COUNTY GOVERNMENT OF MARSABIT

DEPARTMENT OF FINANCE AND ECONOMIC PLANNING

COUNTY FISCAL STRATEGY PAPER
FOR 2021/2022 FY

FEBRUARY 2021

To obtain copies of the document, please contact:

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CFSP 2021 will be published on the website at: www.marsabit.go.ke within 7 days of adoption by the County Executive Committee

FOREWORD

This County Fiscal Strategy Paper (CFSP) sets out the policy goals and strategic priorities that will form the basis for formulation of County's 2021/22 Financial Year (FY) budget and the Medium Term. The Paper is prepared in accordance with the Public Finance Management Act, 2012. The County priorities and goals outlined herein are based on the H.E Governor Mohamud Mohamed Ali's Manifesto and the transformative agenda pursued by the county leadership as well as CIDP(2018-2022), departmental strategic plans and the National Government's 'Big Four Agenda' as contained in the 2021 Budget Policy Statement (BPS); all anchored on the Vision 2030- Kenya's development blue print.

The county government recognizes the importance of planning and the close linkages between policy, planning and budgeting. In this regard, the county Treasury prepared the 2nd generation County Integrated Development Plan (CIDP) covering the period 2018-2022 which captures the county's shared vision and aspirations for the period and beyond as the executive strives to steer the county towards economic prosperity.

The fiscal framework presented in the paper for the Medium-term will guide the County government in ensuring that there will be efficiency and effectiveness in the implementation of the development policies. As per the purpose of all county strategic papers and policies, this paper is part of efforts by the County Treasury to continue with expenditure and financial management reforms as well as containing growth of non-priority expenditures in order to create fiscal space for financing priority policy areas. The County Government will enhance the budgetary allocations to the productive sectors and closely monitor implementation of programmes, projects and initiatives that will have the desired impact on the lives of the people. These sectors will no doubt help in unlocking the economic potential of Marsabit County.

The CFSP 2021 lays the foundation for the preparation of the FY 2021/22 Program-based Budget (PBB) Estimates.

We remain alive to the fact that achievement of our shared objectives calls for greater transparency, effectiveness and efficiency in public financial management in order to ensure fiscal discipline.

Mr. Malicha B. Wario,
County Executive Committee Member,
Finance & Economic Planning

ACKNOWLEDGEMENT

The paper outlines the broad strategic macroeconomic issues affecting the County and fiscal framework to guide spending plans, as a basis of FY 2021/22 budget estimates and the medium- term. It is expected that this document will create and improve the understanding of public finances. We also expect it to inform and guide public discourse on the county development matters and ensure meaningful participation of the people in the budget process in accordance with the Constitution.

It is with great pleasure for the Department of Finance and Economic Planning to register its appreciation to all those persons who put their efforts in the preparation of this CFSP 2021. The preparation of the 2021 Fiscal strategy paper was a consultative and inclusive process in line with the requirements of the Public Finance Management (PFM) Act and the Constitution. Much of the information in this policy document was obtained through the CBROP and Annual Reports. We are grateful to the Marsabit County Government Executive for their continued cooperation. Much appreciation goes to the hard working and invaluable skill of Finance and planning team in ensuring timely delivery of this policy paper. Equally, we received support and contributions from the community through public participation process, county departments and other County Government officials. We greatly value their support and we would like to extend my appreciation to all.

To all that were involved, receive my heartfelt appreciation.

Eng. Mohammed Tache
Chief Officer – Economic Planning

ABBREVIATIONS AND ACRONYMS

ADP	Annual Development Plan
BOP	Balance of Payments
BPS	Budget Policy Statement
CBROP	County Budget Review and Outlook Paper
CCO	County Chief Officer
CBK	Central Bank of Kenya
CBR	Central Bank Rate
CECM	County Executive Committee Member
CFSP	County Fiscal Strategy Paper
CRA	Commission of Revenue Allocation
DMS	Debt Management Strategy
ECDE	Early Childhood Development & Education
FY	Financial Year
GDP	Gross Domestic Product
GIS	Geographic Information System
HIV	Human Immunodeficiency Virus
IBEC	Inter-Governmental Budget and Economic Council
ICT	Information and Communication Technology
IFMIS	Integrated Financial Management Information System
KNBS	Kenya National Bureau of Statistics
Ksh	Kenya Shillings
LAN	Local-area Network
MTEF	Medium-Term Expenditure Framework
MTP	Medium-term Plan
NDA	Net Domestic Assets
NFA	Net Foreign Assets
NSE	Nairobi Securities Exchange
PE	Personnel Emoluments
PFM	Public Finance Management
PWDs	People with Disabilities
REA	Rural Electrification Authority
SRC	Salaries and Remuneration Commission
VTC	Vocational Training Center
WAN	Wide-area Network

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LEGAL BASIS FOR THE PREPARATION OF THE COUNTY FISCAL STRATEGY PAPER

The CFSP is prepared in accordance with Section 117 of the Public Finance Management Act, 2012 that states that:

(1) 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; and

(d) Any other forum that is established by legislation.

(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.

County Treasury Fiscal Responsibility Principles

A County Treasury shall manage its public finances in accordance with the principles of fiscal responsibility and shall not exceed the limits stated in the regulations. 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 country government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the County Government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly
(d) Over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure
(e) The county debt shall be maintained at a sustainable level as approved by county assembly
(f) The fiscal risks shall be managed prudently
(g) Reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.

In addition, short term borrowing shall be restricted to management of cash flows and shall not exceed five percent of the most recent audited County Government revenue. Every County Government shall ensure that its level of debt at any particular time does not exceed a percentage of its annual revenue specified in respect of each financial year by a resolution of the county assembly.

CHAPTER ONE: COUNTY STRATEGIC BLUE PRINT

Marsabit County has a vision to build "*A Cohesive and Prosperous County of Choice*". Further, the governor's manifesto presented transformational agenda for the County for the period 2018-2022. The transformational plan has informed the CIDP 2018-2022 and the Annual Development Plans. The plans have placed key focus on programmes and interventions required to achieve the National Government's "Big 4" Agenda and the Governor's Manifesto towards implementation of the Country's Vision 2030.

1.1 Overview

1.1.1 General Context

The CFSP 2021 continues to implement programmes set out in our development plan whose broad policies and priorities are anchored in the national development agenda. It outlines the broad strategic development issues and the fiscal framework, together with the summery of county government spending plans. The policy paper is informed by the Marsabit CIDP 2018-2022, the MTP III, the Governor's manifesto and feedback from people of Marsabit.

In 2020, the Kenyan economy was adversely affected by the outbreak of Covid-19 Pandemic and the swift containment measures, which disrupted economic activities. As a result, our economy contracted by 5.5 percent in the second quarter of 2020 from a growth of 5.2 percent in the first quarter in 2020. Nonetheless, the economy demonstrated signs of recovery in the third quarter of 2020 contracting by only 1.1 percent following the reopening of the economy. Economic growth is therefore estimated to slow down to around 0.6 percent in 2020 from the earlier projection of 2.6 percent in the 2020 Budget Review and Outlook Paper (BROP). The economic grow this projected to rebound from 3.8 percent in the FY 2020/21 to 6.1 percent over the medium term supported by the recovery in the services sector.

In Marsabit County, the business environment was greatly affected by Covid-19 pandemic and significant delay in disbursement of funds in current financial year (2020/21), which has affected the operations in the county. The development budget has not been funded as expected and has greatly affected development interventions. This has had negative multiplier effect in the county development. The County Government has developed strategies and better policy framework to accelerate economic growth in different sectors to increase the capacity of the county for better service delivery. In the FY 2018/19, the county came up with ward-based projects which are at various stages of implementation of which most of it have been completed. This is expected to peak later in 2nd half of the FY 2020/21 and forms the basis for planning in FY 2021/24 MTEF. Further, the county is also working to expeditiously expand local revenue generation streams by targeting the potential in land rates, parking fees, extractive resources, cess, livestock yards fees and water tariffs and automation of revenue collection systems to increase own source revenue and capacity to provide more impactful interventions due to increased resource availability.

Marsabit County received higher than expected rains between the months of October, November & December 2020, and this has continued on for January and February 2021. The rains received positively impacted the agricultural sector. Access to water for domestic use, drinking and sanitation also improved within this period though there was also the negative impact of the increases of incidences of diseases associated with excessive water such as Cholera and Rift Valley Fever for the livestock. However, the Department of Health and Livestock were prepared and able to deal with all cases alleviating any negative impacts that would have significantly affected the performance of the County. Likewise, the county has been combating the invasion of locusts which have greatly affected crops and pastures thereby negatively impacting agricultural produce and hence high risk of food security.

1.1.2 County Specific Context

The County's Medium-Term Expenditure Framework for FY 2021/22 to FY 2023/2024 is predicated on priorities espoused in the Governors Manifesto and which were harnessed and outlined in the Marsabit CIDP 2018-2022. The priorities in the 2nd CIDP are aligned to Kenya's Vision 2030 and are in line with the Jubilee Manifesto and the Government's Big Four Agenda for the period 2018-2022. To propel this agenda, the following key county priorities and strategies were identified:

i. Increase food and nutritional security and household income of pastoral, agro-pastoral and fisher-folk of Marsabit County
ii. Ensure access to quality and affordable health services
iii. Improve early childhood and vocational education, youth empowerment and sports development
iv. Improve road, transport and housing development to spur economic growth
v. Improve access to adequate portable water and ensure clean and safe environment
vi. To facilitate and enable sustainable land use and growth of the urban centers through efficient land administration, equitable access, secure tenure, sustainable management of land-based resource and well-planned urban centers
vii. Promoting green, affordable, sustainable, and reliable energy services while protecting and conserving the environment
viii. Improve ease of doing business for wealth creation
ix. To provide quality service delivery at all decentralized units
x. To improve ICT infrastructure for efficient delivery of services to the citizens

xi. To improve cohesion among communities living in the County and strengthen disaster mitigation mechanism
xii. To improve sensitization, awareness creation and advocacy among the citizens
xiii. Ensure professional, ethical and responsive human resource that will provide effective and efficient public service delivery to the devolved units.

1.2 Programmes for Achieving the County Strategic Blueprint's Objective

This County Fiscal Strategy Paper articulates priority economic policies and structural reforms as well as sector-specific expenditure programs to be implemented under the Medium Term Expenditure Framework for FY 2021/22-2023/24 in order to achieve the County Government's development goal to ensure a secure, resilient and globally competitive first-class county in service delivery for all.

1.2.1 Increase food and nutritional security of household and income of pastoral, agro-pastoral and fisher folk of Marsabit County

Under this strategic objective, some of the priority economic policies, structural reforms and sector-specific expenditure programs listed include:

a) Promotion of irrigated agriculture for crop and pasture development, support to agro-processing and value addition and promotion climate smart agricultural practices
b) Promotion of livestock breed improvement, establishment of feed lots and disease-free zones and strengthen livestock market linkage
c) Promote soil, water and natural resource management
d) Enhance food security through adoption of modern technologies
e) Build communities resilience to drought through promotion of climate proof infrastructures and livelihood diversification.
f) Strengthen research extension and farmer/pastoral community through promotion of innovative and new technologies.
g) Enhance animal health and welfare through disease surveillance and disease control as well as veterinary public health
h) Increased and sustainable fish production for subsistence and commercial utilization

1.2.2 Ensure access to quality and affordable health services

Under this strategic objective, some of the priority economic policies, structural reforms and sector-specific expenditure programs listed include:

a) Investment in improving health infrastructure of existing health facilities
b) Improve diagnostic services through procurements and installation of specialized equipment in the 4 sub county hospitals
c) Increase the workforce numbers by 20% and recruit specialist across all the cadres
d) Promote and re-designate current workforce.

e) Strengthening emergency services and referral system to provide 24 hours' referral services and establishment of command center
f) Increasing allocation for essential medicines and medical supplies
g) Infrastructure and connectivity through LAN and WAN
h) Improve service delivery through customer satisfaction and demand creation
i) Provision of scholarships for health trainings for all cadres as well as enhance capacity development for technical staffs on essential services
j) Strengthen Monitoring and evaluation through regular support supervisions.

1.2.3 Improve early childhood and vocational education, youth empowerment and sports development

Under this strategic objective, some of the priority economic policies, structural reforms and sector-specific expenditure programs listed include:

a) Provide competitive and transformative quality education activities in the county
b) Improve access, retention and completion rates at all education levels
c) Provision of appropriate infrastructure and sufficient equipment for early childhood and vocational training
d) Improve ECDE and VTCs learning programs;
e) Improve school feeding program for ECDE centers;
f) Scholarship and bursary support to bright students in High schools, Universities, Colleges and Vocational Training Centers.
g) Link up VTC graduates with the labour market and provision of post training support to VTC graduates
h) Assessment of educational institutions for quality assurance and standards especially with regards to early childhood education and vocational centres
i) Provision of business start-up capital to youth and organized youth groups
j) Promote youth training and development by designing policies and programs that build young people's capacity to resist risk factors and enhance protective factors
k) Talent identification, development and nurturing for all sports persons
l) Stadia development and Management
m) Mobilize county sports persons to participate in sports as a career
n) Prepare and facilitate teams to participate in local and nationwide events.

1.2.4 Improve Road, Transport and housing development to spur economic growth

Under this strategic objective, some of the priority economic policies, structural reforms and sector-specific expenditure programs listed include:

a) Upgrade urban roads to bitumen standards in Moyale and Marsabit towns
b) Maintenance & rehabilitation of county roads and bridges

c) Maintain and upgrade existing airstrips
d) Improve usage and safety of water transport
e) Ensure road worthiness of county government vehicles and drivers' competencies.
f) Construct affordable decent houses
g) Manage county government estates
h) Train youth on appropriate building technologies
i) Provide technical support for infrastructure development.

