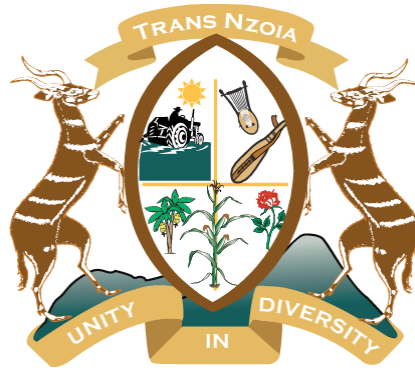


REPUBLIC OF KENYA



COUNTY GOVERNMENT OF TRANS NZOIA

COUNTY FISCAL STRATEGY PAPER

FEBRUARY 2021

Foreword

The 2021 County Fiscal Strategy Paper (CFSP) has been prepared in line with the Public Finance Management (PFM) Act, 2012 and its enabling Legislation and Regulations. It sets the framework that will guide the allocation of resources in the county in the MTEF period 2021/22-2023/24. The ceilings contained herein have been aligned with the county's developments as outlined in the county development plans for the period.

This policy has been developed in the background of a globally constrained economy resulting from the outbreak and rapid spread of Covid-19 pandemic and the ensuing national guidelines and measures outlined to contain its rapid spread and also develop quick response mechanisms to cushion Kenyans against the resulting social-economic impacts of the pandemic.

Fiscal outcome for FY 2019/20 and the first half of financial year 2020/21 clearly indicates the need to revise the fiscal framework contained in the current fiscal policy as well as reprioritization of the county's development agenda to reengineer the economy and ensure it's placed on a path of economic growth in view of the adverse effects brought about by the Covid-19 pandemic. This in turn has informed the departmental budget ceilings contained in this policy. In addition, these ceilings have been underpinned by the county's desire to providing an enabling business environment for the private sector to thrive, to enhance access to quality social services including education, water and health care services, creating job opportunities to absorb the ever increasing educated county population, promoting value addition, ensuring sustainable agricultural practices, reducing poverty and enhancing incomes as outlined in the Medium term development road map: County Integrated Development Plan (CIDP) 2018-2022.

In the face of declining own resource revenues, delays in disbursement of grants from the national government and development partners, this CFSP provides a balancing act in view of reduced revenue base against increased cost of providing public services while ensuring adherence to Covid-19 containment guidelines as well as cushion the residents against the social economic impacts of the pandemic.

This Strategy outlines the medium term policies and strategies that the county government seeks to implement in order for it to live up to its mandate given the prevailing socio- economic circumstances and in conformity with the fiscal responsibility principles outlined in the PFM Act 2012 and the County's development Strategic objectives as contained in the county development plans.

The 2021 CFSP seeks to reinforce County Government's development agenda of improving the physical and social infrastructural facilities, increasing land productivity and enhancing farmer incomes, enhancing access to social amenities, providing effective and efficient social services, harmonizing the planning processes, empowering the marginalized and the vulnerable groups, improving the business environment, building the capacity of MSE and "Jua Kali sector", promoting agricultural value chain and value addition and developing public service structures that deliver efficient services among other efforts in the spirit of the Constitution of Kenya 2010.

The proposed programmes and projects aim at addressing the county development challenges and constraints. Further, the identified sector priorities envisage to leverage on green economy and mainstreaming cross-cutting issues such as climate change; environmental degradation; Disaster Risk Management (DRM), HIV/AIDs; Gender, Youth and Persons with Disability (PWD), Ending Drought Emergencies (EDE) among other cross cutting issues to be addressed.

The fiscal framework presented in this strategy provides a strong basis for addressing the effects of Covid-19 on our economy, promoting a sustained county development process that is aligned to the national development agenda including the ‘The Big Four Agenda’. To achieve these objectives however, this CFSP calls for fiscal discipline, adherence to the set county development aspirations as outlined in her development blue prints, transparency and public participation upon which it has been anchored.

BONFACE WANYONYI

CECM FINANCE AND ECONOMIC PLANNING

Acknowledgement

The 2021CFSP is a product of a collaborative effort of the executive, the county assembly and the various stakeholders and members of the public whose views and sentiments have formed a key input in the preparation of the document. I would wish to first and foremost thank His Excellency P.S. Khaemba the Governor of Trans Nzoia County, His Excellency Dr. Stanley Tarus, the Deputy Governor and all the Members of the Executive committee of the County Government of Trans Nzoia for the invaluable contributions and support towards the preparation of this important budget document.

My sincere gratitude goes to the County Departments and in particular the respective County chief officers, county directors and their technical staff for their dedicated effort in provision of input towards the development of the document.

I acknowledge the immense contribution of the members of the CFSP Task force and the budget secretariat in their tireless effort when collecting the necessary information towards the development of this document.

EMMANUEL S. WANJALA
CHIEF OFFICER FINANCE

List of Tables

Table 1: Analysis Of Revenue Performance For Fy. 2019/20	20
Table 2: An Analysis Of Budget Performance By Source For Fy. 2020/21	21
Table 4: Expenditure Performance By Vote In Fy 2019/20:	22
Table 4: Expenditure Performance By Vote For Fy 2021/21 As At December 2020 Performance	23
Table 5: Projected County Revenue For Fy. 2021/22-2023/24	31
Table 6: Summary Of Proposed Expenditure By Vote For Mtef Period 2021/22-2023/24 Ksh.....	32

Annexes

Annexes 1: Departmental Budget Ceiling For MTEF Period 2021/22-2023/24	ERROR!
	BOOKMARK NOT DEFINED.

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TABLE OF CONTENTS

Foreword	2
Acknowledgement	4
List of Tables	5
Executive Summary	8
1.1 BACKGROUND	11
<i>1.1.1 County Fiscal Strategy Paper Preparation Process</i>	<i>12</i>
<i>1.1.2 Organization of the Report</i>	<i>12</i>
1.2 RECENT ECONOMIC DEVELOPMENT	12
<i>1.2.1 Overview</i>	<i>12</i>
<i>1.2.2 Global and Regional Economic Developments</i>	<i>13</i>
<i>1.2.3 Domestic Economy</i>	<i>13</i>
<i>1.2.4 County Performance</i>	<i>15</i>
1.3 COMPLIANCE WITH THE FISCAL RESPONSIBILITY PRINCIPLES	23
1.4 FISCAL POLICY	23
1.5 RISKS ASSOCIATED WITH THE OUTLOOK	24
2.1 Aligning the County Development Framework with the National Development Agenda	25
2.2 Overview	25
2.3 County Strategic Priorities	26
2.3.1 Agriculture, Livestock, Fisheries and Co-operative Development	26
2.3.2 Water, Environment and Natural Resources	27
2.3.3 Education and Vocational Training	27
2.3.4 Trade, Commerce and Industry	27
2.3.5 Public Works, Transport & Energy	28
2.3.6 Health Services	28
2.3.7 Lands, Housing and Urban Development	28
2.3.8 Gender, Youth, Culture, Sports, Women & Tourism	28
2.3.9 Governance, Public Service Management and County Public Service Board	29

2.3.10 Finance and Economic Planning..... 29

2.3.11 County Assembly..... 29

2.3.12 Kitale Municipal Board 29

3.1 Medium-Term Expenditure Framework..... 31

3.2 FY 2020/2021 Budget Framework..... 31

3.2.1 Revenue Projections..... 31

3.2.2 Expenditure Forecasts 32

3.3 Resource Allocation Criteria 32

4. Conclusion 33

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Executive Summary

The 2021 County Fiscal Strategy Paper (CFSP) has been prepared in accordance with Section 118 of the Public Finance Management Act, 2012. The CFSP provides the policy Framework that guides the resource allocation across the county departments as well as outlines the various source of revenue which will finance the proposed expenditure for the MTEF period 2021/22-2023/24.

