

COUNTY GOVERNMENT OF THARAKA NITHI



A Prosperous, Industrialized and Cohesive County

BUDGET STATEMENT

for the

Fiscal Year 2022/2023

By

Ms. NAIVASHA, I.K. DOROTHY

**County Executive Committee Member Finance, Economic Planning
& Trade**

Tuesday 22nd March 2022

Theme:

Supporting Post COVID 19 Recovery

THE COUNTY TREASURY

**STATEMENT DELIVERED TO THE COUNTY ASSEMBLY OF
THARAKA NITHI ON TUESDAY 22nd MARCH 2022 BY Ms. DOROTHY
I.K. NAIVASHA, COUNTY EXECUTIVE COMMITTEE MEMBER FOR
FINANCE, ECONOMIC PLANNING & TRADE WHEN HIGHLIGHTING
THE BUDGET POLICY AND THEME FOR THE FISCAL YEAR
BEGINNING 1ST JULY 2022 AND ENDING 30TH JUNE 2023**

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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, it is my honour and privilege to present the Financial Year 2022/23 Budget Statement to this Honourable House. I take this opportunity to deliver greetings from H.E the Governor, Honourable Muthomi Njuki and the entire County Executive Committee. I reiterate the commitment of our Governor in creating synergy between the County Executive and the County Assembly to ensure effective service delivery to our people.
2. Kenya's economy has been hit hard by the aftermath of COVID-19, severely affecting livelihoods of many citizens. The pandemic created a global economic crisis marked by increasing commodity prices and pushing households to financial distress. On the positive side, the economy has shown resilience to the COVID 19 shock, with output rising above the pre-pandemic levels at the end of 2021. The Real Gross Domestic Product growth is expected to be about 4.9 per cent in 2022 an increase from all-time low of negative 5.5 per cent in June 2020. The year 2022 has also began with new

challenges considering the imminent electioneering period, prolonged drought, and the global geopolitics in eastern Europe ensuing from Ukraine invasion by Russia. The events are likely to disrupt global supply chains leading to shortages of key raw materials, food and general supplies hence impacting negatively on our country's productivity. The increase in prices of essential commodities and agricultural inputs will be felt locally by our people.

3. Mr. Speaker, it is thus important that as we formulate the final budget under our County Integrated Development Plan 2018-2022, we should support initiatives that will help the our people to cope with these hard-economic times. Thus, our county priority areas are aimed at supporting the implementation of the National Economic Recovery Strategy (ERS) and the County Post-Covid-19 Socio-economic Recovery Strategy that aims at restoring the economy to a strong growth path, creating jobs and economic opportunities across all parts of the county with a view to tackling social and income inequalities. Nationally, it is expected that the successful implementation of the Economic Recovery Strategy which is also aligned to the “Big Four” Agenda will promote inclusive growth and transform the lives of Kenyans.

4. Mr. Speaker, the planning, budget formulation, implementation monitoring, and reporting are at the core of

service delivery by any government institution or agency. The County Treasury has made efforts to enhance accountability of financial systems and taken action to make our budget formulation a consultative process open to all stakeholders. The efforts have been supported by the meaningful public engagement in the budget making process, the strong oversight role from this house and improved budget transparency. Our budget reports show how our public spending and fiscal responsibility have improved the livelihoods of our people.

5. The Budget proposals for 2022-2023 retains the focus to support the five pillars of our county development agenda, which are enhancing access to quality and affordable health services, transforming agriculture for improved production and productivity, improving our road network, providing safe and clean water, and creating a conducive business environment for our people in all sectors. This is in tandem with the County Socioeconomic Re-engineering Strategy which was approved by this Honorable House.

FISCAL FRAMEWORK FOR THE FY 2022/23 BUDGET

6. Mr. Speaker, the budget estimates for FY 2022/2023 and three-year Medium Term Expenditure Framework period have been prepared in accordance with the provisions of the Constitution of Kenya and the Public Finance Management

(PFM) Act, 2012. In the financial year 2022/2023, the County Government's total revenue is projected to be KES 5.49 billion. This comprises of KES 4.21 billion from the Equitable Share Allocation, KES 925.78 million as loans and conditional grants from National Government and own-source revenue (OSR) of KES 350 million.

7. The recurrent expenditure will be KES 3.64 billion representing 66 percent of total budget while development expenditure will be KES 1.87 billion which is 34 percent of the total budget. This is in line with our fiscal responsibility principles as outlined in our County Fiscal Strategy Paper of 2022 and the Public Finance Management Act of 2012 that requires a minimum 30 per cent allocation for development investments in the medium term.

Mr. Speaker, allow me to highlight the strategies and priorities that inform our financial objectives in the FY 2022/2023 budget.

