

**COUNTY GOVERNMENT OF THARAKA NITHI**



*A Prosperous, Industrialized and Cohesive County*

**BUDGET STATEMENT**

**for the**

**Fiscal Year 2023/2024**

**By**

**MR. LAWRENCE K. IRERI RWERIA**

**County Executive Committee Member for Finance and Economic Planning**

**Tuesday 13<sup>th</sup> June 2023**

**Theme:**

*“Leaving no one behind.”*

**THE COUNTY TREASURY**

**STATEMENT DELIVERED TO THE COUNTY ASSEMBLY OF THARAKA NITHI ON TUESDAY 13<sup>TH</sup> JUNE 2023 BY MR. LAWRENCE K. IRERI RWERIA, COUNTY EXECUTIVE COMMITTEE MEMBER FOR FINANCE AND ECONOMIC PLANNING, WHEN HIGHLIGHTING THE BUDGET ESTIMATES AND REVENUE RAISING MEASURES FOR THE FISCAL YEAR 2023/2024.**

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## **INTRODUCTION**

*Honorable Speaker of the County Assembly of Tharaka Nithi,*

*Honorable Members of the County Assembly of Tharaka Nithi,*

*Invited Guests,*

*Ladies and Gentlemen,*

*Good morning.*

1. Mr. Speaker and Honorable Members, it is my distinct honour and privilege to present the Financial Year 2023/24 Budget Statement to this August House. I take this opportunity to deliver a message of goodwill and greetings from H.E the Governor, Honorable Muthomi Njuki and the entire County Executive Committee.
2. I am greatly honored to present my maiden Budget Statement to this Honorable House having been given an opportunity to serve as the County Executive Committee Member for Finance and Economic Planning.
3. Mr. Speaker, the 2023/2024 budget has been formulated against a backdrop of global uncertainties, a weak global growth outlook, easing inflationary pressures and geopolitical tensions. This, coupled with

unfavorable weather conditions in recent years have depressed economic activities leading to low government revenues. The Country is still reeling from the effects of the COVID-19 and the attendant economic shocks in the world, which have been in turn aggravated by the Russia - Ukraine conflict and the rising fuel prices.

4. Kenya's economy remained resilient in 2022 achieving an annual Gross Domestic Product (GDP) growth of 4.8% down from 7.6% in 2021. Despite subdued performance in the agriculture sector which contracted by 1.5% in 2022 because of severe drought, the services sector realized an outstanding performance of 8.4% during the same year. Nonetheless, leading economic indicators have pointed to a strong economic performance to be realized in the first quarter of 2023. This performance of the economy will remain resilient in the rest of the year, supported by the thriving services sector and improved agricultural productivity.
5. The country's economy is projected to grow by 5.5 percent in 2023 and above 6.0 percent over the medium term. This growth will be reinforced by the Government's Bottom-Up Economic Transformation Agenda that is geared towards economic turnaround and inclusive growth.

6. Mr. Speaker, it is thus important as we formulate our first budget under our Third County Integrated Development Plan 2023-2027, we invest in sustainable initiatives that will help the people to cope with the hard economic times. This is why our county priority areas are aimed at supporting the implementation of the Bottom-up Economic Transformation Agenda (BETA) which is geared towards bringing down the cost of living, eradicating hunger, creating jobs, expanding the tax base, improving the country's foreign exchange balance as well as inclusive growth that will transform the lives of Kenyans.
7. Mr. Speaker, the planning, budget formulation and implementation stages in the budget cycle are at the core of service delivery in government. Making budget documents available has built public trust by promoting the principles of credibility and accountability. Our county was ranked among the most improved counties in budget transparency by the Kenya County Budget Transparency Survey of 2022. My department will continue enhancing accountability systems and taking actions to make our budget documents accessible to all stakeholders.
8. The Budget proposals for 2023-2024 focus on supporting the government's development agenda and promoting investment in core thematic areas. This is expected to enable the county to achieve inclusive

economic development and have the highest impact at the base of the economic pyramid. These thematic areas are agricultural productivity, healthcare, sustainable infrastructure, socio-economic empowerment, water resources management and skills development.

## **FISCAL FRAMEWORK FOR THE FY 2023/2024 BUDGET**

9. Mr. Speaker, the budget estimates for FY 2023/2024 and Medium-Term Expenditure Framework (MTEF) 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 2023/2024, the County Government's total revenue is projected to be KES 6.13 billion. This comprises of KES 4.37 billion from the Equitable Share Allocation, KES 1.36 billion as loans and conditional grants from National Government and own-source revenue (OSR) of KES 0.4 billion.
10. The recurrent expenditure will be KES 3.79 billion representing 62 percent of total budget while development expenditure will be KES 2.34 billion which is 38 percent of the total budget. This is in line with our fiscal responsibility principles as outlined in our County Fiscal Strategy Paper of 2023 and the PFM Act of 2012 that requires that a minimum 30 per cent is allocated towards development investments in the medium term.

