



REPUBLIC OF KENYA

THE GOVERNMENT OF THARAKA NITHI COUNTY

A Prosperous, Industrialized and Cohesive County

BUDGET STATEMENT

For the

Fiscal Year 2019/2020

By

MS. NAIVASHA, I.K. DOROTHY

County Executive, Finance and Economic Planning

June 19th 2019

Theme:

Sustaining Development through Economic Transformation

COUNTY TREASURY

STATEMENT DELIVERED TO THE COUNTY ASSEMBLY OF THARAKA NITHI ON 19TH JUNE 2019 BY MS. DOROTHY I.K. NAIVASHA, COUNTY EXECUTIVE FOR FINANCE AND ECONOMIC PLANNING, WHEN HIGHLIGHTING THE BUDGET POLICY AND THEME FOR THE FISCAL YEAR BEGINNING 1ST JULY 2019 AND ENDING 30TH JUNE 2020.

© Budget Statement 2019

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INTRODUCTION

-Hon. Speaker of the County Assembly

-Hon. Members of the County Assembly

-Invited Guests

-Ladies & Gentlemen

Good Morning;

1. Mr. Speaker and Honourable Members, I am privileged today, to present the key highlights of the budget for the fiscal year 2019/20. First, I take this earliest opportunity to convey greetings from H.E the Governor, Hon. Muthomi Njuki, H.E Deputy Governor, Hon. Francis Kagwima and the entire County Executive.
2. Mr. Speaker, it is my pleasure to present the seventh budget statement being cognisant of the heavy constitutional, legal and moral responsibility bestowed upon all of us by the great people of Tharaka Nithi County as custodians of their aspirations.
3. The strategic choices that we take as a County Government are guided by our vision, mission and shared county values. The framing of our county Vision, *which aptly aims at having "A prosperous, industrialized and cohesive County"* is a testament of the enormous responsibilities on those in leadership. In addition, our Mission which focuses on Enhancing sustainable socio-economic growth and optimal utilization of resources summarizes the long term aims of the decisions that we take in developing our medium term budgets. And most important our values namely Integrity, Inclusiveness, Citizen-focused approach, Transparency and Accountability and Team work in managing public affairs form the cornerstone of our daily engagement with stakeholders both within and outside the organizational setting.
4. Tharaka Nithi County has recorded tremendous economic growth notable being the fastest growing county over the last two years. The Gross County Report 2019 indicate that the County's 7.2% is the highest per capita GCP growth relative to average Per Capita GCP for all counties. The County's economic growth is among the best with over 3.5% growth in economic activity relative the average growth for all counties. This is clear indication that the strategic measures and policies being implemented by the County Government are yielding positive results.
5. This year's Budget is governed by the theme that was expounded in the County Fiscal Strategy Paper 2018 of "Sustaining Development through Economic Transformation".
6. Mr. Speaker, the county government continues to ensure commitment to prosperity of the county through the implementation of programmes that are geared towards uplifting the living standards of its citizens. This budget statement is going to outline the broad policy goals and strategies that have been earmarked to ensure that the aspirations of our people are fully realized to the best of their potential.

7. Mr. Speaker, our people are interested in experiencing development initiatives. In this regard the county government will endeavour to ensure prioritization of programmes that promote sustainable development putting into consideration the diverse opportunities available in our county. This requires that all government agencies, development partners and non-state actors working in the county pool their efforts in order to achieve maximum benefits by ensuring economies of scale. The mobilization of development notwithstanding the implementing agency will boost equity and target to provide improved road networks, food security, quality education, universal health care, creating business opportunities for youth, women and people living with disabilities. The County leadership has committed itself to actualize the above key deliverables as mandated by *Ciambai*.
8. Over the years significant progress has been realized in terms of linking policies, planning and budgeting and directing budgetary resources to key priority areas, though the process continues to face some challenges. The County Government will continue to address emerging issues, which include: (i) redesigning programmes and projects to eliminate redundancies; (ii) strengthening links between recurrent and development expenditures; and (iii) increasing funding models, with a view to improve the linkage between expenditure and results.
9. Mr. Speaker, in summary the priorities set out in this year's budget are as follows:
 - a) To transform agriculture for improved production and productivity and hence food security;
 - b) Ensure access to quality and affordable health services;
 - c) Provide efficient, affordable and reliable infrastructure for sustainable economic growth;
 - d) Create an enabling and friendly business environment;
 - e) Attain efficient, equitable and sustainable use of land resource, spatial planning and development of urban areas
 - f) Strengthen the democratic arena and fostering good governance.
10. Mr. Speaker, the role of this house in embedding devolution and ensuring we have a shared prosperity cannot be ignored – this 2nd County Assembly has competently ensured that it oversees and oversees all development initiatives undertaken by the County Government so that the interest of the people is paramount. The good working relationship between the two arms of County Government continue to be the key factor in ensuring that we deliver on our mandates.