AGRICULTURE

8. Mr. Speaker, about ninety per cent of the county population is mainly concentrated in rural areas which are predominantly agriculture oriented. Agricultural activities in these areas are crucial to economic growth and plays a critical role in transforming households to reach higher-income status along with achieving other development goals. Our county, which

has great potential for agricultural production, has put in place agricultural policies with a vision of enhancing productivity, food security and creating value addition for sustainable development. Despite having experienced favorable weather patterns in the last few years, the county's food security achievement is facing several challenges including continued over-reliance on rain-fed agriculture, limited agro-processing/value addition, inefficient marketing systems, losses due to pests and diseases, and poor post-harvest handling and high costs of production due to high price of inputs such as fertilizer, seeds, and fuel.

9. Mr. Speaker, I have allocated a total of KES 727.9 million to the agriculture sector with KES 595.8 million going to Agriculture, Industry and Cooperatives development while KES 132.1 million is for Livestock, Veterinary and Fisheries Development. Out of the total allocation, KES 515.3 million and KES 212.6 million has been set aside for capital and recurrent expenditure respectively. Specifically, KES 350.0 million has been allocated towards the Kenya Climate Smart Agriculture Programme (KCSAP) which aims at increasing agricultural productivity and enhancing resilience mechanisms to climate change risks in targeted smallholder farming and in the event of an Eligible Crisis or Emergency, to provide immediate and effective response.

10. Further, KES 26.5 million has been allocated to the Agriculture Sector Development Support Programme (ASDSP) covering the Banana, Indigenous Chicken and Dairy Cows Value Chains, while KES 38 million has been allocated to cushion our farmers against the high cost of farm inputs under Crop Subsidy Programme (which includes distribution of high-yield and early maturing drought-resistant certified seeds such as green grams, maize and beans). This programme benefits over 100,000 farmers every planting season. Consequently, the programme has provided the residents with food security and increased their household income. A further KES 7.5 million has been allocated for the operationalization of the County Agricultural Training Institute (ATI) to enhance farmer training and capacity development. Further, KES 45.7 million has been allocated for the Emergency Locust Response Project (ELRP) to help monitor, prevent and respond to the possible disastrous impacts of desert locust invasion as was witnessed in the years 2020 and 2021.

11. Mr. Speaker, under the Livestock Subsector, I have allocated KES 15.8 million towards the Aquaculture Development and Support Programme, KES 10.5 million towards infrastructural support for Livestock Produce Value Chains and livestock production, KES 4.0 million towards the purchase of vaccines and sera for disease control programme which has seen the

County vaccinate over 70,000 animals annually. Additionally, I have allocated KES 10.0 million to support the Artificial Insemination (AI) and Breeding Programme whose main aim is to improve Livestock Production and Breed Quality in the county by attaining the productivity levels of 15 litres per cow per day from the current 6 litres per cow per day. This program has recorded over 20,000 beneficiaries since its inception three years ago and resultant heifers have proved to be better breeds with increased productivity and profitability to our dairy farmers. To get more information on other county agricultural products, services, and any other relevant information, farmers can register in the Tharaka Nithi Farmers platform through our **USSD *452#**.

HEALTH SERVICES

12. Mr. Speaker, providing quality, accessible and affordable services to our citizenry is our vision for healthcare in Tharaka Nithi County, due to its contribution to our overall development agenda. As it is always said *“a healthy nation is a wealthy nation.”* Therefore, the County Government has prioritized expanding of existing and new health facilities and ensure provision of adequate essential commodities in a bid to optimize service delivery in this sector. To achieve this, I have allocated a total of KES 2.0 billion where KES. 1.7 billion is support salaries for our health workers and general operations

across our 3 level four hospitals and over 120 health centres and dispensaries. I have also allocated KES 253.74 million for development investments within the sector. The progressive improvement of infrastructure and healthcare services over the last four years has successfully strengthened the county government's response to health crises, emergencies and improved the general wellbeing of our people. The completion of the Hospital Complex block in our Chuka Referral Hospital fully funded by the County Government through the blessing of this Honourable House and which was recently operationalized and commissioned, is the hallmark in this journey of transforming healthcare.

13. Mr. Speaker, I have allocated KES 42.53 million for completion of ongoing construction works targeting to improve infrastructure in other health facilities across the county. Additionally, I have allocated KES 57.84 million to ensure upgrading and equipping of (1) Marimanti Level IV Hospital Complex which is at ninety percent completion, (2) Magutuni Level IV Hospital infrastructure support and (3) Kibunga Level III Hospital upgrade. The efforts will boost health care access and improve health outcomes, service quality and coverage in the county.

