, industrialization, entrepreneurship and investment. Among the programmes which this sector will implement are completion of the Garsen market and installation of weigh bridges. This sector also plans to operationalize the INUKA fund to enhance access to credit and promote growth of SMEs especially amongst the youth, women and people with disabilities. The County Treasury shall also endeavor to set apart at least 30 percent of all County Government procurement opportunities to the same target group to accelerate growth and employment creation.

g. The Public Administration and Inter Governmental Relations Sector

The Public Administration and Inter Governmental Relations comprise of the Department of Public Service and Administration, the County Treasury (Department of Finance and Economic Planning), 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.

In the previous FYs, 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 through the ongoing construction of Ward Administrators' offices amongst others.

The programmes which have been earmarked for budgeting in the FY 2020/21 include: participatory planning, budgeting, monitoring and evaluation through effective public participation and citizen, enhancing compliance to statutory regulations through capacity building of policy makers and the completion of ongoing infrastructural projects.

The Public Service Administration department will seek to improve service delivery through the following interventions: completion of ward administrators' offices and equipping of sub county administrators' offices; performance appraisals for public servants; ICT policy formulation, digitization of public information and e-government.

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; performance contracting and staff appraisals, welfare programs such as medical cover and staff motivation.

The county will also continue 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.

h. The Water, Environment and Natural Resources Sector

This sector comprises the Department of Water, Environment and Natural Resources. The sector is home to one semi-autonomous government agency, the Tana Water and Sewerage Company (TAWASCO). The main objective of this sector is to improve household access to safe potable water. In the financial year 2020/21, the sector plans to expand the Hola, Garsen and Handampia Water projects, as well as continued investment in tree planting and environmental programmes through waste management across the county.

i. The Energy and Infrastructure Sector

In the infrastructural development sector, maintenance of existing road networks and the upgrading of rural access roads will continue to be given priority to enhance access, improve transport system and open up areas for development. The sector shall also aim to establish a bus park in Hola, begin construction of the new County Headquarters and oversee the opening of new road networks in the villages targeted under the village cluster programme.

SECTION II: RECENT ECONOMIC DEVELOPMENTS AND POLICY OUTLOOK

Overview

9. Kenya's economic growth has remained strong and resilient even under emerging global challenges, supported by strong public and private sector investment and appropriate economic and financial policies. The broad-based economic growth has averaged 5.7 percent for the last six years (2013 to 2018) outperforming the average growth rate of 4.7 percent in the period 2008 to 2012 and 5.4 percent in the period 2003 to 2007. Growth is estimated at 5.6 percent in 2019 and projected to recover to 6.1 percent in 2020.
10. The economy continues to register macroeconomic stability with low and stable interest rates and a competitive exchange rate to support exports. Month-on month overall inflation remained stable and within target at 5.7 percent in December 2018 from 5.6 percent in November 2018, largely on account of low food prices following favorable weather conditions and a decline in energy prices due to lower prices of electricity and diesel. However, overall inflation increased from 4.5 percent in December 2017 to 5.7 percent in December 2018 on account of an increase in international oil prices.

Update on Fiscal performance and Emerging Challenges

11. In FY 2018/19, the recurrent budget absorption was at 85 percent meanwhile the development budget had absorption of 72 percent. The composite budget absorption rate for FY 2018/19 is 80 per cent.
12. The FY 2019/20 approved budget is **Ksh.8,224,541,330** which comprises of **Ksh.5,735,000,000** equitable share of the revenue raised nationally, **Ksh.707,395,526** worth of conditional grants, **Ksh.66,000,000** of Own Source Revenue (OSR), and **Kshs.1,716,145,804** as balance brought forward from the previous FY. The Recurrent expenditure is **Ksh.5,001,750,094** which is 61 percent of the Total Expenditure, meanwhile the development budget is **Ksh.3,222,791,236** which stands at 39 percent of the total budget.
13. As at 31st December 2019, Kshs. 1,436,397,734 had been absorbed from the recurrent budget, while Kshs. 513,030,002 had been absorbed out of the Development budget. This

was due to the delayed disbursement of funds from the National treasury owing to the impasse on the County Allocation of Revenue Act (CARA) which was agreed upon in September of 2019.

Table 1: County Government of Tana River - Executive Expenditure Report for FY 2018/19

| Department | | Final Approved | Actual Expenditure | Variance | Absorption |
|---|-----------|----------------|-------------------------|----------|------------|
| | | Estimates | 2018/2019 (Millions) | | rate |
| | | (a) | (b) | (b-c) | (b/a*100) |
| Office of the Governor and the Deputy governor | Sub-Total | 507.36 | 439.03 | 68.33 | 87 |
| | Rec | 507.36 | 439.03 | 87 | 87 |
| | Dev | 0 | 0 | 0 | - |
| Special programs | Sub-Total | 270.63 | 269.82 | 0 | 100 |
| | Rec | 260.63 | 259.82 | 0 | 100 |
| | Dev | 10 | 10 | 0 | 100 |
| Education and vocational training | Sub-Total | 595.54 | 425.16 | 170.38 | 71 |
| | Rec | 368.71 | 322.06 | 46.65 | 87 |
| | Dev | 226.83 | 103.1 | 123.73 | 45 |
| youth, sports, gender, culture and social services | Sub-Total | 176.3 | 100.44 | 75.86 | 57 |
| | Rec | 92.5 | 47.36 | 45.14 | 51 |
| | Dev | 83.8 | 53.08 | 30.72 | 63 |
| Medical services, public health and sanitation | Sub-Total | 1,346.31 | 1,196.14 | 150.17 | 89 |
| | Rec | 1,185.31 | 1,029.1 | 156.21 | 87 |
| | Dev | 161 | 167.04 | -6.04 | 104 |
| Agriculture, livestock, fisheries, veterinary | Sub-Total | 685.33 | 367 | 318.33 | 54 |
| | Rec | 418.59 | 212.47 | 206.12 | 51 |
| | Dev | 266.74 | 154.53 | 112.21 | 58 |
| Water, irrigation environment and Natural resources | Sub-Total | 419.66 | 327.58 | 92.08 | 78 |
| | Rec | 103.26 | 118.98 | -15.72 | 115 |
| | Dev | 316.4 | 208.6 | 107.8 | 66 |
| Roads, transport, public works, housing and urban development | Sub-Total | 1,351.81 | 1,110.26 | 241.55 | 82 |
| | Rec | 160.52 | 95.96 | 64.56 | 60 |
| | Dev | 1,351.81 | 1,014.30 | 337.51 | 85 |