The County Fiscal Strategy Paper broadly gives a snapshot of the current social economic setting of the county's economy and based on the current scenario incorporates their implication on the current fiscal framework as well as informs the coming year's budget proposals and in the medium term. The County fiscal strategy paper therefore links policy, planning and budgeting. This strategy has been aligned to the national planning framework MTP III, the County Integrated Development Plan 2018-2022, the national fiscal framework and the Presidential development Agenda “**the Big four**” and the post Covid 19 Economic Recovery Strategy (ERS).

2021 CFSP has been prepared in the backdrop of an outbreak of Covid-19 and the subsequent ensuing of containment measures and the uncertainty about the disease that have devastated Global economies. The Kenyan economy has not be spared either with a slowdown of economic activities in key sectors of the economy consequently, the economy is projected to grow by 3.5 percent in financial 2020/21 and a further 6.2 % in the medium term.

The County, like the rest of the Country has not been spared from the impacts of Covid-19 pandemic and national lockdown. The informal sectors of the economy; - mainly Jua kali sector, retail and wholesale trade, businesses in the fresh produce and open air markets, transport sector especially the Boda Boda sector and logistic services linking Kenya and southern Sudan has been adversely affected by the various containment measures laid down by the government. The hotel industry and other services sector have equally been affected.

Agriculture is the backbone of the County's economy. Favorable weather conditions coupled with county investment initiatives such as; - fertilizer grant, crop diversification, conservation agriculture, subsidized AI services, livestock disease management and promotion of cash crops have resulted in increased production and subsequently incomes. Therefore offsetting the adverse impacts witnessed in the other sectors of the economy.

The fiscal performance in the 2019/20 financial year was not spared of the impacts experienced in other sectors. The total cumulative revenue realized was Ksh. **6,618,185,669** (79% of approved budget) against a projected target of Ksh **7,974,386,342**. This represents a revenue shortfall of Ksh **1,048,578,159** where ordinary local revenues were under collected by Ksh **143,922,932** while transfers from the National government and other sources underperformed by **Ksh. 904,655,227**. The actual total expenditure for both development and recurrent in 2019/20

financial year was Ksh. **6,450,732,447** against an approved budget of Ksh. **7,974,386,342** resulting in underperformance by Ksh. **1,523,653,895**.

The fiscal performance in the first half of 2020/21 depicts the trend realized in financial year 2019/20. Total revenue realized as at December 31st was **Ksh. 2,949,140,608** against an estimated revenue of **Ksh. 8,145,509,973**. Grants received from the national government and donors are **Ksh. 2,906,970,834** while local revenues realized is **Ksh. 42,169,774**.

The 2021 CFSP has been prepared against the backdrop of COVID-19 pandemic. It aims at supporting containment measures outline in the National and County recovery strategies. This strategy seeks to consolidate further the gains from the implementation of the County Development Blue print the CIDP which has been rolled out through successive Annual Development plans. The interventions of the CIDP seek to contribute to the attainment of the “Big Four” agenda that is tailored towards the realization of the social and economic pillars of our Vision 2030 and the development goals enshrined in the Kenyan Constitution.

Priority areas of investment envisaged in this strategy are geared towards reducing poverty, raising household incomes and reducing unemployment among the county’s youth population as outlined in the Count’s development blue print (CIDP). In specific key County interventions are geared towards;-

- Promoting adoption of modern agriculture practices;
- Enhancing the crop diversification programme and agricultural productivity,
- Enhancing post harvest management and promoting value addition for agricultural produce;
- Construction and equipping ECDE classrooms in the 25 wards;
- Construction of administration block and twin workshop in VTCs
- Completion of Kitale Business Centre
- Establishing market infrastructure;
- Promoting access to credit by SMES and “Jua Kali” sector;
- Expansion and improvement of the County roads network;
- Completion and operationalization of the new County Teaching and Referral hospital;
- Expansion ,rehabilitation and equipping and construction of existing health facilities;
- Upscaling the social welfare safety net to cover health sector;
- Provision of more healthcare personnel as well as motivate the staff;
- Implementing the integrated urban development and County Spatial Plans;
- Operationalization of Kitale Municipal Board
- Environmental conservation and increasing county tree cover;
- Increasing access to safe water
- Solid waste management;
- Promoting women and youth empowerment programmes;

- Promoting sports, culture and performing arts

In the FY 2021/2022, the projected revenue is Ksh. 8,411,142,026 collection comprising Ksh.500, 000,000 from Local Sources and Equitable share and grants from national government and development partners of Ksh. 7,911,142,026. The proposed expenditure over the same period is Ksh 5,083,952,461 in the recurrent vote and Ksh. 2,602,205,209 in the development vote. These projections however, are anchored on the on-going enhancement of the capacity in the Revenue department, favorable weather conditions, resilience of the Kenyan economy and easing of Covid-19 containment measures.

The risks to this outlook are mostly associated with the persistence of Covid-19 pandemic and associated impacts emanating from the containment measures such as; required lockdowns, voluntary social distancing and its effect on consumption, the ability of laid off workers securing employment in other sectors, rising operating cost to make work places more hygienic and safe, and reduced hours of operation. Other risks include;- unpredictable weather patterns and low private investments in the county, late disbursement of CRA equitable allocation by the national treasury, invasion of pests and diseases and the large portfolio of pending bills among others.

The County government is continually monitoring these risks and taking appropriate monetary and fiscal policy measures to preserve livelihoods and strengthen resilience in the economy. To cushion the county residence against the downsides of the risks, the county government has prepared a county social economic re-engineering recovery strategy for the period 2020/21-2022/23.

Part 1: Recent Economic Development and Medium Term Outlook

1.1 Background.

The basis of preparing this County Fiscal Strategy Paper is contained in article 117 of the PFM Act and has taken cognizance of the fiscal responsibility principles as spelt out in the Act and the Constitution of Kenya as pertaining to the county budget process in terms of content, timelines, key players and stakeholder involvement.

The County Fiscal Strategy Paper broadly gives a snapshot of the current social economic setting of the county's economy and based on the current scenario, incorporates their implication on the current fiscal framework as well as informs the coming year's budget proposals and in the medium term. The County fiscal strategy paper therefore links policy, planning and budgeting. This strategy has been aligned to the national planning framework MTP III, the County Integrated Development Plan 2018-2022, the national fiscal framework and the Presidential development Agenda "**the Big four**" and the post Covid 19 Economic Recovery Strategy (ERS).

These County Fiscal Strategy Paper 2021 provides;-

- (a) An assessment of the current state of the economy globally, nationally and its implication on the county economy
- (b) Financial outlook with respect to county revenues, expenditure and borrowing in the financial year 2019/20, 1st half of 2020/21 financial year and in the medium term that is aligned to the prevailing national fiscal framework;
- (c) Areas of adjustments in the 2020 fiscal framework in view of the current outlook;
- (d) Proposed ceiling for county department for 2021/22;
- (e) Statement of compliance of to the proposed fiscal framework to the fiscal responsibility principles and financial objectives over the medium term; and
- (f) Statement of specific risks associated with the proposed fiscal framework.

A key pillar in developing this policy has been the stakeholder participation. In preparing the county fiscal strategy paper, the county government has sought and taken into account the views of the following in line with the law;-

- (a) The Commission on Revenue Allocation;
- (b) The National Treasury – Budget Policy statement;
- (c) The public;
- (d) Any interested persons or groups; and
- (e) Any other forum that is established by the legislation
- (f) Recommendations from the county assembly once the paper has been submitted before the floor for discussion

1.1.1 County Fiscal Strategy Paper Preparation Process

The preparation of the CFSP is the fourth stage in the budget preparation process and has been developed in accordance with the PFM Act 2012. This document precedes the preparation of three other important documents, that is, the County Annual Development Plan (**CADP**), the County Budget Review and Outlook Paper (CBROP) and the MTEF sector Reports.