FISCAL AND EXPENDITURE FRAMEWORK OF THE FY 2019/20 BUDGET

11. Mr. Speaker, the budget estimates for FY 2019/2020 and MTEF period have been prepared in accordance with the provisions of the Constitution of Kenya and the Public Finance Management (PFM) Act, 2012.
12. Mr. Speaker, the 2019/20 financial year budget is Kshs 4.7 billion compared to Kshs 4.6 billion for FY 2018/19 that I announced last year. The change in the overall budget emanates from the marginal increase in shareable revenue from the National Government from Kshs 3.5

billion to Kshs 3.8 billion and a reduction of local revenue projections from Ksh 300 million to Ksh 250 million. The total budget projection constitutes Ksh 3.8 billion as equitable share, Ksh 250 million from own source revenue and Ksh 691.6 million from conditional grants. We shall make sure that we strive to meet our planned revenue projections so that we have a balanced budget.

13. The recurrent expenditure will take Kshs 3.2 billion representing 69.2 percent of total budget while development expenditure is at Kshs 1.4 billion (30.8 percent). The recurrent expenditure has been on an upward trend with salaries and wages being Kshs 1.9 billion representing 40.2 percent of total budgeted revenue.
14. Mr. Speaker, allow me to highlight key strategies and priorities featured in the FY 2019/20 budget.
15. Mr. Speaker, food security is a key pillar of the Big Four Agenda under the Jubilee Government. At the same time, Agriculture is a fully devolved function and hence the contribution of the County Government towards the national goal cannot be gainsaid. To achieve sustainable development there is need for sufficient funding to the agriculture sector with the broad aim of ensuring availability of food across the county and surplus for sale to generate household incomes. Mr. Speaker, I have allocated a capital expenditure of Kshs 260.4 million towards development of agriculture (Crop production programmes) which represents an increase of about 51 million (25%) from FY 2018-19 budget. The allocation includes Kshs 164 million going to the Kenya Climate Smart Agriculture Programme, 22 million for the Agriculture Sector Development Programme covering the Banana, Cereal and dairy value chains, Kshs 23 million for the completion of the Agricultural Training Institute (ATI) in Igamba Ngo'mbe ward, Kshs 20 million to provide farm inputs to farmers (fertilizer and Seeds), Kshs 10 million for the completion of Mukothima grain store, and Kshs 20 million to Support the Coffee and Tea Industry.
16. Mr speaker, as we all know, the livestock sub sector is a major contributor to the counties economy both through employment and creating wealth for the people. Its thus important that the livestock, veterinary services and fisheries units receive adequate support in delivering on their mandate. In light of this a development allocation of Kshs 35 million has been allocated for livestock, veterinary and fisheries development. The purpose of the allocation is to help in disease and vector control, Artificial insemination services and promotion of dairy and poultry production. Going forward the county will equally increase investments in the blue economy given the increasing demand of fish products both locally and nationally.
17. Mr. Speaker, as you are aware Universal Health Care (UHC) is another of the Big Four Agenda and the pilot phase is already ongoing in four counties across the country. The cost of providing quality and accessible health care services is beyond the available capacity of the county. Thus there is need for broad based partnerships with the national government and other health care players to achieve this goal. The County Government is working on a possible partnership with AMREF-Kenya and the ministry of Health Services at the National Government that will see over 30,000 households covered. This partnership will go further to enhance the capacity of 1000 Community Health Volunteers (CHVs) offering level one

primary healthcare at the community level. The work of these men and women has revolutionized the way community health care is being delivered in our county.