14. To improve coordination in the health sector, KES 1.54 billion has been proposed for general administration, planning and

support services. Out of this allocation KES 173 million is earmarked for purchase of medical supplies and KES 45 million to support laboratory and diagnostic services. An additional KES 459.70 million has been allocated for the preventive and promotive health services program including enhancing the community health strategy.

EDUCATION

15. Mr. speaker, the Education sector is a key pillar to socio-economic transformation in the country. We have continually provided resources to enhance access to basic education, skills development and training, teacher recruitment, and infrastructural development as well as construction and equipping of technical institutions.

16. Mr. Speaker, in the FY 2022/23, the Education sector has been allocated a total of KES. 320 million, of which KES. 248.3 million will go towards Education and Vocational training while KES. 71.8 million is allocated to Youth, Sports, Culture and Tourism. The County Government continues to improve Early Childhood Development; through construction of ECDE centers, provision of learning materials and training of caregivers. To support the sub-sector, I have allocated KES 25.5 million for the construction and completion of ECDE centres across the county. To this end, we have constructed over 140 ECDE classes across our 15 wards.

17. Mr. Speaker, the County Government will continue investing in Technical and Vocational skills by revamping Vocational Training for our citizens. Towards this, I have allocated a total of KES. 35.8 million which will be provided as a grant to the vocational training centres. Additionally, the County Government will provide a total of KES. 18.5 million as bursary and scholarships.

18. Mr. Speaker, the unemployment problem is global and presents a particularly difficult labor market experience for youth. In Africa especially, unemployment and underemployment continue to be major obstacles to the full utilization of human resources despite relatively strong growth in the region over the last decade. This is caused by lack of relevant training, skills, and access to capital to exploit self-employment opportunities. As such, government policies should be geared towards supporting the youth who are entering their next lifecycle at the bottom of the economic ladder to scale to the top. In order to support the youth and people living with disabilities (PWD), H.E Muthomi Njuki's government has proposed an allocation of KES. 25.9 million and KES. 45.8 million being development budget and recurrent budget respectively for the Youth, Sports, Culture and Tourism sub-sectors. Further, the County Youth Empowerment programme that was launched in 2021 after a

successful legislation by this Honourable House has been allocated KES. 18 million for entrepreneurial support and promotion of innovations that supports the youth agenda. The initiative will help more youths nurture their entrepreneurship skills and enhance their participation in economic activities. The County Government through the department of youth affairs also proposes to support the youth through the development and promotion of cultural and sporting activities, and the wellness of vulnerable members of the society. Towards this, the County government has allocated KES. 50 million for culture social services and for sports development and promotion programmes in the county.

ROADS INFRASTRUCTURE, PUBLIC WORKS, AND URBAN DEVELOPMENT

19. Mr. Speaker, to fully utilize the richness of our county and exploit our potential, reliable and efficient infrastructure is a key enabler. The exchange of goods and services require reliable roads and public facilities that facilitate different people from different areas, with different needs and with different commercial abilities to engage in social and economic activities. Therefore, to spur economic growth, a facilitative operating environment is necessary hence county government is investing in making the working environment conducive.

The sector has been allocated a total of KES 736 million with KES 169 Million and KES 567 million for recurrent and development respectively. The funds will be used to enhance connection of different regions through the opening of feeder roads, grading and gravelling of existing roads, tarmacking of trunk roads, cabro-paving of town roads and pedestrian walkways as well as construction of bridges and culverts to ensure connectivity. The sector has set aside KES 170 million to continue with the plan to upgrade strategic roads to all weather. We shall also continue to carry out routine maintenance, opening of feeder roads and construction of civil works such as gabions, dykes, retention walls and culverts.

20. Mr. Speaker, upgrading major trunk and town roads to bitumen standards is the county government's strategy that is being implemented progressively as a long-term solution to making roads motorable. In this case I have set aside KES 175 million to support the ongoing upgrading of our key roads in Maara, Tharaka and Chuka-Igambang'ombe constituencies to bitumen standards.

21. Mr. Speaker, urban development is a vital undertaking that require the attention of the government since towns create special settlements that foster different social economic opportunities. KES 130 million has been set aside to develop the urban infrastructure, construct modern markets, and

improve urban access roads. The investment will help improve the working conditions of our small-scale traders as well as improving access to social amenities.

22. Mr. Speaker, information is power. Sharing of information is a valuable activity that ensures unity, cohesion and public participation. The digital Tech-Over has revolutionized service delivery and created opportunities in the ever-changing ICT value chain. This sub-sector as an enabler has made information dissemination possible, efficient, and effective. To this end, I have allocated KES 38.8 million to support the deployment of different ICT platforms in health, agriculture, finance, and urban management to support the delivery of services in the County. The funds will be used for acquiring modern ICT equipment and software that makes service delivery and information access effective. Mr. Speaker, the County Government under the leadership of Governor Muthomi Njuki established a modern call center at the County Headquarters in Kathwana and I wish to remind our residents that they can make inquiries on all county government services by call county toll-free number 1513.