The preparation of the 2021 CFSP has been a collaborative effort from all the County Departments whose MTEF sector reports form the basis upon which the paper is based. The CADP presents the county development priorities which are then linked to the financial resources allocation process through the MTEF budget process which is preceded by the (CBROP) where the budget implementation is reviewed and the review report forms the basis of MTEF sector reports.

A task force and secretariat of officers from the department of Finance and Economic planning was constituted and a draft prepared. The draft prepared was enriched by views from the County Executive, and members of the public collected during the consultative forums held. The views of the County Economic and budget forum were also sought during its preparation. In addition, consultation was also carried out with the County Assembly budget committee. The draft was presented before the cabinet whose comments and inputs were incorporated and approved before its submission to the County Assembly for discussion and approval.

1.1.2 Organization of the Report

This strategy has been organized into three parts; Part One provides the recent economic development and medium term outlook which include the background on preparation of CFSP, overview of the economic and half year fiscal performance for FY 2020/21. Part Two provides the Medium Term Strategic Priorities and Interventions. Part three presents the County's Fiscal Policy and Budget Framework in the Medium Term which provides the Resource Envelop (Departmental budget ceilings) and the Overall Spending Priorities.

1.2 Recent Economic Development

1.2.1 Overview

In 2020, the Kenyan economy was adversely affected by the outbreak of Covid-19 Pandemic and the swift containment measures, which have not only disrupted the normal lives and livelihoods, but also to a greater extent businesses and economic activities across all the sectors of our economy. Following the easing of containment measures , and supported by increased production in the agricultural sector, the depression eased to 1.1 percent in the third quarter compared to a contraction of 5.7 percent recorded in the second quarter of 2020 from a growth of 4.9 percent in the first quarter in 2020. Economic growth is estimated to have slowed down to a growth of around 0.6 percent in 2020 from the earlier projection of 2.6 percent in the 2020

Budget Review and Outlook Paper (BROP). Economic growth is projected to recover to 6.4 percent in 2021 due to in part to the lower base effect in 2020.

In terms of fiscal years, economic growth is projected to grow by 3.5 percent in FY 2020/21 and further to 6.2 percent over the medium term. The economy continues to register macroeconomic stability with low and stable interest rates and a competitive exchange rate that support exports. Year-on year overall inflation remained within the Government target range of 5 ± 2.5 percent in December 2020 at 5.6 percent from 5.8 percent in December 2019. This lower inflation was mainly supported by a reduction in food prices. In the foreign exchange market the Kenyan shilling has depreciated against the major currencies save for the regional currencies. Despite this, the current account deficit is estimated to improve to 5.1 percent in 2020 from 5.8 percent in 2019 mainly supported by an improvement in the trade balance.

1.2.2 Global and Regional Economic Developments

The global economy is projected to contract by 4.4 percent in 2020 from a growth of 2.8 percent in 2019. Significant contraction of the economy is projected in the United States and Japan. Growth in the Euro area is expected to contract by 8.3 percent in 2020 from a growth of 1.3 percent in 2019. The emerging markets and developing economies are also projected to contract by 3.3 percent in 2020 from a growth of 3.7 percent in 2019. All major economies are projected to contract in 2020 except China which is projected to grow by 1.9 percent.

The Sub-Saharan African region has not been spared the negative impact of the pandemic with the region projected to contract by 3.0 percent in 2020 from a growth of 3.2 percent in 2019. The largest impact of the crisis on growth has been for tourism-dependent economies, while commodity-exporting countries have also been hit hard. Growth in more diversified economies will slow significantly, but in many cases will still be positive in 2020.

Growth in the East African Community (EAC) region is estimated to have slowed down to 1.0 percent in 2020 compared to a growth of 6.2 percent in 2019. This growth will be supported by positive growths in Kenya, Tanzania and Rwanda. Economic activities in Burundi and Uganda are expected to contract in 2020.

1.2.3 Domestic Economy

In 2020, the Kenyan economy was adversely affected by the outbreak of Covid-19 Pandemic and the swift containment measures, which have not only disrupted the normal lives and livelihoods, but also to a greater extent businesses and economic activities. As a result, our economy is estimated to slow down to around 0.6 percent in 2020 from a growth of 5.4 percent in 2019. Looking ahead, the economy is projected to recover and grow by about 6.4 percent in 2021 and above 6.2 percent over the medium term.

1.2.3.1 Economic Performance

The economy grew by 4.9 percent in the first quarter of 2020 compared to a growth of 5.5 percent in the first quarter of 2019. The slowdown in quarter one was as a result of the decline in economic activities in most of the country's major trading partners due to the uncertainty associated with the Covid-19 pandemic

The economy further contracted by 5.7 percent in quarter two of 2020 from a growth of 5.3 percent in the same quarter in 2019. The poor performance in the quarter was to a large extent negatively affected by measures aimed at containing the spread of the Covid-19. With the easing of the containment measures, Economic performance in the third quarter of 2020 remained depressed but relatively better compared to the second quarter of 2020. Real GDP is estimated to have contracted by 1.1 per cent in the quarter. These performance was supported by improved performance of Agriculture, Forestry and Fishing activities), Health Services and Mining and Quarrying activities.

The non-agriculture (service and industry) sector was adversely affected by the Covid-19 pandemic during the second quarter of 2020. The poor performance was largely characterized by substantial contractions in Accommodation and Food Services (83.3 percent), Education (56.2 percent), and Transportation and Storage (11.6 percent). Growth in the service sub-sector was mainly supported by financial and Insurance, Information and communication and Public Administration.

Supported by a reduction in food prices, at 5.6 percent in December 2020, year-on-year overall inflation rate remained low, stable and within the Government target range of 5+/-2.5 percent since end of 2017 demonstrating prudent monetary policies.

The foreign exchange market has largely remained stable but was partly affected by a significant strengthening of the US Dollar in the global markets and uncertainty with regard to the Covid-19 pandemic. In this regard, the Kenya Shilling to the dollar exchanged at Ksh 110.6 in December 2020 compared to Ksh 101.5 in December 2019.

Short-term interest rates remained fairly low and stable. The Central Bank Rate was retained at 7.00 percent on November 26, 2020 same as in April 2020 to signal lower lending rates in order to support credit access by borrowers especially the Small and Medium Enterprises, distressed by COVID-19 pandemic. The interbank rate declined to 5.1 percent in December 2020 from 6.0 percent in December 2019 in line with the easing of the monetary policy and adequate liquidity in the money market

The banking system's foreign exchange holdings remained strong at US\$ 12,585.0 million in September 2020 slightly lower than the US\$ 13,083.3 million held in September 2019. The official foreign exchange reserves held by the Central Bank was at US\$ 8,765.1 million (5.4

months of import cover) in September 2020 compared with US\$ 9,441.6 million (5.8 months of import cover) in September 2019 and is within the official requirement to maintain reserves at minimum of 4.0 months of imports cover to provide adequate buffer against short term shocks in the foreign exchange market.

1.2.3.2 Fiscal Performance

Budget execution in the first half for the FY 2020/21 was hampered by revenue shortfalls and rising expenditure pressures. The shortfalls in revenues reflect the weak business environment and the impact of the tax reliefs implemented in April 2020 to support people and businesses from the adverse effect of Covid-19 Pandemic. Revenues are expected to progressively improve in the second half of the fiscal year following the gradual reopening of the economy and the increased demand for imports as well as improved domestic sales. The Government has embarked on expenditure rationalization and prioritization to ensure that expenditures are on the most impactful programmes that yield the highest welfare benefits to Kenyans.

