

COUNTY GOVERNMENT OF TAITA TAVETA



2023 COUNTY BUDGET REVIEW AND OUTLOOK PAPER

THEME: Peace, Love and Prosperity for all.

SEPTEMBER 2023

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2023 TAITA TAVETA COUNTY BUDGET REVIEW AND OUTLOOK PAPER

County Vision

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

County Mission

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

Core Values

- Servant Leadership
- Integrity
- Inclusivity
- Transparency and Accountability

FOREWORD

The 2023 County Budget Review and Outlook Paper (CBROP) has been prepared in line with section 118 of the Public Finance Management (PFM) Act, 2012, which requires the county government to prepare a Budget Review and Outlook Paper with respect to each financial year; and submit it to the County Executive Committee by 30th September.

The paper reviews the fiscal performance of the county for the FY 2022/23 while comparing it with the budget appropriation. In addition, it provides information on changes in forecasts as indicated in the 2023 County Fiscal Strategy Paper (CFSP) ; and how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the county financial objectives for that year. It further gives reasons for any deviation from the county financial objectives in the fiscal strategy paper together with proposals to address the deviations.

The updated economic and financial outlook presented in this paper will set out the broad fiscal parameters for preparation of the next budget. In particular, the provisional ceilings presented are intended to guide departments in preparing their budgets. It is therefore my expectation that this policy paper will be useful in enhancing financial discipline and fiscal responsibilities outlined in section 107 of the PFM Act 2012 and significantly contribute towards the realization of aspiration of the residents of Taita Taveta County.

The County Government in the medium term will continue to implement its progressive agenda of creating wealth and increasing the socio-economic status of the citizens. These broad objectives include: -Fostering good governance and public participation, Effective land use planning and sustainable management of resources, Human Resources Development and Management, Access to quality and affordable education and training, Investing sufficiently in Climate Smart Agriculture for improved Food and nutrition Security, Increased access to quality, affordable, adequate and timely Health Care and Medical Services, Access to adequate and safe water for domestic, livestock and agricultural use, Invest sufficiently in renewable energy as well as training on modern energy conservation measures, Promotion of small, medium and micro enterprises, partnering with local and private sector as well as uplifting the cooperatives movement for posterity, Investing significantly in the special interest groups (Youth,,women, PLWDs, elderly), Culture, sports and Performing Arts, Sustainable management of mineral resources - through value addition, marketing and support to small and artisanal miners, Diversification of tourism through promotion of eco-tourism, cultural tourism and sports tourism as well as the protection of historical sites and Investing in physical Infrastructure and Communication - Improving and maintaining the entire road infrastructure and internet connectivity.

HON. CPA DAWSON K. MZENGE
COUNTY EXECUTIVE COMMITTEE- MEMBER
FINANCE AND ECONOMIC PLANNING

ACKNOWLEDGEMENT

In compliance with the Public Finance Management (PFM) Act, 2012 and its related regulations, we are pleased to present the 2023 Taita Taveta County Budget Review and Outlook Paper (CBROP). This CBROP has benefited immensely from the invaluable input, leadership and guidance from H.E The Governor, Andrew Mwadime and H.E Deputy Governor, Christine Saru Kilalo.

The preparation and production of this plan was steered by the CECM Finance and Economic Planning. His stewardship ensured adherence to the timelines and guidelines provided.

The preparation of the 2023 CBROP was a collective effort by all county government departments. I wish to thank all the departments for providing important and timely information about the execution of their budget for the FY 2022/23. This information was very helpful in laying out the basis upon which the projections for the next financial years will be done.

My heartfelt appreciation goes to the team of staff from the Directorate of Planning and Budgeting led by Laban Kinyai- Director, who put in great effort in compiling and ensuring quality and timely production of the CBROP.

**CPA NASHON C. NYALI
COUNTY CHIEF OFFICER
FINANCE AND ECONOMIC PLANNING**

Table of Contents

FOREWORD	II
ACKNOWLEDGEMENT	III
List of Figures	VI
Abbreviations	VII
Legal Basis for the Preparation of the County Budget Review and Outlook Paper	VIII
Fiscal Responsibility Principles in the Public Financial Management Law	IX
EXECUTIVE SUMMARY	X
1. INTRODUCTION	1
1.1 Background	1
1.2 Objectives of CBROP	1
1.3 Significance of CBROP	1
2. REVIEW OF COUNTY FISCAL PERFORMANCE FOR FY 2022/23	2
2.1 Overview	2
2.2 Revenue Performance	2
Revenue Analysis by Economic Classification	3
<i>Exchequer Releases</i>	3
<i>Transfers From Other Government Entities</i>	4
<i>Own Source Revenue (OSR) Analysis</i>	5
<i>Facility Improvement Fund (FIF) Performance</i>	7
2.3 Expenditure Performance	7
Expenditure Analysis by Economic Classification	14
<i>Personnel Emoluments</i>	14
<i>Use of goods and services</i>	15
<i>Transfers to other Government Entities</i>	15
<i>Other Grants and Transfers</i>	16
2.4 Pending Bills	17
2.5 Challenges in Implementation of the Budget	19
2.6 Adherence to County Fiscal Principles as Stipulated in Section 107 of Public Finance Management Act 2012	20
3. DEPARTMENTAL PROJECTS PERFORMANCE	22

3.1 Agriculture, Livestock, Fisheries and Irrigation	22
3.2 Water, Sanitation and Environment	23
3.3 Education, Libraries and ICT	25
3.4 Health Services	26
3.5 Trade, Tourism, Cooperatives and Industrialization	28
3.6 Public Works, Housing and Infrastructure	29
3.7 Lands, Physical Planning, Mining and Energy	31
3.8 Youths, Sports, Gender, Culture and Social Services	34
4. RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK	36
4.1 Recent Economic Developments	36
Global Economic Performance	36
Domestic Economic Performance	36
<i>GDP Growth</i>	36
<i>Domestic Employment</i>	38
Macroeconomic Stability (Inflation, Interest rates, Exchange rates)	38
<i>Inflation</i>	38
<i>Interest Rates</i>	39
<i>Exchange Rates</i>	39
County Growth Prospects	40
4.2 Medium Term Economic Outlook	40
Global Growth Outlook	40
Domestic Growth Outlook	41
Monetary Policy Outlook	41
Fiscal Policy Outlook	41
4.3 Risks to Economic Outlook	41
5. RESOURCE ALLOCATION FRAMEWORK	43
5.1 Adjustments to FY 2023/24 budget	43
5.2 Medium Term Expenditure Framework	43
6. CONCLUSION AND WAY FORWARD	46
ANNEX 1: Key Budget Cycle Dates for FY 2024/2025 and the Medium Term	47

List of Tables

Table 1 : Revenue Performance	2
Table 2 : Transfers to County Executive	3
Table 3 : Exchequer Releases	4
Table 4 : Transfers From Other Government Entities	4
Table 5 : Own Source Revenue	5
Table 6 : Performance per Revenue Streams	6
Table 7 : FIF Performance	7
Table 8 : Budget Execution for the year ended 30 th June 2023	8
Table 9 : Expenditure for the FY 2021/22- 2022/23	14
Table 10 : Compensation of employees	14
Table 11 : Use of goods and services	15
Table 12 : Transfers to other Government Entities	15
Table 13 : Other Grants and Transfers	16
Table 14 : Recurrent and Development for the period ended 30 th June 2023	17
Table 15 : Analysis of Pending Accounts Payable	18
Table 16 : Analysis of Pending Staff Payables	19
Table 17 : Analysis of Other Pending Payables	19
Table 18 : Actual Revenue for 2022/23 and Projections up to FY 2025/26	44

List of Figures

<i>Figure 1 : Taita Taveta County Exchequer Performance</i>	<i>4</i>
<i>Figure 2 : Own Source Revenue Trend</i>	<i>6</i>
<i>Figure 3 : Development and Compensation over Actual Expenditure</i>	<i>21</i>
<i>Figure 4 : Global Economic Performance</i>	<i>36</i>
<i>Figure 5 : Sector GDP Performance</i>	<i>37</i>
<i>Figure 6 : Annual Real GDP Growth Rates, percent</i>	<i>38</i>
<i>Figure 7 : Percentage of Inflation</i>	<i>39</i>
<i>Figure 8 : Percentage of short term interest rates</i>	<i>39</i>
<i>Figure 9 : Kenya Shillings Exchange Rate</i>	<i>40</i>

Abbreviations

BOPA	Budget Outlook Paper
BPS	Budget Policy Statement
CA	County Assembly
CADP	County Annual Development Plan
CBROP	County Budget Review and Outlook Paper
CFSP	County Fiscal Strategy Paper
COVID-19	Novel 2019 Corona Virus disease
CPI	Consumer Price Index
CPSB	County Public Service Board
EU	European Union
FY	Financial Year
GDP	Gross Domestic Product
KCB	Kenya Commercial Bank
KNBS	Kenya National Bureau of Statistics
KPA	Kenya Ports Authority
KRA	Kenya Revenue Authority
KShs	Kenya Shillings
MTEF	Medium Term Expenditure Framework
MTP	Medium-Term Plan
NDMA	National Drought Management Authority
NT	National Treasury
OSR	Own Source Revenue
PFMA	Public Financial Management Act
PPP	Public Private Partnership
SBP	Single Business Permit
SWG	Sector Working Groups
BQ	Bill of Quantities
ECDE	Early Childhood Development Education

Legal Basis for the Preparation of the County Budget Review and Outlook Paper

The County Budget Review and Outlook Paper is published in accordance with Section 118 of the Public Finance Management Act, 2012. The law states that:

1. A County Treasury shall –
2. a) Prepare a County Budget Review and Outlook Paper in respect of the county for each financial year; and
b) Submit the paper to the County Executive Committee by 30th September of that year.
3. In preparing the county Budget Review and Outlook Paper, the County Treasury shall specify –
 - a) Details of the actual fiscal performance in the previous year compared to the budget appropriation for that year;
 - b) Updated economic and financial forecasts with sufficient information to show changes from the most recent County Fiscal Strategy Paper;
 - c) Information on –
 - i. Any changes in the forecasts compared with the County Fiscal Strategy Paper;
 - ii. How actual financial performance for the previous financial year may have affected compliance with fiscal responsibility principle, or the financial objective in the County Fiscal Strategy Paper for that year; and
 - d) Reasons for the deviations from the financial objectives in the County Fiscal Strategy Paper together with proposal to address the deviations and estimated time for doing so.
4. The County Executive Committee shall consider the County Budget Review and Outlook Paper with a view to approving it, with or without amendments, within fourteen day after its submission.
5. Not later than seven days after the County Budget Review and Outlook Paper is approved by the County Executive Committee, the County Treasury shall –
 - a) Arrange for the Paper to be laid before the County Assembly; and
 - b) As soon as practicable after having done so, publish and publicize the Paper.

Fiscal Responsibility Principles in the Public Financial Management Law

In line with the Constitution, the Public Finance Management (PFM) Act, 2012, sets out the fiscal responsibility principles to ensure prudent and transparent management of public resources. The PFM Act, 2012, (Section 107) states that:

- 1) A County Treasury shall manage its public finances in accordance with the principles of fiscal responsibility set out in subsection (2), and shall not exceed the limits stated in the regulations.
- 2) In managing the county government's public finances, the County Treasury shall enforce the following fiscal responsibility principles-
 - (a) The county government's recurrent expenditure shall not exceed the county government's total revenue;
 - (b) Over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure;
 - (c) The county government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the county government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly;
 - (d) Over the medium term, the government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;
 - (e) The county debt shall be maintained at a sustainable level as approved by county assembly;
 - (f) The fiscal risks shall be managed prudently; and
 - (g) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.
- 3) For the purposes of subsection (2) (d), 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.
- 4) 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.
- 5) The regulations may add to the list of fiscal responsibility principles set out in subsection (2).

EXECUTIVE SUMMARY

This is the first County Budget Review and Outlook Paper (CBROP) of the third generation (2023-2027) CIDP whose core purpose is to provide a review of the previous fiscal performance and how this impacts the financial objectives and fiscal responsibility principles. These are set out in the last County Fiscal Strategy Paper (CFSP) which provides the basis for the revision of the current budget in the context of supplementary estimates and informs the choice of broad fiscal parameters underpinning the next budget and medium term expenditure framework.

The CBROP summarizes the rate of revenue collection and sector program spending for the county government. It recommends corrections for any major deviations and presents financial forecasts to define the fiscal space of the county government for the upcoming year and the medium term. It is submitted to the County Assembly by 21st October and made available to the public.

This paper has six sections:

Section one is the introduction to CBROP. It gives the rationale of preparation of the document, its objectives and significance in the budget process. The 2023 Taita Taveta County Budget Review and Outlook Paper (CBROP) has been prepared in accordance with section 118 of the Public Financial Management Act, 2012. Its objective is to provide a detailed review of the previous financial year's fiscal performance and how this impacts on the financial objectives outlined in the 2023 County Fiscal Strategy Paper. It is significant in the budget making process within the Medium-Term Expenditure Framework (MTEF) as it reviews previous fiscal performance for the year and identifies any deviations from the budget with the aim of providing realistic forecasts for the coming year.

Section two reviews the county's fiscal performance, its implications and challenges in budget execution for the previous year. During the year under review, the County revenue target was KShs. 7.19 Billion and KShs. 6.32 Billion was realized in actual revenues, representing 88% performance. The projected expenditures was KShs. 6.16 Billion and a total of KShs. 5.24 Billion was utilized representing an absorption rate of 85%. The biggest challenge in budget execution is low revenue performance of the county and this has translated to low implementation and absorption of projects.

Section three reviews the departmental performance looking at the implementation status of the projects. The projects are drawn from the FY 2022/23 budget and departments get to explain the progress they made in implementation of those projects. Here, we are able to know which projects were completed, those that are ongoing and how far off they are, and lastly, those that have been stalled giving their respective reasons. With this, the County Treasury is in a good position to know which projects that need to be re-budgeted in the FY 2023/24 supplementary estimates.