1.2.5 Improve access to adequate portable water and ensure clean and safe environment

Under this strategic objective, some of the priority economic policies, structural reforms and sector-specific expenditure programs listed include:

a) Infrastructure development services which includes construction of mega pans and major water works and drilling of boreholes;
b) Reduce distance to water source by construction of pipeline connections
c) Environment degradation by minimize charcoal burning activities
d) Afforestation programs, mainly tree planting activities
e) Farm forestry and dry land forestry
f) Reduce invasive species through manual clearing.

1.2.6 To facilitate and enable sustainable land use and growth of the urban centers through efficient land administration, equitable access, secure tenure, sustainable management of land-based resource and well-planned urban centers

Under this strategic objective, some of the priority economic policies, structural reforms and sector-specific expenditure programs listed include:

a) To facilitate and enable sustainable land use and growth of the urban centers through efficient land administration, equitable access, secure tenure, sustainable management of land-based resources and well-planned urban centers
b) Demarcation of the already declared land adjudication sections,
c) Physical planning of upcoming towns,
d) Fast-tracking of title deeds of all land adjudicated sections in the County
e) Fast tracking of cadastral surveys for all approved LPDPs
f) Coordinating public and private partnerships, in improving provisions of urban services
g) Expand urban infrastructure through effective urban planning
h) Prepare integrated infrastructures and urban plans countywide
i) Provide efficient waste management policies
j) Formulate urban policies and legislations

k) Establish functional municipality to improve service delivery for social well-being of urban populations.

1.2.7 Promoting green, affordable, sustainable, and reliable energy services while protecting and conserving the environment

Under this strategic objective, some of the priority economic policies, structural reforms and sector-specific expenditure programs listed include:

a) Research and harnessing of renewable energy source and increase access to electricity to more homes and institutions.
b) Continuous lighting of existing and upcoming towns [solar street lights]
c) Bridge budget gaps through private-public partnership
d) Develop institutional, legal and regulatory frameworks for attracting investments, especially in the areas of renewable energy
e) Provision of solar lantern lamps for poor households within the county
f) Promotion and development of energy saving devices as well identify and support entrepreneurs
g) Installation of hybrid [solar/wind] energy systems on shallow wells.

1.2.8 Improve ease of doing business for wealth creation

Under this strategic objective, some of the priority economic policies, structural reforms and sector-specific expenditure programs listed include:

a) To establish viable cooperative societies
b) To develop prudent financial control of cooperatives through regular audits
c) Promote the development of small-scale industries
d) Improve availability of financial support to SMEs, i.e. improve access to affordable business finances
e) Promote industrialization through value addition of products in livestock and Agriculture value chains
f) Promotion of wholesale and retail trade
g) Attract foreign direct investment to the county
h) Promotion of fair-trade practices.

1.2.9 To provide quality service delivery at all decentralized units

Under this strategic objective, some of the priority economic policies, structural reforms and sector-specific expenditure programs listed include:

a) Construction of Sub county administrators' office at Saku Sub County.
b) Construction of deputy sub County administrators' offices for Sololo, Maikona and Loiyangalani and their respective ward administrators

c) Improved coordination of county government departments and non-state actors' programmes
d) Develop bills and policies to guide the operation of the directorate.

1.2.10 To improve ICT infrastructure for efficient delivery of services to the citizens

Under this strategic objective, some of the priority economic policies, structural reforms and sector-specific expenditure programs listed include:

a) Digitization of county operation (ICT support)
a) Infrastructure, connectivity and interoperability: establishment of local, metro and wide area networks countywide.
b) Automation of key County Services such as Revenue, lands registry etc.
c) The installation and use of the integrated financial management system (IFMIS) at the Finance and Economic planning and the IPPD system at the Human Resource Department are all major ICT programs that have been fully rolled out and are fully functional.

1.2.11 To improve cohesion among communities living in the County and strengthen disaster mitigation mechanism

Under this strategic objective, some of the priority economic policies, structural reforms and sector-specific expenditure programs listed include:

a) Conflict management and disaster response by a creating awareness creation to enhance and reduce incidents of inter-tribal conflict.
b) Strengthen Traditional Conflict resolution mechanism.
c) Improved cross border Peace building initiatives
d) Build institutional capacities to handle disaster and risk management
e) Strengthen coordination of governments and non-state actors both for ease of Administration and emergency response
f) Monitoring and evaluation of drought preparedness and response interventions by State and Non-state actors.
g) Dissemination of drought early warning information to improved public knowledge and access to information.

1.2.12 To improve sensitization, awareness creation and advocacy among the citizens

Under this strategic objective, some of the priority economic policies, structural reforms and sector-specific expenditure programs listed include:

a) Civic education countywide through community awareness, improved ability to identify and prioritize areas of development.

b) Strengthen public participation at sub county and ward administration structures by further devolving resources to the ward level by implementing ward-based development projects.
c) Feedback mechanism established through Uwajibikaji initiative and recruitment of convener who receives and documents public complaints.
d) Capacity building for county civic education officers, county government administrators and other stakeholders on Governance framework.
e) Conduct radio programs on available essential services provided by the county Government.

1.2.13 Ensure professional, ethical and responsive human resource that will provide effective and efficient public service delivery to the devolved units

Under this strategic objective, some of the priority economic policies, structural reforms and sector-specific expenditure programs listed include:

a) Recruitment/employee sourcing
b) Employee welfare management
c) Staff training and development
d) Human Resource Information Systems
e) Job evaluation and performance management systems
f) Human resource policies and regulations
g) Infrastructural development.

1.3 Outline of County Fiscal Strategy Paper

This paper has four other sections. Section Two reviews the County's recent economic developments and policy outlook that provides reviews the latest information on the macroeconomic variables and their latest trends at the national level since they were last analyzed during the compilation of the County Budget Review & Outlook Paper (CBROP) and compared to the previous financial year to derive a percentage growth rate. Section three reviews the fiscal policy budget framework and provides the key actions the County Government has decided to take in the budget allocation. Section four sets out the budget framework proposed for FY 2021/22 MTEF and the resource envelope available for allocation among the county's departments and agencies and is based on the County Government's final resource projections contained in the medium-term fiscal framework as outlined in the Fiscal Policy and Budget Framework section of this paper. The section has sub-sections that capture the resource envelope, spending priorities, MTEF estimates, baseline ceilings, the process for finalization of the spending plans and the details of the sector priorities. Lastly, section five gives a conclusion of the entire paper and provides a summary of the main changes and decisions to be put to effect during the MTEF period.

CHAPTER TWO: RECENT ECONOMIC DEVELOPMENTS AND POLICY OUTLOOK

2.1 Overview

This section reviews the latest information on the macroeconomic variables and their latest trends at the national level and how this impacts the Marsabit county government policies, processes and operations. These statistics are based on the National Treasury's Budget Policy Statement of 2021.

2.1.1 Gross Domestic Product growth and its main drivers by sector

The out- break and spread of the Covid-19 Pandemic and the ensuing containment measures have devastated global economies. As a result, the global economy is projected to contract by 4.4 percent in 2020 from a growth of 2.8 percent in 2019. This economic outlook is worse than the growth reported during the 2008-2009 global financial crisis.

Advanced economies are projected to contract by 5.8 percent in 2020 from a growth of 1.7 percent in 2019. Significant contraction of the economy is projected in the United States (-4.3percent), Japan (-5.3percent) and the United Kingdom (-9.8 percent). 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, a slowdown from a growth of 6.1 percent in 2019. 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 slow 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.

Prior to the outbreak of Covid-19 pandemic, Kenya's economy was strong and resilient despite the challenging global environment. The broad-based economic growth for 2018 and 2019 averaged 5.9 percent outperforming the 5.5percent for the previous 5 years (2013 to 2017) and the average growth rate of 4.7 percent in the period 2008 to 2012 .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 6.4percent in 2021 and above 6.2 percent over the medium term.

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. As a result, the performance of most sectors of the economy contracted in the second quarter of 2020. However, the economy was supported by improved performance of Agriculture, Forestry and Fishing activities), Health Services and Mining and Quarrying activities. The agriculture sector recorded an improved growth of 6.4 percent in the second quarter of 2020 compared to a growth of 2.9 percent in the corresponding quarter of 2019. The sector's performance was supported by a notable increase in tea production, cane deliveries, milk intake and fruit exports. The sector's contribution to GDP growth was at 1.5 percentage points in the second quarter of 2020 compared to 0.7 percentage points over the same period in 2019

The non-agriculture (service and industry) sectors was adversely affected by the Covid-19 pandemic during the second quarter of 2020. As a result, the sector contracted by 8.5 percent in the second quarter of 2020 down from a growth of 6.4 percent in a similar quarter in 2019. The sector's contribution to real GDP was -5.6 percentage points in the second quarter of 2020 compared to a contribution of 4.3 percentage points in the same quarter of 2019.

Services sector contracted by 11.0 percent in the second quarter of 2020 compared to a growth of 6.8 percent in the same quarter in 2019. The decline 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. The Services sub-sector contributed -5.4 percentage point to real GDP growth in the second quarter of 2020 compared to the 3.3percentage point contribution in the same quarter of 2019.

The industry sector contracted by 1.0 percent in the second quarter of 2020 compared to a growth of 5.4 percent in the same quarter of 2019. This was mainly due to a decline in activities in the electricity and water supply and manufacturing sub-sectors.

The industry sector was however supported by the Construction sector which grew by 3.9 percent in the second quarter of 2020.The industry sector accounted for -0.2 percentage points of growth in the second quarter of 2020 compared to 0.7 percentage point contribution to GDP in 2019

2.1.2 The Broad Money Supply Trend

Growth in broad money supply, M3, improved to 14.2 percent in the year to November 2020 compared to a growth of 5.9 percent in the year to November 2019 .The improved growth in M3 was attributed to an increase in the Net Domestic Assets particularly improvement in net credit flows to the government and the private sector.

2.1.3 The Inflation Rate Trend

Year-on-year overall inflation rate remained low, stable and within the Government target range of 5+/-2.5 percent since end 2017 demonstrating prudent monetary policies. The inflation rate was at 5.6 percent in December2020 from 5.8percent in December2019.This lower inflation was supported by a reduction in food prices.

2.1.4 The Interest Rate Trend

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 5.1percent 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

2.1.5 The Balance of Payments Trend

The Balance of Payment (BOP) is the record of all international financial transactions made by a country's residents. A country's balance of payments tells you whether it saves enough to pay for its imports. It also reveals whether the country produces enough economic output to pay for its growth. Reports from the National Treasury shows that The overall balance of payments position improved to a surplus of US$ 1,217.2million (1.2percent of GDP) in the year to September 2020 from a deficit of US$ 1,058million (1.1 percent of GDP) in the year to September 2019. This was mainly due to an improvement in the current account balance.

2.1.6 The Exchange Rate Trend

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 December2019

2.1.7 The Stock Market Trend

Activity in the capital markets declined in December 2020 compared to December2019, with equity share prices declining as shown by the NSE 20 Share Index. The decline reflects the volatility in the financial markets as a result of the uncertainty surrounding the covid-19pandemic. The NSE 20 Share Index was at 1,868 points by end of December 2020 compared to 2,654 points by end December2019. Consequently, market capitalization declined from Ksh 2,540 billion to Ksh 2,337billion over the same period

2.2 Impact of the Macro-economic performance indicators to the County

As the economy shrinks as noted by the decrease in GDP, less opportunities arise for investments and growth in the productive sectors. An immediate impact will be a decrease in the equitable share from the government due to decreased revenue flows at the national level and which will affect the County government by providing less resource to invest in the transformative programs already identified. Further, the sluggish recovery in the economy slows foreign direct investments and the County is not able to realize more private and public investments if the trend continues in the medium term.

The rate of inflation has largely been held stable due to a favorable macroeconomic environment and a prudent fiscal and monetary policy regime. Holding the rate of inflation stable enables the county maintain stable public investment and service delivery projections and hence a more stable approach to planning and budgeting. This is contrasted against an unstable inflation environment which ultimately affects the buying power of the resources both at the disposal of the government and the residents, and increases the poverty demographics to levels that may impact the spending patterns of the County Government. Hence the stability in the inflation rates is important for the continued implementation of the County development strategy.

The County has benefitted from the economic stimulus programmes that the government implemented to cushion the vulnerable population against the risks of Covid-19 pandemic like kazi mtaani in order to preserve macroeconomic stability and strengthen resilience in the economy. The national government big four agenda (universal health care, food security, infrastructure development and housing development for all) has largely shaped the county priorities in the four sectors while the high inflation rate in the country has led to high cost of living in the county.

2.3 Update on Fiscal Performance and Emerging Trends

The County's FY 2019/20 Supplementary Budget was Ksh. 8.373billion, comprising of Ksh.4.152 billion (49.6 per cent) and Ksh. 3.489 billion (41.7 per cent) allocation for recurrent and development expenditure respectively.

To finance the budget for FY 2019/20, the County expected to receive Ksh. 6634 (79.2 per cent) as equitable share of the revenue raised nationally, Kshs.857.1 million (10.2 per cent) as total conditional grants, generate Kshs.150 million (1.8 per cent) from own sources of revenue, and Kshs. 732.371million (8.7 per cent) cash balance from FY 2018/19.

2.3.1 Revenue

During FY 2019/20, the County had a total of Ksh. 7.272 billion available for budget implementation. This amount consisted of Ksh. 6,190 received as equitable share of the revenue raised nationally, Ksh. 309.6 million as conditional grants, Ksh. 114.1 million generated from own sources of revenue, and a cash balance of Kshs.658.4 million from FY 2018/19. Specifically, on own source revenue, the total of Kshs.114.1 million represented a decrease of Ksh. 23.3 million compared to that realized in FY 2019/20 .

2.3.2 Expenditure

Total expenditure in the FY **2019/20** amounted to Ksh **7,306,064,826** against a target of Ksh **7,641,139,415** representing an under spending of Ksh 335,074,589 which is a 4% deviation from the approved programme based budget estimates. In the FY 2019/20, the recurrent expenditure amounted to Ksh 4,109,739,831 representing 56.25% of the total expenditure, while Ksh 3,196,324,995 was spent on development accounting for 43.75% of the total expenditure. The expenditure excludes unspent balances amounting to Ksh 658,360,224 which would be carried forward to the next financial year. The County achieved the thresholds on the proportions to be allocated to recurrent and development contained in the minimum requirements as prescribed in section 107 of the PFM Act 2012.