| Department | | Final Approved Estimates | Actual Expenditure 2018/2019 (Millions) | Variance | Absorption rate |
|--|-----------|-----------------------------|---|--------------|--------------------|
| | | (a) | (b) | (b-c) | (b/a*100) |
| Public service, administration and citizen participation | Sub-Total | 446.14 | 380.84 | 65.3 | 85 |
| | Rec | 379.64 | 360.13 | 19.51 | 95 |
| | Dev | 66.5 | 20.71 | 45.79 | 31 |
| Trade, tourism & wildlife and cooperative development | Sub-Total | 205.84 | 124.1 | 81.74 | 60 |
| | Rec | 120.84 | 96.29 | 24.55 | 33 |
| | Dev | 85 | 27.81 | 57.19 | 80 |
| Finance and economic planning | Sub-Total | 738.68 | 658.16 | 80.52 | 89 |
| | Rec | 508.68 | 439.03 | 69.55 | 86 |
| | Dev | 230 | 219.13 | 10.87 | 95 |
| Lands and physical planning | Sub-Total | 119.95 | 105.68 | 14.27 | 88 |
| | Rec | 30.15 | 19.63 | 10.52 | 65 |
| | Dev | 89.8 | 86.05 | 3.75 | 96 |
| County Assembly | Sub-Total | 709.82 | 575.77 | 134.05 | 81 |
| | Rec | 509.82 | 509.82 | 0 | 100 |
| | Dev | 200 | 65.95 | 134.05 | 33 |
| Total Recurrent Expenditure | | 4,637 | 3,955 | 682 | 85 |
| Total Development Expenditure | | 2,936 | 2,124 | 812 | 72 |
| GRAND TOTAL EXPENDITURE | | 7,573 | 6,079 | 1,494 | 80 |

Table 2: County Government of Tana River Expenditure Report for FY 2019/20

| TANA RIVER COUNTY GOVERNMENT-EXECUTIVE EXPENDITURE REPORT 2019-20 AS AT 31ST DECEMBER 2019 | | | | | | |
|--|-------------------------|---------------------------|----------------------|-------------------------|---------------------------|----------------------|
| DEPARTMENT | RECURRENT | | | DEVELOPMENT | | |
| | BUDGET ESTIMATES | ACTUAL EXPENDITURE | VARIANCE | BUDGET ESTIMATES | ACTUAL EXPENDITURE | VARIANCE |
| Office of the Governor | 243,710,947 | 134,510,812 | 109,200,135 | 0 | | 0 |
| Special Programme | 57,159,883 | 14,988,851 | 42,171,032 | 25,000,000 | 0 | 25,000,000 |
| Education and Vocational Training | 200,715,000 | 161975069.7 | 38,739,930 | 98,473,842 | 0 | 98,473,842 |
| Culture, Gender, Sports and Social Service | 32,774,750 | 11,189,682 | 21,585,069 | 46,050,000 | 0 | 46,050,000 |
| Health Services Public Health and Sanitation | 692,254,384 | 448,628,218 | 243,626,166 | 74,100,000 | 0 | 74,100,000 |
| Agriculture, Livestock, Fisheries and Veterinary Services | 321,923,121 | 55,558,497 | 266,364,624 | 130,865,933 | 0 | 130,865,933 |
| Water Irrigation, Environment & Natural Resources | 73,651,873 | 34,983,505 | 38,668,368 | 122,500,000 | 0 | 122,500,000 |
| Roads, Transport, Public Works, Housing and Urbanization | 58,215,108 | 14,749,298 | 43,465,810 | 457,968,596 | 23,769,000 | 434,199,596 |
| Public Service, Administration and Citizen Participation. | 188,058,494 | 88,606,200 | 99,452,294 | 25,000,000 | 5,504,420 | 19,495,580 |
| Finance and Economic Planning | 362,672,681 | 194,855,296 | 167,817,385 | 790,774,496 | 433,756,582 | 357,017,914 |
| Trade, Tourism, Wildlife and Cooperative Development. | 54,959,977 | 13,301,531 | 41,658,446 | 42,550,000 | 0 | 42,550,000 |
| Land and Physical Planning | 34,418,558 | 4,690,525 | 29,728,033 | 56,000,000 | 0 | 56,000,000 |
| County Assembly | 243,248,622 | 242,000,000 | 1,248,622 | 80,000,000 | 50,000,000 | 30,000,000 |
| County Public Service Board | 34,897,050 | 12,299,024 | 22,598,026 | | 0 | 0 |
| Hola Municipality | 25,000,000 | 4,061,224 | 20,938,776 | 50,000,000 | 0 | 50,000,000 |
| TOTAL | 2,623,660,448 | 1,436,397,734 | 1,187,262,714 | 1,999,282,867 | 513,030,002 | 1,363,742,954 |

14. The county government departments reported some challenges during the previous MTEF period due to resource constraints caused by delayed approval of the FY 2019/20 CARA. The CARA was approved toward the end of the 1st quarter of the financial year (September 2019). This caused subsequent delays in budget implementation in all the departments. Delays in the exchequer disbursement of funds resulted to delayed procurement processes and subsequently causing delays in the implementation of projects.