Section four gives the Developments, Economic Outlook and Policies, Medium Term Fiscal Framework and Risks to the Outlook. World economic growth slowed to 3.5 percent in 2022 from a growth of 6.3 percent in 2021 as high global inflation, energy and value chain disruptions, and impact of monetary policy tightening in most world economies weighed on economic activity. The growth is projected to slow down further to 3.0 percent in 2023 and 2024 due to the impact of ongoing monetary policy tightening to address inflationary

pressures. The Kenyan economic growth slowed down to 4.8 percent in 2022 from 7.6 percent in 2021 due to diverse impact of climate change, lingering effects of COVID-19, global supply chain disruption and the impact of Russia-Ukraine conflict. The economy recorded a strong growth of 5.3 percent in the first quarter and is expected to remain strong and expand by 5.5 percent in 2023, 5.6 percent in FY 2023/24 and 5.7 percent in 2024. There are down side risks to this macroeconomic outlook emanating from domestic as well as external sources. On the domestic front, risks relate to unpredictable weather conditions due to the impact of climate change and on the external front, uncertainties in the global economic outlook stemming from the current geopolitical tension.

Section five sets out how the county government intends to operate within its means. It establishes the resources envelope it expects then allocates these across departments by setting expenditure ceilings for each department. MTEF budgeting will consider allocation of the resources to key priority sectors in order to offer efficient service delivery. The estimated total county Resource envelop for the FY 2023/24 budget is expected to be Kshs 7.48 Billion. It expects Kshs 5.04 Billion as equitable share and 450 Million as Own Source Revenue. The recurrent to development ratio is expected to continue improving over the medium term. This will be achieved through continuous rationalization of expenditures.

Section six gives the conclusion and way forward. Given the tight resource constraints amidst significant revenue shortfalls the County Government of Taita Taveta will continue to ensure proper prioritization of public expenditures to the most impactful programmes with highest welfare benefits to the residence. The policies will be highlighted in the next County Fiscal Strategy Paper for FY 2024/25 which will be released by February 2024.

1. INTRODUCTION

1.1 Background

The 2023 Taita Taveta County Budget Review and Outlook Paper (CBROP) has been prepared in accordance with section 118 of the Public Financial Management Act, 2012. This document contains a review of the actual fiscal performance for FY 2022-2023 and national updated macroeconomic outlook and forecast for FY 2023-2024.

1.2 Objectives of CBROP

The objective of the 2023 CBROP is to provide a detailed review of the previous financial year's fiscal performance and how this impacts on the financial objectives outlined in the 2023 County Fiscal Strategy Paper. This, together with the updated macroeconomic outlook provides a basis for revision of the current budget (2023-2024) in the context of the next Supplementary Estimates.

It further informs the broad fiscal parameters underpinning the next budget (2024-2025). Details of the fiscal framework and the medium-term policy priorities will be firmed up in the 2024 CFSP to be prepared in February 2024. This CBROP plays another key role of linking Fiscal and economic policies to planning, budgeting, expenditure management and reporting.

1.3 Significance of CBROP

The CBROP just like the CFSP links policy, planning with budgeting. It is significant in the budget making process within the Medium-Term Expenditure Framework (MTEF) as it reviews previous fiscal performance for the year and identifies any deviations from the budget with the aim of providing realistic forecasts for the coming year. It also assesses how fiscal responsibility principles were adhered to as provided in section 107 of the PFM Act 2012.

In addition, the updated macroeconomic and financial outlook provides a basis for any budget revision and sets out broad fiscal parameters for the next budget. Further, the paper is expected to provide indicative departmental ceilings for the FY 2024/2025 budget and in the medium term to guide departments before being affirmed in the CFSP 2024.

2. REVIEW OF COUNTY FISCAL PERFORMANCE FOR FY 2022/23

2.1 Overview

During the year under review, the County revenue target was KShs. 7.19 Billion consisting of; KShs. 389 Million from own sources and KShs 6.80 Billion from other sources, including County Allocation through Exchequer and donor funding for various specific projects in the County Departments of Water, Agriculture, Mwatate Municipality and Health Services.

Out of the projected revenue, the County was able to transfer from CRF KShs. 5.24 Billion in actual revenues, representing 85% performance. The projected expenditure was KShs. 6.16 Billion and the total expenditure for the period ended 30th June, 2023 amounted to KShs. 5.24 Billion representing an absorption rate of 85%.

The fiscal performance shows an increase in absorption rate from 76% in FY 2021/22 to 85% absorption in FY 2022/23, while own source revenue collection dropped from KShs. 315 Million in FY 2021/22 to Kshs. 265 Million in FY 2022/23. The shortfall was occasioned by court cases restricting the county from collecting mining cess and the introduction of the Taita Taveta County Health services Act 2021 which introduced the creation of facility improvement fund that requires all monies collected from Health facilities to be channeled to Facility Improvement Fund account. This is also because Mwatate municipality has not received full autonomy hence it yet to take over the tax function.

2.2 Revenue Performance

In the FY 2022/23, the County received KShs. 6.32 Billion in actual revenues, representing 88% performance. This was; KShs. 4.84 Billion exchequer releases, KShs. 833 Million transfers from other government agencies, KShs. 265 Million from own source revenue and KShs. 387 Million return to CRF issues.

Table 1: Revenue Performance

S/No.	Revenue Category	Annual Budget Allocation (KShs.)	Actual Receipts (KShs.)	Actual Receipts as percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	4,842,174,698	4,842,174,699	100
B.	Other Sources of Revenue			
1.	Own Source Revenue	389,402,624	265,379,553	68
2.	Transfers from other government agencies	1,574,707,364	833,372,618	53
3.	Return to CRF issues	387,373,977	387,611,273	100
	Grand Total	7,193,658,663	6,327,041,046	88

Source: County Treasury

Out of the projected revenue, the County was able to transfer from CRF KShs. 5.24 Billion in actual revenues, representing 85% performance. Below is the summary.

Table 2: Transfers to County Executive

Description	FY 2022-2023	FY 2021-2022
	KShs.	KShs.
Recurrent Account	4,019,185,795	3,949,631,899
Development Account	344,387,691	296,893,730
Result Based Financing	13,102,548	-
Kenya Climate Smart Agriculture Project	147,862,767	225,710,141
Kenya Urban Support Project (KUSP)	10,571,577	10,000,000
Kenya Urban Support Project (KUSP) UIG	2,339,915	-
Agriculture Sector Development Support Project	20,921,715	2,500,000
Water and Sanitation Development Project (WSDP)	569,396,254	304,791,286
Locally Led Climate Action Programme-(LLoCAP)-WB grant	16,000,000	-
National Agricultural Value Chain development Project	67,192,729	-
Kenya Informal Settlement Improvement Project-World Bank	30,000,000	-
Total	5,240,960,991	4,789,527,056

Source: County Treasury

Revenue Analysis by Economic Classification

Exchequer Releases

Exchequer issues continue to form the largest part of our revenue budget, contributing 67% towards our budget. For the past five (5) years, the County realized 100% performance against its allocation. In the FY 2021/22 and FY 2019/20 the County realized 92% and 91% respectively. However, the balances were received in full in the subsequent financial years. See the exchequer performance for the last 5 years below.

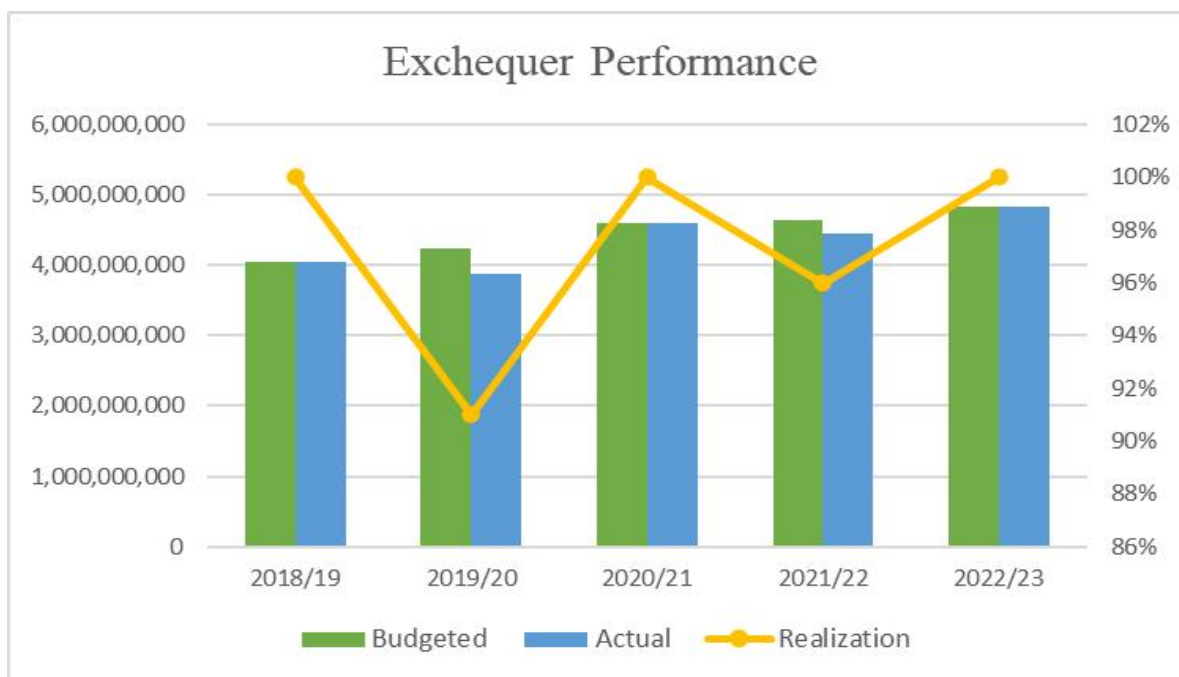


Figure 1: Taita Taveta County Exchequer Performance

In the FY 2022/23, there has been a slight improvement of the equitable share from the National Government from the previous year.

Table 3: Exchequer Releases

EQUITABLE SHARE (EXCHEQUER RELEASES)	FY 2022-2023	FY 2021-2022
	KShs.	KShs.
Total exchequer releases for quarter 1	798,958,825	520,729,713.00
Total exchequer releases for quarter 2	798,958,825	1,464,305,200
Total exchequer releases for quarter 3	798,958,825	1,141,984,653
Total exchequer releases for quarter 4	2,445,298,224	1,662,507,490
Total	4,842,174,699	4,789,527,056

Source: County Treasury

Transfers From Other Government Entities

Pursuant to Article 202 (2) of the Constitution, additional allocations for the FY 2022/23 are provided for from proceeds of loans and grants from development partners; and facilitate the transfer of conditional and unconditional allocations made to counties under this Act from the Consolidated Fund to the respective County Revenue Funds and special purpose accounts. Transfers from other government entities was KShs. 833 Million in the period under review.

Table 4: Transfers From Other Government Entities

Description	FY 2022-2023	FY 2021-2022	FY 2020-2021	FY 2019-2020

	KShs	KShs	KShs	KShs
Proceeds from Domestic and foreign grants received through exchequer				
DANIDA - Universal Healthcare in Devolved Units Programme	-	12,060,000	12,060,000	16,608,750
World Bank – THUSCP	-	37,651,634	37,651,634	56,942,903
Kenya Devolution Support Programme	-	45,000,000	45,000,000	30,000,000
Youth Polytechnic support grant	-	57,634,894	57,634,894	55,638,298
Abolishment of user fees in health centres and dispensaries	-	5,296,305	5,296,305	5,296,305
Kenya Urban Support Programme(UDG)	-	7,384,101	7,384,101	35,761,940
Kenya Urban Support Programme(UIG)	2,339,915	20,571,576	20,571,576	8,800,000
Agriculture Sector Development Support Project (ASDSP)	17,921,715	12,707,755	12,707,755	16,633,655
Kenya Climate Smart Agriculture Project (KCSAP)	124,522,005	268,715,271	268,715,271	104,500,024
Water Sector Trust Fund Project (WSTF)	-	350,000,001	350,000,001	45,015,440
Water and Sanitation Development Project (WSDP)	569,396,254	-	-	-
Locally Led Climate Action Programme-(LLoCAP)-WB grant	22,000,000	-	-	-
Kenya Informal Settlement Improvement Project-World Bank	30,000,000	-	-	-
National Agricultural Value Chain development Project	67,192,729	-	-	-
Sub total	833,372,618	817,021,537	817,021,537	375,197,315
Proceeds from domestic and foreign grants received directly by the county				
Others	-	131,122,392	-	-
Sub total		131,122,392	-	-
Grand Total	833,372,618	948,143,929	817,021,537	375,197,315

Source: County Treasury

During the period under review, there are four grant projects that were incorporated into the budget; Water and Sanitation Development Project (WSDP), Locally Led Climate Action Programme-(LLoCAP)-WB grant, Kenya Informal Settlement Improvement Project-World Bank and National Agricultural Value Chain development Project.

Own Source Revenue (OSR) Analysis

The County has always continued to explore new and innovative ways of increasing its local revenue collections. Some of the modalities are employment of a new Revenue Collection System which has been developed to meet the ever-changing needs. i.e. customer satisfaction and advancement in technology.

In the year under review, the County collected KShs. 265 Million from key revenue streams and this was against a target of KShs. 389 Million. The table below shows the targeted and actual own source revenue from FY 2018-2019 to FY 2022-2023.

Table 5: Own Source Revenue

Financial Years	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
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Targeted	300,000,000	320,000,000	363,000,000	450,282,421	389,402,624
Actual	332,712,551	264,979,226	296,909,851	315,437,150	265,379,553

Source: County Treasury

There has been an increasing trend of own source revenue from FY 2019/20 to 2021/2022. Own source revenue rose from KShs. 264 Million to KShs. 315 Million. In the year under review, The shortfall was majorly occasioned by continued court cases restricting the county from collecting mining cess and the introduction of the Taita Taveta County Health services Act 2021 which introduced the creation of facility improvement fund that requires all monies (Revenues) collected from Level 4 Hospitals and Public health Facilities to be channeled to FIF account. This is also because Mwatate municipality has not received full autonomy hence it yet to take over the tax function.