Recurrent and Development Expenditure

As shown in Table 1 below, absorption rates for recurrent and development votes for the FY 2019/20 was 98.98% and 91.61% respectively. In FY 2018/19 the absorption rates were 95.49% and 98.68% respectively. Between the two financial years recurrent expenditure increased by 3.5% while development increased by 7%.

Table 1: Recurrent Versus development

Year	Approved	Actual	Absorption rate	Approved	Actual	Absorption rate
	Recurrent Budget	Recurrent Expenditure		Dev't Budget	Dev't Budget	
2018/19	4,062,538,914	3,879,305,098	95.49%	3,758,000,000	3,708,345,158	98.68%
2019/20	4,152,151,055.18	4,109,739,831	98.98%	3,488,988,360.00	3,196,324,995	91.61%

2.3.3 Fiscal balance

In the medium term, the government is forecasting a balanced budget hence there will be no need for debt financing.

2.4 Comparison of Actual Performance against budget

An analysis of the budget performance in the FY 2019/20 reveals that while the recurrent allocation is well absorbed, the development vote is not fully absorbed. Table 1 shows the comparison of actual performance against budget.

Table 2: Comparison of Actual Performance against Budget

	FY 2018/19	FY 2019/20		FY 2019/20
	Actual (Ksh. Million)	**Budget estimates (Ksh. Million)**	**Actual (Ksh. Million)**	**% deviation**
TOTAL REVENUE,UNSPENT BALANCE & GRANTS	**8,580**	**8,373.5**	**7272.63**	**-13%**
Unspent Bal from Previous FY	1,015.73	732.371	658.4	10%
Revenue (Total)	**7,564.3**	**7641.1**	**6614.3**	**-13%**
Equitable Share Allocation	6,800.6	6634	6190.6	-7%
Local Revenue	137.4	150	114.1	-24%
Grants (Total)	582.35	857.1	309.6	-64%
Total Expenditure	7,467.7	7,641.1	7306.1	-4%
Recurrent	3,862.7	4152.1	4109.8	-1%
Development	3,605	3489	3196.3	-8%
Unspent Bal Current FY	732.37	-		-

To finance the government operation in FY 2019/20, the County received Ksh. 6.190 billion as equitable share of revenue raised nationally, Ksh. 309.6 million as total conditional grants, generate Ksh.114.1 million from own source revenue , and Ksh. 658.4 million cash balance from FY 2018/19

2.5 Significant Economic, Legislative and Financial Events

The constitutional provisions for county governments financing have guaranteed stable flow of funds from the national government with Marsabit county recording an average of 12% growth per annum between 2013/14 and 2018/19. Capacity challenges to fully operationalize e-procurement in the county have slowed down implementation of the county projects and therefore affecting the budget implementation for the financial year 2018/19. This has also seen a slow start to the current financial year 2019/20.

The current financial year is surrounded by national consultative talks on Building Bridges Initiative that seeks to address public interests and foster cohesion among Kenyans. This can lead to heated political temperatures but should not affect the budget implementation of the financial year.

2.6 Revised Estimates

There are no major challenges reported in the past financial year to have big negative impact. In the medium term, macroeconomic outlook projects a stable financial situation for the county.

The 1st half of FY 2019/20 has recorded improved performance of OSR amounting to Ksh. 67 million (48% of the annual target). The revenue collection has been enhance by reporting of revenue streams not initially recorded mainly from hospital services, internal control processes and automation of unstructured revenue streams.

2.7 Economic Policy and Outlook

The BPS 2021 projects a GDP growth of 6.1% in the medium term, this is expected to guarantee a revenue growth of at least 2% annually for the county governments. This anticipated revenue allocations to the county has been factored in the budget projections in this CFSP. The government has projected a balanced budget in the medium term.

Inflation has been projected to remain within target of 5+/- 2.5% in the medium term and is therefore not expected to have adverse effect on the budgetary resources for the county government.

In order to align and support the National government focus on the four areas of Food security, Universal Health Care, expansion of manufacturing and housing, the county has committed to sustain allocation of significant resources to the concerned sector. An average of 25% of budgetary allocations will go to the health sector while the agriculture, Trade and Cooperatives, Water Services and Energy & Environment sectors that support food security and value addition will consume 23% in the medium term.

Table 3: Macroeconomic Indicators Underlying the Medium-Term Fiscal Framework (FY 2021/22 MTEF)

Terms of Trade (-deterioration)	**-2.2**	**-1.1**	**1.1**	**-0.3**	**0.5**
Investments and savings					
Investments	9.4	13.3	19.8	18.3	19.0
Gross National Savings	3.6	8.2	13.8	12.2	12.8
Central Government Budget	5.9	0.3	-2.7	-1.6	-0.5
Others	2.6	7.9	16.5	13.7	13.2
Total Revenue	17.1	16.5	16.4	17.3	18.2
Total expenditure and Net lending	25.3	25.9	24.3	23.3	22.7
Overall balance Commitment basis (excluding. Grants)	-8.2	-9.4	-7.9	-6.0	-4.5
Overall balance Commitment basis (including. Grants)	-8.0	-8.9	-7.5	-5.6	-4.2
External Sector					
Current external balance, including official transfers	-5.8	-5.1	-6.0	-6.1	-6.2
Gross international reserve coverage in months of imports	6.3	5.8	5.8	5.8	5.9
Nominal GDP(billions)	10,157	11267	12,393	13,760	15,373

2.8 Risks to the Outlook

This sub-section deals with the risks associated with the outlook of the proposed budget FY 2021/22 and the medium-term.

Risks	**Mitigation measures**
2.8.1 Risk in Changes in Macroeconomic Assumptions Unexpected changes in in macroeconomic variables create risks to both revenue and expenditure projections in this CFSP as they play a key role in the formulation of the budget. Some of these risks include adverse changes in real GDP growth rates, inflation rate, exchange rate and volatility of commodity prices that affect the County's own source revenue.	Marsabit County understands that the risks in macro-economy largely affect the programmed spending on the development budget. The National Treasury has developed a national mitigation of measure by establishing the Public Investment Management Unit which will be responsible for ensuring that all capital projects are planned, appraised and evaluated before funds are finally committed in the budget. Marsabit County Executive shall ensure that capital projects planning, appraisal and evaluation are conducted efficiently and necessary commitments made through the

Risks	Mitigation measures
However, on the overall, any negative external and internal shocks to our economy may adversely affect transfers from the national government and may significantly affect the funds allocated to Marsabit County.	Public Investment Management Unit to ensure that funds are allocated early in the financial year. To this end the County has continued to develop comprehensive annual work plans, procurement plans and cash flow projections and the County Executive ensures these are submitted as required (by the 15 June of each financial year).
2.8.2 Shortfall in County Revenue The County government has projected as part of its revenue envelope own source revenue that will be used for budgetary support. Own source revenue generation poses a threat because of unforeseen economic shocks	Understanding the own source revenue environment, in the medium term the government will continuously undertake measures aimed at expanding the revenue base and increasing tax compliance through the integration of technology in revenue collection. Specifically, the county has enhanced internal controls, inclusion of revenue from hospital services and the automation of unstructured revenue streams
2.8.3 Pending bills Marsabit County continues to face major challenges of pending debts and bills. This is caused by delays in release of funds from the National Treasury	In the medium term, commitments will be made against the appropriated resources and payments will be made in strict compliance with the approved estimates.
2.8.4 Contingent Liabilities County Government continues to face potential litigation on the pending bills and/or due to lack of compliance on the various statutory requirements including the myriad of requirements imposed by Kenya Revenue Authority. Though there were no major cases at the time of the development of this CFSP (2021), the possibility of such being brought remains a risk.	The County will continue to ensure full compliance with contractual agreements and with statutory requirements imposed by the various national agencies. Further, the county will seek to revamp its legal department to ensure that the implementing departments get the requisite legal advice when dealing with all contractual matters.

CHAPTER THREE: FISCAL POLICY BUDGET FRAMEWORK

3.1 Overview

The MTEF for FY 2021/22 and its medium-term is intended to consolidate the County's fiscal agenda of transforming the lives and livelihoods of residents through strengthening the delivery of strategic and priority social economic interventions. The County will pursue prudent fiscal policies to ensure economic growth and development. Further, the fiscal policies are aimed at providing support to economic activities while at the same time creating a sustainable and conducive environment for the implementation of programs.

The County Government will endeavor to improve on service delivery to the county residents in the medium term. In doing so the following key decisions will guide allocation during the medium term:

- There will be focus on strengthening resource mobilization to eliminate the fiscal gaps that have been experienced in the past as a result of own source revenue shortfalls. This will be through automation of revenue streams to enhance their potential and reduce leakages;
- The County Government will implement performance management and institute critical actions to manage the growth in wage bill.

The County Government will strive to ensure that the budget is balanced in the medium term and that expenditure for development shall constitute across the FY 2021/22 and medium-term. Further and on the back of prudent financial management, the county will also seek to keep the recurrent expenditures below 60% in the medium-term. Expenditure ceilings are based on county priorities extracted from the CIDP 2018-2022, ADP 2021/22 and the sector working group reports for each of the sectors. Moreover, the ceilings were also adjusted based on increase in total revenue, expenditure trends and the changes in priority based on sector working group discussions. Expenditure related to conditional funding and grants has been ring fenced based on the purpose for the funding and estimates developed and included in the sector working group reports.

The proposed FY 2021/22 MTEF fiscal strategy is based on a balanced budget. However, any shortfall in revenue that may occur within the MTEF period will be addressed through supplementary or borrowing within the framework by sub-nationals as approved by the Intergovernmental Budget and Economic Forum (IBEC).

3.2 Fiscal Policy Status

The government's fiscal policy objective in the medium term will be to focus resources to priority and growth potential areas. Allocation and utilization of resources in the medium term will be guided by the priorities outlined in CIDP 2018-2022 and other county plans; and in accordance with fiscal responsibility principles as set out in section 107 of the PFM Act 2012. For effective utilization of public finances for enhanced expenditure productivity, the county government will prioritize expenditures within the overall sector ceilings and strategic sector priorities.

During the FY 2021/22 the County Government will operationalize Sector Working Groups (SWGs) that will continue to be the forum for permanent and continuing dialogue between the government and the various sectors of the county economy. The SWGs will be key in coordinating the preparation of Departmental Public Expenditure Reviews (DPERs); reviewing sectors objectives and strategies; identifying sector priorities and rankings; identifying linkages; identifying sources of funding for sector programmes and improving communication and nurture partnerships within each of the sectors.

3.3 Fiscal Strategy Paper's Obligation to Observe Principles

To have sustainable development and growth, the government is planning to meet the fiscal targets set by making policies aimed at ensuring strict adherence to fiscal responsibility principles. These policies will aim at rationalizing allocation of more resources from recurrent to capital and development programs so as to promote sustainable and inclusive growth. Further, the government will operate within a framework of balanced budget in the medium term with occasional short term borrowing as may be necessary for cash flow management purposes.

3.3.1 Fiscal Responsibility

The policies set out are in line with the Constitution of Kenya 2010 and the PFM Act, 2012 which sets out the fiscal responsibility principles to ensure prudency and transparency in the management of public resources. The fiscal responsibility principles that will be observed in FY 2020/21 and in the medium-term are as follows:

1. Over the medium term, a minimum of thirty (30) per cent of the budget shall be allocated to the development expenditure. In FY 2016/17, FY 2017/18 , 2018/19, and 2019/20 the government achieved an allocation to development expenditure 45.4%, 38.7% ,46% and 47.3 % respectively. The projections for the medium term targeted to be around 45% across the years which is within the law;

2. The Government's expenditure on wages shall not exceed the minimum percentage of 35% of the County total revenue. Personnel Emoluments for FY 2019/20 stood

at 34.34%. The projected percentage of the wage bill in FY 2021/22 is 35.01% which represents a rise of 0.67 percentage points. This is due to the projected hiring of staff to provide relevant services to the people and will help to improve on development expenditure for the 2nd half of FY 2020/21;

3. Over the medium term, Government's borrowing shall be used only for purpose of financing development expenditure and not for recurrent expenditure. The County government has no plans within the FY 2021/22. However, if need arises to borrow in the medium-term it will be tied to development purpose;

4. The county debt shall be maintained at a sustainable level as approved by County Assembly. The county debts are limited to the commitments carried forward from FY 2018/19 of Ksh 658.36 million and shall be settled by the close of the financial year.

5. The fiscal risks identified under section 2.8 above shall be managed prudently and all mitigation measures indicated put in place to manage all identified and emerging risks; and

6. The government shall maintain a reasonable degree of predictability with respect to the level of tax/ levy rates and bases shall be maintained, taking into account any tax reforms that may be made in the future. The projections for the own source revenues have taken this into account and in the medium term, the county will focus more on stemming revenue leakages by instituting enforceable laws over revenue sources and move to automation of the revenue streams.

3.3.2 Fiscal Structural Reforms

The County Government aims to widen the tax base by reviewing the relevant revenue legislations in order to improve revenue raising measures and efficiency. In order to achieve this objective, the county government will review the current tax legislation in terms of rates, processes and enforcement mechanisms to ensure that own source revenues are increased to optimal levels. Further, there will be an increased focus on automation to improve the whole process of revenue management and stem revenue leakages.

Over the medium term, the government will rationalize its expenditure with an aim to reduce wastages. This will be done by ensuring there is improved accountability and transparency by the accounting officers who are in charge of public finances and more focus on programs and activities that have a high impact on service delivery to the residents. The on-going fiscal structural reforms will eliminate duplications.

The government will strive to ensure that there is efficient and effective execution of the budget. This will be made possible through expenditure tracking and taking corrective measures on any deviations and instilling strong internal controls on expenditure. To achieve value for money there is need to strengthen County oversight mechanisms including the audit function and the Project Implementation function through continuous review of risks and periodic monitoring and evaluation of projects and programmes.