WATER

23. Mr. Speaker, access to clean and safe water to our households is a major driver towards improved quality of life. The supply of water to the residents of the county is thus a key

tool of alleviating poverty and promoting economic transformation. We have therefore prioritized investments in water infrastructure for domestic and irrigation purposes. To this end, the sector has been allocated KES 151.2 million with KES 51.2 million earmarked for recurrent operations while KES 100.2 million will fund development activities. The resources will be used for servicing the different water system including boreholes, community water projects, irrigation projects and protection of water resources.

PUBLIC ADMINISTRATION

24. Mr. Speaker, public service management is the most important aspect in the service delivery process. Ensuring proper coordination and management of the different departments is the pathway to delivering on all the other functions. The public service and devolution department is key in coordinating the county government activities at different levels including project implementation.

25. For this reason, the county government strategically invests in human capital to enhance knowledge and skills required to be competitive in this information age. In this regard, I have allocated KES 279 million to the public administration sector for coordination towards achieving quality, effective and efficient service delivery to the residents of Tharaka Nithi County.

REVENUE RAISING MEASURES FOR 2022/23 FY BUDGET

Mr. Speaker, allow me now to highlight the revenue raising measures proposed for FY 2022-2023.

26. Mr. Speaker, raising revenue in the county entails maximizing the effectiveness and efficiency of the county government's revenue assessment and collection capabilities. It is a key performance measure of the County Treasury through its Revenue and Resource mobilization strategies. In the FY 2022/23, the Budget Policy Statement recently released by the National Treasury projects no increase in equitable share from the national government ordinary revenues. Therefore, the County expects to receive KES 4.21 billion as equitable share for the FY 2022/23.

27. Mr. Speaker, in financial year 2016/2017 the county own source revenue was **KES 79 million**, these collections rose steadily to **KES 143 million** in financial year 2017/18, to **KES 242.9 million** in financial year 2018/19 and **KES 271.6 million** in FY 2019/20. In the financial year 2020/21, the county realized own source revenue of **KES 252 million**. This marginal drop was attributed to the adverse effects of **COVID-19** pandemic which affected the economic drivers. During the first half of the FY 2021/22, the revenue collected is KES 100.8 million compared to KES 77 million collected in the first half

of FY 2020/21, a clear indication that the projected target of KES 350 million in the current financial year is feasible.

28. Overall, Mr. Speaker, the improved revenue collection over the last five years can be attributed to improved measures put in place to curb revenue losses including automated revenue collection systems and improved enforcement mechanisms. The improved performance in County Own-Source Revenue collection can also be attributed to year-on-year enactment of finance bills that support standardization of revenue collection rates, fees, charges, and taxes. Over the last two years the county has been able to collect local revenues equivalent to 75% of its revenue potential. Therefore, we have retained our local revenue targets at KES 350 million based on the county revenue potential as projected by Commission on Revenue Allocation.

Mr. Speaker, to enhance revenue collection and efficiency in the 2022/2023 Financial Year, I propose the following measures:

- ❖ Strengthen the legal and institutional frameworks for local taxation by exploring creation of Tharaka Nithi County Revenue Board;
- ❖ Eliminate revenue collection leakages through improved surveillance using CCTVs, enforcement and supervision, a process already initiated.
- ❖ Conduct tax payer education and sensitization on revenue payable by the general public;
- ❖ Carry out revenue potential assessment on all revenue streams including mapping of all businesses;

- ❖ Harmonize tax regime with all the neighboring counties and explore new revenue sources within the regional framework e.g. CEREB and other Regions;
- ❖ Embark on data clean up to maximize collections on land rates to be specific;
- ❖ Expedite preparation of cess collection bill to ensure optimum collection on agricultural produce and quarry extractions;
- ❖ I also propose the formation of a special unit responsible for debt management including revenue collection to attract all the revenue in arrears and be able to follow them up;
- ❖ Enhance the capacities of officers responsible for revenue collection through trainings and relevant exposures

CONCLUSION

29. Mr. Speaker, I seek the approval of the FY 2022/2023 Budget Estimates and request to table the Finance Bill 2022 and Appropriation Bill 2022 to this Honorable House. Finally, I also invite this Honorable House, once again, to our next planning and budgeting cycle which begins July 2022.

Thank you All. God bless Kenya, God bless Tharaka Nithi County
RIU NI METHO