18. Mr Speaker, as such, the County Department of Health Services has a total planned expenditure of Kshs 1.83 billion taking up 47.3% of the total County resource envelope. The recurrent expenditure has been allocated Kshs 1.6 billion while development costs will be 244 million in FY 2019/20.
19. Mr Speaker, to deliver better healthcare to the citizens, the county government has allocated Kshs 15 million for hospital equipment, Kshs 42.1 million for rehabilitation and equipping of 19 health centres. Particularly, the County Government is going to construct and operationalize the first ever Government Health Facility at Mukothima market through the proposed budget.
20. The provision of specialized health services within the county is paramount in order to support the universal health care initiative. In light of this, we have provided Ksh 176.8 million to improve all our referral hospitals. Chuka Referral hospital will be receiving 129.8 million for on-going construction of outpatient block, Mortuary, Kitchen, Theatre, and oxygen provision. Marimanti Sub County hospital will receive Ksh 22 Million for kitchen, theatre, outpatient block and perimeter fencing. Magutuni Sub County hospital will receive Ksh 25 million for power connection and completion of ongoing projects.
21. Mr. Speaker, the department of Education and Youth Training remains a key input in our social-economic fabric as a county. The county has responsibilities over early childhood development and vocational training which require a lot of investments to sustain and achieve meaningful results. With a combined allocation of Ksh 290 million the two functions take up a considerable outlay of the county budget.
22. Mr speaker, I have allocated Kshs 60 million for construction of ECDE classes, Ksh 55.5 million for rehabilitation and running of our vocational institutions and Kshs 20 million for the Bursaries. Over the last two years the county has initiated the construction of over 150 classrooms and the next allocation is aimed at ensuring that all of them are duly completed and equipped as we plan to target the remaining 300 centres over the next three years. The recurrent allocation of Ksh 197 million will cover the salaries needs for the 449 ECDE care givers, provide learning and other materials to the ECDE and vocational centres and ensure adequate monitoring of the institutions in the county.
23. Mr speaker, the Youth, Sports, Culture and Tourism programmes target a unique segment of our population. These groups are uniquely talented and only require support to harness the huge potential for the benefit of all of us. The development of our sporting talent require good facilities and hence we have allocated Kshs 14.5 million to complete the ongoing projects at Kairuni, Kathwana and Marimanti play grounds. As part of efforts to fight the unemployment problem, I have allocated Kshs 20 million to initiate youth empowerment programs. We have also earmarked Kshs 11 million to complete and equip the Kathwana social hall that will be available to host key county functions and activities. In addition to these, the recurrent allocation includes funds for supporting different cultural and sporting activities including the county marathon, intercountry games and other tournaments.

24. Mr. Speaker, the Department of Roads, Infrastructure and Public Works aims to improve accessibility and connectivity by improving access to trading centers, markets, dispensaries, schools and other public places through provision of reliable infrastructure including building bridges. To do this, frequent improvement of all-weather roads, feeder roads, market roads, public places, and regulating the transport system will need to be carried out. Further, funding for the development of housing schemes and completion of the county headquarters will remain priorities within the administration.
25. Mr. Speaker, transport and communication is a major contributor to economic development by easing movement of goods and people. The mixed model adopted in implementation roads projects involves subcontracting major works and using our own machines to open up ward roads.
26. Mr Speaker, the county will continue receiving conditional allocation from Kenya Roads Board through the Roads Maintenance Fuel levy. For this financial year the department has a planned development expenditure of Kshs 451.05 million. Out of this this, Kshs. 155 million has been allocated for the ongoing tarmacking of Tunyai-Nthaara-Marimanti, Mitheru-Kaanwa and Cheera_Kambandi-Ruguti roads. A further Kshs. 58.5 million will be utilized to construct footbridges and bridges and Kshs 112.5 million has been set aside for the maintenance of truck roads under KRB-RMFL funding and Kshs 25 million has been allocated for continuous maintenance of all roads graveled in previous years. In securing gains made in improving our roads with our own machines we have also allocated Kshs 50 million for acquisition of a Dozer and two Tippers in addition to the ones already acquired in previous financial years.
27. Mr. Speaker, the Department of Water Services and Irrigation has been allocated Kshs 120.75 million for various water projects across the county as itemized in the budget.
28. Mr. Speaker, access to safe and clean drinking water is a key priority of this government. In the coming financial year, we have identified 15 irrigation and 9 domestic water projects to be financed in addition to the numerous projects funded by our partners. The key project in the coming year is the Chiakamakama water project which is aimed at addressing the perennial water shortages at Chiakariga market. The other areas that needs urgent attention include the lower regions of Gatunga and Mukothima wards. These areas will be given priority in harnessing ground water through the Kshs 28.5 million allocated for drilling of boreholes.
29. Mr. Speaker, as part of efforts to ensure food security, the county will continue to increase the land under irrigation and reduce over reliance of rain fed agriculture. In the current season, we have experienced massive crop failure due to the erratic weather patterns and this calls for urgent remedial measure as climate change becomes more pronounced. Given these realities, we have provided Ksh 52.25 million to small holder irrigation programs. Going forward, we hope that the national government will actualize the plans to construct the high grand dam and the Mount Kenya High capacity dam which will provide sufficient water for irrigation.
30. In order to recreate and ensure a clean environment within our county, the Lands, Physical Planning, Urban Development, Housing and Environment has been allocated Kshs 192 million for several projects. The implementation of Kathwana Municipality improvement programme

is on course and phase I tarmacking is almost complete. Additional projects through Sustainable Urban Economic Development programme with a total of Kshs 800 million will contribute significantly in development of our municipality.