3.3.3 Debt Financing Policy

The County Government's current debts are limited to the pending bills. The pending bills for FY 2019/20 have been appropriated in the FY 2020/21 and will be cleared in the course of this financial year. The pending debts represent carried forward debts over the years and some that date back to the pre-devolution period. A review and consultative process will be planned for and a decision made on how to clear these amounts. Except for these two categories, the County does not finance its operations through debt and hence no outstanding debt.

In the medium term, no debt has been factored in the financial projections for the County. However, Marsabit County does relish the opportunity to borrow from domestic sources for key capital investments and will be willing to revisit the current projections upon the completion of a framework to be developed by the National Treasury on borrowing by County governments. In such instances, borrowing will be undertaken upon careful and critical analysis of financial position and capability of the county in repaying its debts.

3.4 Budget Framework Proposed for FY 2021/22 MTEF

The FY 2021/22 budget framework will continue to entrench fiscal discipline and expenditure rationalization that has been undertaken over the last three years. Taking into consideration the fiscal consolidation measures proposed by the National Treasury, the county will attempt to do more with less that is available to achieve sustainability and affordability.

The strategy to be adopted will involve prioritization of key sectors and functions in order to

- Ensure funding goes to the most critical needs and achieve maximum impact on the beneficiaries through prudent utilization of resources.
- Linking programs and intended objectives with clearly defined inputs, outputs and outcomes.
- The cash flows and procurement and implementation plans are harmonized to ensure coherence and take into account resource constraints.

3.4.1 Revenue Projections

The revenue projections for the FY 2021/22 including the equitable share, local revenue loans and conditional grants are expected to be Ksh. 8,333,616,394.00. The revenue projections are based on the 2021 Budget Policy Statement which has defined the horizontal sharing of revenues among the counties. The County is expected to receive Ksh 7,277,004,032.00 as equitable share and Ksh. 753,314,489.00 from the loans and conditional grants allocation. The county own revenue sources are estimated to be Ksh. 150 million which require concerted effort and better strategies to raise through better administration and supervision.

For FY 2021/22, 87% of the county revenues will be financed by the equitable share, 9% from loans and conditional grants and 1.8% per cent from county own revenue sources. The equitable share is expected to grow by 5.5% and own source revenue will remain the same due to the sluggish nature of the economy as a result of covid-19 pandemic annually in the medium-term based on last year's figures, the other revenues will be unchanged. This is tabulated in table 3 below.

Table 4: County Government Revenue trends and projections

Financi ear	Equitable Share	User Fees forgone	Fuel Levy	Development of Youth Polytechnics Conditional Grant	Leasing of Medical Equipment	Other Loans and Grants	Own Source Revenue	Total
2018/19	6,800,652,600	6,640,000	184,360,000	26,280,000	-	461,060,000	140,000,000	7,618,992,600
2019/20	6,773,100,000	6,643,714	192,258,938	15,558,298	131,914,894	527,605,108	140,000,000	7,787,080,952
2020/21	6,896,260,000	6,643,714	204,701,864	11,196,170	148,936,170	616,904,659	150,000,000	8,034,642,577
2021/22	7,277,004,032	-	-	-	153,297,872	753,314,489	150,000,000	8,333,616,394
2022/23	7,277,004,032	-	-	-	153,297,872	753,314,489	160,000,000	8,343,616,394
Proportion of total Revenues (2021/22)	87%	0.08%	2.55%	0.14%	1.8%	9%	1.8%	100%

3.4.2 Expenditure Projections

From Figure 1, the total expenditure for the FY 2021/22 is expected to be at Ksh **8,333,616,394.00**.which is greater than the total expenditure for the previous year 2020/21 of Ksh ***8,017,840,408***. The increase in expenditure is necessitated by the county needs and priorities matched by increase in equitable share allocation, loans and grants.

Table 5: County Government Fiscal Projections FY 2020/21 MTEF

	2019/20FY	2020/21 FY		2021/22 FY		2022/23 FY		2023/24 FY
	Actual	**Budget**	**CFSP 2020**	**CFSP 2021**	**CBROP 2020**	**CFSP 2021**	**CBROP 2020**	**CFSP 2021**
TOTAL REVENUE & GRANTS	7,043,800,000	8,017,840,408	8,034,642,577	8,333,616,393	9,530,740,726	8,333,616,393	9,530,740,726	8,383,616,393
Unspent Bal b/f \Previous FY	658,360,224	-	-	-	-	-	-	-
Revenue (Total)	6,627,735,677	8,017,840,408	8,034,642,577	8,333,616,393	9,530,740,726	8,333,616,393	9,530,740,726	8,383,616,393
Equitable Share Allocation	6,190,613,400	6,868,050,000	6,896,260,000	7,277,004,032	8,291,744,432	7,277,004,032	8,291,744,432	7,307,004,032
Local Revenue	69,022,277	150,000,000	150,000,000	150,000,000	180,138,816	150,000,000	180,138,816	170,000,000
Grant income	368,100,000	999,790,408	988,382,577	906,612,361	1,058,857,478	906,612,361	1,058,857,478	906,612,361
TOTAL REVENUE & GRANTS	7,043,800,000	7,820,538,914	7,877,611,745	8,333,616,393	9,530,740,726	8,333,616,393	9,530,740,726	8,383,616,393
Total Expenditure	6,560,000,000	8,017,840,408	7,877,611,745	8,333,616,393	9,530,740,727	8,333,616,393	9,530,740,727	8,383,616,393
Recurrent	3,564,954,369	4,337,619,991	4,820,785,546	4,500,616,394	4,955,985,178	4,543,616,394	4,955,985,178	4,597,616,394

Recurrent as % of CG Total Revenue	50.61%	55.46%	61.20%	54.0%	52.00%	54.0%	52.00%	54.0%
Personnel Emolument	2,418,637,901	2,737,948,304	2,812,124,902	2,835,388,328	2,096,762,960	2,862,478,328	2,096,762,960	2,896,498,328
Operations & Maintenance	1,146,316,468	1,599,671,687	2,008,660,664	3,279,411,389	2,859,222,218	3,279,411,389	2,859,222,218	3,298,953,051
Personnel Emoluments as % of CG Revenue	34.34%	35.01%	34.0%	34%	34%	34%	34%	34%
Development	3,196,324,995	3,680,220,417	3,213,857,031	3,833,000,000	4,574,755,549	3,812,000,000	4,574,755,549	3,785,000,000
Development as % of CG Total Revenue	45.38%	47.06%	46%	46%	46.00%	46%	46.00%	46%

3.4.3 Recurrent Expenditure Forecasts

The total recurrent expenditure forecasts for FY 2021/22 is Ksh. 4.5 billion which is an increase from the previous year's allocation of Ksh. 4.3 billion. This recurrent expenditure forecast comprises of Ksh. 2.8 billion as compensation to employees and Ksh 3.3 billion for operations and maintenance. The Compensation to employees represents 34% of total revenues for the financial year retain in the same proportion for the previous period FY 2020/21.

Table 6: Actual Expenditure by Economic Classifications from FY 2016/17 – FY 2019/20

	2016/17	2017/18	2018/19	2019/2020
Personnel Emoluments	1.4	1.88	2.44	2.42
O&M	1.95	2.14	1.42	1.15
Development	2.79	2.54	3.6	3.2
Total	6.14	6.56	7.47	6.77
Proportion of Personnel Emoluments as % of total Expenditure	22.8%	28.66%	32.7%	35.7%
Proportion of O&M as % of total Expenditure	31.76%	32.62%	19.0%	17%
Proportion of Development as % of total Expenditure	45.44%	38.72%	48.3%	47.3%

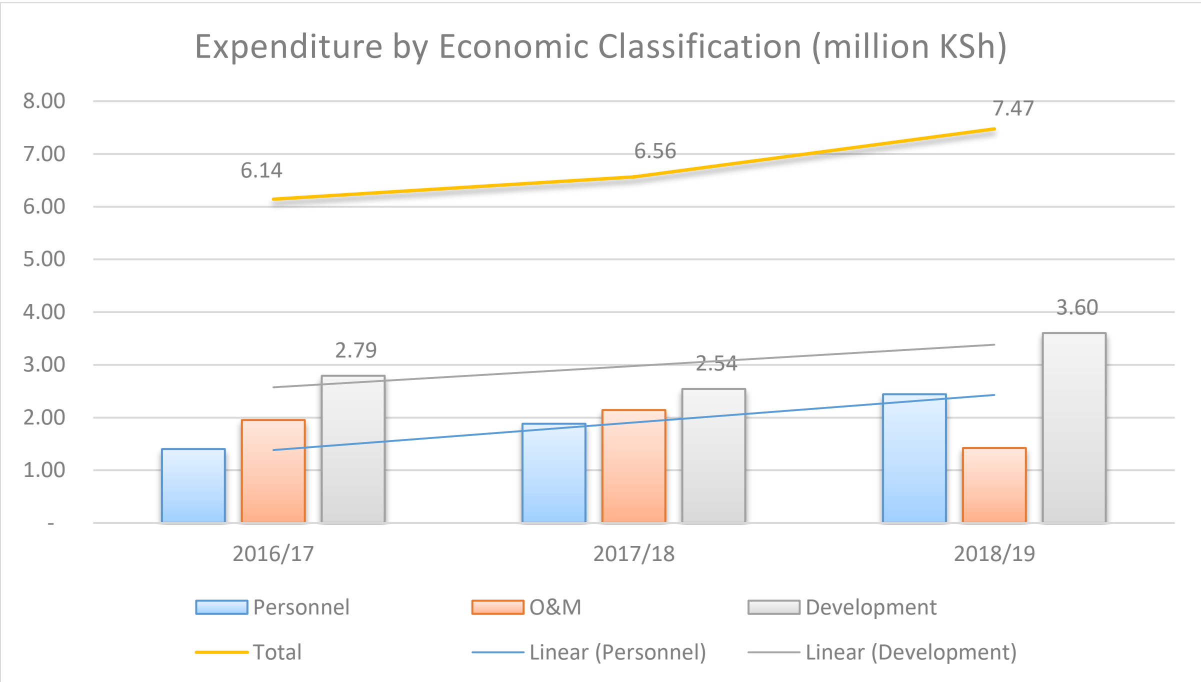


Figure 1: Actual Expenditure by Economic Classifications from FY 2016/17-2019/20

From the analysis of recurrent expenditure, personnel costs have slightly shown downwards trajectory and development expenditure has been oscillating up and down for the last four financial years. the government should seek to reign in the trend to sustainable levels as required by the fiscal responsibility principles.

Table 7: Actual and projected expenditure by Economic Classifications

Total Expenditure	**Actual Expenditure**	**Budget Estimates**	**Projections**		
	2019/20 FY	2020/21 FY	2021/22 FY	2022/23FY	2023/24 FY
Total Expenditure	6,560,000,000	8,017,840,408	8,333,616,393	8,333,616,393	8,383,616,393
Recurrent	3,564,954,369	4,337,619,991	4,500,616,394	4,543,616,394	4,597,616,394
Personnel Emolument	2,418,637,901	2,737,948,304	2,835,388,328	2,862,478,328	2,896,498,328
Operations & Maintenance	1,146,316,468	1,599,671,687	1,665,228,066	1,681,138,066	1,701,118,066
Recurrent as % of CG Total Expenditure	54.34%	54.10%	54.0%	54.0%	54.0%
Personnel Emoluments as % of CG Expenditure	36.87%	34.15%	34%	34%	34%
O&M as % of CG Expenditure	17.47%	19.95%	20%	20%	20%

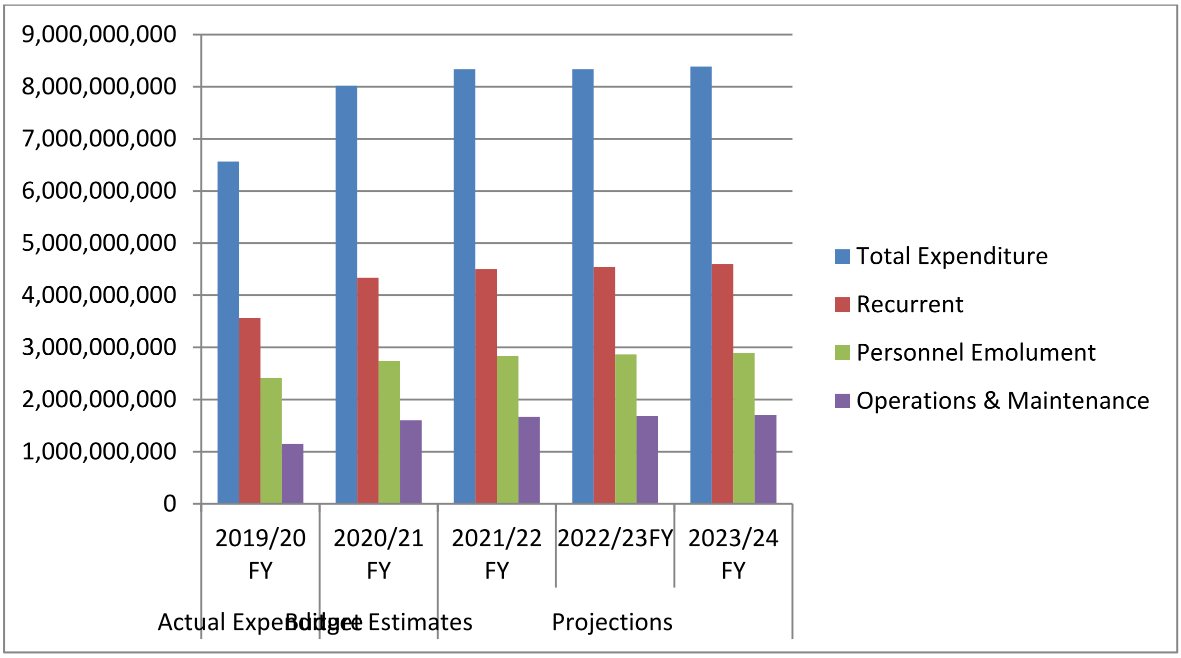


Figure 2: Expenditure by Economic Classification

3.4.4 Development and Net Lending

The FY 2021/22 budget projects total development expenditure will be Ksh. 3.8 billion compared to last year (FY 2020/21) Ksh. 3.68 billion representing 46 % of total budget and expected to retain the same proportion over the medium term. The development expenditure will be funded by equitable share transfers from National Treasury as well as own source revenue, and loans and grants from national government.