Revenue Performance

Revenue collection to December 2020 declined by 14.0 percent compared to a growth of 17.1 percent in December 2019. This decline is attributed to the difficult operating environment due to the Covid-19 pandemic and the containment measures to curb its spread. The cumulative total revenue - inclusive of Ministerial Appropriation in Aid (AiA) amounted to Ksh 800.1 billion against a target of Ksh 907.7 billion.

Expenditure Performance

Total expenditure and net lending for the period ending December 2020 amounted to Ksh 1,191.0 billion against the projected amount of ksh 1,258.9 billion. Recurrent spending amounted to ksh 798.7 billion while development expenditures amounted to ksh 262.8 billion. Transfer to county governments amounted to ksh. 129.5 billion of which the equitable share amounted to ksh. 115.0 billion. Fiscal operations of the government by end of December 2020 resulted in an overall deficit, including grants of ksh 362.6 billion against a projected deficit of ksh 371.8 billion. This deficit was financed through net domestic borrowing of ksh 345.4 billion and net foreign financing of ksh 17.2 billion.

1.2.4 County Performance

1.2.4.1 Economic Performance

The County economy like the rest of the nation was adversely affected the Covid-19 pandemic and the swift containment measures announced by the national government to curb its rapid spread. Restriction of movements, limited hours of business, closure of business among other measures greatly affected agriculture and the informal sectors of the economy; - mainly Jua kali sector, retail and wholesale trade, businesses in the fresh produce and open air markets, transport

sector especially the Boda Boda sector long distance travel and logistic services linking Kenya and southern Sudan, tourism and the hotel industry leading to loss of incomes and livelihoods to many.

Good produce from the agricultural sector which is the backbone of the County's economy albeit cushioned the residents. Favorable weather conditions coupled with county investment initiatives such as; - fertilizer grant, crop diversification, conservation agriculture, subsidized AI services, livestock disease management and promotion of cash crops have resulted in increased production and subsequently incomes. In addition, the sector provided employment albeit seasonal to many especially during the maize harvesting season in September- December. A summary of sector performance is provided below.

a). Agriculture, Livestock, Cooperative Development and Fisheries

Notable achievements of the sector in the financial year 2019/20;- acquisition and distribution of appropriate soil and crop specific fertilizers, procurement of assorted specialized agricultural machinery to implement new technologies such as conservation agriculture, acquisition and distribution of coffee seedlings, tea seedlings, TC banana seedlings, Avocados and apples, and procurement of grain driers to enhance produce quality for the Agriculture sub sector.

In the Livestock sub sector achievements included rehabilitation of 9 cattle dips, provision and distribution of 170 litres of acaricide to 9 communal dips. Additionally 3 milk coolers were supplied by the National government and under the Small Holder Dairy commercialization program; 1 pasteurizer and 1 milk dispenser were distributed, 54 CIGS funded and 10,000 day old improved Kienyeji chicks procured and distributed to farmers.

Under Cooperative development, notable milestones include registration of 29 new co-operative societies, revival of 12 dormant co-operative societies, auditing of 15 co-operative societies and 32 general meetings held by the cooperatives. Revenue collected by the cooperatives amount to Kshs. 224,105.

Under the fisheries sub sector, 8 new fish ponds were constructed with 14 fish ponds being stocked with 29, 400 tilapias and cut fish fingerlings valued at Ksh.235, 200. In addition a total of 5965.6 kgs of fish estimated at Ksh. 1,789, 680 145 were harvested.

The sector also implemented the donor funded NARIGP and ASDSP Programs and achievements for these included;

Under NARIGP Program;

- 600 micro projects worth Kshs. 212,043,861 were implemented under component one.
- Ten Producer organizations (9 Dairy POs and one Chicken PO) that received inclusion grants procured office equipment and stationery valued at Kshs. 11,926,800.

- Disbursement of two tranches of the matching grant worth Kshs. 13,000,000 for value chain upgrading was undertaken and one PO (Cherangany Dairy Group PLC) carried out procurement of machinery.
- Under component three, youths were employed by VMGs to undertake excavation of soil conservation structures.
- Under component 4, digital M&E baseline data collection was undertaken by trained youth on community investments and 16,313 project beneficiaries were captured
- The total expenditure was Kshs. 146,127,426 representing 42% absorption of the overall budget of Kshs. 350,000,000 for NARIGP for the FY2019-20.

Under ASDSP program;

- Strategic value chain action plan (SIVCAP) was developed for three value chains of Dairy Cow milk, Maize and indigenous chicken.
- CASSCOM, the organ to oversee agricultural sector activities during implementation of ASDSP II was formed and launched.
- Capacity needs assessments for VCAs, SPs, and VCOs was undertaken.
- Review of structures such as value chain platforms (VCP) and Technical working groups was accomplished.
- ASDSP II strategic plan was developed with Gender and Social Inclusion Action plan being aligned to SIVCAP.
- A total of KES. 14,062,428 is projected to be spent in 2021/2022 financial year (SIDA-6,062,428, County Government 5,500,000 and GoK 2,500,000).

b). Health Sector

The sector's major investments during the year under review included; ongoing works at the Trans Nzoia Teaching and Referral Hospital (TTRH), Other capital projects included Construction and renovation of ablution blocks at Kiminini and Kwanza markets, and Construction of new dispensaries within Matumbei, Makutano, Kwanza, Tuwan and Nabiswa wards.

In addition, the sector developed a number of policies and legislations to facilitate smooth operation of the sector. During the period under review reproductive, maternal, neonatal, child and adolescent health care (RMNCAH). The sector also championed the establishment of CHUs. Other interventions included immunization, support HIV/AIDS/TB, and malaria control.

c). Public Works, Transport and Energy

Key sector achievements in the period under review include;

- Upgrading to bitumen standards 0.47km of CBD roads

- On-going construction of Kitale –Suam border road approximately 29km through KENHA.
- Routine maintenance of 900Km of County road network,
- Installation and maintenance of 443m Culverts and 4 box culvert bridges.
- Maintenance of 1000 Street lighting Fittings,

d). Water, Environment Natural Resources

The key sector achievements for the period under review included planting of 30,000 tree seedlings, procurement and distribution of 10 bulk bins to improve solid waste collection, storage and disposal. In addition, 3 improved exhaustible toilets and 2 ablution blocks were constructed to improve sanitation and disposal of waste. In a bid to enhance access to safe water, 50Km of water pipelines were laid, 13 boreholes drilled and equipped, 40 springs were protected and 2 shallow wells developed and equipped. These led to increased access to clean and safe water to over 35%.

e). Education

For the period under review the achievements for the sector included; Construction of 9 VIP toilets which improved hygiene and sanitation in ECDE centres, construction of 10 ECDE classrooms, and provided Infrastructure building materials to 28 VTCs which included , tools, equipment and Instructional materials bought to benefit trainees from the National government disbursement. In addition, 13,050 needy students were sponsored in various institutions through the Elimu bursary fund.

F) Trade, Commerce and Industry

In the plan period under review the sector's key achievements include; 40% completion in construction of the Kitale Business center, completed renovation of Saboti ESP market, and contracts were awarded for the completion of Emoru ESP market and completion of a number of fresh produce markets namely Lukhome fresh produce market, Bikeke fresh produce market, Big Tree fresh produce market. Similarly contracts were awarded for the construction of model kiosks at Kachibora, construction of model kiosks at Kapkoi market, and construction of Tomatoes processing plant at Mwangaza. Identification of the site and development of designs and BoQs for the construction of modern wholesale and retail market within Kitale town was also undertaken.