31. Mr. Speaker, Further, a sum of Kshs 61 million has been allocated for improving management of solid waste within the county. This includes the automation and mechanization of waste management at incineration centre and environmental restoration projects in all wards.
32. Mr. Speaker, the department will also receive Ksh 46 million for physical planning and urban development services. Development of the county spatial plan is on-going with partnership with University of Nairobi and will help the county define utilization of land resources in a more sustainable and predictable manner. The county will also continue to develop social amenities in all markets and major towns to ensure that the residents have access to the basic services. The next financial year allocation will include funding for construction of Kaanwa, Nkondi, Itugururu and Mukothima markets sheds.
33. Mr. Speaker, The Department of Energy, Information, Communication and Technology continues to support delivery of better services through deployment of the information and Communication technological assets. The department will continue to support and maintain the different ICT modules that have been installed in hospitals, human resource registry, revenue collection points and planned bus park control system. In order to enhance revenue collection, we shall be installing CCTV cameras at all cess points and automate all bus parks with aim of sealing frequent revenue leakages.
34. Mr. Speaker, the highlights cannot be exhaustive. However, this is an assurance that the County Government will remain steadfast in delivering its promises to the people of Tharaka Nithi.

REVENUE RAISING MEASURES FOR 2019/20 FY BUDGET

35. Mr. Speaker, as you are aware, the performance of the County Government is partly dependent on the amount of county-own revenue that it collects within a financial year. During 2017/18, the Revenue Department collected over Kshs 130 million against a target of Kshs 120 million from a range of sources which includes single business permits, licenses, and market fees. The funds collected significantly contributed to an improvement of services such as garbage collection within urban centers. For 2018/19, the department had targeted to collect Kshs 300 million and had realized over Kshs 170 million as at 30th April 2019 compared to Kshs 125 million collected in FY 2017-18 for a similar period. This performance is underpinned by on-going reforms in revenue administration. The revenue department has instituted measures to expand revenue base and eliminate any leakages. The recent modernization and automation of revenue collection is expected to simplify rates collection and enhance the revenue yield.
36. Mr. Speaker, to realize the above Own Source Revenue targets focus will be on the following measures and among others:
 - (a) We intend to strengthen Revenue Automation through enhanced Jambopay agency banking and pay bill services as a means of going cashless in revenues collection thus sealing leakages. This will include engaging Huduma centre services in dispensing

some of our services like issuance of consolidated single business permit among other services

- (b) We are proposing to undertake a robust assessment and mapping of our potential revenues while strengthening the existing sources including proposing other external measures to mobilize revenue over the medium term. Some of the additional revenue streams are included the proposed Finance Bill 2019.
- (c) Operationalize Agricultural Training Centre at Itugururu in Igambang'ombe ward, Marimanti Vetlab and Mukothima Grain store as additional revenue streams.
- (d) Kinondoni Lodge to be rehabilitated with a target of refinancing to a modern tourist destination point with a potential of generating over Kshs 5 million annually.
- (e) Review and implementation of valuation roll for urban centres including Chuka, Marimanti and Chogoria to generate additional Kshs 6 million
- (f) Develop and implement advertising regulations targeting to regulate outdoor advertisement and promotions to generate KShs 2 million in license fees;
- (g) Maintain roads in markets and other urban centres and develop basic public utilities to improve ease of doing business

37. Mr. Speaker, in order to improve the county's own source revenue and to counter revenue payment avoidance we are proposing to implement the following:

- i. Continuous sensitization meetings with the tax payers both in some formal and informal fora
- ii. We shall make nonpayment of fees and revenues expensive by proposing stiffer penalties through the Finance Bill 2019.
- iii. We are going to initiate a discussion with the judiciary in establishing a County Court or allocate a day and time to expedite justice to offenders of on revenue collection.

38. Mr. Speaker, an efficient and trusted revenue administration is one of the county's institutional strengths. Revenue unit has played an integral role in revenue enhancement by ensuring that expected levels of revenue are realized to fund spending programmes. The unit must continue to develop the skills and capacity needed to enforce legislation and strengthen its efforts to curb revenue collections avoidance and evasion and address illicit financial businesses. Continued strengthening of the capacity of revenue staff and enhancing its relationships with taxpayers is vital for our fiscal health.

CONCLUSION

39. Mr. Speaker, I appreciate the approval by this Honorable County Assembly of the 2019/2020 budget and further seek approval of Finance Bill 2019 and Appropriation Bill 2019. Finally, I take this opportunity to invite you Honorable Members to the next planning and budgeting cycle which starts July 2019.

Thank you All. God bless Kenya, God bless Tharaka Nithi County