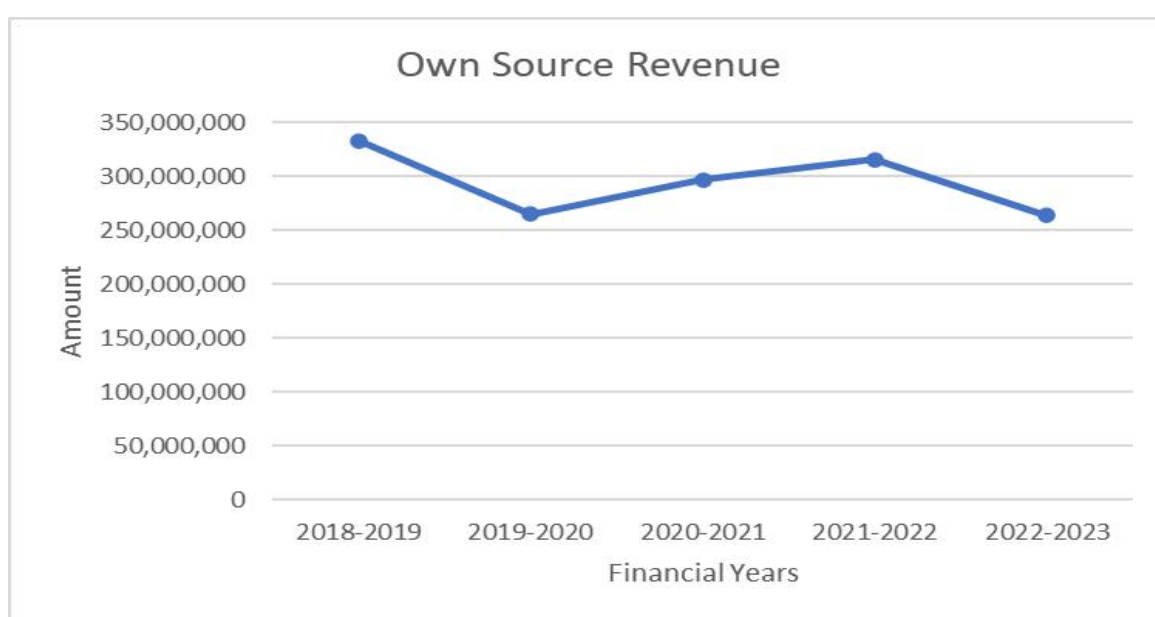


Figure 2: Own Source Revenue Trend

The key local revenue sources include; Single Business Permits, Market fees, Agricultural Produce Cess, Hospital cost sharing fees, Sand cess, Land rates, Development plan approvals, Advertising fees, and various other administrative charges. The table below shows an analysis of revenue performance during the year ended 30th June 2023.

Table 6: Performance per Revenue Streams

Revenue Classification	Revenue Budget (KShs.)	Actual (KShs.)	Realization (%)	Deviation (KShs.)
Cess	112,510,805	116,606,423	104%	4,095,618
Land/Poll Rate	24,496,878	13,980,330	57%	-10,516,548
Single/Business Permits	60,937,500	55,182,417	91%	-5,755,083
Property Rent	21,389,072	12,897,353	60%	-8,491,719

Parking Fees	25,593,755	16,762,437	65%	-8,831,318
Market Fees	14,312,500	12,498,083	87%	-1,814,417
Advertising	12,187,500	6,692,540	55%	-5,494,960
Hospital Fees	36,562,500	-	0%	-36,562,500
Public Health Service Fees	18,281,250	215,518	1%	-18,065,732
Physical Planning and Development	11,212,505	8,150,971	73%	-3,061,534
Hire Of County Assets	4,326,561	1,515,500	35%	-2,811,061
Conservancy Administration	12,796,872	5,865,260	46%	-6,931,612
Administration Control Fees and Charges	25,898,246	9,904,625	38%	-15,993,621
Other Fines, Penalties, And Forfeiture Fees	2,681,250	1,303,129	49%	-1,378,121
Miscellaneous Receipts	6,215,429	3,804,967	61%	-2,410,462
Total	389,402,624	265,379,553	68%	-124,023,071

Source: County Treasury

Out of the projected revenue of Kshs. 389 Million, the County was able to realize KShs. 265 Million in actual revenues, representing 68% performance. This performance was as a result of 104% realization of the Cess Revenue i.e. (Agricultural Cess, Sand Cess Mining Cess), 91% on Single Business Permits, 87% from Market Fees amongst other revenues as depicted in the table.

Facility Improvement Fund (FIF) Performance

FIF was enacted by Taita Taveta County Health services Act 2021, that requires all monies (Revenues) collected from Level 4 Hospitals and Public health Facilities to be disbursed to FIF account. During the year under review, The FIF collected Revenues amounted to KShs. 161 Million. Below is a summary of its composition.

Table 7: FIF Performance

Description	Amount (KShs.)
Level 4 Hospitals	66,153,057
NHIF Refunds	93,450,928
Others	1,514,250
Total	161,118,235

Source: County Treasury

2.3 Expenditure Performance

In the year under review, the County Executive of Taita Taveta had projected expenditures of Kshs. 6,160,537,977 and was able to utilize a total of Kshs. 5,248,022,824 representing an

absorption rate of 85%. The expenditure comprised of KShs. 1,344,760,345 spent on development activities while KShs. 3,903,262,479 was spent on recurrent activities.

Table 8: Budget Execution for the year ended 30th June 2023

Description	Approved Budget	Actual Payments	Variance
Devolution, Public Service and Administration			
Devolution, Public Service and Administration Headquarters	3,197,107,357	3,177,007,244.49	20,100,112.51
General Administration support services	3,197,107,357	3,177,007,244.49	20,100,112.51
Taveta Sub County Administration	490,000	170,000	320,000
General Administration support services	490,000	170,000	320,000
Wundanyi Sub County Administration	464,280	354,280	110,000
General Administration support services	464,280	354,280	110,000
Mwatate Sub County Administration	390,000	290,000	100,000
General Administration support services	390,000	290,000	100,000
Voi Sub County Administration	480,000	180,000	300,000
General Administration support services	480,000	180,000	300,000
Taveta Town Administration	250,000	50,000	200,000
General Administration support services	250,000	50,000	200,000
Voi Town Administration	240,625	65,625	175,000
General Administration support services	240,625	65,625	175,000
Human Resource Management	1,517,101	1,227,500	289,601
General Administration support services	1,517,101	1,227,500	289,601
County Enforcement Unit	3,268,506	1,763,280	1,505,226
General Administration support services	3,268,506	1,763,280	1,505,226
Civic Education and Public Participation	135,000	135,000	-
General Administration support services	135,000	135,000	-
Office of the Governor			
Office of the Governor	77,394,200	66,832,893	10,561,307
General Administration and Management of County Affairs	77,394,200	66,832,893	10,561,307
Office of the Deputy Governor	24,774,735	21,479,686	3,295,049
General Administration and Management of County Affairs	24,774,735	21,479,686	3,295,049

Special Programmes Unit	3,151,880	370,050	2,781,830
General Administration and Management of County Affairs	1,431,600	370,050	1,061,550
Leadership Development Programme	1,720,280	-	1,720,280
Service Delivery Unit	162,000	89,000	73,000
General Administration and Management of County Affairs	162,000	89,000	73,000
ICT	3,942,150	1,746,150	2,196,000
General Administration and Management of County Affairs	3,942,150	1,746,150	2,196,000
Communication and Strategy	980,001	727,000	253,001
General Administration and Management of County Affairs	980,001	727,000	253,001
County Secretary and Registry	70,000	-	70,000
General Administration and Management of County Affairs	70,000	-	70,000
County Legal Services	9,360,500	4,035,500	5,325,000
General Administration and Management of County Affairs	9,360,500	4,035,500	5,325,000
Finance and Economic Planning			
County Treasury Headquarters	87,099,981	74,536,023.85	12,563,957.15
General Administration, Planning, Internal Audit & Support Services	87,099,981	74,536,023.85	12,563,957.15
County Emergency Fund	10,000,000	1,500,000	8,500,000
General Administration, Planning, Internal Audit & Support Services	10,000,000	1,500,000	8,500,000
Planning and Budgeting	16,437,945	12,374,224.90	4,063,720.10
General Administration, Planning, Internal Audit & Support Services	16,437,945	12,374,224.90	4,063,720.10
County Executive Administration	10,000,000	10,000,000	-
General Administration, Planning, Internal Audit & Support Services	10,000,000	10,000,000	-
Internal Audit Services	4,627,598	1,284,499.60	3,343,098.40
General Administration, Planning, Internal Audit & Support Services	4,627,598	1,284,499.60	3,343,098.40
Revenue Management	20,102,192	12,533,452	7,568,740
General Administration, Planning, Internal Audit &	20,102,192	12,533,452	7,568,740

Support Services			
Supply Chain Management	3,077,000	2,343,250	733,750
General Administration,Planning,Internal Audit & Support Services	3,077,000	2,343,250	733,750
Accounting Services	9,025,875	6,645,475	2,380,400
General Administration,Planning,Internal Audit & Support Services	9,025,875	6,645,475	2,380,400
Pending Bills	337,389,386.22	196,609,309.20	140,780,077.02
Treasury Development Programme	238,763,779.22	183,882,199.50	54,881,579.72
General Administration,Planning,Internal Audit & Support Services	98,625,607	12,727,109.70	85,898,497.30
Agriculture, Livestock, Fisheries and Irrigation			
Agriculture	96,454,430	91,335,340	5,119,090
Agricultural Development Programme	20,500,000	18,939,531	1,560,469
Administration Planning and Support Services	5,954,430	5,203,080	751,350
Livestock and Fisheries Development	70,000,000	67,192,729	2,807,271
Livestock	8,281,571	4,789,140	3,492,431
Administration Planning and Support Services	6,581,571	4,089,140	2,492,431
Livestock and Fisheries Development	1,700,000	700,000	1,000,000
Fisheries	475,881	249,232	226,649
Administration Planning and Support Services	475,881	249,232	226,649
Veterinary	11,331,691	8,144,184	3,187,507
Administration Planning and Support Services	5,731,691	4,546,375	1,185,316
Livestock and Fisheries Development	5,600,000	3,597,809	2,002,191
Agribusiness Project (EU Grant)	15,624,929	-	15,624,929
Livestock and Fisheries Development	15,624,929	-	15,624,929
Kenya Climate Smart Agric Program	313,757,537	272,833,148	40,924,389
Livestock and Fisheries Development	313,757,537	272,833,148	40,924,389
Agricultural Sector Development Support Programme	34,421,715	24,121,715	10,300,000
Livestock and Fisheries Development	34,421,715	24,121,715	10,300,000
Water, Sanitation and Environment			
Water Services	65,999,460	53,071,327	12,928,133
Water and irrigation Development Programme	58,200,000	45,410,768	12,789,232

General Administration,Support and Support Services	7,799,460	7,660,559	138,901
Bulk Water Project	10,000,000	-	10,000,000
Water and irrigation Development Programme	10,000,000	-	10,000,000
Ambulance services	971,396,430	586,272,686.90	385,123,743.10
Water and irrigation Development Programme	971,396,430	586,272,686.90	385,123,743.10
Public Health and Sanitation	30,000,000	29,000,000	1,000,000
Water and irrigation Development Programme	30,000,000	29,000,000	1,000,000
Promotion of primary health care	500,000	-	500,000
Water and irrigation Development Programme	500,000	-	500,000
Education, Libraries and ICT			
Education, Libraries and ICT Headquarters	54,671,380	14,171,106	40,500,274
General Administration, Planning and Support services	11,171,380	4,142,006	7,029,374
Early childhood Education and Youth Training Development Programme	43,500,000	10,029,100	33,470,900
Polytechnics	21,389,410	1,137,950	20,251,460
Early childhood Education and Youth Training Development Programme	20,000,000	900,000	19,100,000
General Administration, Planning and Support services	1,389,410	237,950	1,151,460
Early Childhood Development	981,344	467,924	513,420
General Administration, Planning and Support services	981,344	467,924	513,420
Library services	270,400	175,800	94,600
General Administration, Planning and Support services	270,400	175,800	94,600
Education Fund	147,840,000	142,000,000	5,840,000
General Administration, Planning and Support services	147,840,000	142,000,000	5,840,000
Health Services			
Health Headquarters	140,020,028	118,619,684.35	21,400,343.65
Health Development Programme	74,437,875	68,407,008.35	6,030,866.65
Administration and Support Services	65,582,153	50,212,676	15,369,477
Wesu Hospital	462,500	212,500	250,000

Administration and Support Services	462,500	212,500	250,000
Taveta Hospital	1,725,100	30,000	1,695,100
Administration and Support Services	1,725,100	30,000	1,695,100
Mwatate Hospital	37,500	37,500	-
Administration and Support Services	37,500	37,500	-
Moi Referral Hospital	566,000	116,000	450,000
Administration and Support Services	566,000	116,000	450,000
Rural Health Facilities	750,000	-	750,000
Administration and Support Services	750,000	-	750,000
Public Health and Extension	80,175,000	70,921,894	9,253,106
Administration and Support Services	80,175,000	70,921,894	9,253,106
Trade, Tourism, Cooperatives and Industrialization			
Trade, Tourism, Cooperatives and Industrialization Headquarters	7,109,324	5,229,891	1,879,433
Trade Development programme.	3,000,000	2,984,281	15,719
General Administration and support services programme	4,109,324	2,245,610	1,863,714
Trade	549,000	414,200	134,800
General Administration and support services programme	549,000	414,200	134,800
Cooperatives	886,700	504,540	382,160
General Administration and support services programme	886,700	504,540	382,160
Markets	1,486,255	1,260,985	225,270
General Administration and support services programme	1,486,255	1,260,985	225,270
Tourism	200,000	189,600	10,400
General Administration and support services programme	200,000	189,600	10,400
Weights and Measures	490,800	14,400	476,400
General Administration and support services programme	490,800	14,400	476,400
Liquor Control and Licensing Fund	3,550,000	1,882,000	1,668,000
General Administration and support services programme	3,550,000	1,882,000	1,668,000