During the year there was commencement of operations of the County Alcoholic Drinks Control Board with the County Alcoholic Drinks Appeals Committee and the Five Sub County Alcoholic Drinks Control Committees being initiated. In addition, traders were sponsored to participate in the yearly Kitale ASK show. There was also continued verification of weighing and measuring equipment throughout the county.

g). Land, Housing and Urban Development

The major achievements for the sector for the period under consideration included; development of Trans Nzoia Spatial Plan, development of Kitale Integrated Development Plan. In addition Kitale Municipal Board was established. At the same time during the year, KUSP project funded by the World Bank was launched.

h). Gender, Youths, Sports, Culture and Tourism

The key achievements of the sector include: provision of loans to 250 youth and women groups across the county, provision of support the vulnerable persons and groups with building materials, beddings, gas cookers among other items and support 20 County sports teams

i). Governance and Public Service Management

Key achievements of the sector for the period under review include;

- County organization structure was reviewed and disseminated to county departments.
- Medical Cover was provided for County top management.
- County Competency Framework was developed
- County staffing plans were developed
- Performance Contracts and appraisal system were rolled out
- 19 WIFI devices were provided
- Validation of job descriptions was undertaken for all staff
- Civic Education and Public Participation in the entire County undertaken.

j). County Public Service Board

The key achievements of the sector in the period under review include;

- The Board recruited and appointed two hundred and eighty (280) employees- one hundred and eighty four (184) being health workers personnel employed under the Universal Health Coverage Programme and ninety six (96) being employees employed on temporary terms.
- The Board appointed sixty four (64) Health Workers interns for a period of one (1) year.
- Promoted forty three (43) persons to various cadres within the County Establishment.
- The Board approved confirmation in appointment of one hundred and twenty (120) new officers into permanent and pensionable terms.
- The Board submitted its 2019 Annual Report to County Assembly and H.E. the Governor pursuant to the County Governments Act 2012.
- The Board sensitized and administered declaration of income, Assets and liabilities (DIALs) to 3,041 county employees.
- The Board renewed the contracts of sixteen (16) officers, thirteen (13) being County Chief Officers whose contracts had expired.
- The Board continued construction of a new office block which is currently 80% complete.

- Process of preparation of strategic plan 2019-2023 was initiated, with the Board Members being inducted on strategic planning process.

k). County Assembly

During the 2019/2020 F/Y, the County assembly achieved the following;

- Installed CCTV in county assembly chambers
- Construction of perimeter wall is ongoing
- Undertook public participation forums for CIDP, budget and finance bill

1.2.4.2 Fiscal Performance

The fiscal performance at the national level has a significant bearing on the county's fiscal performance. The enforcement of the containment measures against the spread of Covid-19 has interrupted the social- economic lives of the residents of Trans Nzoia. The county enforced the measures provided by the National Government that include; imposition of country wide curfew, cessation of movement in and out of select counties, closure of restaurants and bars, closure of markets especially open-air markets and strict guidelines on the use of public transport among others. In addition, it provided interventions including; Waiving of fees and charges by County Governments and Cash transfer and food aid to the vulnerable groups in our communities. These greatly affected the implementation of the county budgets for the first half of financial year 2020/21.

Revenue Performance

Revenue performance for financial year 2019/20 was fairly satisfactory. The actual revenue received was **Ksh. 6,925,808,183** against an approved revenue projection of **Ksh. 7,974,386,342** thus underperforming by **Ksh. 1,048,578,159** with the actual revenue realized being 86.9 % of the expected revenue for the year. Table 1 provides an analysis budget performance by source.

Table 1: Analysis of Revenue Performance for FY. 2019/20

Approved and Actual Revenue Realized by Source for FY 2019/20 in Ksh.

Source	Approved (Ksh)	Actual (Ksh)	Variance (Ksh)
CRA Allocation (Equal Share)	5,760,300,000	5,264,914,200	- 495,385,800
Local Sources	500,000,000	356,077,068	- 143,922,932
Transforming Health Systems for Universal Health Care Project	36,686,728	36,686,728	0
Agriculture and Rural Growth Project	350,000,000	222,439,095	- 127,560,905
DANIDA	16,781,250	23,046,250	6,265,000
User Fees	21,304,915	21,304,915	0
World Bank – KDSP	171,723,421	30,000,000	- 141,723,421
Kenya Urban Support Programme	349,106,900	222,732,859	- 126,374,041

Youth polytechnics Development	61,188,298	61,188,298	0
Road Maintenance Fuel Levy	163,509,938	202,158,314	38,648,376
Agricultural Sector Development Support Programme	23,903,220	16,390,678	-7,512,542
Water Tower Protection and Climate Change Mitigation and Adaptation Programme	80,000,000	0	- 80,000,000
Unspent Balance B/F	307,966,778	307,966,778	0
COVID-19	0	160,903,000	160,903,000
Leasing of Medical Equipment	131,914,894	0	- 131,914,894
Total	7,974,386,342	6,925,808,183	-1,048,578,159

Source: County Budget Reports 2020

In the Fy 2020/21, the revenue performance was not satisfactory. Of the actual estimated Annual target of **Ksh. 8,145,509,973** only **Ksh. 2,949,140,608** from both the own resource and the grants which is 36.2 % of the projected revenue for the year. Table 2 provides half year budget performance by source.

Table 2: An analysis of Revenue Performance by Source for FY. 2020/21 as December 2020

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Half Year Revenue (Kshs.)	Variance (Kshs.)
		A	B	C=A-B
1	Equitable Share	5,791,950,000	1,900,899,000	3,891,051,000
2	Local Sources	500,000,000	42,169,774	457,830,226
3	KUSP UDG	299,106,900	85,174,041	213,932,859
4	KUSP UIG	-	-	-
5	KDSP	75,000,000	30,000,000	45,000,000
6	NARIGP	199,332,120	152,854,024	46,478,096
7	DANIDA	22,645,000	-	22,645,000
8	ASDSP	29,158,844	-	29,158,844
9	THUSP	44,386,749	-	44,386,749
10	EU (WATER)	45,162,927	-	45,162,927
11	User Fee	21,304,915	-	21,304,915
12	Leasing of medical equipment	132,021,277	-	132,021,277
13	Road Maintenance fuel levy	254,383,730	81,754,969	172,628,761
14	Rehabilitation of Village Polytechnics	74,768,711	-	74,768,711
15	Unspent Balances	495,385,800	495,385,800	-
16	Covid Grant(Unbudgeted)	160,903,000	160,903,000	-
Total Revenue		8,145,509,973	2,949,140,608	5,196,369,365
Net Grants		7,645,509,973	2,906,970,834	4,738,539,139

Source: County Budget Reports 2020

Expenditure Performance

The total Expenditure in both recurrent and development budget for the financial year 2019/20 was **Ksh. 6,450,732,447** against an approved budget of **Ksh. 7,974,386,342**. In the financial 2020/21 the approved estimates was Ksh. **8,145,509,973** and as at December 31st, 2020 the actual expenditure is **Ksh.3, 974,010,970**. Table 4 provides a summary of the expenditure performance by vote in the financial year 2019/20 while table 5 provides half year performance for financial year 2020/21 up to December 2020.

Table 3: Expenditure Performance by Vote in FY 2019/20:

Vote	APPROVED BUDGET	ACTUAL EXPENDITURE	Actual Expenditure as % of Approved
Recurrent	4,718,598,180	4,337,506,217	92
Development	3,255,788,162	2,113,226,230	65
Total Expenditure	7,974,386,342	6,450,732,447	81

Source –County Treasury;

The actual recurrent expenditure for financial year 2019/20 was Ksh. 4,337,506,217 against an approved expenditure of Ksh. 4,718,598,180, which is 92% absorption rate. The development vote, recorded an absorption rate of 65%.