Revised Estimates

15. The FY 2019/20 Approved Budget will need to be revised for the following reasons:

- a. Revision of equitable share of revenue raised nationally from provisional figures provided in the 2019 Budget Policy Statement (BPS).
- b. Revision of projected Balance brought forward from FY 2018/19.
- c. Issuance of National Treasury directives on payment of payment of pending bills
- d. Other emerging needs.

Economic Policy Outlook

16. Kenya's economic growth prospects for the FY 2020/21 and over the medium term take into account the global and sub-Saharan Africa growth prospects, the emerging global challenges and the domestic risks. The projections accommodate the strategic objectives of the County Government as outlined in the Second Generation County Integrated Development Plan (CIDP II).

17. The outlook, therefore points to a continued macroeconomic stability which will support robust growth, lower fiscal deficits and contain inflation. In addition, measures being undertaken by the County to align its strategic priorities with the "The Big Four" Plan to boost the manufacturing sector; enhance food security and nutrition; build affordable housing; and achieve Universal Health Coverage are expected to enhance growth, create jobs and promote inclusive growth.

18. Inflation is currently within the Government's target range largely due to lower food prices and muted demand-driven inflationary pressures. It is expected to remain within target in the

medium term mainly due to expected lower food prices reflecting favorable weather conditions, the decline in international oil prices, and the recent downward revision in electricity tariffs.

Risks to the Outlook

19. The County experienced a significant increase in the County Own Source Revenue Collection. However, without comprehensive revenue mapping and enforcement there may be budget deficit which will affect the adequate financing of the outlined projects and programs.

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

Table 3: Risks and mitigation measures

| S/No | Risk | Mitigation Measure |
|------|---|--|
| 1. | More frequent and more severe natural disasters: drought, floods, locust invasion, and human and livestock disease outbreaks. | <p>Strengthening the capacity of the Special Programmes unit under the Office of the Governor to coordinate emergency response, relief and recovery initiatives.</p> <p>The Department of Health and the Department of Agriculture, Livestock, Fisheries and Veterinary Services continue to step up their efforts on disease surveillance while their capacity to respond is strengthened.</p> <p>The County continues to invest in adaptation measures against drought. These include establishment of small-scale irrigation schemes to reduce reliance on rain-fed agriculture, and establishment of water harvesting structures in the hinterland to promote water security for pastoralists.</p> |
| 2. | Settlement of pending bills | <p>The County Treasury has prioritized payment of pending bills listed as eligible in the OAG report. As soon as the report from the County Ineligible Pending Bills Resolution Committee is out, the county will also pay those cleared from the ineligible.</p> <p>Efforts have been put in place to reduce over-commitment in the implementation of projects and programmes in development and recurrent expenditure.</p> |
| 3. | Weak financial and non-financial reporting | <p>The County Treasury shall hire additional qualified staff and conduct skills training for accountants and other technical staff responsible for both financial and non-financial reporting. Moreover, the County Treasury shall continually sensitize County Departments and Agencies on their responsibility to report.</p> |

SECTION III: FISCAL POLICY AND BUDGET FRAMEWORK FOR FY 2020/21

21. 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 2020/21. It showcases measures to improve efficiency in budgetary allocations, increase revenue collection and operationalize tracking of programmes and projects through monitoring and evaluation.

Budget Framework

22. Allocation and prioritization of resources shall be on the basis of the key development strategic blueprints in the Second Generation County Integrated Development Plan (CIDP II), Annual Development Plan (ADP) 2020/21, 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 2020/21 budget.

23. The FY 2020/21 budget will focus on measures to pay pending bills owed to SMEs and complete ongoing development projects that are aimed at enhancing the quality of life and standard of living for the citizens of Tana River County. Therefore, this budget will seek to clear the pending bills that will be outstanding at the end of the FY 2018/19 so as to consolidate the gains made in previous years but it will also seek to achieve the outlined four objectives to better the living standards of the citizens.

Table 4: County Government of Tana River Budget Framework for FY 2020/21 and the Medium-Term

| | Approved Estimates Kshs. | Supplementary Estimates Kshs. | Budget Estimates Kshs. | Projections Kshs. | |
|--|-------------------------------------|--|-----------------------------------|--------------------------|----------------------|
| | 2019/2020 | 2019/2020 | 2020/2021 | 2021/2022 | 2022/23 |
| Revenue Summary/ Funding | | | | | |
| Equitable Share of Revenue Raised Nationally | 5,735,000,000 | 5,855,250,000 | 5,602,050,000 | 5,906,313,000 | 6,165,193,200 |
| Conditional Allocations From National Government Revenue | 707,395,526 | 707,395,526 | 707,395,526 | 937,109,423 | 937,109,423 |
| Revenue from Own County Sources | 66,000,000 | 66,000,000 | 72,600,000 | 76,230,000 | 80,041,500 |
| Balance B/F | 1,716,145,804 | 1,406,678,998 | 0 | - | - |
| Grand Total | 8,224,541,330 | 8,035,324,524 | 6,382,045,526 | 6,775,757,522 | 7,179,622,974 |
| Expenditure Summary | | | | | |
| Personnel Emoluments | 2,028,892,214 | 1,965,333,806 | 2,073,947,500 | 2,028,892,214 | 2,028,892,214 |
| Operations and Maintenance | 2,972,857,881 | 3,367,937,917 | 2,393,484,368 | 2,714,138,051 | 2,996,843,868 |
| Development | 3,222,791,235 | 2,702,052,801 | 1,914,613,658 | 2,032,727,257 | 2,153,886,892 |
| Grand Total | 8,224,541,330 | 8,035,324,524 | 6,382,045,526 | 6,775,757,522 | 7,179,622,974 |

Revenue Projections

24. The projected FY 2020/21 resource envelop is KES. 6.382 billion. This is constituted by KES. 5.602 billion equitable share of revenue raised nationally, Kshs. 707.4 million conditional grants as is in FY 2019/20 and Ksh. 72.6 million of county own revenue.

Expenditure Projections

25. The ADP outlines the development priorities for FY 2020/21 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.
26. The FY 2020/21 total expenditure is projected to be KES. 6.382 billion in pursuit of a balanced budget.