Industrialization	2,553,899	284,600	2,269,299
Industrialization Development programme.	2,000,000	-	2,000,000
General Administration and support services programme	553,899	284,600	269,299
Public Works, Housing and Infrastructure			
Public Works, Housing and Infrastructure Headquarter	18,417,844	15,917,844	2,500,000
Decentralized Infrastructure development programme	2,500,000	-	2,500,000
General Administration support services	15,917,844	15,917,844	-
Headquarters	27,752,600	18,611,792.45	9,140,807.55
Administration Planning and Support Services	27,752,600	18,611,792.45	9,140,807.55
Roads	97,519,621	73,743,564.65	23,776,056.35
Development programme	87,500,000	70,244,778.65	17,255,221.35
Administration Planning and Support Services	10,019,621	3,498,786	6,520,835
Public Works	6,284,138	3,222,880	3,061,258
Administration Planning and Support Services	4,484,138	3,222,880	1,261,258
Development programme	1,800,000	-	1,800,000
Lands, Physical Planning, Mining and Energy			
Lands, Physical Planning, Mining and Energy Headquarters	17,056,217	8,481,782.68	8,574,434.32
Development programme	5,500,000	1,047,326.83	4,452,673.17
Administration Planning and Support Services	11,556,217	7,434,455.85	4,121,761.15
Mwatate Municipal Administration	19,300,000	10,571,575.93	8,728,424.05
Development programme	19,300,000	10,571,575.93	8,728,424.05
Mining	6,949,436	4,564,780	2,384,656
Administration Planning and Support Services	1,949,432	564,780	1,384,652
Development programme	5,000,004.	4,000,000	1,000,004
Energy	9,776,200	9,776,200	-
Administration Planning and Support Services	9,776,200	9,776,200	-
Kenya Informal Settlement Improvement Project II	63,500,000	30,000,000	33,500,000
Development programme	63,500,000	30,000,000	33,500,000
Youth, Sports, Gender, Culture and Social Services			

Youth, Sports, Gender, Culture and Social Services Headquarters	74,460,254	51,295,614	23,164,640
General Administration and support services programme	65,164,640	42,000,000	23,164,640
Youth, Women and PLWDs Support Programme	9,295,614	9,295,614	-
Grand Total	6,160,537,977.22	5,248,022,824	912,515,153.22

Source: County Treasury

The level of absorption rate in the County departments was due to failed implementation of development projects caused by delayed disbursement of funds. This affected implementation of projects significantly during the review period.

Expenditure Analysis by Economic Classification

Much of the recurrent budget was spent on compensation of employees, however, we appreciate that a well remunerated workforce is necessary for service delivery. Analysis of recurrent expenditure shows that Personnel Emoluments (PE) and Operations and Maintenance (O&M) accounted for 57% and 14% respectively of the total expenditure, compared to 52% and 21% in the previous financial year. Development expenditure was below the minimum threshold leading to a decelerated absorption within the review period.

Table 9: Expenditure for the FY 2021/22- 2022/23

	FY 2022-2023	Absorption Rate (%)	FY 2021-2022	Absorption Rate (%)
Compensation of employees	2,988,894,233	57	2,829,708,887	52
Use of goods and services	742,044,032	14	1,192,361,618	21

Source: County Treasury

Personnel Emoluments

Personnel emoluments was below the CFSP 2023 ceiling of KShs. 3.19 Billion but above the 35% PFM Act ,2012 set ceiling. However, the county government is working towards harmonizing the findings of the staff rationalization and human resource audit conducted in May 2023, by amicably reducing recruitment in the forthcoming years as well as maximizing the available workforce for efficient service delivery.

Table 10: Compensation of employees

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Basic salaries of permanent employees	2,963,685,332	2,827,889,487
Basic wages of temporary employees	24,953,959	1,450,000
Personal allowances paid as part of salary	254,942	369,400
Total	2,988,894,233	2,829,708,887

Source: County Treasury

Compensation to employees was KShs. 2.98 Billion accounting for 57% of the total county expenditure for the period under review. This was a 6% increase from the previous financial year.

Use of goods and services

Use of goods and services was KShs. 742 Million accounting for 14% of the total county expenditure for the period under review.

Table 11: Use of goods and services

Description	FY 2022-2023	FY 2021-2022
	Kshs	KShs
Utilities, supplies and services	62,381,531	58,470,419
Communication, supplies and services	1,515,380	2,670,279
Domestic travel and subsistence	149,720,547	70,684,648
Foreign travel and subsistence	3,393,481	450,820
Printing, advertising and information supplies & services	8,174,355	10,195,963
Rentals of produced assets	6,060,186	11,003,642
Training expenses	7,507,014	5,257,285
Hospitality supplies and services	91,624,723	70,466,096
Insurance costs	109,956,543	94,194,000
Specialized materials and services	127,198,516	450,969,231
Office and general supplies and services	69,291,570	32,793,672
Fuel, oil and lubricants	56,902,748	56,302,483
Other operating expenses	34,353,728	33,235,402
Routine maintenance – vehicles and other transport equipment	11,254,916	19,791,551
Routine maintenance – other assets	2,708,795	13,642,200
Total	742,044,032	930,127,691

Source: County Treasury

This was a 20% decrease from the previous financial year.

Transfers to other Government Entities

Transfers to other Government entities was KShs.765 Million accounting for 16% of the total county expenditure for the period under review.

Table 12: Transfers to other Government Entities

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs

Transfers to county government entities		
Taita Taveta County Assembly	-	4,000,000
Transfers to other counties		
Taita Taveta County Mortgage Account	10,000,000	11,600,000
Taita Taveta County Education Fund	142,000,000	58,400,000
Tevevo Water & Sanitation	569,396,254	304,791,286
Mwatate Municipality UDG Account	10,571,576	10,000,000
Mwatate Municipality UIG Account	5,339,915	-
Level 4 Hospital	-	15,025,282
TAVEVO Water & sanitation Co. Ltd (WSTF)	25,000,000	-
Transfers to national government entities		
Transfer to the council of governors	3,000,000	-
Total	765,307,745	403,816,567

Source: County Treasury

This was a 90% increase from the previous financial year.

Other Grants and Transfers

Other grants and transfers was KShs. 58 Million accounting for 1% of the total county expenditure for the period under review.

Table 13: Other Grants and Transfers

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Emergency relief and refugee assistance	330,000	1,000,000
Donations	150,000	1,000,000
Other current transfers, grants	57,549,899	18,874,185
Total	58,029,899	20,874,185

Source: County Treasury

This was an increase of KShs. 37 Million from the previous financial year.

Table 14: Recurrent and Development for the period ended 30th June 2023

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget utilization difference	% of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Transfers from the CRF	6,375,336,179	(214,798,202)	6,160,537,977	5,240,960,991	919,576,986	85%
Total	6,375,336,179	(214,798,202)	6,160,537,977	5,240,960,991	919,576,986	85%
Payments						
Compensation of Employees	2,734,107,086	288,181,204	3,022,288,290	2,988,894,233	33,394,057	99%
Use of goods and services	1,057,072,532	(299,040,186)	758,032,346	742,044,032	15,988,314	98%
Transfers to Other Government Units	775,296,305	(5,296,305)	770,000,000	765,307,745	4,692,255	99%
Other grants and transfers	567,898,256	149,144,785	717,043,041	58,029,899	659,013,142	8%
Social Security Benefits	20,000,000	-	20,000,000	17,516,451	2,483,549	88%
Acquisition of Assets	927,143,780	(471,484,446)	455,659,334	370,448,368	85,210,966	81%
Finance Costs, including Loan Interest	900,000	(285,000)	615,000	248,991	366,009	40%
Other Payments	292,918,220	123,981,746	416,899,966	305,533,105	111,366,862	73%
Total	6,375,336,179	(214,798,202)	6,160,537,977	5,248,022,824	912,515,153	85%
Surplus/(Deficit)	-	-	-	(7,061,833)	7,061,833	

Source: County Treasury

2.4 Pending Bills

As at 30th June 2023, the County Government reported pending bills of Kshs. 1.47 Billion, the pending bills were as a result of completion of projects initiated in the previous financial years. The stock of pending bills as at 30th June, 2023 will be prioritized and paid in the FY 2023/2024. Additionally, to closely monitor and stem the growth of the pending bills, the County Government has embraced full E-Procurement cycle which will facilitate in ensuring that all procurement for goods and services are committed against budgeted provisions before execution of activities. Below is a summary of the pending bills as at 30th June 2023.

Table 15: Analysis of Pending Accounts Payable

Supplier of Goods or Services	Original Amount	balance at the beginning of the year	Addition During the year	Amount paid During the year	Outstanding Balance
		a	b	c	d=a+b-c
Construction of buildings					
Education & Libraries	26,248,471	26,248,471	-	2,592,646	23,655,825
Health Services	35,577,039	35,577,039	-	13,505,777	22,071,262
Other Departments	143,096,423	143,096,423	76,704,507	20,062,444	199,738,486
Sub-Total	204,921,934	204,921,933	76,704,507	36,160,867	245,465,573
Construction of civil works					
Public Works	128,472,150	128,472,150	-	13,202,085	115,270,065
Water and Sanitation & Trade Departments	88,235,276	88,235,276	-	16,476,176	71,759,100
Other Departments	159,810,223	159,810,223	59,474,274	15,318,968	203,965,529
Sub-Total	376,517,646	376,517,648	59,474,274	44,997,228	390,994,694
Supply of goods					
Health Services	117,723,747	117,723,747	-	105,653,458	12,070,289.15
Agriculture	107,099,955	107,099,955	-	1,680,000	105,419,955.15
Other Departments	174,573,385	174,573,385	40,851,842.68	60,806,090	154,619,137.40
Sub-Total	399,397,086	399,397,086	40,851,842.68	168,139,547	272,109,382
Supply of services					
Health Services	98,816,770	98,816,770	-	-	98,816,770.00
Governor's Office	100,104,245	100,104,245	-	-	100,104,245.36
Other Departments	20,517,462	20,517,462	44,936,516	36,528,094.70	28,925,883.53
Sub-Total	219,438,478	219,438,478	44,936,516	36,528,095	227,846,899
Grand Total	1,200,275,144	1,200,275,145	221,967,140	285,825,738	1,136,416,547

Source: County Treasury

Table 16: Analysis of Pending Staff Payables

Name of Staff	Original Amount	Amount Paid To-Date	Outstanding Balance	Outstanding Balance
			2022-2023	2021-2022
	a	b	c=a-b	
Salaries	315,431,022	-	315,431,022	208,952,556
Sub-Total		-	-	208,952,556
Grand Total	315,431,022	-	315,431,022	208,952,556

Source: County Treasury

Table 17: Analysis of Other Pending Payables

Name	Original Amount	Amount Paid To-Date	Outstanding Balance	Outstanding Balance
			2022-2023	2021-2022
	a	b	c=a-b	
Amounts Due To National Govt Entities				
1.	-	-	-	19,707,367
2. Others	-	-	-	-
Sub-Total	-	-	-	19,707,367
Amounts Due To Third Parties	-	-	-	-
	18,978,803.85	-	18,978,803.64	18,978,804
Sub-Total	18,978,803.85	-	18,978,803.64	18,978,804
Grand Total	18,978,803.85	-	18,978,803.64	38,686,171

Source: County Treasury

2.5 Challenges in Implementation of the Budget

In the course of overseeing and reporting on the implementation of the County budget the following are challenges which hampered effective budget implementation;

1. A high wage bill, which accounted for 57% of the annual realized expenditure of Kshs. 5.24 Billion in FY 2022/23, thus constraining funding to other programmes.
2. Under budgeting of projects; this leads to stalling of most projects due to insufficient funds.
3. Spending outside the budgetary allocations; where some projects are implemented that were not in the budget (roadside projects).

4. Delayed disbursement of funds that affected implementation of projects significantly during the review period.
5. Low collection of own source revenue.

The County should implement the following recommendations to improve budget execution;

1. The County should oblige to optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.
2. The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.
3. County departments should prepare of realistic budgets with consultation from the Public works for capital projects.

2.6 Adherence to County Fiscal Principles as Stipulated in Section 107 of Public Finance Management Act 2012

- a) The county government's recurrent expenditure shall not exceed the county government's total revenue;
- b) Over the medium term a minimum of thirty percent of the county government's budget shall be allocated to the development expenditure;
- c) The County Government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the county government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly;
- d) The public finance management regulation 25(1) (b) requires that that benefits and wages to employees should not exceed 35% of the total county revenue.

As it can be seen from the figure below, the county has for a while been surpassing the 35% employees wages and benefits threshold. In the period under review, compensation of employees accounted for 60% of the recurrent expenditure. The county government is working towards harmonizing the findings of the staff rationalization and human resource audit conducted in May 2023, by amicably reducing recruitment in the forthcoming years as well as maximizing the available workforce for efficient service delivery.

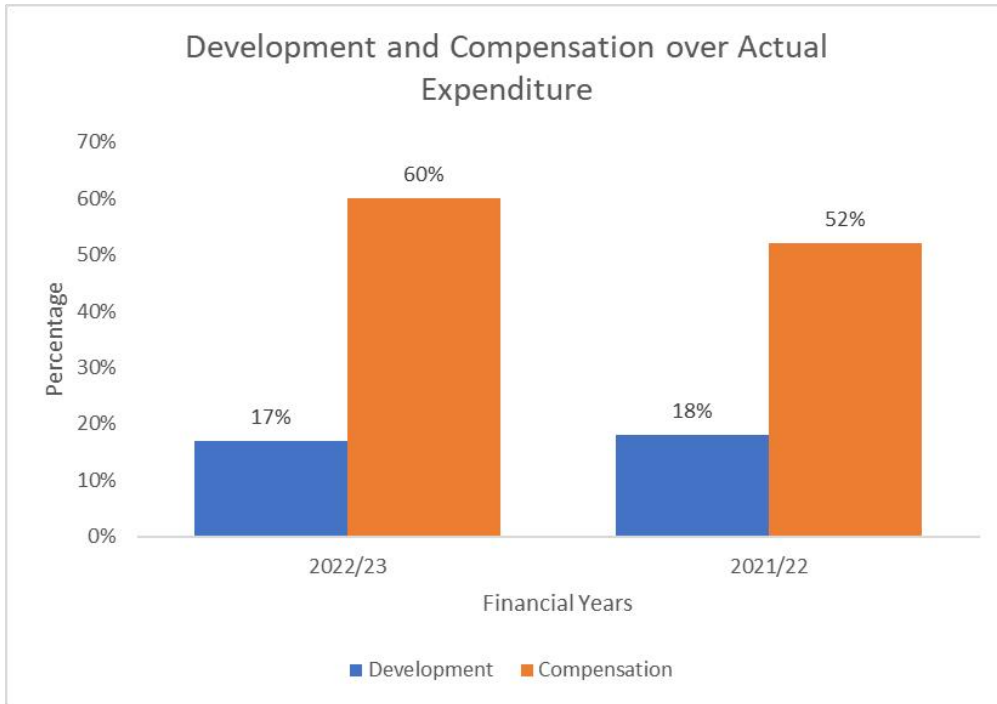


Figure 3: Development and Compensation over Actual Expenditure

3. DEPARTMENTAL PROJECTS PERFORMANCE

During the period under review, county departments carried out various projects catered for in the FY 2022/23 budget. Below is the implementation status of the projects; completed, ongoing and stalled.