Table 8: Actual and projected development expenditure

	Actual Expenditure	Budget Estimates	Projections		
	2019/20 FY	2020/21 FY	2021/2022 FY	2022/23 FY	2023/24 FY
Total Expenditure	6,560,000,000	8,017,840,408	8,333,616,393	8,352,616,394	8,382,616,394
Development	3,196,324,995	3,680,220,417	3,833,000,000	3,812,000,000	3,785,000,000
Development as % of CG Total Expenditure	48.72%	45.90%	46%	46%	45%

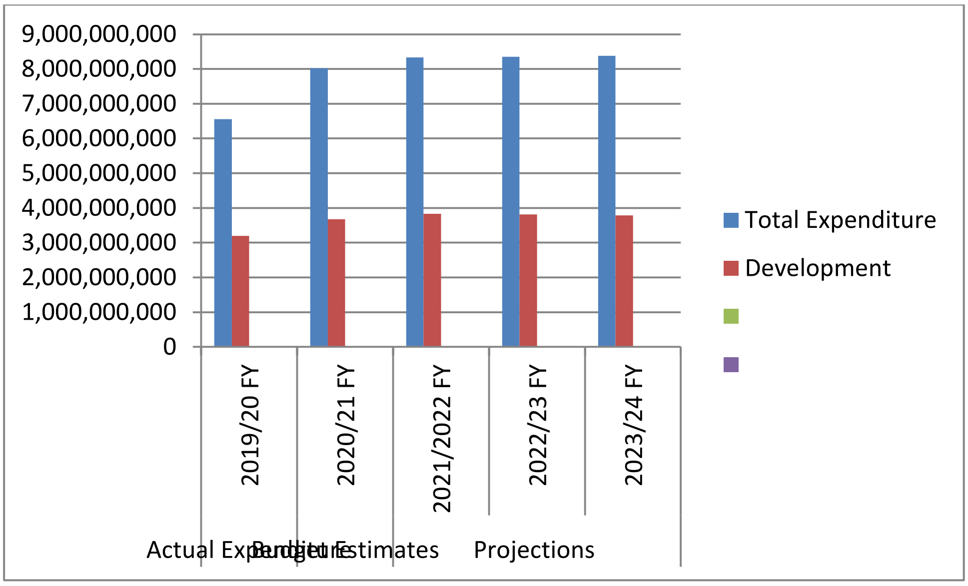


Figure 3: Actual and projected development expenditure

3.4.5 Fiscal Balance and Deficit Financing

The County Government does not plan to undertake long term borrowing in the medium term, and hence no debt has been factored in the financial projections for the County. In case there arises the need to borrow for key capital investments in the medium term, it will be done as per the framework to be developed by the National Treasury on borrowing by County governments.

3.5 Summary

The Government's fiscal policy goals will focus on adherence to fiscal responsibility principles and mainly on ensuring that 46% of the budget is spent on development projects and programmes. On expenditure, strict controls over budgets and budget execution will continue to be instituted in line with the PFM Act and Public Financial Management Regulations (PFR). Through the above policies, the investments made in priority and growth potential areas will be achieved in the medium term.

CHAPTER FOUR: MEDIUM TERM EXPENDITURE FRAMEWORK

4.1 Resource Envelope

The programmes and projects over the medium term will be funded by equitable shares from National Treasury, conditional and unconditional grants, loans and own source revenue collected by the county government.

For the FY 2021/22 own source revenue will finance about 2% of the expenditure priorities in the projected budget of Ksh. 8.333 **billion**. In the FY 2020/21, the own source revenue was projected at Ksh. 150 million. The own source of revenue is expected to remain at Ksh 150 million in the FY 2021/22 due to the sluggish growth of the economy as it struggle to recover from Covid 19 pandemic. Equitable Share from National Government will account for 87.3 % of total budget resources while loans and conditional grants will account for 9%. The equitable share in FY 2021/22 is projected to be Ksh. 7.277 billion.

Table 9: Resource Envelope for FY 2021/22-2023/24 [Ksh. Million]

	FY 2021/22	FY 2022/23	FY 2023/24
Equitable share	7,277,004,032	7,277,004,032	7,307,004,032
Loans and Grants	753,314,489	753,314,489	753,314,489
Leasing of Equipment	153,297,872	153,297,872	153,297,872
Own Source Revenue	150,000,000	160,000,000	170,000,000
TOTAL	8,333,616,394	8,343,616,394	8,383,616,394

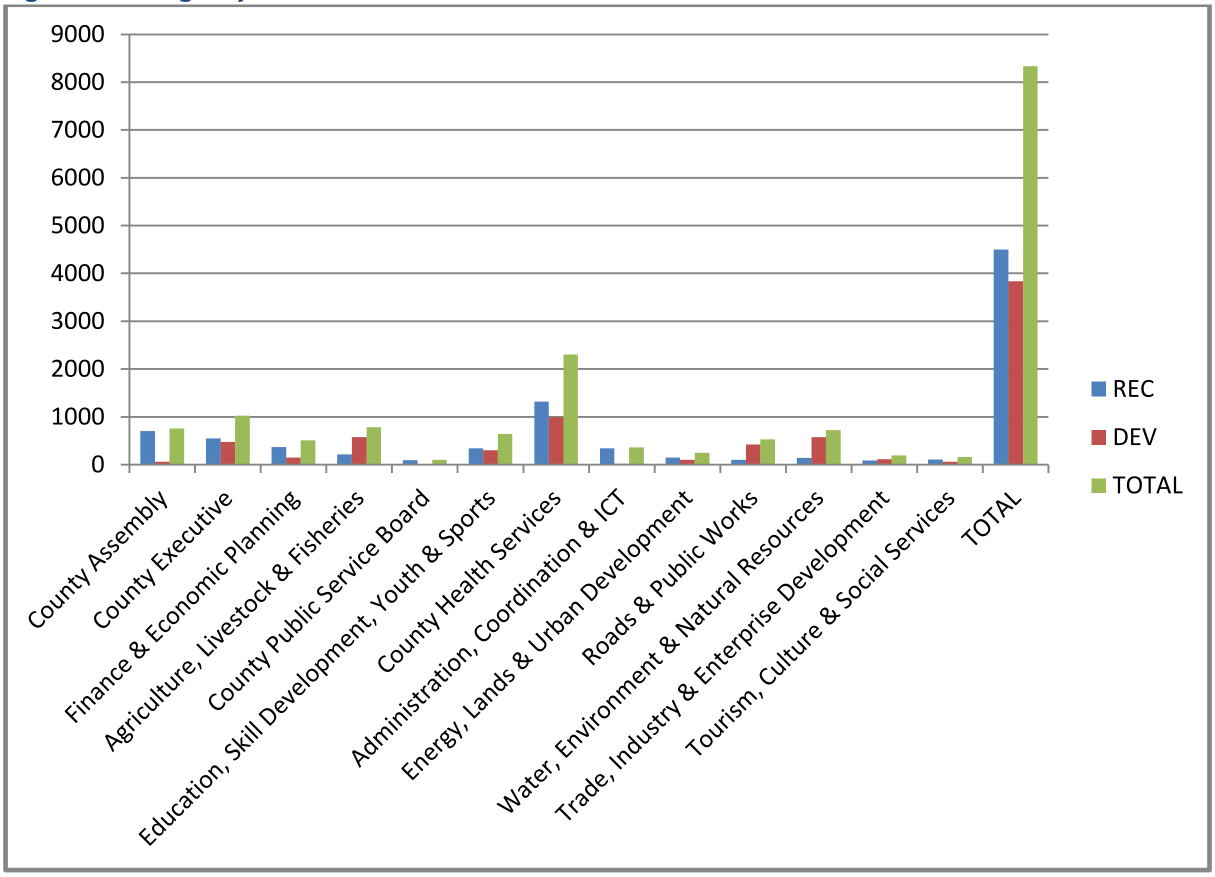
The revenue allocation was being based on Third Basis formula approved by the parliament in September 2020 for allocating money among the Counties from the share of national revenue. The Third Basis formula will be applicable for FY 2021/22 and over the medium term expenditure framework.

The formula takes into account the following parameters; (i) Population (18%); (ii) Health Index (17%); (iii) Agriculture Index (10%); (iii) Urban Index (5%); (iv) Poverty Index (14%); (v) Land Area Index (8%); (vi) Roads Index (8%), and; (vii) Basic Share index (20%).On the other hand, each additional conditional allocation shall be distributed based on its objectives, criteria for selecting beneficiary Counties and distribution formula.

4.2 Spending Priorities

The County Government priority for FY 2021/22 will be implementing the county integrated development Plan, focusing on completing the ongoing projects. In the medium term, priority will also be given to projects and programmes geared toward 'the big 4 agenda' and especially the Universal Health Care, food and nutritional security as well as wealth creation and economic recovery from Covid 19 effect. In the FY 2021/22, 27.66% of the county funding will be allocated to health care services, 9.4% to agriculture, livestock and fisheries development, 12% to Executive, 8.6% towards water, environment and natural resources, 6.3% roads and transport, and 7.7% to education, skills development, youth and sports. This is depicted in Figure 5 below.

Figure 4: Ceiling Projections Per Sector



4.3 Medium-Term Expenditure Estimates

In the medium term the government plans to spend Ksh. 8,3336 billion in FY 2021/22, Ksh. 8.3526 billion in FY 2022/23 and Ksh. 8.3826 billion in 2023/24 respectively. Health care services have the biggest allocation as the county government moves towards offering Universal Healthcare to the county residents. As the government enhances service delivery, the other service sectors will be the ultimate beneficiaries.

Table 10: Ceiling by Economic Category and Projections for 2021/22-2023/24 (Ksh Million)

		FY 2020/21			FY 2021/22			FY 2022/23			FY 2023/24		
	County Department	**REC**	**DEV**	**Total**	**REC**	**DEV**	**TOTAL**	**REC**	**DEV**	**TOTAL**	**REC**	**DEV**	**TOTAL**
1	County Assembly	680.183	50.000	730.183	700.000	58.000	758.000	705.000	58.000	760.000	712.000	50.000	762.000
2	County Executive	535.000	460.000	995.000	550.000	477.000	1027.000	553.000	477.000	1030.000	563.000	469.000	1,032.000
3	Finance & Economic Planning	348.000	139.285	487.285	365.616	145.000	510.616	367.616	145.000	512.616	370.616	143.000	513.616
4	Agriculture, Livestock & Fisheries	200.000	554.985	754.985	211.000	574.000	785.000	212.000	574.000	786.000	215.000	572.000	787.000
5	County Public Service Board	90.000	5.000	95.000	93.000	7.000	100.000	94.000	7.000	101.000	98.000	5.000	103.000
6	Education, Skill Development, Youth & Sports	324.000	290.804	614.804	339.000	300.000	639.000	340.000	300.000	640.000	345.000	297.000	642.000
7	County Health Services	1278.437	937.295	2215.732	1318.000	987.000	2305.000	1328.000	980.000	2308.000	1,335.000	985.000	2,320.000
8	Administration, Coordination & ICT	330.000	16.150	346.150	340.000	20.000	360.000	345.000	16.000	361.000	348.000	14.000	362.000
9	Energy, Lands & Urban Development	143.000	93.350	236.350	148.000	98.000	246.000	152.000	95.000	247.000	155.000	94.000	249.000
10	Roads & Public Works	93.000	413.139	506.139	103.000	423.000	526.000	106.000	421.000	527.000	108.000	421.000	529.000
11	Water, Environment & Natural Resources	135.000	557.463	692.463	143.000	577.000	720.000	145.000	576.000	721.000	148.000	574.000	722.000
12	Trade, Industry & Enterprise Development	81.000	107.400	188.400	85.000	110.000	195.000	88.000	108.000	196.000	90.000	107.000	197.000
13	Tourism, Culture & Social Services	100.000	55.350	155.350	105.000	57.000	162.000	108.000	55.000	163.000	110.000	54.000	164.000
	TOTAL	**4337.6200**	**3680.220**	**8017.840**	**4500.616**	**3833.000**	**8333.616**	**4543.616**	**3812.000**	**8352.616**	**4,597.616**	**3,785.000**	**8,382.616**

In the light of resource envelope, there is an increase of (7.4%) in equitable share from Ksh. 6.77 billion in FY 2020/21 to Ksh. 7.277 billion in FY 2021/22, therefore, the expenditure for the departments/ sectors will be slightly increased during the FY 2021/22. For the FY 2022/23 & 2023/24, the expenditure will increase by 0.2% and 0.4% respectively. Conditional grants and loans will be used for the designated priority areas, implying that these funds will not be shared amongst the Departments. The various conditional grants and loans that relate to specific sectors include:

Table 11: Conditional Grants and Loans by Beneficiary Departments

Financial Year	**Compensation for User Fees forgone**	**Leasing of Medical Equipment**	**Road Maintenance Fuel Levy Fund**	**Rehabilitation of Village Polytechnics**	**Other Loans and Grants**
2019/20	6,643,714	131,914,894	192,258,938	15,558,298	527,605,108
2020/21	6,643,714	148,936,170	204,701,864	11,196,170	616,904,659
2021/22	6,643,714	153,297,872	204,701,864	11,196,170	530,772,741
2022/23	6,643,714	153,297,872	204,701,864	11,196,170	530,772,741
2023/24	6,643,714	153,297,872	204,701,864	11,196,170	530,772,741
Department	Health Services		Roads & Public Works	Education, Skills Development, Youth and Sports	Various Departments

4.4 Baseline Ceilings

The baseline for setting expenditure ceilings is consistent with the need to match the current departmental spending levels with resource requirements. In the recurrent expenditure category, non-discretionary expenditures including salaries to county employees, statutory deductions such as NHIF and employer contribution to provident funds takes the first charge.