Recurrent Expenditure

27. The projections of FY 2020/21 indicate a recurrent expenditure of 70 percent of the total net estimated budget which is Kshs. 4.467 billion. The recurrent budget will enhance county service delivery and support development projects and programmes through the effective implementation of Programme Based Budgeting (PBB).
28. The total recurrent expenditure constitutes of Kshs. 2.074 billion Personnel Emoluments (P/E) which is 32.5 percent of the net county budget. The Operations and Maintenance (O/M) expenditure is estimated to amount to Kshs. 2.39 billion reflecting 37.5 percent of the total net County Government budget.

Development Expenditure

29. The development expenditure for 2020/21 financial year is estimated at Kshs. 1.91 billion, which is 30 percent of the total net expenditure. This meets the fiscal responsibility principle on development expenditure (PFM Act 2012 Section 107) which requires that a minimum of 30 percent of the total county government budget be allocated to development.

Fiscal balance

30. In the FY 2020/21 the county government will operate on a balanced budget as guided by the Public Finance Management Act 2012 fiscal responsibility principles. However, the county leadership is pursuing strategic partnership with both domestic and foreign donors to complement the county efforts to fast track economic development.

Fiscal Structural Reforms

31. The county government seeks to implement several reforms in the management of its fiscal position. Specifically, the County government will pursue the fiscal consolidation policy to provide and maintain a balance between revenues and expenditures. This policy will result in enhanced efficiency in revenue collection, strengthened revenue mobilization, and elimination of unproductive expenditures. The county has an immense potential to increase revenue collection, administration and usage. Coupled with austerity measures, the County will have a better fiscal position.
32. The County shall review revenue collection and management procedures and also anchor them in the County Revenue Administration Act. It will also develop revenue legislation and policies that supports levies such as Single Business Permits, Cess, Rates and Liquor Licensing. Implementation of revenue automation targeting key revenue streams will enhance efficiency in revenue collection. In regards to administration, the county will enhance enforcement rules for revenue collection and administration. Enforcement will include strict measures such as penalties and fines to defaulters and those who do not comply with revenue legislation.
33. 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.
34. The County Government will implement expenditure control measures by cutting unproductive expenses and spending only on specific items as indicated in the approved budget.
35. In ensuring accountability in budget implementation, processing of procurement and payments for all good, works and services have been centralized at the County Treasury, and all procurement is done through e-sourcing.

36. The County shall institutionalize project management by setting up monitoring and evaluation (M&E) committees which will track the implementation of development projects and programs from the county level to the ward and the lowest devolved unit.
37. 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.
38. 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

39. The total budget for 2020/21 is estimated at Kshs. **6,635,245,526** 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) 2020. The resource envelope may include a balance brought forward from the 2019/20 budget considering the amount absorbed is below average with four months left to the end of the financial year, albeit with a spending balance of over Kshs. 2.85 billion.

Spending Priorities

40. The County Government endeavor to invest more resources in five strategic areas during the FY 2020/2021:

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

41. The social sectors such as health and education have an allocation of 20.06 percent and 6.47 percent respectively of the net county government budget. Agriculture has been allocated 5.45 percent while roads and infrastructure has an allocation of 5.27 percent. Meanwhile, all other sectors shall be allocated resources to enhance the provision of services.

Medium Term Expenditure Estimates

42. The ceilings for every County Government department/entity have been tabulated to include the personnel emoluments, operations and maintenance and development budget. The recurrent expenditure ceilings are based on the wage bill and requisite operations and maintenance budgets from the previous years. The development expenditure ceilings on the other hand are informed by the priorities identified for the FY 2020/21 and the medium term. These also considered ongoing projects that must be completed to achieve their desired outcomes.

43. The 2020/21 conditional grants have been excluded from the respective departmental ceilings for clarity in budgeting. The table below provides the projected baseline ceilings for the 2020 MTEF, classified by County Department.