3.1 Agriculture, Livestock, Fisheries and Irrigation

The agriculture department continued to play its dominant role in contributing towards food security, income generation and employment creation. The department worked closely with development partners to help achieve their objectives.

COMPLETED PROJECTS					
Project Name	Ward	Amount	Year Started	Year Ended	Remarks
Capacity Building of fish farmers	Countywide	3,000,000	2022	2023	GIZ- Funded
Capacity building of BMUs and BMU elections	Mata and Mahoo	1,500,000	2023	2023	Funded by the African Wildlife Foundation
Supply ,installation and operation of Dawida milk processing plant	Mwanda/Mg hange	5,012,700	2022	2023	Pending bill
Supply installing and renovations at milk cooling plant-mghange dawida	Mwanda/Mg hange	2,399,975	2022	2023	pending bill
Supply and delivery of livestock feeds for Bachuma Livestock Multiplication Center	Marungu	700,000	2022	2023	Pending bill
Supply of A.I materials and semen	HQs	2,000,000	2022	2023	Pending bill
Supply of vaccines	HQs	2,600,000	2022	2023	Paid
Supply of veterinary drugs for Bachuma LMC(Recurrent)	Marungu	249,950	2022	2023	Pending bill
Purchase of fertilizers to rice farmers of Uswi cooperative	Taveta	1,800,000	2022	2023	163bags(50kg) of urea and 164bags(50kg) of SA were delivered.
Supply of green gram seed	Kasighau	916,300	2022	2023	The 1.998 tons of seed seed were delivered on 12th May to kasighau ward and distributed to farmers.
Supply of farm yard manure-werugha ward	Werugha	2,437,500	2022	2023	875 tons of manure was delivered on 28th-30th March,2023 &distributed
Supply of farm yard manure-wumingu Kishushe ward	Wumingu Kishushe	3,798,000	2022	2023	1400 tons of manure was delivered on 13th-20th March,2023 &distributed
Transfer of funds - Mpizinyi cooperative	Wusi Kishamba	1,000,000	2022	2023	Transfer of funds was done to mwatate greengram growers in march 2023

STALLED PROJECTS				
Project Name	Ward	Year Started	Year Stalled	Reason for stalling
Finishing of Egoro milk cooling plant	Eldoro	2022	2023	Awarded but the contractor abandoned the site.
Construction and installation of Fish pelletizing plant in Wundanyi	Wundanyi Mbale	2022	2023	Insufficient budgetary allocation
Renovation of Kimorigo storage warehouse	Mboghoni	2022	2023	Insufficient budgetary allocation
Banana agro-processing plant	Mboghoni	2016	2022	Insufficient budgetary allocation

3.2 Water, Sanitation and Environment

This department has the potential to substantially improve the lives of the residents by ensuring access to clean and safe water, improved sanitation and structured response to the effects of climate change. The County through this department has prioritized protection of water sources, conservation of forests and other natural resources, improvement of water supply and management, waste management and enhanced Climate Change Adaptation.

COMPLETED PROJECTS					
Project Name	Ward	Amount	Year Started	Year Ended	Remarks
Construction of Kiteghe water pan	Kasighau	1,999,303	9th March 2023	May-2023	Complete
Construction of Kirongwe water pan	Kasighau	1,853,478	14th April 2023	May-2023	Complete
Dembwa reserve tank	Wusi/kishamba	1,999,997	7th March 2023	Jun-2023	Complete and operational
Construction of Mrema water project	Mbololo	699,410	31st March 2023	Jun-2023	Complete and operational
Supply and delivery of plastic tanks for chawia ward	Chawia	999,920	10th March 2023	May-2023	Complete and operational
Supply of casings for Lang'ata borehole	Mahoo	850,000	6th March 2023	April-2023	Drilling materials delivered
Josa Modambogho water project	Mwatate	1,999,150	10th March 2023	Jun-2023	Complete and operational
Supply and delivery of casing for Riata Kubwa borehole	Mboghoni	697,360	6th March 2023	April-2023	Drilling materials delivered
Ndilindau water project	Mata	982,812	21th March 2023	Jun-2023	Complete and operational
Rehabilitation of kale water tanks and extension of service line	Marungu	995,900	8th March 2023	May-2023	Complete and operational

Rehabilitation of water flyover (Lambo Marodo scheme)	Mboghoni	1,003,000	10th March 2023	May-2023	Complete and operational
Extension of Itinyi water project	Marungu	3,499,956	24th February 2023	May-2023	Complete and operational
Mwangaza water project	Mata	1,152,825	13th February 2023	Jun-2023	Kplc connection fee paid but electricity power not yet connected
Pipeline water line project	Marungu	1,310,700	8th March 2023	May-2023	Complete and operational
Mambisi dam water project	Wusi/kishamba	2,897,000	21st March 2023	May-2023	Complete and operational
Drilling of Langata borehole	Mahoo	1,189,100	20th June 2023	Aug-2023	Borehole drilling completed
Rehabilitation of Alia water project	Chawia	3,000,000	29th May 2023	Aug-2023	Complete and operational
Sasenyi water project	Marungu	499,019	21st March 2023	May-2023	Complete and operational
Construction of Lora water pan	Kasighau	1,853,478	23rd March 2023	May-2023	Complete
Pump installation at Kasaani water project	Mata	820,300	24th February 2023	Jun-2023	Complete and operational
Rehabilitation Kisaghala water project	Wusi/kishamba	1,162,795	10th April 2023	May-2023	Complete and operational
Destilation of Kasokoni irrigation project	Mahoo	878,900	6th March 2023	Jul-2023	Complete and operational
Solarization of uthiani borehole	Chala	1,500,000	2022-2023	2022-2023	Completed

ONGOING PROJECTS				
Project Name	Ward	Amount	Year Started	Implementation Status
Rehabilitation of Mwaminjwa water project	Mbololo	1,889,464.50	2023	100% complete as at sept-2023
Construction of Msharinyi juu mainline distribution	Marungu	959,227.50	6th march 2023	100% complete as at sept-2023
Kwa Hebron water project	Wundanyi/m bale	2,997,134.70	29th may 2023	62.5% complete as at 15 th august 2023
Supply and delivery of plastic tanks for Ngolia ward	Ngolia	850,000	19th April 2023	100% complete as at sept-2023

Establishment of two tree Nurseries	Wundanyi/M bale and Mbololo Ward	1,875,000	2023	Establishment equipment procured, site identification and clearing done
Construction of 3 Receptacles	Kaloleni Ward	800,000	2023	Public participation on site identification done. Awaiting requisition

STALLED PROJECTS				
Project Name	Ward	Year Started	Year Stalled	Reason for stalling
Njawuli water project	Mwanda-mghange	14th February 2023	March-2023	Land issues at Machufu intake
Drilling of mdindinyi kireti-borehole	Mwatate	12th May 2023	Jul-2023	Contractors lack of finances
Drilling of Riata kubwa borehole	Mboghoni	16th June 2023	Jul-2023	Contractors lack of finances
Construction of Mkwachunyi 100m3 tanks	Mbololo	6th March 2023	Jul-2023	Contractors lack of finances
Construction of Material Recovery Facility	Mwatate	2021	2022-23	Lack of funds
Lumi water project pipes and fittings	Chala	2022-2023	2022-2023	Goods not supplied
Mbokole water project	Werugha	2022-2023	2022-2023	Contractor abadoned site

3.3 Education, Libraries and ICT

The provision of universal education remains a top priority in this department. This is in line with the global SDG Goal 4 which aims to ensure inclusive and equitable education and promote lifelong opportunities for all. At the County level, the strategic thrust is to provide access to quality holistic early childhood education, and skills and knowledge development through technical and vocational education and training.

COMPLETED PROJECTS					
Project Name	Ward	Amount	Year Started	Year Ended	Remarks
Proposed Kizorinyi ECD	Sagalla	1,987,500	2023	2023	Project practically complete
Proposed Majengo Mapya ECD	Sagalla	2,289,207	2023	2023	Project practically complete
Proposed Sowa ECD	Sagalla	2,255,920	2023	2023	Project practically complete

Fencing of Mbele ECD	Marungu	988,000	2023	2023	Project practically complete
Proposed Miasenyi ECD Kitchen	Marungu	921,428	2023	2023	Project practically complete
Proposed Rukanga Market Toilet completion	Kasigau	500,000	2023	2023	Project practically complete
Proposed Mole ECD and fencing	Ngolia	1,474,087	2023	2023	Project practically complete
Proposed Mwakajo ECD and toilet	Ngolia	2,666,985	2023	2023	Project complete
Proposed fencing of Mwakajo ECD	Ngolia	1,480,229	2023	2023	Project complete
Proposed completion of Ndii ECD	Ngolia	1,587,545	2023	2023	Project practically complete
Proposed Star Model ECD	Wumingu	1,574,294	2023	2023	Project complete
Proposed fencing of Kimala primary school	Mata	1,999,057	2023	2023	Project complete
Proposed renovation of Mnamu VTC	Bura	757,870	2023	2023	Project complete

ONGOING PROJECTS				
Project Name	Ward	Amount	Year Started	Implementation Status
Proposed Mwachanza ECD	Sagalla	1,997,821	2023	Project 50% complete
Proposed Manga ECD	Ngolia	1,999,956	2023	Project 60% complete
Bungule dormitory completion	Kasigau	1,492,218	2023	Project 70% complete

3.4 Health Services

The primary objective of the health department as stipulated in the Vision 2030, the MTP IV, the Big 4 agenda and the CIDP is to enhance the accessibility and affordability of quality universal health care.

COMPLETED PROJECTS					
Project Name	Ward	Amount	Year Started	Year Ended	Remarks
Bughuta Maternity Block Completion (Phase 1)	Kasighau	2,000,000	2023	2023	Unpaid
Supply and Delivery of Laboratory Equipment for Manoa Dispensary	Chawia	1,185,110	2023	2023	Unpaid

Construction of Dispensary at Tanzania Village (Phase1)	Kaloleni	1,595,893	2023	2023	Unpaid
Supply and Delivery of Desktop Computers for Chvs Sagala	Sagala	390,000	2023	2023	Unpaid
Renovation of Jipe Dispensary	Mata	789,032	2023	2023	Unpaid
Njoro Dispensary Construction	Bomani	6,965,793	2020	2023	Unpaid
Shelemba Dispensary Renovations	Ronge	2,473,375	2023	2023	Unpaid

ONGOING PROJECTS				
Project Name	Ward	Amount	Year Started	Implementation Status
Construction of Oncology (Cancer) Centre at Moi County Referral Hospital	Mbololo	19,850,736	2023	The project is at 65%
Njoro Dispensary Construction	Bomani	10,909,743	2020	85% Paint works, wiring and finishes should be budgeted for the project to be complete
Malukiloriti Dispensary Fencing of the facility land	Mahoo	880,034	2023	50% poles installed
Completion of Bughuta Maternity Block	Kasighau	4,879,257	2023	Phase 1 of the project is complete
Construction of Dispensary at Tanzania Village	Kaloleni	5,551,267	2023	Phase 1 of the project is complete

STALLED PROJECTS				
Project Name	Ward	Year Started	Year Stalled	Reason for Stalling
Completion of Baghau Dispensary	Ronge	2020	2021	First payment Certificate of KShs. 1,185,110 has not been paid
Completion of Manoa Dispensary Laboratory Block	Chawia	2021	2021	First payment Certificate of KShs. 1,616,905.00 has not been paid
Completion of Modern Toilet at Moi County Referral Hospital	Mbololo	2021	2022	First payment Certificate of KShs. 1,443,318 has not been paid
Equipping of Urology Unit - Moi County Referral Hospital	County	2023	2023	could not proceed due to lack of enough budget provision, re-budgeted in FY 2023/2024
Purchase of Endoscopic Kit at Moi County Referral Hospital	County	2023	2023	could not proceed due to lack of enough budget provision, re-budgeted in FY 2023/2024

Construction of Microwave Waste Incinerator Building at Mwatate Sch	County	2023	2023	could not proceed due to lack of enough budget provision, re-budgeted in FY 2023/2024
Maungu Model Health Centre 10,000Ltr Water Tank	Marungu	2023	2023	Supplier was unable to supply
Chv Empowerment - 3 Motorbikes and Community Health Volunteers Kits (6)	Marungu	2023	2023	Supplier was unable to supply

3.5 Trade, Tourism, Cooperatives and Industrialization

This department aspires to broaden growth and development of commerce, tourism, investment and entrepreneurship by facilitating and supporting SMEs, cooperatives and high value addition ventures.