Mr. Speaker, with your permission, I will now highlight the strategies and priorities that inform the goal of the FY 2023/2024 budget.

## **AGRICULTURE**

11. Mr. Speaker, the agriculture sector is the key economic and social driver of the county's economy. It contributes 34% of the Gross County Product (GCP) as per the GCP 2021 Report. Approximately 80% of the county's population is engaged in agricultural activities. It is therefore at the heart of the county economy. However, agricultural productivity has stagnated in recent years. Specifically, acute food shortage remains elevated due to the impacts of unfavorable weather on multiple below-average crop and livestock production seasons and high inflation. Recently, Kenya's annual inflation rate hit a five-year high of 8.3 percent, driven by food, transport, and fuel prices.
12. Mr. Speaker, I have allocated a total of KES 746.5 million to the agriculture sector for both development and recurrent expenditures. Out of the total allocation, the Agriculture, Cooperatives Development, Livestock and Veterinary Services Department has been allocated KES 702.8 million while the Fisheries and Ecosystem Development department has been allocated KES 43.7 million. From the sector's total allocation, KES 211.1 million has been set aside for recurrent expenditure and KES 535.4 for capital

expenditure. Out of the total development expenditure, KES 267.8 million will be utilized under the National Agriculture Value Chain Development Project (NAVCDP). This is a joint initiative of the National Government, Tharaka Nithi County Government and the World Bank which aims to support smallholder farmers transitioning from subsistence to market-driven commercial agriculture. Further, KES 137.7 million will be used for the Emergency Locust Response Program (ELRP); a programme focusing on mitigating the impacts of desert locust invasion, responding to the threat to livelihoods posed by outbreaks and strengthening Kenya's system for preparedness.

13. Mr. Speaker, to cushion our farmers against the high cost of farm inputs I have allocated KES 63 million towards the Crop Subsidy Programme to procure inputs including green grams, maize, and beans. Through this we shall be able to provide small holder farmers with certified and appropriate seeds.
14. Mr. Speaker, capacity building our farmers is key in promoting good agricultural practices. To enhance agricultural training and capacity development, I have allocated KES 10 million for development of demonstration farms, renovation of classrooms, at to enable operationalize the County Agricultural Training Institute (ATI). The center will support the county to offer field and class trainings on

agricultural production, value addition, demonstration farms for learning, bulking of planting materials at affordable cost and conducting adaptive on-farm trials.

15. Artificial Insemination Services have improved livestock production and breeding quality in our county. Over 29,000 inseminations have been carried out since the inception of the programme in October 2019, with an approximate success rate of 95%. To continue supporting the programme, I have allocated KES 9.8 million to the (AI) and Breeding programme. Additionally, I have allocated KES 10 million towards infrastructural support for Livestock Produce Value Chains and support for livestock production and purchase of vaccines and sera for disease control programme respectively.
16. Mr. Speaker, the Department of Fisheries and Ecosystem Development is mandated to conserve and manage fisheries resources while promoting aquaculture development for sustainable socio-economic development. To support this, I have allocated KES 26.7 million towards the Aquaculture Development and Support Programme, an initiative that has seen an increased fish productivity and profitability to our farmers.

## **HEALTH SERVICES**

17. Mr. Speaker, the provision of universal health care is a key pillar of the bottom-up economic promise. As a county government, we have consistently prioritized the needs of the people by investing in health infrastructure and personnel in a bid to offer accessible and affordable healthcare services. The main objective has been to strengthen primary healthcare by improving Level II and III health facilities and enhancing referral services.
18. To keep our promise, I have allocated the health sector KES 2.3 billion, comprising recurrent and development expenditure of KES 2.0 billion and KES 253.3 million respectively. These proposed health sector allocations are fundamental for the administration to realize more gains in the health sector and meet the increasing demand for public health commodities and services.
19. Mr. Speaker, progressive improvement of our health sector has resulted in Tharaka Nithi County being recognized by the Quality Healthcare Kenyan Awards in 2019 and 2021. With the subsequent eventual accreditation of health facilities in 2023 to Level IV and Level V status, there has been improved performance indicators overall, through a robust county reporting mechanism and equipped workforce of community health experts. The county is therefore considered a hallmark of excellence through its comprehensive healthcare management strategy under the clarion call of *leaving no one behind*.