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

| Department/ Sector | | Total Expenditure | | | | % Share of Total Expenditure | | | |
|---|------------------|--------------------------------|-----------------------------------|--------------------------------|----------------------|--------------------------------|-----------------------------------|--------------------------------------|--------------|
| | | Final Approved Estimates | Ceilings Proposed Estimates | Projections Proposed Estimates | | Final Approved Estimates | Ceilings Proposed Estimates | Projections Proposed Estimates | |
| | | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
| Office of the Governor and the Deputy Governor | Sub-Total | 557,215,993 | 617,710,601 | 528,034,033 | 559,921,428 | 6.8% | 10.9% | 7.7% | 7.7% |
| | Rec | 557,215,993 | 617,710,601 | 528,034,033 | 559,921,428 | 11.1% | 14.9% | 11.0% | 11.0% |
| | PE Gross | 221,896,774 | 221,896,744 | 221,896,744 | 221,896,744 | 10.9% | 11% | 10.7% | 10.7% |
| | OM Gross | 335,319,219 | 395,813,857 | 306,137,289 | 338,024,684 | 11.3% | 19% | 11.3% | 11.3% |
| | Dev. Gross | - | - | - | - | 0.0% | 0% | 0.0% | 0.0% |
| Special Programmes | Sub-Total | 164,319,766 | 72,875,354 | 137,028,082 | 148,554,734 | 2.0% | 1.3% | 2.0% | 2.1% |
| | Rec | 114,319,766 | 72,875,354 | 105,491,332 | 115,138,253 | 2.3% | 1.8% | 2.2% | 2.3% |
| | PE Gross | 12,875,354 | 12,875,354 | 12,875,354 | 12,875,354 | 0.6% | 0.6% | 0.6% | 0.6% |
| | OM Gross | 101,444,412 | 60,000,000 | 92,615,978 | 102,262,899 | 3.4% | 2.9% | 3.4% | 3.4% |
| | Dev. Gross | 50,000,000 | - | 31,536,750 | 33,416,482 | 1.6% | 0.0% | 1.6% | 1.6% |
| Education and Vocational Training | Sub-Total | 598,377,684 | 367,324,840 | 500,970,404 | 535,344,193 | 7.3% | 6.5% | 7.3% | 7.4% |
| | Rec | 401,430,000 | 324,324,840 | 376,748,605 | 403,718,219 | 8.0% | 7.8% | 7.9% | 8.0% |
| | PE Gross | 117,824,840 | 117,824,840 | 117,824,840 | 117,824,840 | 5.8% | 6% | 5.7% | 5.7% |
| | OM Gross | 283,605,160 | 206,500,000 | 258,923,765 | 285,893,379 | 9.5% | 10% | 9.5% | 9.5% |
| | Dev. Gross | 196,947,684 | 43,000,000 | 124,221,799 | 131,625,974 | 6.1% | 3% | 6.1% | 6.1% |
| Youth, Sports, Gender, Culture and Social Services | Sub-Total | 157,649,500 | 133,492,982 | 119,109,919 | 127,522,735 | 1.9% | 2.4% | 1.7% | 1.8% |
| | Rec | 65,549,500 | 33,492,982 | 61,019,161 | 65,969,509 | 1.3% | 0.8% | 1.3% | 1.3% |
| | PE Gross | 13,492,982 | 13,492,982 | 13,492,982 | 13,492,982 | 0.7% | 1% | 0.7% | 0.7% |
| | OM Gross | 52,056,518 | 20,000,000 | 47,526,179 | 52,476,527 | 1.8% | 1% | 1.8% | 1.8% |
| | Dev. Gross | 92,100,100 | 100,000,000 | 58,090,757 | 61,553,226 | 2.9% | 6% | 2.9% | 2.9% |
| Medical Services, Public Health and Sanitation | Sub-Total | 1,379,137,967 | 1,138,541,536 | 1,301,114,317 | 1,344,006,297 | 16.8% | 20.1% | 19.1% | 18.6% |
| | Rec | 1,230,937,967 | 1,078,541,536 | 1,207,639,262 | 1,244,959,712 | 24.6% | 26.1% | 25.2% | 24.5% |
| | PE Gross | 838,486,220 | 848,541,536 | 849,341,536 | 849,341,536 | 41.3% | 41% | 40.9% | 40.9% |
| | OM Gross | 392,451,747 | 230,000,000 | 358,297,726 | 395,618,176 | 13.2% | 11% | 13.2% | 13.2% |
| | Dev. Gross | 148,200,200 | 60,000,000 | 93,475,054 | 99,046,586 | 4.6% | 4% | 4.6% | 4.6% |
| Agriculture, Livestock, Fisheries and | Sub-Total | 905,578,110 | 309,086,956 | 762,878,385 | 823,038,837 | 11.0% | 5.4% | 11.2% | 11.4% |
| | Rec | 643,846,245 | 173,686,956 | 597,794,935 | 648,115,675 | 12.9% | 4.2% | 12.5% | 12.8% |
| | PE Gross | 114,686,956 | 114,686,956 | 114,686,956 | 114,686,956 | 5.7% | 6% | 5.5% | 5.5% |

| Department/ Sector | | Total Expenditure | | | | % Share of Total Expenditure | | | |
|--|------------------|--------------------------------|-----------------------------------|--------------------------------|----------------------|--------------------------------|-----------------------------------|--------------------------------------|--------------|
| | | Final Approved Estimates | Ceilings Proposed Estimates | Projections Proposed Estimates | | Final Approved Estimates | Ceilings Proposed Estimates | Projections Proposed Estimates | |
| | | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
| Veterinary Services | OM Gross | 529,159,289 | 59,000,000 | 483,107,979 | 533,428,719 | 17.8% | 3% | 17.8% | 17.8% |
| | Dev. Gross | 261,731,865 | 135,400,000 | 165,083,450 | 174,923,162 | 8.1% | 9% | 8.1% | 8.1% |
| Water, Irrigation, Environment and Natural Resources | Sub-Total | 392,303,746 | 82,458,759 | 311,926,200 | 331,963,045 | 4.8% | 1.5% | 4.6% | 4.6% |
| | Rec | 147,303,746 | 82,458,759 | 157,396,123 | 168,222,284 | 2.9% | 2.0% | 3.3% | 3.3% |
| | PE Gross | 33,458,759 | 53,458,759 | 53,458,759 | 53,458,759 | 1.6% | 3% | 2.6% | 2.6% |
| | OM Gross | 113,844,987 | 29,000,000 | 103,937,364 | 114,763,525 | 3.8% | 1% | 3.8% | 3.8% |
| | Dev. Gross | 245,000,000 | - | 154,530,077 | 163,740,761 | 7.6% | 0% | 7.6% | 7.6% |
| Roads, Transport, Public Works, Housing and Urban Development | Sub-Total | 1,182,367,407 | 298,951,115 | 797,533,161 | 846,308,974 | 14.4% | 5.3% | 11.7% | 11.7% |
| | Rec | 166,430,216 | 104,951,115 | 156,746,008 | 167,328,042 | 3.3% | 2.5% | 3.3% | 3.3% |
| | PE Gross | 55,152,416 | 55,152,416 | 55,152,416 | 55,152,416 | 2.7% | 3% | 2.7% | 2.7% |
| | OM Gross | 111,277,800 | 49,798,699 | 101,593,592 | 112,175,626 | 3.7% | 2% | 3.7% | 3.7% |
| | Dev. Gross | 1,015,937,191 | 194,000,000 | 640,787,153 | 678,980,933 | 31.5% | 13% | 31.5% | 31.5% |
| Public Service, Administration, and Citizen Participation | Sub-Total | 426,116,987 | 348,787,435 | 414,157,424 | 438,152,864 | 5.2% | 6.1% | 6.1% | 6.1% |
| | Rec | 376,116,987 | 348,787,435 | 368,508,790 | 387,749,448 | 7.5% | 8.4% | 7.7% | 7.6% |
| | PE Gross | 173,787,435 | 183,787,435 | 183,787,435 | 183,787,435 | 8.6% | 9% | 8.9% | 8.9% |
| | OM Gross | 202,329,552 | 165,000,000 | 184,721,355 | 203,962,013 | 6.8% | 8% | 6.8% | 6.8% |
| | Dev. Gross | 50,000,000 | - | 45,648,634 | 50,403,416 | 1.6% | 0% | 2.2% | 2.3% |
| Finance and Economic Planning | Sub-Total | 1,431,119,858 | 1,680,093,338 | 1,093,976,881 | 1,173,003,092 | 17.4% | 29.6% | 16.0% | 16.2% |
| | Rec | 625,345,362 | 691,744,999 | 585,746,698 | 634,480,117 | 12.5% | 16.7% | 12.2% | 12.5% |
| | PE Gross | 112,877,914 | 117,877,914 | 117,877,914 | 117,877,914 | 5.6% | 6% | 5.7% | 5.7% |
| | OM Gross | 512,467,448 | 573,867,085 | 467,868,784 | 516,602,203 | 17.2% | 28% | 17.2% | 17.2% |
| | Dev. Gross | 805,774,496 | 988,348,339 | 508,230,184 | 538,522,975 | 25.0% | 64% | 25.0% | 25.0% |
| Trade, Tourism & Wildlife, and Cooperative Development | Sub-Total | 195,019,954 | 88,095,543 | 156,082,922 | 167,491,300 | 2.4% | 1.6% | 2.3% | 2.3% |
| | Rec | 109,919,954 | 88,095,543 | 102,407,373 | 110,616,448 | 2.2% | 2.1% | 2.1% | 2.2% |
| | PE Gross | 23,595,543 | 23,595,543 | 23,595,543 | 23,595,543 | 1.2% | 1% | 1.1% | 1.1% |
| | OM Gross | 86,324,411 | 64,500,000 | 78,811,830 | 87,020,905 | 2.9% | 3% | 2.9% | 2.9% |
| | Dev. Gross | 85,100,000 | - | 53,675,549 | 56,874,852 | 2.6% | 0% | 2.6% | 2.6% |
| Lands and Physical | Sub-Total | 188,837,116 | 47,734,298 | 141,987,768 | 152,199,169 | 2.3% | 0.8% | 2.1% | 2.1% |
| | Rec | 76,837,116 | 27,734,298 | 71,345,447 | 77,346,250 | 1.5% | 0.7% | 1.5% | 1.5% |