Compensation to employees covering those staff in all dockets providing services on behalf of County Government accounts for about 34% of the total revenues. The expenditure on operations and maintenance accounts for 20% of projected total revenue.

During the financial year 46% of the total revenue will be available to finance planned development expenditure. However, additional development expenditure that may be targeted by the County Government can only be funded through borrowing from the domestic and foreign sources, as well as donor grants tied to projects.

Development expenditures are shared out on the basis of the MTP III and CIDP priorities as well as other strategic interventions to faster growth as outlined by the manifesto of the current governorship. The following guidelines are used:

- On-going projects: emphasis is given to completion of on-going projects and in particular infrastructure projects and other projects with high impact. on poverty reduction and equity, employment and wealth creation.
- Strategic policy interventions: especially the Universal Health Care, food and nutritional security as well as wealth creation and economic recovery from Covid 19 effect
- Counterpart funds: priority is also given to adequate allocations for donor counterpart funds. This is the portion the Government must fund in support of the projects financed by development partners. Usually it accounts between a quarter and a third of the total cost of the project.

4.5 Finalization of spending plans

The finalization of the detailed budgets will entail thorough scrutiny to curtail spending on non-productive areas and ensure resources are directed to priority programmes. Since detailed budgets are scrutinized and the resource envelope firmed up, in the event that additional resources become available, the County Government will utilize them to accommodate key County strategic priorities.

4.6 Details of Sector Priorities

The MTEF for FY 2021/22 to FY 2023/24 period will ensure that there is continuous resource allocation based on the programme priorities aligned to the CIDP 2018-2022 which integrates the Governor's manifesto. The MTEF for 2021/22-2023/24 ensures continuity in resource allocation based on prioritized programmes aligned to the CIDP and to augment the National government priorities espoused in the Budget Policy Statement 2021. The sector achievements, sector challenges and the sectors medium term plans and usage are based on the Sector Working Group Reports. These were prepared through a consultative process that involved stakeholders and give the current status and how the sectors will be funded.

Areas	Description
4.6.1 Agriculture, Livestock and Fisheries Development	
Name of sub-sectors:	• Agriculture; • Livestock (Production and Veterinary services) and • Fisheries
Sector Policy blueprint:	To be the leading agent towards the achievement of food security for all, employment creation, income generation and poverty reduction in Marsabit County
Sector mandate:	To improve the livelihood of the people of Marsabit County by promoting competitive agriculture through creation of enabling environment, provision of support services and ensuring sustainable natural resource management.
Key sector achievements	• Rehabilitation, development of new micro-irrigation schemes and expansion of areas under rain fed production through subsidized mechanized tractor services • Use of climate smart crops and technologies • Reintroduction of traditional crops which are drought tolerant • Food production and utilization through community trainings and sensitization workshops. This is a strategy to deal with climate vagaries • Regular training for county staffs and county farmers on new technologies on production, post-harvest and value addition • Use of appropriate technologies, value addition, crop nutrition, soil health enhancement through conservation. • The county has developed secondary and primary markets towards improving market access. It has also formed trained and formalized Livestock market associations. • 10000 acres of land was put under improved pasture and 20000 bales of hay harvested. • With support of partners, 1200 galla goats process on going. • 1000 apiaries have been set with an occupation of 70%. Currently harvesting of honey from the hives. Two groups have been selected for support with processing equipments. • 2500 HH were covered under Kenya Livestock insurance program. • The following livestock species were vaccinated against various diseases; Cattle – 26,740 • Sheep - 271,565 • Goats – 347,121 and • Camel – 9,005 One slaughter slab was built at Kalacha, a Condemnation pit and Masonry tank. One slaughter slab was built in dukana • Zero draft of range management policy developed. Domestication of National Food AND Nutrition Security Implementation policy framework and draft framework for agricultural mechanization services. • 1866 beneficiaries of livestock insurance valued at Kshs 25,582,122 through bank and Mpesa money. • Training and sensitization of communities supported by Islamic relief, Concern Worldwide, FAO, WVK and Zoonotic Disease Unit. In total 1210 persons were reached in the whole county. • A study on prevalence of Camel trypanosomiasis (sura) by KALRO Muguga in collaboration with the County department of Veterinary services is on-going. • A study on Middle East Respiratory Syndrome (MERS-CoV) by Washington State University (WSU) and the County department of Veterinary. The MERS-CoV study is a longitudinal

Areas	Description
	study which will run up to September 2019. • Livestock Feeding for Human Health (L4H study) currently ongoing. The study is being done by WSU in collaboration with FAO, UNICEF, Concern and the department. • Training of fisherfolks on hygiene, quality assurance and Marketing • procurement of Patrol/ rescue boat • Construction of Ultra- modern fish processing plant ongoing • Rehabilitation of cold rooms in Loiyangalani & Illeret ward • Procurement of 10 motorized fishing boats • Procurement of 1 transport boat • Installation of solar powered units (containers) • Procurement & installation of generators at Loiyangalani & Illeret • Construction of modern solar dryer by CCAP • Purchase of 12 digital weighing scales for landing sites • Purchase of branding equipment • Purchase of 10 laptops and accessories
Sector challenges	• Lack of adequate funding to the Department • Low adoption of technologies • High post- harvest losses • Pests and disease for crops • Low production and productivity • Frequent livestock disease out breaks • Vast terrain with poor infrastructure and inadequate logistic support • Poor road network • Inadequate and outdated fishing equipment • Inadequate cold storage facilities • Weak cooperative societies • Inadequate technical staff • Low research -extension liaison; and • Frequent drought. • Weak sector coordination
Sector's medium term plan and sector Usage	The sector will spend the FY 2020/21 allocation to; purchase farm inputs and equipment, expansion/rehabilitation of irrigation scheme using ground water/flood based water harvesting, adoption of climate smart technologies, demonstration on nutrition, conduct surveillance of pest and disease, support expansion of asset creation program, enhance supply of quality, creation of livestock holding ground, promotion of apiculture, protect livestock assets through livestock insurance, improve livestock health and welfare through vaccination, improve community/public health, strengthen livestock disease surveillance, strengthen farmer extension-research liaison, conduct frame survey, strengthen fish value chain, enhance fisheries governance and sector coordination, strengthen BMUs and fisheries cooperative. In the medium term, the sector is projected to have an allocation of Ksh 2.3 billion shillings for both recurrent and development expenditures.
4.6.2 Health Services	
Name of sub-sectors:	- Preventive & Promotive health services - Curative & rehabilitative health services - Health administrative services
Sector Policy blueprint:	An efficient and high-quality health care system that is accessible, equitable and affordable for every Kenyan
Sector mandate:	To promote and participate in the provision of integrated and high-quality curative, preventive and rehabilitative services that is responsive, equitable and accessible to county residents

Areas	Description
Key sector achievements	♦ Recruitment of health workers ♦ Completion & Operationalization of Regional Lab ♦ Establishment of Full-fledged ICU ♦ Renovation of Covid-19 Isolation Centre ♦ Establishment of Oxygen Plant in MCRH ♦ Capacity building of health workers on various disciplines ♦ NHIF cover for 10,000 households ♦ Free ambulance services ♦ Improved Beyond integrated outreach services ♦ Various facilities equipped with essentials instruments ♦ Completion and equipping of facilities including maternity units ♦ Effective M/E ♦ KMTC construction from – Almost Complete
Sector challenges:	▪ The sector suffers from an unacceptably low number of Health workers and specialists across all the cadres from that recommended by the World Health Organization. ▪ Prevalence of preventable diseases such as water borne disease still affects over 24 % of the population; ▪ HIV prevalence has progressively increased over the last 16 years, currently at 1.4%. ▪ High maternal & newborn mortality ▪ Low ANC coverage ▪ Increased number of adolescent pregnancies currently at 17% ▪ Inadequate health sector allocation that is not adhering to program-based budgeting. ▪ Increase in Non-communicable diseases and emergence of neglected tropical diseases e.g. Kalazaar, diabetes etc ▪ Inadequate Essential Medicines & Medical Supplies for increasing population ▪ Knowledge gap in budget making process ▪ Poor health seeking behavior of our population ▪ Diminishing partner support-affecting integrated outreach services ▪ Recurrent pending bills ▪ Inadequate free ambulance services fund
Sector's medium term plan:	The sector intends to address these challenges by: ▪ Investing heavily in recruitment and promotion of health workers. ▪ Launching robust preventive, promotive and curative health services. ▪ Operationalization of existing non-functional facilities. ▪ Lobbying for Program based budgeting and increased health sector allocation for various programs and pending bills. ▪ Increasing allocation for Essential Medicines and medical supplies ▪ Capacity building of health care workers on essential services ▪ Automation of referral hospitals and other peripheral facilities ▪ Infrastructure & connectivity through LAN and WAN ▪ Emphasize on guided public participation on development projects ▪ Enhance partner collaboration
Sector Resource Usage:	The sector intends to use allocated resources to: ▪ Upgrade some existing dispensaries facilities to health Centre and hospital status ▪ Increase the workforce numbers by 20% ▪ Promote and re-designate current workforce ▪ Fund preventive, curative and administrative programs. ▪ Procure adequate Essential Medicines & Medical Supplies and specialized equipment

Areas	Description
	▪ Capacity building of health workforce ▪ Automation of Marsabit County referral hospital and Moyale sub county referral hospital
4.6.3 Education, Skills Development, Youth and Sports	
Name of sub-sectors:	• ECDE • Skills Development • Youth and Sports
Sector Policy blueprint:	To be the leader in the provision of quality education, vocational training, youth and sports programs in the country
Sector mandate:	To transform lives through quality education, vocational training, youth development and sports
Key sector achievements	♦ Increased ECDE and VTCs enrolments. ♦ Recruitment of ECDE teachers and interns. ♦ Implementing the new Competency Based Curriculum. ♦ Improved ECD, VTCs, Youth and Sports infrastructure ♦ Equipped all 291 ECDE centres with essential teaching/learning as well as play materials and furniture. ♦ Provided scholarship and bursary to 2.601 students in secondary school, colleges, universities and VTCs. ♦ Increased the number of ECDE learners on ECDE meal program. ♦ Developed Marsabit County Youth Internship Policy and is actively implementing it. ECDE meal policy Is also at the cabinet level. ♦ Built youth capacity through trainings, workshops and seminars.
Sector challenges	▪ Inadequate Early Years Education (EYE) teachers. ▪ Inadequate infrastructure, (Classrooms, VTCs and Sports grounds) ▪ Insufficient teaching/learning materials for the new Competency Based Curriculum (CBC). ▪ Costly implementation of the new Competency Based Curriculum (CBC). ▪ Untrained Early Years Education (EYE) teachers. ▪ Low capacity enhancement of the Early Years Education (EYE) teachers. ▪ Pastoralism/nomadism leading to low enrolment and school dropouts. ▪ Transport/logistics problems during implementation and monitoring of projects. ▪ Working environment inadequate office space for departmental county staff] ▪ Transport logistics problem for sports clubs in the league and low funding for the league leaving several wards without playing. ▪ High demand for sports items against a low budget. ▪ Lack of training grounds for sports persons who rely on school grounds ▪ High usage of drugs and venture into crime by youth ▪ High number young boda bodas riders who are accident prone due to lack of basics training and protective attire ▪ Lack of monitoring of VTCs on quality assurance, and inadequate tools for various courses ▪ Inadequate post training support for VTCs graduates ▪ Need for diversification of courses that takes into consideration competitive courses relevant to the market demand.
Sector's medium-term plan and sector Usage	Increased transition levels from 4500 to 5500, Improved quality of pre-primary education through reduced teacher learners ratio from 82:1 to 60:1, increased access to TVET institutions through free vocational training scholarships to enhance enrolment from current 600 to 900, Improved quality of technical and vocational education & training

Areas	Description
	through hiring of competent instructors in competitive courses e.g. Motor Vehicle Mechanics, Enhanced Development of sport skills and talents through long-term engagement in leagues and increase youth participation in meaningful employment and entrepreneurship by capacity building the youth.
4.6.4 Department of roads, Public works, Transport and housing development	
Name of sub-sectors:	1. Roads and Transport. 2. Public works and housing development
Sector Policy blueprint:	To be a leading department committed to provision of prompt, effective and efficient technical services in roads and public works
Sector mandate:	To Design, construct and maintain rural and urban county road networks. Protection of county road reserves. Design, document and supervise building works and projects. Maintain inventory and manage government estates. Conduct suitability test for drivers. Inspection of government vehicles. Construction of low-cost houses/.
Key sector achievements	During the last financial year the sector Upgrading of 4.3km Marsabit town road to bitumen standard (2.8km of bitumen town road already complete. 336 km of roads graded. 104 km of roads graveled. 65 km of new roads opened up. 30 lines of culverts constructed And Constructed 2km of Concrete slabs 348 building projects designed documented and supervised.
Sector challenges:	• Inadequate funding for the line items of the specific activity targeted in the annual development plans; • Sector Work plan is not properly followed as planned; and • Stringent procurement procedures thus occasioning delay in timely project implementation or complete failure to start the project • Inadequate means of transport to other parts of the county affected project implementation, monitoring and evaluation. • Insecurity.
Sector's medium-term plan:	▪ Capacity building for all technical staff as prescribed by their professional Institutes. ▪ To grade 1800 km of roads county wide. ▪ To upgrade 600 km of roads though gravelling wet compaction. ▪ To improve County drainage system to Construction of 3000 meters of Drainage slab and drifts,720 Lm of Culverts ▪ To cover all the open-channel drainage system within town to closed-Drain system to address safety concern by public. ▪ To construct 6no.footbridges to improve accessibility to Schools and Health-centers. ▪ To open up 400km of new roads through bush-clearing in order to increase County road networks. ▪ To tarmac 8.5 Km of roads within Marsabit and Moyale town for better accessibility to C.B.D and Market centre. ▪ To construct and well equip Material test Laboratory for timely quality control in County roads and building county projects. ▪ Adoption of Roads2000 strategy on County Roads Project. ▪ Strengthening and Improvement of Roads Policy and Legal Framework. ▪ Embracing of new technologies such as cobblestones, Dou nou Technology as an alternate road surfacing method where appropriate. ▪ To fully maintain and service all plants and machinery to good