Table 4: Expenditure Performance by Vote for FY 2021/21 as at December 2020
Performance

Category	Estimates FY 2020/21 (Ksh)	Actual Expenditure (Ksh) by Dec. 2020	Variance (Ksh)
Current Expenditure	4,861,244,685.00	2,736,805,020.61	2,124,439,664.39
Capital Expenditure	3,284,265,288.00	1,237,205,950.00	2,047,059,338.00
Total Expected Expenditure	8,145,509,973.00	3,974,010,970.61	

Source –County Treasury 2021

The actual half year recurrent expenditure was **Ksh. 2,736,805,020** against annual target of **Ksh. 4,861,244,685** accounting for **56.3 %** of the total expected recurrent expenditure. On the other hand, the actual development expenditure was **Ksh. 1,237,205,950** against a target expenditure of **Ksh. 3,284,265,288** thus representing **37.7 %** of the total expected expenditure for the year. Likewise, the total half year expenditure both for recurrent and Development was **Ksh. 3,974,010,970** accounting for **48.8 %** of the total expected expenditure for the year.

1.3 Compliance with the Fiscal Responsibility Principles

The County approved budget for FY 2020/21 complied with the fiscal responsibility principles as outlined in the PFM Act 2012. The Development Budget of Ksh. 3,284,265,288 which is 40% of the total budget of Ksh. **8,145,509,973** is over and above the minimum requirement of 30%.

1.4 Fiscal Policy

In the face of uncertainty over Covid-19 and the need to enforce national guidelines on curbing the spread of the disease, while implanting county specific response mechanism to cushion the residents against the adverse impacts of the pandemic, the county government must realign her fiscal policy as local revenue sources decline while there is need for increased funds to support the economy.

The county government has established a covid-19 emergency fund. Consequently, funds have been mopped up from low priority areas of expenditure such as training, travel:-both domestic and foreign as well as suspension of commitment for new projects that are not supporting the fight against the pandemic.

In addition, there is need to review the own resource base and temporary waivers on fees and other charges to ensure availability of fund. There is need also to provide initiatives that will enhance local revenues.

The key initiatives to be undertaken to increase the revenue base includes; - improvement on the automated revenue collection system, simplification of Collection process in line with national best practices and improved compliance with enhanced administrative measures. In addition, the County Government will undertake various researches in view to identifying new sources,

improving tax compliance levels and expanding revenue base. The county will also embrace asset financing, endorsement of PPP as well as seeking for donor support in form of grants and loans from domestic and external sources, in line with the regulations as set out in the PFM Act and other financial regulations.

1.5 Risks Associated with the Outlook

The risks to this outlook includes are mostly associated with the persistence of Covid-19 pandemic and associated impacts emanating from the containment measures such as; required lockdowns, voluntary social distancing and its effect on consumption, the ability of laid off workers securing employment in other sectors, rising operating cost to make work places more hygienic and safe, and reduced hours of operation. Other risks include;- unpredictable weather patterns and low private investments in the county, late disbursement of CRA equitable allocation by the national treasury, invasion of pests and diseases and the large portfolio of pending bills among others.

The County government is continually monitoring these risks and taking appropriate monetary and fiscal policy measures to preserve livelihoods and strengthen resilience in the economy. To cushion the county residence against the downsides of the risks, the county government has prepared a county social economic re-engineering recovery strategy for the period 2020/21-2022/23.

PART II. STRATEGIC PRIORITIES AND INTERVENTIONS

2.1 Aligning the County Development Framework with the National Development Agenda

2.2 Overview

The 2021 CFSP has been prepared against the backdrop of COVID-19 pandemic. It aims at supporting containment measures outlined in the National and County recovery strategies. The document is informed by the Budget Policy Statement 2021, and it seeks to consolidate further the gains from the implementation of the County Development Blue print the CIDP which has been rolled out through successive Annual Development plans. The interventions of the CIDP seek to contribute to the attainment of the “Big Four” agenda that is tailored towards the realization of the social and economic pillars of the Vision 2030 and the development goals enshrined in the Kenyan Constitution.

In order to ensure that the National Transformative Agenda is on course, the National government has identified four key strategic areas of focus in the medium term namely;-

- a) Supporting value addition and raise the manufacturing sector’s share of GDP to 15% by 2022. This will accelerate economic growth, create jobs and reduce poverty;
- b) Focusing on initiatives that guarantee food security and improve nutrition to all by 2022 through expansion of food production and supply, reduction of food prices to ensure affordability and support value addition in the food processing value chain;
- c) Providing Universal Health care thereby guaranteeing quality and affordable healthcare to all Kenyans; and
- d) Providing at least five hundred thousand affordable new houses to Kenyans by 2022, hence improving living conditions for Kenyans.

Investment in the above key areas will create jobs, enhance access to the basic needs of the Kenyan people, improve their quality of life, lower the cost of living and reduce poverty and inequality. These development aspirations are in tandem with the County’s medium term development agenda of reducing poverty, raising household incomes and reducing unemployment among the county’s youth population as outlined in the County development blue print (CIDP). In specific key County interventions are geared towards;-

- Promoting adoption of modern agriculture practices;
- Enhancing the crop diversification programme and agricultural productivity,

- Enhancing post harvest management and promoting value addition for agricultural produce;
- Completion of the Kitale Business Centre
- Construction and equipping ECDE classrooms in the 25 wards;
- Construction of administration block and twin workshop in VTCs
- Establishing market infrastructure;
- Promoting access to credit by SMES and “Jua Kali” sector;
- Expansion and improvement of the County roads network;
- Completion and operationalization of the new County Teaching and Referral hospital;
- Expansion ,rehabilitation and equipping and construction of existing health facilities;
- Upscaling the social welfare safety net to cover health sector;
- Provision of more healthcare personnel as well as motivate the staff;
- Implementing the integrated urban development and County Spatial Plans;
- Operationalization of Kitale Municipal Board
- Environmental conservation and increasing county tree cover;
- Increasing access to safe water
- Solid waste management;
- Promoting women and youth empowerment programmes;
- Promoting sports, culture and performing arts

2.3 County Strategic Priorities

The County Integrated Development Plan 2018-2022 articulates the development priorities the County Government is implementing in order to respond to the county residents felt needs. The strategic interventions are aimed at improvement of the quality of life of the county residents through increased incomes, food security and employment creation as encapsulated in the CIDP themed “The takeoff: pathway to Economic Transformation and prosperity”.

As a result the strategic priorities being implemented towards the achievement of County Development goals are provided by sector are as below;

2.3.1 Agriculture, Livestock, Fisheries and Co-operative Development

This sector is the mainstay of the county’s economy, and the development objective in the medium term is *“To promote a competitive and sustainable agriculture, livestock, fisheries and a vibrant co-operative movement”*. The priorities for the sector include; expansion of the crop diversification programme, promotion of conservation agriculture techniques by increasing appropriate equipment in every ward, revival of the cooperative societies, enhancing markets and marketing channels for the agricultural produce, reduction of post-harvest losses by installation of grain driers and provision of storage materials such as hermetic bags ,and

promote value addition for coffee, milk, maize and horticultural crops including bananas and Avocado.

In livestock, the county will expand the AI programme, increase the number of milk coolers, and rehabilitate the communal cattle dips, promote disease control by working jointly with the neighboring counties, and promote fish farming and value addition.

2.3.2 Water, Environment and Natural Resources

The sector objective in the medium term is *“To be the leading agency in the integrated conservation, protection, management and utilization of water, environment, natural resources and climate change management for sustainable development in the county”*. To deliver on the objective, priority projects to be funded include extension of Water Gravity Schemes, sinking more Boreholes, spring protection and hand dug wells, rehabilitation of water dams, establish a new Solid Waste Management site, procure skip loaders and side loaders and refuse containers, construct sanitation blocks and exhaustible public toilets to cover all market centres. The sector will also undertake to increase the county Forest cover through tree planting initiatives.