| Department/ Sector | | Total Expenditure | | | | % Share of Total Expenditure | | | |
|----------------------------|------------------|--------------------------------|-----------------------------------|--------------------------------|----------------------|--------------------------------|-----------------------------------|--------------------------------------|---------------|
| | | Final Approved Estimates | Ceilings Proposed Estimates | Projections Proposed Estimates | | Final Approved Estimates | Ceilings Proposed Estimates | Projections Proposed Estimates | |
| | | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
| Planning | PE Gross | 13,734,298 | 13,734,298 | 13,734,298 | 13,734,298 | 0.7% | 1% | 0.7% | 0.7% |
| | OM Gross | 63,102,818 | 14,000,000 | 57,611,149 | 63,611,952 | 2.1% | 1% | 2.1% | 2.1% |
| | Dev. Gross | 112,000,000 | 20,000,000 | 70,642,321 | 74,852,919 | 3.5% | 1% | 3.5% | 3.5% |
| County Assembly | Sub-Total | 646,497,243 | 486,497,243 | 554,074,394 | 574,947,386 | 7.9% | 8.6% | 8.1% | 8.0% |
| | Rec | 486,497,243 | 486,497,243 | 467,268,867 | 485,001,780 | 9.7% | 11.8% | 9.8% | 9.6% |
| | PE Gross | 297,022,723 | 297,022,723 | 297,022,723 | 297,022,723 | 14.6% | 14% | 14.3% | 14.3% |
| | OM Gross | 189,474,520 | 189,474,520 | 170,246,144 | 187,979,057 | 6.4% | 9% | 6.3% | 6.3% |
| | Dev. Gross | 160,000,000 | - | 86,805,528 | 89,945,606 | 5.0% | 0% | 4.3% | 4.2% |
| Hola Municipality | Sub-Total | 0 | 3,000,000 | 2,738,918 | 3,024,205 | 0.0% | 0.1% | 0.0% | 0.0% |
| | Rec. | 0 | 3,000,000 | 2,738,918 | 3,024,205 | 0.0% | 0.1% | 0.1% | 0.1% |
| | PE Gross | 0 | - | - | - | 0.0% | 0% | - | - |
| | OM Gross | 0 | 3,000,000 | 2,738,918 | 3,024,205 | 0.0% | 0% | 0.0 | 0.0 |
| | Dev. Gross | 0 | - | - | - | 0.0% | 0% | - | - |
| TOTAL | PE Gross | 2,028,892,214 | 2,073,947,500 | 2,074,747,500 | 2,074,747,500 | 24.7% | 37% | 30% | 29% |
| | OM Gross | 2,972,857,881 | 2,059,954,161 | 2,714,138,051 | 2,996,843,868 | 36.1% | 36% | 40% | 41% |
| | Dev. Gross | 3,222,791,236 | 1,540,748,339 | 2,032,727,257 | 2,153,886,892 | 39.2% | 27% | 30% | 30% |
| | Grand | 8,224,541,331 | 5,674,650,000 | 6,821,612,808 | 7,225,478,260 | 100.0% | 100% | 100.0% | 100.0% |
| Conditional Grants | Total | 707,395,526 | 707,395,526 | 937,109,423 | 937,109,423 | 7.92% | 10.66% | 12.08% | 11.48% |
| Total Resource Envelope | Total | 8,931,937,157 | 6,635,245,576 | 7,758,722,231 | 8,162,587,683 | | | | |

Finalization of Spending Plans

44. The revenue estimates shall be firmed up when the County Allocation of Revenue Act (CARA), National Budget Policy Statement (BPS) and other county policy statements are approved. However, in case of any additional resources the county shall invest in programs and projects that are geared towards urbanization, quality and affordable health care, quality and accessible education, food security, poverty reduction and employment creation which are in line with the FY 2020/21 budget theme.