Areas	Description
	working conditions. ▪ Construction of low-cost housing units. ▪ Prepare tender document for all building projects for the county.
Sector Resource Usage:	The sector is getting an allocation of 413, 508, 241 shillings for both recurrent and development expenditures in the next fiscal year and has planned to spend on upgrading roads to bitumen standards; also upgrading to wet compaction and finally continue maintaining the already existing roads with a total allocation of 3.332 billion.
4.6.5 Water, Environment and Natural Resources	
Name of sub-sectors:	▪ Water services ▪ Environment and Natural Resources
Sector Policy blueprint:	An enabling environment for access to safe water and sanitation services, clean secure and sustainably managed environment and natural resources conducive for county prosperity.
Sector mandate:	To effectively promote, conserve, protect, monitor and sustainably manage the environment and natural resources for provision of safe water in a clean/sustainable and secure environment.
Key sector achievements	▪ 8 water points installed with solar technology ▪ 2 boreholes drilled and equipped ▪ 4 underground tanks constructed ▪ 3 masonry tanks constructed ▪ 1 rock catchment constructed ▪ 7 shallow wells rehabilitated. ▪ Sustained climate change adaptation policy development and NRM policy through forums ▪ 5000 tree seedlings planted ▪ Sensitization forums/public participation on climate change policy ▪ Stakeholder engagements and public participation on natural resource management policy.
Sector challenges:	▪ Disbursement of funds from national treasury slow pace of project implementation ▪ Lengthy and centralized procurement process affects effectiveness and efficiency as far as service delivery is concern ▪ Inadequate and aging technical staff visa vis vastness of the county ▪ Low morale of staffs due to unwarranted delay in career progression and promotions (stagnation in one JG) ▪ Misplace priorities in terms resource target arising from communities during public participation in budget get making process as well as under-costing of projects ▪ Effective monitoring of project is also uphill task with limited number of technical personnel and a times constrictors do substandard work or poor workmanship ▪ Recurrent drought hence reducing survival rate of trees seedlings planted ▪ Low level of community understanding and vastness of the county hence expensive to conduct public forums on environmental awareness ▪ Low/ zero allocation of budget to environment sector hence not achieving sector goal. ▪ Limited environmental extension service
Sector's medium-term plan:	▪ Improving access to clean and safe drinking water ▪ Increasing water storage and harvesting structures ▪ Enhancing water catchment protection ▪ Increasing awareness on environmental conservation ▪ Improving natural resource governance

Areas	Description
Sector Resource Usage:	▪ Drilling of Boreholes ▪ rehabilitation of boreholes ▪ construction Medium sized dams of 45,000M3 ▪ de-silting and expanding of Earth pans ▪ construction of Masonry tanks of (50-100m3) ▪ construction of (100m3) Underground tanks ▪ procuring and supply Plastic water tanks of 10, 000litres ▪ Planting of tree nursery ▪ planting Fruit trees and initiating farm forestry ▪ Rehabilitating site through gullying healing ▪ Construction of check dams ▪ Conducting county Natural Resource Management (NRM) forums at head quarter level ▪ Training of EMCs ▪ Clearing of invasive species ▪ Establishing of green schools.
4.6.6 Lands, Energy & Urban Development	
Name of sub-sectors:	▪ Lands ▪ Energy ▪ Urban Development
Sector Policy blueprint:	Excellent land management and vibrant, well planned, urban centers and world class cost effective renewable energy infrastructure in Marsabit County
Sector mandate:	To facilitate and enable sustainable land use and growth of the urban centers through efficient land administration, equitable access, secure tenure, sustainable management of land-based resource and well-planned urban centers and promotion of clean, green, efficient, Effective, affordable and sustainable renewable energy resources
Key Sector Achievements	▪ , Sololo makutano, Dambala fachana, Merille and Manyatta Otte. ▪ Land tenure Secured, resilient and sustainable human settlement development ensured ▪ Improvement security for urban and upcoming town that improves the economic growth of the county at large through 106 security lights installations ▪ The Master plan was developed for Marsabit town and awaits Assembly's approval. ▪ Oxidation a pond was constructed in Marsabit thus ease liquid waste disposal despite the lack of proper sewer system. ▪ Increase in the number of dumpsites for solid waste management from 8 to 14 ▪ Fencing of public facilities which is an increase from 3 to 5 ▪ Renovation of renewable energy centre ▪ Establishment of fire station and purchase of fire engine for municipality. ▪ Issuance of title deeds for Jirme and Songa/Kituruni registration sections totaling to 2461 title deeds ▪ The following urban centers have been planned and awaiting approval from the county assembly: Laisamis, Gurumesa, Dukana, Korr, Manyatta, Butiye, North Horr, Turbi, Logo logo, Maikona, Loiyangalani, Kargi, Kalacha and Sololo. Lami, Sessi, Upper Technical
Sector challenges:	▪ Shortage of technical staff, especially Physical Planners, Draughtsman or Cartographer and the department has shortage of transport (vehicle) ▪ Ineffective service delivery due to inadequate personnel and lack of modern survey and planning equipment's

Areas	Description
	▪ Lack of institutional, legal and regulatory framework for Renewable energy as well as investment and lack of technical staff in the County ▪ Inadequate funds to promotion and development of Renewable energy and Lack of awareness on the importance of Renewable Energy ▪ Inadequate information on existing land and urban development status or plans from old establishments. ▪ Lack of policy framework to guide urban development activities
Sector's medium-term plan:	▪ Carrying out of cadastral survey for all approved plans, demarcation of the already declared land adjudication sections, Physical planning of upcoming towns and Fast-tracking of title deeds of all land adjudicated sections in the County. ▪ Purchasing of modern equipment's for effective service delivery and recruitment of skilled personnel and on job training for staff that are already at the department ▪ Improve access to affordable, reliable, secure and competitive energy services as well as to ensure prudent Environmental/Climate change, social, health and safety considerations. ▪ Prioritise and promote development of indigenous primary and secondary energy sources for Mini grids development as well additional street lights and fast racking on the development of the county energy policy for effective service delivery ▪ formulate urban legislation and policy frame works and fast track on the approval of the town by-laws by the County assembly ▪ increase scope of waste management programmes with in the county in order to meet the need of the growing population for public safety and sanitations
Sector Resource Usage:	▪ The sector intends to use allocated resource to increase number of technical staffs by 65%, to increase efficiency in service delivery, ▪ Increase the 006 Eumber of titles issued by 2200 titles, through increase number of LDPs developed by additional 10 urban plans and complete on-going adjudication work and fast track title deeds for already completed adjudication sections. ▪ The sub- sector intends to use the allocated resource to increase number of skilled personnel by 43%, to increase the efficiency in service delivery, ▪ Establish renewable energy center for research and promotion of renewable energy technologies, ▪ Formulation of renewable energy policies and regulations. ▪ To increase the number of out sourced centers for waste collections by additional 5 centers ▪ Establish functional municipality for efficient and effective urban service deliveries.
4.6.7 Trade, Industry and Enterprise Development	
Name of sub-sectors:	• Weight and measures • Trade services • Cooperatives • County Enterprise fund
Sector Policy blueprint:	To be the leader in promoting innovative Business Growth and Investments for wealth creation in County.
Sector mandate:	To create a vibrant and Conducive environment for Enterprise Development and Economic Growth in the County.
Key sector achievements	▪ Marsabit Modern Market nearing completion ▪ 212 weighing and measuring equipment have been inspected and calibrated ▪ Single business license and contributions to the Finance bill 2019

Areas	Description
	▪ Equiping of Dukana ABT ▪ 12 cooperatives registered and 8 cooperatives Audited
Sector challenges	▪ The major challenge was inadequate funding for the line items of the specific activity targeted in the annual development plan for the financial year ▪ Stringent procurement procedures thus occasioning delay in timely project implementation or complete failure to start the projects ▪ Disruptions of the operations of the IFMIS due internet network failure ▪ Inadequate means of transport to various parts of the County affected project implementation, monitoring and evaluation. ▪ Poor road infrastructure and communication network in parts of the county affected the quality of monitoring and evaluation of the projects.
Sector's medium-term plan and sector Usage	The sector is getting an allocation of 248 million shillings for both recurrent and development expenditures in the next fiscal year and has planned to spend this on Modern market completion as well as County Enterprise revolving fund. In the medium term the sector is projected to have a total allocation of about 750M shillings.
4.6.8 Tourism, Culture & Social Services	
Name of Sub-sectors	Tourism Culture Gender & Social Services
Sector mandate:	♦ To develop tourism products and infrastructure ♦ To map, develop and conserve cultural institutions, artifacts and other heritage sites. ♦ To enhance provision of quality services delivery to improve livelihoods, social and cultural wellbeing of the communities. To enhance gender is mainstreaming and capacity building
Key sector achievements	♦ Tourism marketing exhibition held in Nairobi ♦ Formation of Ushanga cooperatives ♦ Capacity building of groups on bead making ♦ Repairs and additional facilities at Bongole resort ♦ Participated in NONDO wheel chair race. ♦ International disability Day ♦ Supported 6 OVc centers ♦ Refurbished and bat proofed Kinisa social hall. ♦ Renovated Milima mitatu Jirime Social hall ♦ Procurement process for operationalization of Bongole resort began ♦ organized and implemented MLTCF 2019 successfully. ♦ capacity building of staff and stake holders on heritage sites documentations. ♦ Supported community initiated cultural festivals in Moyale and Nairobi Cultural center. ♦ Supported Kalacha Cultural Festival ♦ Public participation on Culture and Heritage bill conducted. ♦ Equipping of 1 social H ♦ Renovation of 1 social Hall ♦ Registration of PWDs ♦ Provision of assistive devices ♦ Provision of food items to children homes ♦ Support in organizing International disability Day ♦ Participated in NONDO wheel chair race

Areas	Description
	♦ Participated in gender activism forum ♦ Participated in International Women's Day ♦ Support to Girls 'camp initiative ♦ Construction of Rescue center at Logologo
4.6.9 Public Administration, Coordination of County Affairs, Disaster Management and ICT	
Name of Sub-sectors	• Public Administration • Cohesion, Integration and Disaster Management • Civic Education and Public Participation • ICT
Sector Policy blueprint:	To be a leading Department in public policy formulation, implementation, coordination, supervision and prudent resource management.
Sector mandate:	• The mandate of the Department is derived from The County Government Act 2012 and Executive Order No. 1/2014, which is to spearhead provision of public administration, coordination and ICT services of the county government. The decentralized section is charged with the responsibility of managing and coordinating devolved functions at the sub county, ward and village level to ensure proper service delivery to the citizens.
Key sector achievements	♦ Successfully procured network internet switches and battery backup for ICT server room to enhance effective internet speed. ♦ Completed and delivered procurement of satellite phones for far flank ward that is not covered by mobile network. ♦ Effective public participation accomplished across the 20 wards ♦ Capacity building for key technical personnel ♦ Enhanced peaceful coexistence of the communities. ▪ Effective timely disaster response
Sector challenges	▪ Insufficient funds commensurate to the needs of the county given the level of need and the vastness of the county. ▪ Political/executive interference in prioritization of project proposals by communities during county planning and budgeting processes. ▪ Increased inter-tribal conflicts on administrative boundaries, water and pasture which affected county projects implementation. ▪ Poor connectivity in the county. Most of the areas such as Moite, Illeret, Buluk etc. have little or no access to network. This prevents proper mobilization. ▪ Global warming that has resulted in frequent droughts, flash floods and wild fires that has stretched county capacity to plan and respond. ▪ Constant vandalism of fiber optic cables along Isiolo –Marsabit highway hampering internet connectivity. ▪ Inadequate energy sources to power IT infrastructure.
Sector's medium-term plan	▪ The department will focus on improving Citizen participation in government programs by conducting public forums to enhance citizens' capacity to participate in county programs, improve internet and infrastructure connectivity through Wide Area Networks to all sub Counties in the medium term, Establish the village administrators unit after passing the bill to improve service delivery through improved mobility, construction and equipping of administrators offices and training of officers and continuous engagement of communities on peace building processes.
Sector Usage	▪ In the medium term the department through Civic education sub sector will conduct 45 annual civic education forums Countywide, Construct a Sub county Administrators' office at Saku Sub County and deputy sub County administrators' offices for Sololo, Maikona