2.3.3 Education and Vocational Training

The sector’s development objective in the medium term is *“To provide quality education training and research for empowerment of individuals to become competent and responsible citizens who meet the global labor market demands”*. The priority projects in the sector for the financial year 2021/22 in the medium term includes; construct and equip ECDE centres in the 25 wards, construct specialized toilets for ECDEs ,expansion of existing 30 VTCs and equip with modern equipment and instructional materials. In addition, the sector has targeted to construct administration blocks and twin workshops as well as establish boarding facilities in VTCs.

2.3.4 Trade, Commerce and Industry

The sector’s development objective in the medium term is *“To facilitate trade, investments and industrial development by championing an enabling and sustainable environment”*. The priority projects for the sector in the medium term includes: Completion of the Kitale Business Centre, commence the construction and equipping of modern wholesale and retail market in Kitale town, undertake County Trade and Exports Market Development, continue with markets infrastructure development, continue with alcoholic drinks control licensing, engage in Regional Economic Integration Initiatives, consumer protection, fair trade practices, legal metrology and conformity assessment, enhance enterprise training and development, promote business finance and incubation services and exchange visits, continue mapping of markets and trading centers, catalyze industrial development and investment promotion and facilitate industrial research, incubation and innovation.

2.3.5 Public Works, Transport & Energy

The sector objective is *“To provide an efficient, affordable and reliable infrastructure for sustainable economic growth to Trans-Nzoia residents and development through construction, modernization, rehabilitation and effective management of all infrastructural facilities”*. The priority projects for the sector in the medium term include; Grade and gravel key earth roads in the county, open up all the backstreets in Kitale town and tarmac all critical alleys, open drainage channels, install culverts and construct footbridges at strategic points across the county. The sector will scale up lighting of Kitale and other major urban centres besides routine maintenance of the existing street lightings and highmast installations. Similarly, the County Fire and emergency units will continually be equipped and maintained to enhance the capacity to response fire emergencies and disasters.

2.3.6 Health Services

The objective of the sector in the medium term is *“To systematically build a progressive, responsive, sustainable, technology-driven, evidence-based and client-centred healthcare system; for accelerated attainment of the highest standard of health to all the residents of Trans Nzoia County”*. The sector’s priority projects include; expand, rehabilitate and equip existing health facilities, increase annual investment in the procurement of pharmaceuticals and non-pharmaceuticals, complete and operationalize the County Teaching and Referral Hospital. The sector will also spearhead the construction of a theatre at the Kachibora sub county hospital; enhance automation of health management systems. In order to improve access to health care, more healthcare personnel will be employed.

2.3.7 Lands, Housing and Urban Development

The development objective of the sector in the medium term is *“To improve the livelihoods of Trans Nzoia citizenry through efficient administration, management of the land resource for equitable access to secure land tenure, affordable, decent housing and organized urban development in a sustainable environment”*. The key priority projects for the sector include develop County Spatial Plans for major towns and market centres and completion of Kitale and Kiminini Integrated Urban Development Plans . In addition, the government will acquire land for public utilities and development and fast rack issuance of title deeds for the residents and all government properties.

2.3.8 Gender, Youth, Culture, Sports, Women & Tourism

The Sector development objective for the financial year 2021/22 and in the medium term is *“To mobilize the community to preserve culture, promote sports and tourism development, support social welfare and child protection and identify and nurture youth talents in Trans Nzoia County”*. The key projects for implementation during the period include; completion of renovation of Bahati home for the elderly in Tuwan ward, completion of construction of hostel in kwanza rehabilitation centre and establishment of a high altitude-training center.

Other targeted development initiative will include organize, train and provide startup grants to SACCOs for youth and special groups, enhance the revolving loan kitty and introduce grant and

credit lines to be extended to individuals and to support innovations. The department will also organize sports tournaments across the county to encourage talent discovery and empower young people to participate in national leagues. The sector also plans to establish a drug and substance abuse rehabilitation center to cater for drug dependent persons in the county, support performing artists and promote tourism by identifying new tourism attraction sites and marketing the sites.

2.3.9 Governance, Public Service Management and County Public Service Board

The Sector development objective for the financial year 2021/22 and in the medium term is ***“To provide overall leadership and policy direction in public service delivery”***. The key projects for the sector include infrastructure development, human resource development and management, enforce adherence to principles of governance and national values, and ensure delivery of quality public services.

2.3.10 Finance and Economic Planning

The Sector development objective for the financial year 2021/22 and in the medium term is ***“To coordinate policy formulation, prudent resource management and accountability for quality service delivery”***.

This Sector is responsible for ensuring prudent management of financial resources, formulating economic and fiscal policies to facilitate socio economic development, resource mobilization and facilitation of payments to the county internal and external customers for effective service delivery.

The key priority projects include; expansion of revenue automation programme, resource mobilization, providing planning services, including county statistics and documentation. The sector is also charged with re-engineering the financial management and planning function to accountability and transparency with focus on delivery of value for money projects and services. The sector in liaison with the GDU will also establish and operationalise a robust monitoring and evaluation system to enhance efficiency and project completion rate.

2.3.11 County Assembly

The development objective of the sector in the medium term is ***“To offer quality services to the society through oversight, representation and legislation by ensuring autonomy and impartiality of the County Assembly”***. The key priority projects for the sector include infrastructure development; construction and renovation of the county assembly administration block.

2.3.12 Kitale Municipal Board

The sub sector development objective in the medium term is ***“To be an effective Municipality in provision of infrastructure and service delivery”***. The priority projects in the sector for the financial year 2021/22 and in the medium term include; Improvement of roads and associated infrastructure (parkings, drainage works, non motorist transport etc) within the municipality; finalization of the integrated Urban Development Plan for Kitale Municipality and other plans; in

addition to provision of fire fighting infrastructure and services within the municipality. The sub sector will also strengthen policy and legislative framework through the development of appropriate Municipal by-laws, solid waste Management policy among other legislations for smooth service delivery in the Kitale Municipality.

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Part III: Fiscal Policy Framework

3.1 Medium-Term Expenditure Framework

In view of the recent macroeconomic circumstance, growth prospects and limited resources, MTEF budgeting will entail adjusting non-priority expenditures to cater for the priority expenditures across the sectors in financial year 2021/22 and in the medium term. The resource allocation in 2021/2022 financial year is based on sector priorities as outlined in the Annual development Plan. In the Medium resource allocation is based on the second generation county development plan CIDP 2018-2023.

3.2 FY 2020/2021 Budget Framework

The FY 2020/21 budget framework is set against the background of the updated medium-term county fiscal framework set out above. As a policy tool, the framework targets to enhance growth and productivity across all sectors of the County. The projected growth assumes normal weather pattern during the year, a downward surge of Covid-19 and eventual flattening of the infections leading to lifting of the containment measures, local investors responding to the development initiatives outlined in the CIDP and ADP, continued favorable weather conditions and low international oil prices.

3.2.1 Revenue Projections

The FY 2021/2022 budget will target revenue collection of Ksh.500, 000,000 from Local Sources and projected national grants of Ksh. 7,186,157,670 as equitable share and Ksh.724,984,356 as other grants and transfers all totaling to Ksh.8, 411,142,026. These projections however, are anchored on the on-going initiatives of enhancing the capacity of Revenue department, favorable weather conditions, resilient of the Kenyan economy and easing of Covid-19 containment measures. The revenue is projected to rise to Ksh. 9,252,256,229 and Ksh. 10,177,481,851 in 2022/23 and 2023/24 respectively. Table 5 provides the projections for the MTEF period 2021/22-2023/24 by source.