20. Mr. Speaker, for completion of ongoing construction works in various health centers, I have allocated KES 27.5 million, which will aid the equipping of laboratories in our dispensaries and health centers. Further, I have allocated KES 72.5 million to cater for health department pending bills, upgrading of Chuka County Referral Hospital and Magutuni Level IV Hospital. These efforts will contribute to our ability to respond to medical emergencies with minimal disruptions to operations and keep our healthcare system second to none in the Central Region Economic Bloc (CEREB).
21. To support general administration, planning and support services, I have allocated KES 1.3 billion which will largely support the health human resource pillar. Additionally, KES 152.2 million and KES 31 million have been allocated for medical supplies and laboratory services respectively. I have set aside an additional KES 286.8 million for the preventive and promotive health services programs during FY 2023/24 to enhance our community health strategy and the medical equipment program.

## **EDUCATION**

22. Mr. Speaker, the County Government's focus on the education sector as a key pillar to socio-economic transformation is to ensure that there is inclusive and equitable education and promote lifelong learning opportunities for our children in our learning institutions. We have continually allocated resources to enhance access to basic education, skills development and training, teacher recruitment, infrastructure development, construction and equipping of technical institutions, promotion of sports, social protection initiatives as well as promotion and protection of our cultural heritage and arts.
23. Mr. Speaker, the Education Sector has been allocated KES. 377.2 million, of which KES. 289.2 million and KES 88 million will finance recurrent and development expenditures respectively. Out of the total expenditures, KES 254.6 million has been set aside for Education and Vocational Training, KES 67.6 million is allocated to Youth and Sports, KES. 28.8 million to Culture and Tourism while Gender, Children and Social services will receive KES. 26.2 million. The County Government continues to prioritize Early Childhood Development through construction of ECDE centres, provision of learning materials and training of caregivers. To support the sub-sector, I have allocated KES. 45 million for the construction and completion of ECDE centres across the county.

24. Mr. Speaker, the County Government will continue investing in Technical and Vocational skills to provide our learners with learning experiences and training that equip them with skills to manipulate their natural environment and nurture development for our county and the Nation in general by revamping Vocational Training. Towards this, I have allocated a total of KES. 10 million which will be utilized to revamp our vocational training centres and a further KES 20 million to the bursary programme. There is need to shift to a Scholarship Scheme that will cover the bright and vulnerable cases.
25. Mr. Speaker, the County Government will continue to support cultural and sporting activities, and the wellness of vulnerable members of society. In the sports development and promotion program, I have allocated KES 10 million for upgrading of sports stadia and playgrounds. Additionally, KES. 3 million has been set aside for the completion of Kathwana Social Hall. I have also allocated KES. 10 million to support the Tharaka Nithi Ura Gate Cultural Festival which will take place from 14<sup>th</sup> to 16<sup>th</sup> September 2023. The theme of this year's celebration is "*Embracing Cultural Diversity for Social Cohesion and Economic Development*".

## **ROADS INFRASTRUCTURE AND PUBLIC WORKS**

26. Mr. Speaker, good transport linkages reduce transport costs, traffic congestion and promote industrial development. It is important to note that highly and well-developed urban areas largely contribute to the economic health and productivity of society. In view of these realities, the Roads, Infrastructure, Public Works, and Urban Development Sector has been allocated a total of KES 719.3 million to be utilized for both recurrent and development expenditures. To specifically support the development of the roads infrastructure I have set aside KES 155 million for upgrading to bitumen standards our major trunk and town roads, KES 160 million for maintenance and improvement of ward roads and KES 40 million for construction of bridges and footbridges. This will enhance the growth of the county's economy as it will facilitate movement of people and goods.
27. Mr. Speaker, in pursuit of transforming our economy and ensuring that we leave no one behind, we will continue to create a favorable business environment in our urban and market centres countywide. To achieve this, KES 191 million has been allocated for infrastructural development in our municipalities, urban and town centres including the construction of modern markets. This allocation includes KES 80 million for the Kenya Informal Settlement Improvement Project (KISIP) whose main objective is

improve living conditions, strengthen security of tenure, and improve on infrastructure development in informal settlements specifically for the Chuka Muslim Village in Karingani ward and construction of Marimanti Modern Market.

28. Mr. Speaker, land is a resource that cannot be overlooked in development. To attain efficient, equitable and sustainable use of land resources, spatial planning and development for improved living environment, KES 153.2 million has been set aside for this sector. Out of the total allocation, I have set aside KES 57.2 million for recurrent expenditure and KES 96 million for development. The development funds will be used for completion of the county headquarters, surveys, and various land use plans.