COMPLETED PROJECTS					
Project Name	Ward	Amount	Year Started	Year Ended	Remarks
Voi Highway Market rehabilitation(Drainage)	Mbololo	991,138	2022-2023	2022-2023	Completed
Cabro works of Rukanga Market.	Kasighau	1,993,149	2022-2023	2022-2023	Completed

STALLED PROJECTS				
Project Name	Ward	Year Started	Year Stalled	Reason for stalling
Completion of Wundanyi market	Wundanyi-Mbale	2020-21	2022-23	Funds not reallocated
Rehabilitation of Marikiti market	Mbololo	2021-22	2022-23	Funds not reallocated
Jora banda	Kasigau	2021-22	2022-23	Funds not reallocated
Tourism policy	County Headquarter	2020-21	2022-23	Funds not reallocated due to incoming donor support
Gis mapping & signanges of tourism sites	County Wide	2020-21	2022-23	Funds not reallocated
Completion of office boadroom & fencing	Mbololo	2020-21	2022-23	lack of funds
Completion of Kishushe market and fencing	Wumingu - Kishushe	2020-21	2022-23	lack of funds
Completion of Rukanga open air markets(sheds & worktops)	Kasigau	2021-22	2022-23	lack of funds
Maungu lorry park market	Marungu	2021-22	2022-23	lack of funds

renovation(Electrical & water)				
Stage market shades completion	Kaloleni	2021-22	2022-23	lack of funds
Taveta border market rehabilitation	Bomeni	2021-22	2022-23	lack of funds
Rehabilitation of Bura market-drainage system	Bura	2021-22	2022-23	lack of funds

3.6 Public Works, Housing and Infrastructure

Efficient transport systems and quality public infrastructure are critical drivers of economic growth in the County. This department seeks to accelerate the expansion of County road network and develop rehabilitation of infrastructure with focus on quality, aesthetics and functionality.

COMPLETED PROJECTS					
Project Name	Ward	Amount	Year Started	Year Ended	Remarks
Rehabilitation of Challa ward feeder roads (sir. Ramson - mtoni road 5.0 km)	Challa	3,500,000	2023	2023	Completed as per the bills of quantities
Slabbing of Hyder park road	Mahoo	1,475,000	2023	2023	Completed as per the bills of quantities
Light grading and murraming of California road (airstrip-mosque	Mahoo	1,500,000	2023	2023	Completed as per the bills of quantities
Light grading of Timbila by pass-round about -Darajani	Mahoo	1,500,000	2023	2023	Completed as per the bills of quantities
Grading of Kitondoni -Timbila road	Mahoo	2,000,000	2023	2023	Completed as per the bills of quantities
Installation of Kasokoni-Kisuu box culvert	Mahoo	1,500,000	2023	2023	Completed as per the bills of quantities
Rehabilitation of Sang'a Raphael road	Bomeni	2,780,076	2023	2023	Completed as per the bills of quantities
Light grading and road murraming of University-Terere-Njoro-road (Mwachimbi road)	Bomeni	1,500,000	2023	2023	Completed as per the bills of quantities
Culvert installation goshen -njoro road	Bomeni	791,739.44	2023	2023	Completed as per the bills of quantities
Grading and gravelling of University-Terere -Njoro road	Bomeni	1,000,000	2023	2023	Completed as per the bills of quantities
Light grading and murraming of goshen -njoro road	Bomeni	1,500,000	2023	2023	Completed as per the bills of quantities
Rehabilitation of njoro - Lotima b road	Mboghonyi	4,100,000	2023	2023	Completed as per the bills of quantities

Fueling of Mboghoni excavator and servicing	Mboghonyi	1,800,000	2023	2023	Completed as per the service order
Rehabilitation of Mata ward feeder roads as follows Taveta quarry road 2.6 km , Ndilidau dispensary road 1.5km, Kasahani road 0.5 km , Mwakoi road 0.6 km, Waisanga road 0.8km and rRkeke road 0.45 km	Mata	4,500,000	2023	2023	Completed as per the bills of quantities
Fuel for roads and playing grounds	Wundanyi		2023	2023	Stalled
Construction of Mwandiria bridge	Werugha	499,770.92	2023	2023	Works complete as per the bills of quantities.
Mwambogho -Mwanaria road formation	Wumingu	2,485,390.48	2023	2023	Works complete as per the bills of quantities.
Rehabilitation of all Wumingu Kishushe roads(Mlilo - Paranga)	Wumingu	2,965,022.55	2023	2023	Works complete as per the bills of quantities.
Routine roads grading and maintenance	Mwanda		2023	2023	To be done with county machinery
Sisera - mvita phase 2	Rong'e	1,999,544	2023	2023	Works complete as per the bills of quantities.
Rong'e roads maintenance (Rong'e/mvita –sisera road)	Rong'e	6,566,986	2023	2023	Works complete as per the bills of quantities.
Maintenance of Mwatate roads	Mwatate	2,000,000	2023	2023	Works complete as per the bills of quantities.
Slabbing of Mwasinenyi road (Kituma road gravelling)	Bura	1,000,000	2023	2023	Works complete as per the bills of quantities.
Excavation of Karagha Tungulu road	Bura	1,000,000	2023	2023	Works complete as per the bills of quantities.
Excavation of Kizigha Mdononyi road	Bura	1,000,000	2023	2023	Works complete as per the bills of quantities.
Excavation of Mwamkolo kilungu road	Bura	1,000,000	2023	2023	Works complete as per the bills of quantities.
Maintenance of Chawia roads	Chawia	2,000,000	2023	2023	Works complete as per the bills of quantities.
Bush clearing of Chawia roads	Chawia	498,496.80	2023	2023	Works complete as per the bills of quantities.
Mshokore-Kidaya-Ifumbu road	Wusi	4,875,732.88	2023	2023	Works complete as per the bills of quantities.
Rehabilitation of Kururu Pangachi road	Mbololo	1,499,999.72	2023	2023	Works complete as per the bills of quantities.
Grading of Marapu-Bamako road	Sagalla	1,000,000	2023	2023	Works complete as per the bills of quantities.
Grading of Zongwani-Bamako dispensary road	Sagalla	1,000,000	2023	2023	Works complete as per the bills of quantities.

Installation of box culvert triangle	Kaloleni	2,962,524	2023	2023	Completed as per the bills of quantities
Cabbro works in voi cbd	Kaloleni	3,801,225	2023	2023	Completed as per the bills of quantities

ONGOING PROJECTS					
Project Name	Ward	Amount	Year Started	Implementation Status	
Murraming Of Majengo Buruma Road	Mboghonyi		2023	Ongoing county machinery	
Slabbing Of Mwafunja Road	Werugha	2,700,000	2023	40% done ongoing	
Murraming Of Mdundonyi Mbokole	Werugha	2,765,370.40	2023	20%done, ongoing	

STALLED PROJECTS					
Project Name	Ward	Year Started	Year Stalled	Reason for stalling	
Kilwala Four Ways Kiwinda High To Njovunyi/Irido Wundanyi Road Rehabilitation	Wundanyi	2023	2023	20% done stalled	
Installation Of Box Culvert In Lower Sofia	Kaloleni	2023	2023	10 % done stalled. Contractor has abandoned site	

3.7 Lands, Physical Planning, Mining and Energy

Efficient, sustainable and equitable management and use of land, mining and energy is critical if the County is to achieve the desired development. To achieve this, the County in collaboration with development partners has endeavored towards streamlining and strengthening land surveying and mapping. On housing and urban development, efforts have been made on promotion of sustainable land use and technologies for the provision of decent and adequate housing.

COMPLETED PROJECTS					
Project Name	Ward	Amount	Year Started	Year Ended	Remarks
TTCG/MM/T/002/2022-2023 Soko mpya access road	Mwatate	12,718,471	2022/2023	2022/2023	In use
TTCG/MM/RFQ/002/2022-2023 Boda boda shed/landscaping	Mwatate	2,100,000	2022/2023	2022/2023	In use
TTCG/MM/RFQ/001/2022-2023	Mwatate	575,000	2022/2023	2022/2023	Neema license.

ONGOING PROJECTS				
Project Name	Ward	Amount	Year Started	Implementation Status
Proposed perimeter wall, civil works & ablution blocks	Mwatate	17,112,140	2022-2023	30% ongoing
County Spatial Plan, GIS LAB (County Contribution)	County Wide	5,500,000	2023	Ongoing
Majengo Mapya LPLUDP	Taveta	Collaboration of World Bank, SDHUD & CGTT	2022	Ongoing
Kijiji Cha Chewa LPLUDP	Taveta	Collaboration of World Bank, SDHUD & CGTT	2022	Ongoing
Ngoloki Adjudication	Mwanda/Mg hange	Collaboration with the National Government & CGTT	2022	Ongoing
Purchase of magnetometer survey equipment	Wundanyi Mining Headquarters	2,997,501	2022/2023	The project is at procurement stage.
Sustainable Energy Technical Assistance (SETA)	County Wide	No estimated cost because it's a donor funded project	2021	Training, stakeholders' engagement, data collection, data analysis and community engagement already completed. The project is 60% complete and is expected to be completed by the end of 2023.
Kenya Off Grid Solar Access Project (KO SAP)	Countywide	No estimated cost because it's a donor funded project	2018	Capacity building training of county officers, selection of beneficiary facilities completed. The project is currently at procurement stage where tenders for various beneficiary facilities have been tendered. It is 50% complete.

STALLED PROJECTS				
Project Name	Ward	Year Started	Year Stalled	Reason for stalling
Urban Integrated Development plan	County wide	2022/2023	2022/2023	Lack of funds
Local physical development plans for Manga and Kaloleni Opposite Sofia Annex	Ngolia and Kaloleni	2022/2023	2022/2023	lack of funds
Slum Upgrading and development, Aseko, Bura Ndogo, Sofia	Mbololo, bomeni	2022/2023	2022/2023	No budget allocation

Establishment of Voi Town management Committees & Municipal Board.	County wide	2022/2023	2022/2023	Lack of funds
Planning of Urban Centres(Mwakitau, Msharinyi, Mbale,etc)	County wide	2022/2023	2022/2023	Lack of funds
Development control Policies, legislation and regulations Maungu Town Replanning & Titling	Marungu	2021/2022	2022/2023	No budget allocation.
Land Survey and Adjudication (Kasighau, Mramba, Mgeno, Kaloleni Phase 2)	Kasighau, mwatate and Kaloleni ward,	2022/2023	2022/2023	Lack of funds
Pre-feasibility, Feasibility and Appraisal Studies (preparation of designs, plans etc)	Countywide			Lack of funds
Formulation and actualization of county mining policy	Countywide	2022/2023	2022/2023	No budget allocation.
Formulation and actualization of quarry and ballast policy	Countywide	2022/2023	2022/2023	No budget allocation
Publicizing and actualization of sand harvesting act	Countywide	2022/2023	2022/2023	No budget allocation.
Establishment of sand dams	Countywide	2022/2023	2022/2023	No budget allocation
Purchase of mining hand-drilling machines	Wundanyi Mining Headquarters	2022/2023	2022/2023	No budget allocation
County mining resource mapping, geo database and extraction	Countywide	2022/2023	2022/2023	No budget allocation
Refurbishment of Buildings - (Supply and delivery of fabricated container to Voi office and base construction)		2022/2023	2022/2023	Lack of funds
Mapping of potential wind power sites	Countywide	2022/2023	2022/2023	Lack of funds
Mbololo ward street lights	Mbololo	2022/2023	2022/2023	Lack of funds
Installation of street lights	Countywide	2022/2023	2022/2023	Lack of funds
Standalone solar installation in county public offices	Countywide	2022/2023	2022/2023	Lack of funds
Replacement of electric street lights with solar street lights along the main grid	Countywide	2022/2023	2022/2023	Lack of funds

Eldoro-Kisimani solar panels and fittings	Mboghoni	2022/2023	2022/2023	Lack of funds
Adoption of bio-digester as an alternative source of energy	Countywide	2022/2023	2022/2023	No budget allocation
Increased solar street light connectivity	Countywide	2022/2023	2022/2023	No budget allocation
Adoption solar energy sources	Countywide	2022/2023	2022/2023	No budget allocation

3.8 Youths, Sports, Gender, Culture and Social Services

The department endeavors to contribute to the achievement of Vision 2030 aspirations by providing quality services to the youth and social services to those with disabilities. It aims at promoting gender equity, inclusivity, justice, unity in governance and distribution of resources. This will be achieved by mainstreaming gender and disability issues in the County Government programmes.

Ongoing projects				
Project name	Ward	Amount	Year started	Implementation status
Maungu social hall	Marungu	5,000,000	2023	New contractor going with it at lental level
Completion of Mrughua social hall	Bura	2,000,000	2023	Ongoing
Completion of Sangenyi hall	Werugha	500,000	2023	New contractor going with it at slab level

Stalled projects				
Project name	Ward	Year started	Year stalled	Reason for stalling
Chala social hall	Chala	2018	2019	Funds not reallocated
Miereni social hall	Mahoo	2016	2017	Funds not reallocated
Masumbenyi social hall	Wundanyi/mbale	2020	2021	Funds not reallocated
Ndumbinyi community hall	Mwanda/mgange	2019	2020	Contractor abandoned project due to non payment due to no budget
Birikani social hall	Kaloleni	2020	2021	Contractor abandoned project due to non payment due to no budget
Rehabilitation of wundanyi stadium phase 2- construction of the phase two boundary wall	Wundanyi/ mbale	2019	2021	Accrued pending bill – delayed payment of certificates raised Lack of budgetary allocations in the subsequent financial years

Rehabilitation of wundanyi stadium phase 4- construction of river protection gabions and culverts	Wundanyi/ mbale	2020	2021	Accrued pending bill – delayed payment of certificates raised lack of approved budgetary allocations in the subsequent financial years
Rehabilitation of wundanyi stadium phase 5- construction of u-ditch concrete drainage.	Wundanyi/ mbale	2020	2021	Accrued pending bill – delayed payment of certificates raised lack of approved budgetary allocations in the subsequent financial years
Construction of high altitude training center.	Wusi/kishamba	2021	2021	Accrued pending bill – delayed payment of certificates raised lack of approved budgetary allocations in the subsequent financial years
Construction of stadium retention wall & podium	Mbololo	2020	2021	Lack of approved budgetary allocations in the subsequent financial years
Rehabilitation of wundanyi stadium phase 1- construction of perimeter wall, gates and sitting terraces	Wundanyi/ mbale	2020	2021	Accrued pending bill – delayed payment of certificates raised lack of approved budgetary allocations in the subsequent financial years

4. RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

4.1 Recent Economic Developments

Global Economic Performance

According to the National Government BROP, the world economic growth slowed to 3.5 percent in 2022 from a growth of 6.3 percent in 2021 as high global inflation, energy and value chain disruptions, and impact of monetary policy tightening in most world economies weighed on economic activity (**Figure 4**). The growth is projected to slow down further to 3.0 percent in 2023 and 2024 due to the impact of ongoing monetary policy tightening to address inflationary pressures. Global inflationary pressures have responded to policy tightening but inflation exceeds central bank targets in most countries.