Table 3: Projected County Revenue for Fy. 2021/22-2023/24

Classification	proposed 2021/22 Ksh.	Projected 2022/23 Ksh.	Projected 2023/24 Ksh.
Equitable share	7,186,157,670	7,904,773,437	8,695,250,781
Local Revenue Projection	500,000,000	550,000,000	605,000,000
Other grants and transfers	724,984,356	797,482,792	877,231,071
Unspent Balances brought forward	-	-	-
Total Expenditure	8,411,142,026	9,252,256,229	10,177,481,851

Source: County Treasury

The summary of projected County own source revenue is provided in table 6 below.

Projected local Revenue by Sector 2021/2022

Sector/Department	Revenue 2021/22
Agriculture, Livestock, Fisheries and Cooperative Development	14,200,000
Trade, Commerce & Industry	19,000,000
Water Environment and Natural Resources	18,250,000
Works, Transport & Infrastructure	14,000,000
Education, ICT and Vocational Training	1,000,000
Health Services	150,250,000
Lands, Housing and Urban Development	26,250,000
Gender, Youth, Culture, Sports, Women & Tourism	-
Governance and Public Service Management	-
CPSB	-
Finance and Economic Planning	257,050,000
County assembly	-
Total	500,000,000

Source: County Revenue section

3.2.2 Expenditure Forecasts

In FY 2021/2022, the projected expenditure is Ksh. 7,328,472,133 comprising a recurrent expenditure of Ksh. 4,960,913,738 and a development expenditure of Ksh. 2,367,558,395. Table

Table 4: Summary of Proposed Expenditure by Vote for MTEF period 2021/22-2023/23
Ksh.

Vote	Approved Budget	Projected	
	2020/21	2021/22	2022/23
Recurrent	4,748,474,956	5,083,952,461	5,369,557,040
Development	1,690,311,136	2,602,205,209	2,602,205,209
Total	6,438,786,092	7,686,157,670	7,971,762,249

Source: County Treasury

3.3 Resource Allocation Criteria

The Resource allocation by Sector will be based on the following: -

- Linkages with the CIDP and ADP and other County Plans;
- Initiatives that address the social economic impacts of Covid-19 pandemic;
- Degree to which the programme addresses the key mandate of the department;
- Provision of services as contained in schedule 14 of the constitution and
- Degree to which the programme address constitutional obligations.

Consequently, the focus in resource allocation will be geared towards;

- Improving public services delivery;
- Completion of ongoing Projects/programs
- Enhancing Human resource capacity;
- Creating enabling environment for trade and investment;
- Fast tracking the implementation of the CIDP;
- Promoting agricultural production and resilience;
- Promoting value addition and
- Ensuring easy access to basic social services including water, education and health care.

The tentative expenditure ceiling for the various sectors is appended in the Annex.

4. Conclusion

The FY 2021/22 budget is being prepared against the backdrop of uncertainty surrounding Covid-19 pandemic outbreak and rapid spread, a near lockdown of the economy as part of the containment measures, declining revenue base, loss of income for many of the residents, high cost of service delivery in line with Covid-19 containment guidelines as well as high cost of county preparedness measures to protect lives and livelihoods and demands for increased wages for public service workers.

Nationally, the economy is projected to slow down to 2.6 percent in 2021 from the 5.4 percent registered in 2019. This implies significant revenue shortfalls from own resource as well as national and donor grants to the county. This in turn calls for proper prioritization of public expenditures to the most impactful programmes with highest welfare to people of Trans Nzoia.

Annexes 1: Departmental Budget ceiling for MTEF Period 2021/22-2023/24

Sector		Approved Estimates	Projected Expenditure Ksh.		% Share of Total Expenditure		
		2020/21	2021/22	2022/23	2020/21	2021/22	2022/23
Agriculture, Livestock, Fisheries and Cooperative Development	Subtotal	514,497,480	597,651,373	611,462,960	8%	8%	8%
	Recurrent	263,077,853	276,231,746	290,043,333	6%	5%	5%
	Development	251,419,627	321,419,627	321,419,627	15%	12%	12%
Trade, Commerce & Industry	Subtotal	306,692,961	197,484,929	200,658,273	5%	3%	3%
	Recurrent	60,444,644	63,466,876	66,640,220	1%	1%	1%
	Development	246,248,317	134,018,053	134,018,053	15%	5%	5%
Water Environment and Natural Resources	Subtotal	320,576,246	341,551,440	346,476,168	5%	4%	4%
	Recurrent	97,519,375	98,494,569	103,419,297	2%	2%	2%
	Development	223,056,871	243,056,871	243,056,871	13%	9%	9%
Works, Transport & Infrastructure	Subtotal	425,947,109	770,575,255	780,672,148	7%	10%	10%
	Recurrent	199,938,484	201,937,869	212,034,762	4%	4%	4%
	Development	226,008,625	568,637,386	568,637,386	13%	22%	22%
Education, ICT and Vocational Training	Subtotal	498,485,145	552,485,145	571,136,464	8%	7%	7%
	Recurrent	373,026,371	373,026,371	391,677,690	8%	7%	7%
	Development	125,458,774	179,458,774	179,458,774	7%	7%	7%
Health Services	Subtotal	1,889,742,246	2,274,923,050	2,363,862,894	29%	30%	30%
	Recurrent	1,663,616,081	1,778,796,885	1,867,736,729	35%	35%	35%
	Development	226,126,165	496,126,165	496,126,165	13%	19%	19%
Lands, Housing and Urban Development	Subtotal	107,032,026	137,802,546	141,179,737	2%	2%	2%
	Recurrent	66,773,296	67,543,816	70,921,007	1%	1%	1%
	Development	40,258,730	70,258,730	70,258,730	2%	3%	3%
Kitale Municipality	Subtotal	20,000,000	160,500,000	164,025,000	0%	2%	2%
	Recurrent	10,000,000	70,500,000	74,025,000	0%	1%	1%
	Development	10,000,000	90,000,000	90,000,000	1%	3%	3%
Gender, Youth, Culture, Sports, Women & Tourism	Subtotal	176,545,880	209,198,637	211,984,032	3%	3%	3%
	Recurrent	53,055,145	55,707,902	58,493,297	1%	1%	1%
	Development	123,490,735	153,490,735	153,490,735	7%	6%	6%
Governance /Executive	Subtotal	148,190,371	448,324,246	465,740,458	2%	6%	6%
	Recurrent	119,953,381	218,324,246	365,740,458	3%	7%	7%
	Development	28,236,990	100,000,000	100,000,000	2%	4%	4%
Public	Subtotal	405,079,429	434,632,901	453,864,546	6%	6%	6%

Service Management	Recurrent	384,632,901	514,632,901	403,864,546	8%	8%	8%
	Development	20,446,528	50,000,000	50,000,000	1%	2%	2%
CPSB	Subtotal	66,673,461	78,150,170	81,557,679	1%	1%	1%
	Recurrent	62,850,000	68,150,170	71,557,679	1%	1%	1%
	Development	3,823,461	10,000,000	10,000,000	0%	0%	0%
Finance and Economic Planning	Subtotal	778,487,183	754,738,868	788,188,868	12%	10%	10%
	Recurrent	712,748,315	669,000,000	702,450,000	15%	13%	13%
	Development	65,738,868	85,738,868	85,738,868	4%	3%	3%
County assembly	Subtotal	780,836,555	728,139,110	790,953,021	12%	9%	10%
	Recurrent	680,839,110	628,139,110	690,953,021	14%	12%	13%
	Development	99,997,445	100,000,000	100,000,000	6%	4%	4%
Total	Total	6,438,786,092	7,686,157,670	7,971,762,249	100%	100%	100%
	Recurrent	4,748,474,956	5,083,952,461	5,369,557,040	100%	100%	100%
	Development	1,690,311,136	2,602,205,209	2,602,205,209	100%	100%	100%
Proposed Equitable Allocation			7,186,157,670				
Own Source Revenue			500,000				
Total			7,686,157,670				
Loans & Grants			724,984,356				

Source: County Treasury