Areas	Description
	and Loiyangalani and their respective ward administrators ▪ The department will also do internet connectivity to three remaining sub counties of Moyale, Laisamis and North –Horr and equally cascade to 8 wards which are in proximity to the NOFBI Infrastructure ▪ Cohesion sub sector will draft County actual plan on countering violence extremism in Marsabit County and have Continuous engagement of communities on peace building processes.
4.6.10 Finance and Economic Planning	
Name of sub-sectors:	Economic Planning, Revenue, Procurement, Accounts, Audit, Budget
Sector Policy blueprint:	Improve management of public finances and economic affairs of the county
Sector mandate:	To provide overall leadership and policy direction in resource mobilization, management and accountability for quality public service delivery.
Key sector achievements	Improved involvement of people in budget and planning process ▪ Tracking of development projects and programmes ▪ Completion of PFM documents i.e. ADP.APR, CFSP, PBB, CBROP etc. ▪ Finance Act 2020 ▪ The budget absorption rate improved from an average of 70% to 92%. ▪ Audit committee was established ▪ The audit queries were greatly reduced by 30% ▪ Automation of revenue system is established ▪ Access to procurement opportunity are 47 youths, 6 women and 2 PLWDs amounting to 342M. ▪ The procurement percentage for youth, women and PLWDs surpassed by 2.32%.
Sector challenges:	▪ Low adoption of new technical information like CIMES ▪ Revenue collection was reduced due to insecurity in the county ▪ Poor information breakdown especially in procurement application ▪ Finance Act was prioritized over finance policy ▪ Audit committee was not established previously until Dec 2018 ▪ Key revenue centers not established ▪ Most of the revenue staff were paid on commission.
Sector's medium-term plan:	▪ The sector intends to automate the revenue collection system throughout the county ▪ Adoption of the CIMES system ▪ Capacity building of the public on e-procurement system ▪ Development policies ▪ Monitoring and evaluation of projects on quarterly basis
Sector Resource Usage:	▪ Automation of revenue to the 3 remaining sub counties namely Moyale, North Horr and Leisamis ▪ Training of 2 staffs from each department on CIMES system ▪ Capacity building of 30 people on e-procurement in every ward ▪ Development of at least 2 policies ▪ Preparation of 12 M & E reports of the projects within the county.
4.6.11 County Public Service Board	
Name of sub-sectors:	▪ Human Resource Management and Development ▪ Administration and Finance, Board services, Ethics, Governance and Compliance and ICT
Sector Policy blueprint:	To be the champion in transforming devolved public service delivery.
Sector mandate:	To effectively and efficiently transform public service delivery through provision of professional, ethical and responsive human resources for the realization of county development goals
Key sector achievements	▪ Appointment of Ag. Municipal Manager on October 2019. The advert for the position was done on November 2019, interviewed in June

Areas	Description
	2020 and appointed. Directed legal services was also advertised and appointed along with municipal manager position. ▪ Administering wealth declaration and training need assessment in the County Government of Marsabit conducted during the month November/December 2019 for all County employees. ▪ Appointment of Director Family Health and Sub County Admin for Laisamis in acting capacity. ▪ Confirmation of 14 staff on acting capacities from health department in January 2020. ▪ Recruitment of 61 interns of different cadres in health department as advertised by PSCK January and February 2020. ▪ The board advertised and conducted Interview for the position CO-Finance on 21st January 2020 and made recommendation for appointment. ▪ The board made an advert for various positions in health department and County interns. The board also conducted County Based Interviews and appointed 483 County Interns. ▪ Recruitment and appointment of 155 UHC phase 1 and phase 2, appointment of 83 various permanent positions for health department and appointment of Assistant Director HRM at CPSB.
Sector challenges:	In the discharge of its Constitutional mandate the Board experienced a number of challenges. Key among them were: 1. **Inadequate funding and delay of exchequer releases** Inadequate funding adversely affected implementation of planned programmes and activities while delay of exch**equer releases resulted in the Board** accumulating pending bills. Payment of these pending bills from the 2017/18 financial budget will affect planned activities for the financial year. 2. **Inadequate office accommodation** Inadequate office accommodation for staff leading to unfavorable working conditions such as congestion, overstretched and sanitation facilities. 3. **Industrial Conflict between Counties and Health Sector Unions** There were strained labour relations between county Governments and health sector unions arising from failure by most counties to recognize the unions. This has resulted in prolonged stalemate between the counties and the health workers adversely affecting service delivery in the health sector. 4. **Lack of a Negotiating Framework** Lack of a clear negotiating framework for addressing industrial disputes at the counties led to delay in resolving disputes between the county governments and workers unions and subsequent signing of CBAs. 5. **Shortage of technical staff** Shortage of technical staff in the county government such as engineers, architects, surveyors, doctors etc. This has been aggravated by mass exodus of technical staff to private sector and foreign countries. 6. **Performance Management** Performance management in the public service has not been fully embraced. This can partly be attributed to negative performance management culture in the public service and lack of effective performance measurement tools. The Board is addressing this challenge through provision of advisory to the County Government to revive, operationalize and transform the directorate of Performance Management. **Non-Compliance to the laid down rules and regulations**

Areas	Description
	Despite the laid down policies, norms and procedures in managing and administering the county public service, sometimes the board finds anomalies in ways departments execute vested interests without regard for the above and the existing guidelines and circulars. 9. **Medical and Insurance Covers for Public Officers** Despite the requirement by law, the year under review the public officers have not benefited from medical cover and or the insurance covers. Thus, the Board had earlier provided advisory on the same. 10. **Inadequate Capacity Building Activities at the Departmental Level** There were very minimal capacity building activities being undertaken by most departments for the public officers. Lack of training and development denies the officer an opportunity for career growth, leading to incapacitation hence inefficiency in public service delivery. 11. **Lack of adequate platform of ICT, Skills and Services** Inadequacy in information communication and technology platform in the county is an issue to contain with that has posed mega challenges in the ways we communicate, share information and support service delivery and storage of data and data security. If investment can be done on ICT infrastructure the county can leverage on it by having more efficient and effective ways of communication, information sharing, data storage and data security and cuts cost.
Sector's medium term plan:	▪ Competitively Sourcing /Recruitment qualified employees into the public service. ▪ Employee Welfare management of entire public servants in the county. ▪ Staff training and development- Oversee the training and development of all public officers in the county. ▪ Operationalizing modern human resource information system platform. ▪ Job evaluation in conjunction with SRC and other stakeholders. ▪ Operationalizing Performance management systems in the county public service. ▪ Reviewing human resource policies and regulations to enhance public sector delivery. ▪ Infrastructural development at the board main office.
Sector Resource Usage:	▪ To increase county workforce by 400 new employees, for realization of effective and efficient service delivery to the public. ▪ To have 100% county employee staff welfare management registered and subscribed to pension scheme. ▪ To have 100% county employee Staff training and development- Oversee the training and development of all public officers in the county. ▪ To have one operationalizing modern human resource information system platform. ▪ Job evaluation in conjunction with SRC and other stakeholders. ▪ Operationalizing Performance management systems in the county public service. ▪ Reviewing one human resource policies and regulations to enhance public sector delivery. ▪ Infrastructural development at the board main office.
Name of sub-sectors:	**Office of the Executive**
Sector Strategic Priority	♦ Efficiency in service delivery to the citizens ♦ Drought Mitigation ♦ Other Disasters e.g. Floods, fires, conflicts. Reduction of death and destruction of properties
Key sector achievements	♦ Covid 19 Support Programmes ♦ Relief food supply and water trucking activities for the drought

Areas	Description
	affected to a tune of Kshs 342M ♦ Peace committee facilitations (Mainly through the interfaith Council) ♦ Schools/Institutional infrastructure (Admin block Badassa Sec, Dining hall & Kitchen at Gadamoji High, 1 bedroom unit at Gororukesa sec., Laboratory block at Odha mix sec, Reroofing of walda Pri, Solar installation at Karbururi pry, Double pit Latrine, Kitchen and store at Ballah Pry-korr Laisamis sub County, 3 No. double pit Latrine at Uran, 3 No. Double pit Latrine at Mbt pry school, 3 No double pit latrine at Uran pry school, Double pit latrine, perimeter fence and Gate at Sakuu pry school, Desks and Mattresses for Boru Haro pry and Moi Girls High school ♦ Performance Evaluation for FY 2018/19 done. Best performers rewarded ♦ During the FY 2018/19, 32 media coverage was done hence improved information flow and service delivery ♦ Moyale Girls & Saku High Secondary School Buses purchased ♦ Purchase of Water Bowser for Moi Girls Secondary School, Marsabit ♦ Purchase of revision books for various schools, Supply and delivery of sanitary pads and dignity packs ♦ Construction of Sesi mosque-Sesi pry road, Moi girls access road, Godoma-godoma didiqo road, Gimbe dam, Funan qumbi earth pan rehabilitation, and Manyatta Jillo jnctn to Charabtho village road ♦ Relief food supply and water trucking activities for the drought affected to a tune of Kshs 342M ♦ Peace committee facilitations (Mainly through the interfaith Council) ♦ Supported the Spraying exercise of Kalazar affected areas (Laisamis sub county)

CHAPTER FIVE: CONCLUSION AND NEXT STEPS

The Marsabit County CFSP has detailed the set of fiscal policies that are aimed at balancing between changing circumstances due to emerging issues and the need to keep the link to the CIDP and the fiscal responsibility principles espoused in the PFM Act, 2012. The policies are also consistent with the national strategic objectives as detailed in the Budget Policy Statement which provides the basis for allocation of public resources to the County Government.

Details of these strategic objectives are contained in the CIDP (2018-2022). These details were also reviewed and refined during the sector working groups and each sector working group report provides clarity on the key priorities and resources needed for the 2021/22 MTEF budget. The policies and sector ceilings provided in this document will guide the Sectors/departments in preparation of the 2021/22 MTEF Programme Based Budgets.

Budgetary resources are usually limited; thus, it is imperative that departments prioritize their programmes within the available resources to ensure that utilization of public funds are in line with county government priorities. Departments need to carefully consider detailed costing of projects, strategic significance, deliverables (output and outcomes), alternative interventions, administration and implementation plans in allocating resources. Further, allocation of resources should be done to projects that have been fully processed (project designs, project appraisals done, necessary approvals secured etc.). The departments should also pay attention to estimated requirements for each of the stages in the project cycle to ensure that the budget amounts are based on clear timelines and milestones. There is also need to ensure that recurrent resources are being utilized efficiently and effectively before funding is considered for programmes.

Monitoring and Evaluation will play a critical role in tracking the implementation of the projects and programmes envisaged in this document and strengthen the county's capacity to deliver services to its residents. Monitoring and evaluation will involve the tracking of activities, tracking of budget usage, the assessment of performance and putting in place strategies and actions for the attainment of results.

Proper implementation of the budget is critical towards providing services that will promote sustainable growth. Sustainability requires greater effort from all the stakeholders including county government departments, sector working groups, civil societies, communities, County Assembly and development partners to get things done. This means providing for continuous consultations with each other, finding solutions and encouraging innovation to build a sustainable County.

The Sector Working Groups have been established to provide a forum for effective engagement by stakeholders as was witnessed during the sector reporting which was a precursor to the development of this paper. The government looks forward to an increased tempo in implementation and vibrancy in public participation in the budgeting and implementation of activities in FY 2021/22 and in the medium term.

ANNEXES

Annex 1: FY 2021/22 MTEF Budget Timelines

ACTIVITY	RESPONSIBILITY	TIMEFRAME/DEADLINE
Develop and issue MTEF Guidelines and Budget Calendar	County Treasury	30th August 2020
Launch of Sector Working Groups (SWGs)	County Treasury	15th September 2020
Undertake Departmental Public Expenditure Review	All Departments	15th September 2020
Preparation of Progress report on MTP	All Departments	15th September 2020
Preparation of annual Plans	All Departments	1st September 2020
Capacity building for MTEF and Programme Based Budget	County Treasury	31st October 2020
Estimation of the Resource Envelope	County Treasury	30th September 2020
Determination of policy priorities	County Treasury	30th September 2020
Preliminary resource allocation to sectors	County Treasury	30th September 2020
Submission of Information necessary for the Development of County Budget Review and Outlook Paper	All Departments	10th September, 2020
Develop County Budget Review and Outlook Paper (CBROP)	County Treasury	20th September 2020
Submit County Budget Review and Outlook Paper (CBROP) to the County Executive Committee	County Treasury	30th September 2020
Departments in Sub-counties to submit their inputs to Relevant Ministry Headquarters	Departments in the Sub-counties	30th September 2020
Preparation of MTEF Budget Proposals draft sector report	Sector Working Group	1st October 2020
Deliberation and Approval of the CBROP	County Executive Committee	14th October, 2020
Submission of Approved	County Treasury	21st October, 2020

CBROP to the County Assembly		
Convene Public Sector Hearing on MTEF budget proposals	County Treasury	12th November 2020
Issue Circular on Revised Budget	County Treasury	15th November, 2020
Review of the MTEF Budget Proposals	County Treasury	20th November, 2020
Submission of Sector Reports to the County Treasury	Sector Working Group	27th November, 2020
Submission of Supplementary Budget Proposals	All departments	8th January, 2021
Review of Supplementary Budget Proposals	County Treasury	15th January, 2021
Submission of Information for Preparation of Draft County Fiscal Strategy Paper (CFSP)	County Treasury	15th January, 2021
Submission of CFSP to the County Executive Committee in preparation of Public Participation	County Treasury	1st February, 2021
Public Participation meetings of the CFSP	County Treasury/ All departments	18th February, 2021
Submission of CFSP to the County Executive Committee for approval	County Treasury	20th February, 2021
Submission of CFSP to County Assembly for approval	County Treasury	28th February, 2021
Submit Supplementary Budget Proposals to Assembly	County Treasury	27th February, 2021
Develop and Issue final Guidelines on preparation of 2021/2022 Budget Estimates	County Treasury	1st March, 2021
Preparation of itemized and Programme Based Budgets	All departments	15th March, 2021
Submission of itemized and Programme Based Budgets to the County Treasury	All departments	16th March, 2021
Review and finalize Departmental	County Treasury	30th March, 2021

itemized and Programme Based Budgets		
Submission of Budget Estimates to Executive Committee for Approval Before Public Participation	County Treasury	4th April, 2021
Public Hearing on the Budget Estimates	County Treasury	18thApril, 2021
Consolidation of Budget Estimates after Public Participation	County Treasury	20th April, 2021
Submission of Budget Estimates to Executive Committee for Approval	County Treasury	23rd April, 2021
Submission of Budget Estimates to County Assembly for approval	County Treasury	27th April, 2021
Review of Budget Estimates by the County Assembly	County Assembly	25th May, 2021
Approval of the Budget Estimates	County Assembly	15th June, 2021
Consolidation of the Final Budget Estimates	County Treasury	22nd June, 2021
Submission of Appropriation Bill to the County Assembly	County Treasury	27th June, 2021
Consideration and Passage of Appropriation Bill	County Assembly	30th June, 2021

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