Economy	Growth (%)			
	Actual		Projected	
	2021	2022	2023	2024
World	6.3	3.5	3.0	3.0
Advanced Economies	5.4	2.7	1.5	1.4
<i>Of which: USA</i>	5.9	2.1	1.8	1.0
<i>Euro Area</i>	5.3	3.5	0.9	1.5
Emerging and Developing Economies	6.8	4.0	4.0	4.1
<i>Of which: China</i>	8.4	3.0	5.2	4.5
<i>India</i>	9.1	7.2	6.1	6.3
Sub-Saharan Africa	4.7	3.9	3.5	4.1
<i>Of which: South Africa</i>	4.7	1.9	0.3	1.7
Nigeria	3.6	3.3	3.2	3.0
Kenya*	7.6	4.8	5.5	5.6

Figure 4: Global Economic Performance

*Source: IMF World Economic Outlook, July 2023. *National Treasury Projection*

Advanced economies are projected to record a slower growth of 1.5 percent in 2023 and 1.4 percent in 2024 from 2.7 percent in 2022. This slowdown is largely driven by aggressive monetary policy tightening in advanced economies that have increased concerns about escalating financial markets uncertainty, particularly persistent high interest rates and vulnerability of the banking sector. Growth in the emerging market and developing economies, is projected to be broadly stable at 4.0 percent in 2023 and 4.1 percent in 2024, although with notable shifts across regions.

Domestic Economic Performance

GDP Growth

In the 10 years pre-COVID-19 pandemic, the economic growth averaged 5.0 percent whereas in the two years post COVID-19 pandemic the growth momentum picked up to average 6.2 percent. The Kenyan economy in 2022 demonstrated resilience in the face of severe multiple shocks that included the adverse impact of climate change, lingering effects of COVID-19, global supply chain disruption and the impact of Russia-Ukraine conflict. As such, the economic growth slowed down to 4.8 percent in 2022 from 7.6 percent in 2021.

In the first quarter of 2023, real GDP growth was at 5.3 percent mainly due to a 5.8 percent recovery in the agricultural activities that reflected improved rainfall conditions and the impact of fertilizer and seed subsidies provided to the farmers by the Government. The recovery in agriculture was reflected in enhanced production, especially of food crops that led to significant increase in export of vegetables and fruits.

Sectors	2021	2022	2023 Q1
1. Primary Industry	0.5	(1.0)	5.6
1.1. Agriculture, Forestry and Fishing	(0.4)	(1.6)	5.8
1.2 Mining and Quarrying	18.0	9.3	3.3
2. Secondary Sector (Industry)	6.8	3.5	2.4
2.1. Manufacturing	7.3	2.7	2.0
2.2. Electricity and Water supply	5.6	4.9	2.3
2.3. Construction	6.7	4.1	3.1
3. Tertiary sector (Services)	9.6	6.7	6.0
3.1. Wholesale and Retail trade	8.0	3.8	5.7
3.2. Accomodation and Restaurant	52.6	26.2	21.5
3.3. Transport and Storage	7.4	5.6	6.2
3.4. Information and Communication	6.1	9.9	8.7
3.5. Financial and Insurance	11.5	12.8	5.8
3.6. Public Administration	6.0	4.5	6.6
3.7. Others	10.8	5.2	4.9
of which: Professional, Admin & Support Services	7.1	9.4	7.3
Real Estate	6.7	4.5	5.2
Education	22.8	4.8	3.6
Health	8.9	4.5	5.4
Taxes less subsidies	11.9	7.0	4.4
Real GDP	7.6	4.8	5.3

Figure 5: Sector GDP Performance

Source: Kenya National Bureau of Statistics

Available economic indicators in the first three quarters of 2023 remain strong with the continued recovery in the agricultural sector and sustained performance of the services sector. In this respect, economic growth is projected at 5.5 percent in 2023 and 5.7 percent in 2024. (Figure 6).

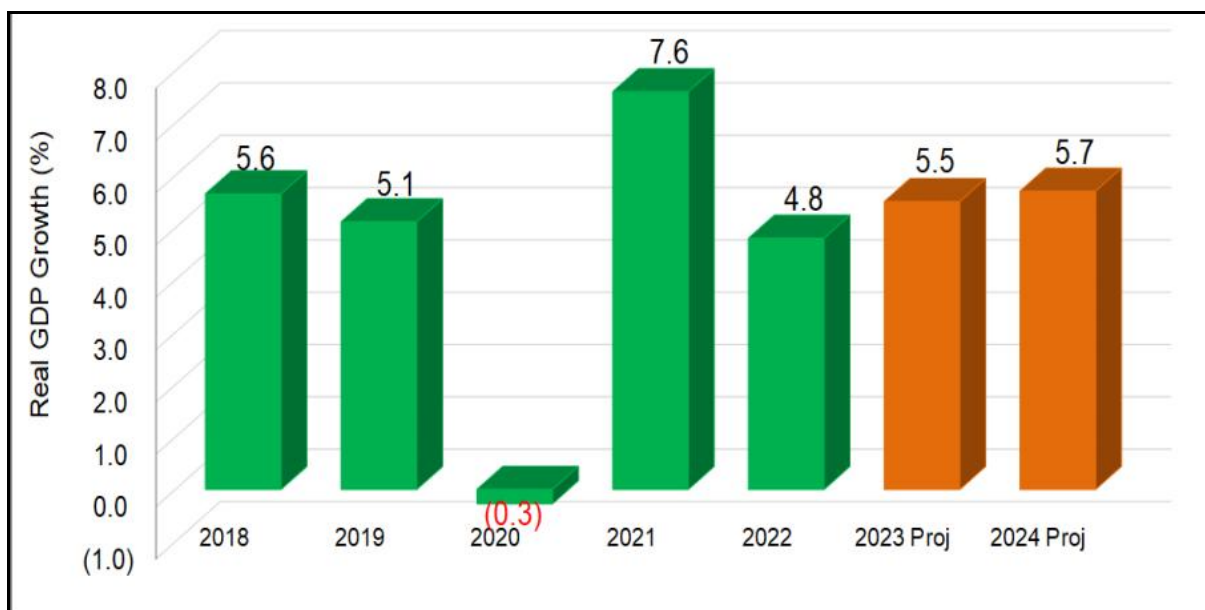


Figure 6: Annual Real GDP Growth Rates, percent

Source: Kenya National Bureau of Statistics

Domestic Employment

Recent evidence highlights limited job creation and a decline in real earnings. In 2022, the informal sector accounted for 83 percent of total employment adding 702.9 thousand new jobs (about 86 percent of total new jobs) during the year, although, lower than 753.8 thousand jobs created in 2021. Formal wage employment only grew by 155.7 thousand jobs between 2018 and 2022, with just under two-thirds coming from the public sector. Education, manufacturing, and hotel and food services accounted for half of the job creation in the private sector wage employment during 2022, reflecting continued recovery from the impacts of COVID-19 pandemic. Notably, wage employment in education, trade, transport, and hotel and food services are still below the pre-pandemic levels. Further, real average earnings among formal wage employment have been on a downward trend post-2019, with a 12 and 6 percent decline in average earnings between 2019 and 2022 for formal public and private wage employment, respectively.

Macroeconomic Stability (Inflation, Interest rates, Exchange rates)

Inflation

Inflation remained above the Government target range of 5 ± 2.5 percent from June 2022 to June 2023. In order to anchor inflation expectations and bring down inflation within the target range, the Monetary Policy Committee (MPC) gradually raised the policy rate (Central Bank Rate (CBR)) from 7.50 percent in May 2022 to 10.50 percent in June 2023. The MPC retained the 10.50 percent in August 2023. Consequently, inflation declined significantly to 6.7 percent in August 2023, from a peak of 9.6 percent in October 2022. The decline largely reflects the easing of food prices and impact of monetary policy tightening.

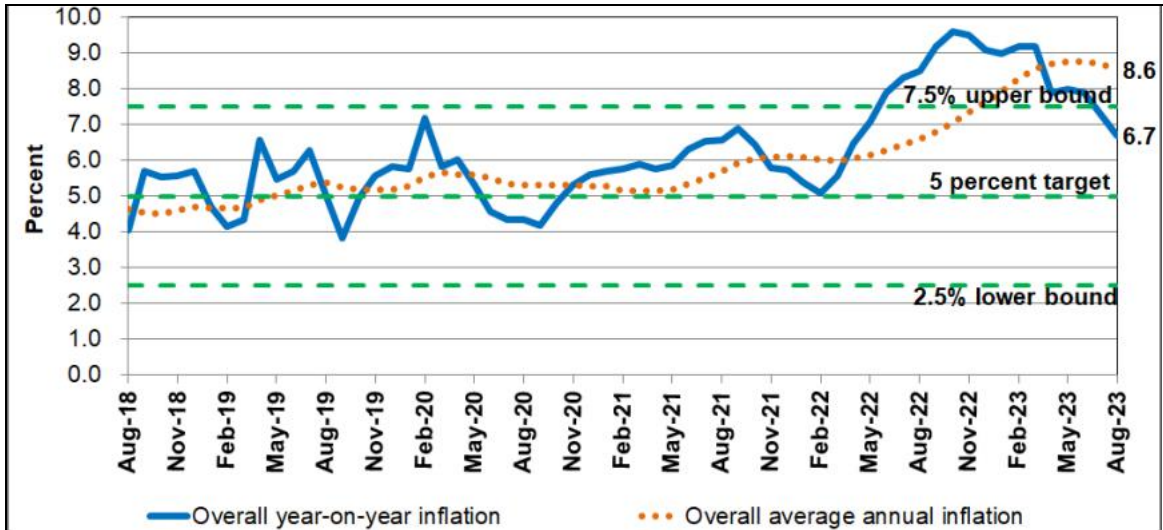


Figure 7: Percentage of Inflation

Source: Kenya National Bureau of Statistics

Interest Rates

Reflecting the tight monetary policy stance, interest rates increased in the year to August 2023. The interbank rate increased to 12.5 percent in August 2023 compared to 5.4 percent in August 2022 while the 91-day Treasury Bills rate increased to 13.4 percent compared to 8.6 percent over the same period. The 182-day Treasury Bills rate increased to 13.4 percent in August 2023 from 9.5 percent in August 2022 while the 364-day also increased to 13.6 percent from 9.9 percent over the same period. The introduction of the interest rate corridor, in August 2023, is expected to align the interbank rate to the Central Bank Rate and thereby improve the transmission of the monetary policy.

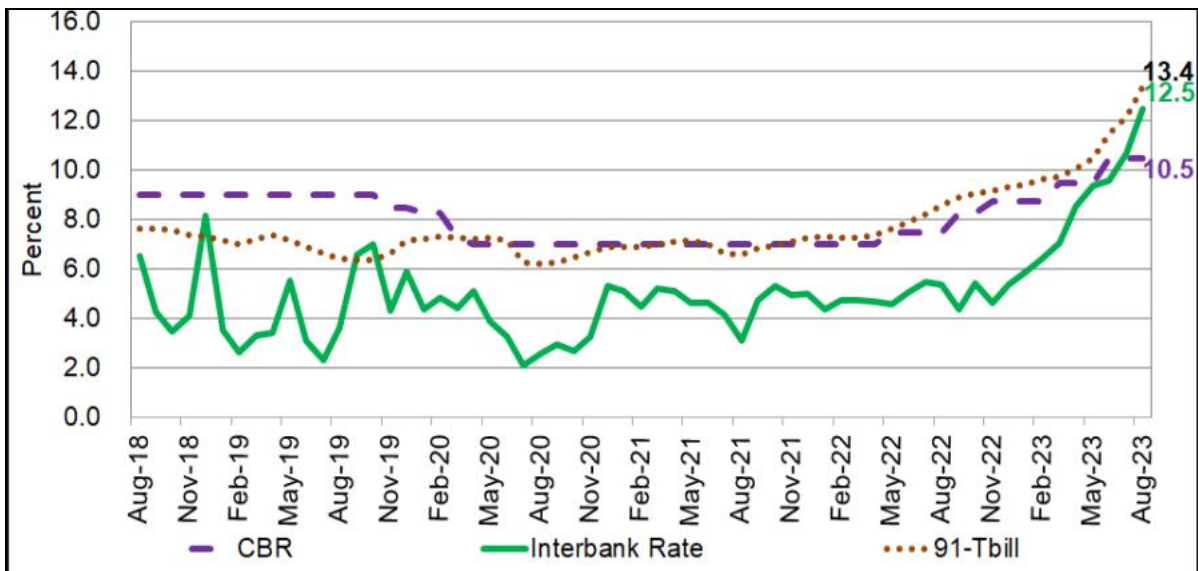


Figure 8: Percentage of short term interest rates

Source: Central Bank of Kenya

Exchange Rates

Commercial banks average lending and deposit rates increased in the year to June 2023 in tandem with the tightening of the monetary policy stance. The average lending rate increased to 13.3 percent in June 2023 from 12.3 percent in June 2022 while the average deposit rate increased to 7.8 percent from 6.6 percent over the same period. Consequently, the average interest rate spread declined to 5.5 percent in June 2023 from 5.7 percent in June 2022. The Kenya shilling exchanged at Ksh 143.9 in August 2023 compared to Ksh 119.5 in August 2022. Against the Euro, the Kenya shilling weakened to exchange at Ksh 157.1 in August 2023 compared to Ksh 121.0 in August 2022 while against the Sterling Pound the Kenyan shilling weakened to exchange at Ksh 182.9 compared to Ksh 143.5, over the same period. The Kenyan shilling was supported by increased remittances, adequate foreign exchange reserves and improved exports receipts.