Details of Sector Priorities

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

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

| OFFICE OF THE GOVERNOR | |
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| 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 Achievements of the Department | Established and/or strengthened strategic partnerships; peace structures within the county and with other counties operational; |
| Department's Medium Term Plans | Foster partnerships with the national government ministries, departments and agencies, and development partners for improved governance and resource mobilization; provide policy and legal support; coordination of intra-county and inter-county peace structures; and spearheading improvements in public service delivery. |
| Department's Resource Usage | Recurrent – KES 617,710,601; Development – KES. 0; Total – KES 617,710,601. |
| COHESION AND SPECIAL PROGRAMS | |
| Department's Mandate | Provides technical and social services in risks and disaster management in the county |
| Key Achievements of the Department | Purchase of relief food for distribution to vulnerable households; relocation and resettlement of persons from the flood basin affected by floods; and purchase of two boats for emergency evacuation. |
| Department's Medium Term Plans | Mainstreaming of Ending Drought Emergencies (EDE) and building of community resilience through climate change adoption strategies. The |

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| | department will also seek to attain sustainable peace, cohesion and coexistence among all communities in Tana River County. |
| Department's Resource Usage | Recurrent – KES 72,875,354; Development – KES. 0; Total – KES 72,875,354. |
| FINANCE AND ECONOMIC PLANNING | |
| Department's Mandate | <p>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 and when 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 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.</p> <p>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> |
| Key Achievements of the Department | The key achievements of the department include full adoption of IFMIS and e-procurement; institution of strategies that have increased resource absorption within departments; institution of financial reforms and expenditure management strategies, increase in Own Source Revenue collection formulation of County Monitoring & Evaluation Policy and operationalization of e-CIMES; and successful formulation of Annual Development Plan (ADP). |
| Department's Medium Term Plans | The department will focus on preparation and passage of supporting bills and regulations to operationalize the Inuka fund and Hola Municipality. Overall, the department will strengthen public participation in county policy formulation; promote strict adherence to relevant Public Finance Management (PFM) legislations and enhance prudent use public financial resources including involving the public in the budget cycle. In addition, the department will strengthen the Monitoring and Evaluation of ongoing projects to track progress and impact of interventions across departments. |
| Department's Resource Usage | Recurrent – KES 691,744,999; Development – KES. 988,348,339; Total – KES 1,680,093,338. |
| EDUCATION AND VOCATIONAL TRAINING | |
| 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 Achievements of the Department | Purchase of workshop benches and tables, purchase of hairdressing training equipment, purchase of building construction and motor vehicle tools and equipment, capacity building of VTC instructors, purchase of ICT and tailoring tools, release of Subsidized Vocational Training Centre Support |

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| | Grant (SVTCSG) to VTCs registered with TIVETA. |
| Department's Medium Term Plans | Equipping of Modern EYE centers; continued provision of education bursary; adoption of Best Employable Skills to Vocational Training Centers; recruitment of EYE Centre care givers and Vocational Trainers and equipping vocational training centers in Hola, Madogo and Kipini. |
| Department's Resource Usage | Recurrent – KES 324,324,840; Development – KES. 43,000,000; Total – KES 367,324,840. |
| HEALTH | |
| 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 Achievements of the Department | The department maintained services in all health facilities. Multiple (more than 250) outreaches were conducted by staff from rural health facilities to underserved areas within their coverage, The completion of maternity wing at the Waldena facility. Construction of a New theatre ready for operationalization and construction of a new radiology unit ongoing in Bura. Renovation at the Hola Referral hospital including outpatient wing and two wards Health. Management team managed to conduct countywide support supervision to health facilities and Sub County Health management teams, CHMT conducted programmatic support supervisions, The Sub County Health management teams conducted support supervision and data reviews meetings. Cancer campaigns were also held. |
| Department's Medium Term Plans | The department plans to establish mini-hospitals that will be housed in pre-fabricated structures. Improvement of preventive and promotive healthcare by provision of vaccines, establishment of focused clinic days for special needs patients, and recruitment and training of community health workers for improved civic education and awareness. |
| Department's Resource Usage | Recurrent – KES 1,078,541,536; Development – KES. 60,000,000; Total – KES 1,138,541,536. |
| ENVIRONMENTAL PROTECTION, WATER AND NATURAL RESOURCES | |
| Department's Mandate | Improve access to safe and affordable drinking water through investing in adequate infrastructure, providing sanitation facilities and encourage hygiene at every level. Provision of healthy and clean environment, sustainable natural resource utilization and Conservation, enhancing and supporting protection, development and management of Natural resources and its allied developments for environmental stability and socioeconomic advancement of the County. |
| Key Achievements of the Department | Successfully rolled out various programmes including establishment of 3 public parks across the sub-counties. Progress has also been made towards realization of county level legislations with draft Environment and Forest bill, draft mining bill and draft forest restoration strategy now in place. Awareness creation on the important of forest through international and National events (International Wetland day, international forest day, National tree planting day, EIA guidelines awareness exercises etc. |