## **WATER**

29. Mr. Speaker, access to safe water, sanitation and hygiene is the most basic human need for health and improved quality of life for our people. To alleviate poverty and promote economic transformation, we are committed to ensure our residents have access to water and sanitation. Our priority is to focus and invest in water infrastructures for both domestic and irrigation purposes. The Water, Environment and Natural Resources sector has been allocated KES 346 million with KES 91 million set aside for recurrent operations while KES 255 million will fund development activities. I have allocated KES 155 million

for the Climate Change Fund. The objective of this programme is to deliver locally led climate resilience, adaptive and mitigative actions and strengthen our county's capacity to manage climate risks. Further, I have allocated KES 68.5 million to support domestic water supply projects and KES 29.5 million for community irrigation water projects.

### **TRADE, INVESTMENT PROMOTION, ENERGY, AND INDUSTRY**

30. Mr. Speaker, supporting the growth of Micro, Small and Medium Enterprises (MSMEs) development is a high priority for our county since it is the avenue for absorbing our growing workforce. The Department for Trade, Investment Promotion, Energy, and Industry has been allocated KES. 588.8 million, comprising of KES 60.8 million for recurrent expenditure and KES. 528 million for development expenditures in the FY 2023/24. The priorities for the development expenditure include Energy Resource Development and Management and the development of the county's Industrial Park. The industrial park is a flagship project intended to support agricultural value addition, increase farmers' incomes, and job creation for our youths. The industrial park will be equally funded by the two levels of government to a tune of KES 500 million.

### **PUBLIC ADMINISTRATION**

31. Mr. Speaker, providing excellent services to our people is key for the government and this makes the public service management to be one of the most important aspects in the service delivery process. For successful service delivery, there is need to ensure proper coordination, management, and accountability of the different departments in our county. The Public Service and Devolution Affairs Department is instrumental in ensuring that all government activities at different levels, including project implementation, are well coordinated.
32. The county government strategically invests in human capital to ensure continuous well-coordinated departments and to enhance knowledge and skills required to be competitive in the information age. For this reason, I have allocated KES 539 million to the public administration sector for coordination towards achieving quality, effective and efficient service delivery to the residents of Tharaka Nithi County.

## **COUNTY ASSEMBLY**

33. Mr. Speaker, The County Assembly is one of the two arms of the County Government that is mandated to exercise the representative, legislative and oversight authority of the government as articulated in the Kenyan Constitution 2010. To this effect, I have allocated the County Assembly KES 519 million

towards supporting the core mandates of the House. Out of this, KES 459 million will be used for recurrent expenditure while KES 60 million will be utilized as development expenditure.

## **REVENUE RAISING MEASURES FOR 2023/24 FY BUDGET**

Mr. Speaker, at this juncture, I wish to highlight the revenue raising measures proposed for FY 2023-2024.

34. The revenue side of the budget framework determines the goods and services the county government will provide to the citizens through budget financing. 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.
35. Mr. Speaker, the County Total Revenues for the FY 2023/24 are estimated to be KES 6.13 billion comprising of the Equitable Share, Local Revenue and Loans and Conditional Grants. The County expects to receive KES 4.4 billion as Equitable Share and KES 1.4 billion as Loans and Conditional Grants allocation. In the FY 2023-2024, the County Government targets to collect KES 400 million as own source revenue which is an increase from KES 350 million targeted for the FY 2022/2023. This

local revenue target is 52% of the county revenue potential (KES 758.1 million) as per Commission on Revenue Allocation (CRA) Own-Source Revenue Potential and Tax Gap Study. From the study, the revenue streams where the county can collect more revenue include property rates (KES 35 million), plan approval rates (KES 27 million), advertisement rates (KES 35 million), agricultural transportation rates (KES 59 million), hospital fees rates (KES 294 million), technical services rates (KES 28 million) and administrative fees rates (KES 33 million).

36. Mr. Speaker, our local revenue target will be achieved through improved administration, supervision and expanding the tax base. In the month of May 2023, last month, we implemented a two-week Rapid Results Initiative in revenue collection, which recorded massive improvement in revenue collection. This confirms the county's potential to collect more revenue as per the CRA assessment. We shall be proposing measures in our Finance Bill 2023 to revolutionize revenue collection so that in the medium term we achieve our revenue potential of KES 700 million annually. This will give a focus on enhancing the collection of property taxes; an area which has lagged over the years.
37. We also endeavor to put in place other measures such as installation of surveillance cameras in the remaining cess points, construction of more cess points as well as strict monitoring of revenue collection.

We shall also strengthen our enforcement and inspectorate teams through capacity building and putting in place relevant enforcement laws and regulations. Further, we intend to carry out comprehensive revenue streams mapping, establish a tariffs and pricing policy and updating valuation roll as proposed in the CIDP.

## **CONCLUSION**

38. Mr. Speaker, in conclusion, I seek the approval of the FY 2023/2024 Budget Estimates, Finance Bill 2023 and Appropriation Bill 2023 by this Honorable County Assembly. I also take this opportunity to request the support of this Honorable House in the next planning and budgeting cycle which begins July 2023.

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