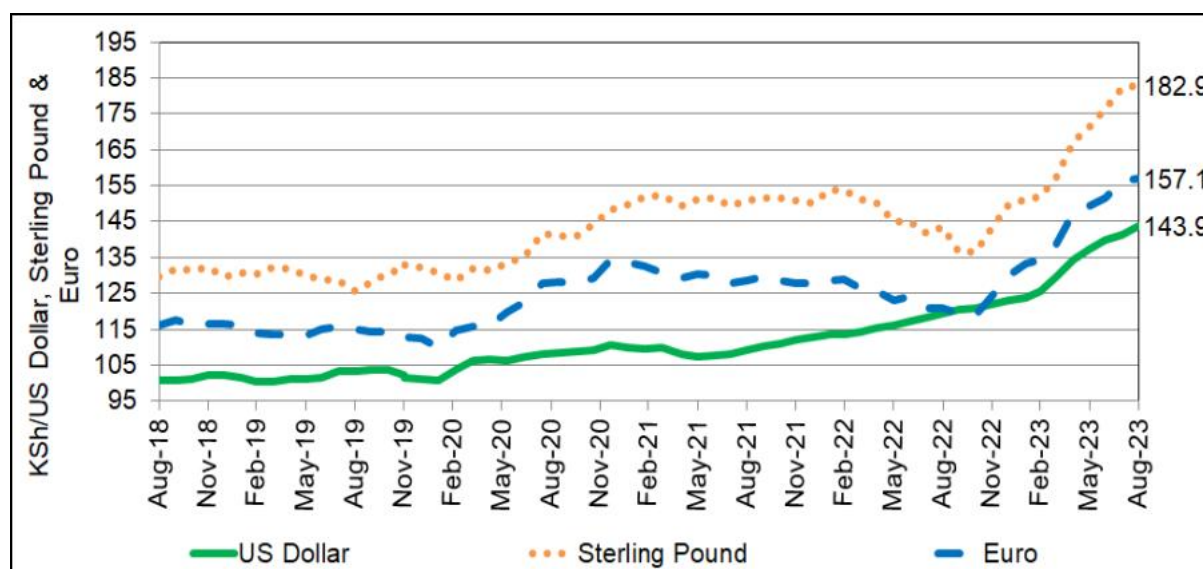


Figure 9: Kenya Shillings Exchange Rate

Source: Central Bank of Kenya

County Growth Prospects

The growth prospects for the County economy in FY 2023/24 are positive given the National economic outlook as well as the physical and socio-economic infrastructural investments by both the National and County Government. Even so, the county will in the FY 2023/24 and the medium term continue to explore new and innovative ways of increasing its local revenue collections. The county government will continue with both structural and administrative reforms in revenue management. Further new revenue streams will be pursued to ensure that the revenue potential is reached. It will also continue to implement various infrastructure projects across all sectors. These capital projects will spur growth and development of the county by providing employment and markets. All these projects are expected to have positive impact on the socio-economic environment of the county.

4.2 Medium Term Economic Outlook

Global Growth Outlook

Global growth is projected to fall from an estimated 3.5 percent in 2022 to 3.0 percent in both 2023 and 2024. While the forecast for 2023 is modestly higher than predicted in the April

2023 World Economic Outlook (WEO), it remains weak by historical standards. The rise in central bank policy rates to fight inflation continues to weigh on economic activity. Global headline inflation is expected to fall from 8.7 percent in 2022 to 6.8 percent in 2023 and 5.2 percent in 2024. Underlying inflation is projected to decline more gradually, and forecasts for inflation in 2024 have been revised upward. In most economies, the priority remains achieving sustained disinflation while ensuring financial stability. Therefore, central banks should remain focused on restoring price stability and strengthen financial supervision and risk monitoring.

Domestic Growth Outlook

Kenya's economic performance is projected to remain strong and resilient over the medium term. The economy recorded a strong growth of 5.3 percent in the first quarter reflecting a strong recovery in agriculture sector and buoyant services sector including financial and insurance, information and communication, wholesale and retail trade and transport and storage. The economy is expected to remain strong and expand by 5.5 percent in 2023 (5.6 percent in FY 2023/24) and 5.7 percent in 2024 (5.9 percent in FY 2024/25).

Monetary Policy Outlook

The monetary policy stance is aimed at achieving price stability and providing adequate credit to support economic activity. Consequently, overall inflation is expected to remain within the Government target range of 5 ± 2.5 percent in the medium term. This will be supported by muted demand pressures consistent with prudent monetary policy and easing domestic and global food prices. In addition, Government measures to support sufficient supply of staple food items through zero rated imports and lower the cost of production through the ongoing fertilizer and seeds subsidy program will exact downward pressure on inflation. The Central Bank has implemented a new monetary policy framework based on inflation targeting to facilitate alignment of the short term rates with the Central Bank Rate (CBR), reduce volatility in the interbank rate and improve monetary policy transmission. The interest rate corridor is set at ± 250 basis points around the CBR. In addition, the CBK has reduced the applicable interest rate to the Discount Window from 600 basis points to 400 basis points above CBR to improve access to the Window.

Fiscal Policy Outlook

Fiscal policy over the medium-term aims at enhancing revenue mobilisation, expenditure rationalization and strengthening management of public debt to minimize cost and risks of the portfolio, while accessing external concessional funding to finance development projects. This is geared towards economic recovery to support sustained, rapid and inclusive economic growth, safeguard livelihoods and continue the fiscal consolidation programme to create fiscal space for the implementation of the "Big Four" Agenda.

4.3 Risks to Economic Outlook

There are down side risks to this macroeconomic outlook emanating from domestic as well as external sources. On the domestic front, risks relate to unpredictable weather conditions due to the impact of climate change which could adversely affect agricultural production and result to domestic inflationary pressures and food insecurity.

On the external front, uncertainties in the global economic outlook stemming from the current geopolitical tension could result in higher commodity prices and slowdown the global economic recovery which could impact on the domestic economy. Weaker global demand could adversely affect the Kenya's exports, foreign direct investments and remittances. Additionally, high international commodity prices pose a risk to global and domestic inflation outcomes which could lead to further tightening of financial conditions. Continued strengthening of US dollar against other global currencies arising from aggressive monetary policy tightening present significant risks to financial flows and puts pressures on the exchange rate with implication to growth and inflation.

Upside risks are mostly linked to early easing of global financing conditions and lower international fuel and food prices, which would strengthen Kenya's external balances. This will be reinforced by faster than projected rebound in economic activities that would result in higher Government revenues providing fiscal space that would support fiscal consolidation. Optimal coordination between monetary and fiscal policies are expected to result to a stable macroeconomic conditions which is a necessary condition for investment and savings thereby promoting economic growth.

5. RESOURCE ALLOCATION FRAMEWORK

5.1 Adjustments to FY 2023/24 budget

In the County, the level of absorption and the project implementation status clearly indicates the need for the departments to maximize the available resources on need based planning which will ensure the key projects in the 2023/24 budget are implemented. These projects will have great impact on socio-economic lifestyle of residence of Taita Taveta.

The County government will accommodate minimum adjustments in the context of a supplementary budget revision to the FY 2023/24 budget estimates. These adjustments will be due to the following:

- a. Review of balances brought forward from the FY 2022/23 budget following the reconciliation of FY 2022/23 books of accounts.
- b. Adjustments will take into account actual performance of expenditure after the first quarter.
- c. A review of the County's conditional grants for FY 2023/24 as contained in the approved 2023 CARA.

In order to achieve the revenue target set out in the FY 2023/24 budget, the county will continue to implement the automation of revenue to improve revenue collection. The supervision of revenue collection is essential to seal off all possible revenue leakages and loss through non-collection.

The County Government will continue to rationalize expenditures to improve efficiency and reduce wastage of the resources. Within the medium term, the departments will have measures on expenditure control in order to regulate any increase in pending bills. Finally, the PFM Act, 2012 is expected to guide and accelerate reforms in expenditure management system necessary for the efficient utilization of resources hence debt management.

5.2 Medium Term Expenditure Framework

In the FY 2023/24 , the MTEF budgeting will consider allocation of the resources to key priority sectors in order to offer efficient service delivery using the public proposals given during CFSP 2023 public participation. The prioritized projects are lifted from the broad priorities in the CADP 2023, and the CIDP 2023-2027 and other national planning documents.

The estimated total county Resource envelop for the FY 2023/24 budget is expected to be Kshs 7.4 Billion comprising of the equitable share from the national Government, domestic and foreign conditional grants and Own Source Revenue.

The County expects Kshs 5.04 Billion as equitable share for FY 2023/2024. The county further aims at benefiting from donor funds and conditional funds from the National Government namely; National Agricultural Value Chain Development Programme(NAVCDP), Danida grant for Primary healthcare for devolved system program, Locally Led Climate Action Programme-fLLoCAP , Agricultural Sector Development Support Programme (ASDSP II), Kenya Informal Sector Improvement Project(KISIP-II), Water and Sanitation Development Project(WSDP), Kenya Climate Smart Agriculture Project(KCSAP), Aggregated Industrial Parks Programme, Fertilizer subsidy programme, Livestock Value Chain Support Project and De-risking and Value Enhancement(DRIVE).

The total Own Source Revenue is projected at Kshs 450 Million for FY 2023/24 having been reviewed upward from a target of Kshs 389 Million in FY 2022/23.

The absolute recurrent expenditure is expected to remain significantly stable and its expenditure ratio to total county budget is however expected to remain at below 70 % as outlined in the PFMA 2012. The recurrent to development ratio is expected to continue improving over the medium term. This will be achieved through continuous rationalization of expenditures.

The ceiling for development expenditures including donor funded projects is expected to stand at over 35% of total County's Revenue base over the medium term. In terms of capital expenditure, priority will be given to the completion of all on-going projects.

Table 18: Actual Revenue for 2022/23 and Projections up to FY 2025/26

Source	Actual Revenue 2022/23	Revenue Estimates 2023/24	Projected Estimates 2024/25	Projected Estimates 2025/26
Equitable share and Own Source Revenue				
County Allocation	4,842,174,699	5,040,427,430	5,141,235,979	5,244,060,698
Mineral royalties	-	51,756,326	52,791,453	53,847,282
County Own Source Revenue	265,379,553	400,000,000	420,000,000	430,180,000
Health Sector Facility Improvement Fund(FIF)	161,118,235	176,682,445	180,216,094	183,820,416
Return to CRF issues	387,611,273	340,000,000	350,600,000	370,200,000
Funding from Development partners				
Kenya Informal Settlement improvement Project (KISIP-II)-IDA (World Bank)	30,000,000	40,000,000	40,800,000	41,616,000
IDA-WB National Agricultural Value Chain Development Project(NAVCDP)	67,192,729	250,000,000	255,000,000	260,100,000
Kenya Climate Smart Agriculture Program - IDA (World Bank)	124,522,005	90,000,000	91,800,000	93,636,000
Water and Sanitation Development Project (World Bank)	569,396,254	950,000,000	969,000,000	988,380,000
Danida grant for Primary healthcare for devolved system program	-	7,738,500	7,893,270	8,051,135
Locally Led Climate Action Programme-fLLoCAP- CCIS WB grant(2022-23&2023-24)	22,000,000	11,000,000	11,220,000	11,444,400
Agricultural Sector Development Support Programme (ASDSP II)-Sweden	17,921,715	1,991,302	2,031,128	2,071,751

Kenya Urban Support Programme(UG)	2,339,915			
Conditional funds from the National Government				
Aggregated Industrial Parks Programme	-	100,000,000	100,000,000	100,000,000
Fertilizer Subsidy Programme	-	43,540,521	44,411,331	45,299,558
Livestock Value Chain Support Project	-	21,485,520	21,915,230	22,353,535
De-risking and value enhancement (DRIVE)	-	63,341,980	64,608,820	65,900,996
Total	6,488,159,280	7,587,964,024	7,753,523,305	7,920,961,771

Source: County Treasury

6. CONCLUSION AND WAY FORWARD

The CBROP presents the MTEF for FY 2022/23 to FY 2024/25 factoring in the challenges faced by county government in receiving the equitable share for FY 2022/23. The MTEF for the financial years presents the actual values and projections of FY 2023/24- FY2025/26 obtained by moderating the revenue projections and control of expenditure based on the laid policies. The financial policies therefore are consistent with fiscal responsibilities outlined in the PFM Act.

The policies will be highlighted in the next 2024 County Fiscal Strategy Paper to be released by February 2024. Given the tight resource constraints amidst significant revenue shortfalls the County Government of Taita Taveta will continue to ensure proper prioritization of public expenditures to the most impactful programmes with highest welfare benefits to the residence.

As such, in the FY 2024/25 budget, special focus will be placed on the achievement of the Governor's Manifesto as stipulated in various county planning documents. All Departments are required to adhere to the hard sector ceilings, and the strict deadlines provided in this document to facilitate the finalization and appropriation of the FY 2024/25 and the medium-term budget. The resource envelope and ceilings for each Department will be provided in the next County Fiscal Strategy paper, which will be finalized by Mid-February 2024.

ANNEX 1: Key Budget Cycle Dates for FY 2024/2025 and the Medium Term

SN	Document	Prepared By	Submitted To	Date
1.	Issuance of the budget circular	CECM Finance and Economic planning	All County departments	30 th August 2023
2	County Annual Development Plan	County Treasury	County Assembly	1 st September 2023
3	County Budget review and Outlook paper	County Treasury	County Executive County Assembly	30 th September 2023 21 st October 2023
4	County Fiscal Strategy Paper(CFSP) and County Debt Strategy Paper	County Treasury	County Assembly	28 th February 2024(Submission) 15 th March 2024(Approval)
5	Departmental draft budget estimates	All departments	County Treasury	20 th March 2024
6	Consolidated County Budget Estimates	County Treasury	County Assembly	30 th April 2024(Submission) 30 th June 2024(Approval)
7	County Appropriation Bill	County Treasury	County Assembly	30 th June 2024(Approval)
8	Finance Bill	County Treasury	County Assembly	Not later than 30 th June(Submission) 30 th September(Approval)
9	Quarter 1 Budget Implementation Report	County Treasury	County Executive	30 th October 2023
10	Quarter 2 Budget Implementation Report	County Treasury	County Executive	31 st January 2024
11	Quarter 3 Budget Implementation Report	County Treasury	County Executive	30 th April 2024
12	Quarter 4 Budget Implementation Report	County Treasury	County Executive	31 st July 2024