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| | Overseen successful implementation of 36 boreholes, 492 shallow wells, 120 water pans, 8 small earthdams, 80 toilets constructed alongside water pans and a pipeline coverage of 200km. Recently obtained a drilling rig complete with support trucks and 5 water bowsers to improve provision of water in the county. |
| Department's Medium Term Plans | <p>Purchase of solid waste trucks, exhauster trucks and construction of a sewerage system. Forest Extension officers recruited and deployed in each of the 3 sub counties.</p> <p>Construction of mega Hola water supply and pipeline extensions across the county and improvement of water supply to cluster villages. Recruitment plant operators for the heavy machinery and improve WASH and storm water management in the major centers</p> <p>Maintenance of the established green parks by watering them regularly.</p> |
| Department's Resource Usage | Recurrent – KES 82,458,759; Development – KES. 0; Total – KES 82,458,759. |
| LANDS AND PHYSICAL PLANNING | |
| 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 Achievements of the Department | Establishment of GIS Lab, Completion and furnishing of ground floor Ardhi house, Preparation of 14 urban cluster spatial plans, Preparation of Hola Municipality plan, 2 plans for urban settlement schemes in Hola town developed, Planning of urban centers, Survey of Urban centers, Extension of controls/traverses, Formalization of informal settlement scheme 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 | Recurrent – KES 27,734,298; Development – KES. 20,000,000; Total – KES 47,734,298. |
| AGRICULTURE, LIVESTOCK, FISHERIES AND VETERINARY SERVICES | |
| Department's Mandate | <p>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.</p> <p>To promote, regulate and facilitate livestock production for socioeconomic development and industrialization.</p> <p>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.</p> <p>Promotion of competitive innovative, sustainable fisheries development, and equitable distribution of resources to improve livelihood.</p> |
| Key Achievements of the | Establishment of solarized small scale irrigation projects, rehabilitation of fish |

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| Department | ponds, restocking of ox-bow lakes, fencing of Kipini fish landing site, building of a milk cooling plant, building of Titila livestock auction market, building of Bura hay store, and building of Kuriti water pan |
| Department's Medium Term Plans | Completion of small scale irrigation schemes; recruitment of extension officers in the Agriculture sub sectors; construction of sale yards, completion of fish cooling and ice plant in Kipini; purchase of fishing boats; completion of milk cooling plants in Bangale, Oda, and Garsen; Continued provision of extension services; initiation of the County Food Security Programme within the TARDA-managed scheme. |
| Department's Resource Usage | Recurrent – KES 173,686,956; Development – KES. 135,400,000; Total – KES 314,086,956. |
| YOUTH, SPORTS, GENDER, CULTURE AND SOCIAL SERVICES | |
| Department's mandate | To promote Social Development and Social Protection support for elderly persons, promote Culture, Arts and Children services, To establish and strengthen community cohesion that promotes peace and justice, competent and committed communities' development |
| Key departmental achievements | Establishment of County Sports league/tournaments; provision of sports equipment, ongoing construction of sports playing grounds in all wards; ongoing refurbishment of Hola Stadium; ongoing construction of Hola multipurpose hall. |
| Department's medium term plans | Completion of basketball court and ward play grounds; refurbishment of Hola Stadium; Promotion of talent identification and management through various county sports leagues; completion of social hall, cultural centers, and promotion of County cultural days and festivals; Construction of the Hola Youth Empowerment Centre and the Hola Youth Studio Centre. |
| Department's resource usage | Recurrent – KES 33,492,982; Development – KES. 100,000,000; Total – KES 133,492,982. |
| TRADE, TOURISM & WILDLIFE AND COOPERATIVE DEVELOPMENT | |
| Department's mandate | 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 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 | Construction and rehabilitation of fresh produce markets and promotion of Tana River as an active tourism destination to leverage existing natural resources such as the Game Reserve and Wildlife Sanctuary. |
| Department's medium term plans | Construction of Madogo Market; completion of Garsen Market; Revamping existing cooperatives, and operationalization of Inuka fund to improve access to credit facilities for SMEs as well as Women, Youth and Persons with |

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| | Disabilities. |
| Department's resource usage | Recurrent – KES 88,095,543; Development – KES. 0; Total – KES 88,095,543. |
| ROADS, TRANSPORT, PUBLIC WORKS, HOUSING AND URBAN DEVELOPMENT | |
| Department's mandate | To provide, supervise and oversee the infrastructural development in the county, transport and related services for sustainable economic growth. |
| Key departmental achievements | Some of the key achievements include completion of new roads including the main road to the Governor's residence; rehabilitation of 80kms of existing road networks; opening of new roads across the county; restoration of street lighting in Hola, Bura & Garsen. |
| Department's medium term plans | Construction of bus terminus; opening of new roads (RMLF); commencement of construction of County Headquarters; construction of public toilet and establishment of urban and town plans; Upgrading of 2km of road to carbo standard; establishment of County fuel station; and establishment of fire station in Hola. |
| Department's resource usage | Recurrent – KES 104,951,115; Development – KES. 142,000,000; Total – KES 298,951,115. |
| COUNTY PUBLIC SERVICE BOARD | |
| 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 | Achievements include filling of vacant positions in various sectors and ensuring the county has a highly motivated and skilled workforce. |
| Department's medium term plans | Establishment of new CPSB, Staff rationalization; developing efficient HRM policies, practices, norms and standards; operationalization of performance management system and appraisals; development of efficient employee relations, compensation and practices. |
| Department's resource usage | Resources allocated under the Office of the Governor. |
| HOLA MUNICIPALITY | |
| Department's mandate | Promotion, regulation and provision of refuse collection and solid waste management services. Provision of water and sanitation services and infrastructure in areas within the municipality and construction and maintenance of roads and associated infrastructure within the municipality. |
| Key departmental achievements | Establishment of Hola Municipal Board and formation of municipal boundaries. |
| Department's medium term plans | Construction and maintenance of storm drainage and flood controls, construction and maintenance of walkways and other non motorized transport infrastructure, construction and maintenance of recreational parks and green spaces, construction and maintenance of street lighting, construction and maintenance of bus stand and taxi stand. |
| Department's resource usage | Recurrent – KES. 3,000,000; Development – KES. 0; Total – KES. 3,000,000 |

Conclusion

46. The County Government of Tana River intends to embrace urbanization to enhance socio-economic development. In order to achieve this, in FY 2020/21, the County shall invest in the following strategic interventions; quality and accessible healthcare, quality education and training, modern and commercially oriented Agriculture and Livestock, urban planning and development and good governance.

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