

COUNTY GOVERNMENT OF THARAKA NITHI
DEPARTMENT OF FINANCE, ECONOMIC PLANNING AND TRADE

COUNTY FISCAL STRATEGY
PAPER FOR 2021/2022 FY

FEBRUARY 2021

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Vision

A prosperous, industrialized and cohesive County

Mission

Enhance sustainable socio-economic growth and optimal utilization of resources

Core Values

As Tharaka Nithi County, we are committed to championing these core values as the guiding codes for our operations:

(ICT)²

Integrity

Straightforwardness, ingenuousness, honesty and sincerity are an integral part of our undertakings which we shall firmly adhere to in every duty to our society.

Inclusiveness

We believe in equity and equality. As a County we do not regard status or personal preferences but approach our work as guided by principles of fairness and non-bias. People from diverse backgrounds or communities are involved in the County development and we incorporate the needs, assets, and perspectives of communities into the design and implementation of county programs.

Citizen-focused

We consistently endeavor to create enduring relationships with our citizens; in so doing our approach goes beyond standard citizen participation principles and makes their input an integrated, formalized part of setting county projects/program goals, performance measures, and standards.

Creativity & Innovativeness

We thrive on creativity and ingenuity. We seek the innovations and ideas that can bring a positive change to the County. We value creativity that is focused, data-driven, and continuously-improving based on results.

Transparency and Accountability

We will remain accountable to our stakeholders and will acknowledge responsibility for our actions and decisions. Thus, we shall always endeavour to be transparent, answerable and liable at all times.

Team work

Every person is important and has a part in county development. We endeavor to build a workplace environment that cultivates person's uniqueness, encourages staff participation, collaboration and integration of diverse skills and capabilities.

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Foreword

The 2021 County Fiscal Strategy Paper is prepared amidst a contracting global economy occasioned by the outbreak and the rapid spread of the Covid-19 Pandemic. The Pandemic and the ensuing containment measures have devastated global economies negatively impacting businesses and livelihoods. As a result, global economy is projected to contract by 4.4 percent in 2020 before rebounding to grow by 5.2 percent in 2021. A similar trend has been experienced locally with the economy is estimated to slow down to around 0.6 percent in 2020 from a growth of 5.4 percent in 2019.

This County Fiscal Strategy Paper, CFSP 2021 outlines the broad strategic priorities and policy goals of County Government for implementation in financial year 2021/22 and the Medium Term. The priority programmes seek to enhance sustainable development underpinned by the COVID 19 economic recovery strategy that aims at improving the living standards through (1) transforming agriculture for improved production and productivity (2) ensuring access to quality and affordable health services (3) providing efficient, affordable and reliable infrastructure and services for sustainable economic growth (4) promoting quality, inclusive, diverse, accessible education and promote cohesion (5) creating conducive business and tourism environment (6) attaining efficient, equitable and sustainable use of land resource, spatial planning and development of urban areas and (7) ensuring provision of efficient and effective public service delivery.

The expenditure policy framework in the medium term aims at expenditure rationalization in order to free resources for economic recovery programs in light of the COVID 19 shocks. With a second wave of the locust invasion imminent, fighting the twin problems will require substantial resources. Completion and operationalization of ongoing and operation of completed projects will be the top priority across the sectors. In order to address the issue of pending bills, fiscal consolidation will be the key budget framework in the medium term. To achieve this, funding will go to critical needs of the county with the aim of achieving clear outputs and outcomes while ensuring resource efficiency. The fiscal framework included in this CFSP 2021 outlines a prudent and sustainable path of public spending aimed at achieving Government's medium-term development priorities.

Finally, I would like to express my gratitude to all those who have participated in this year budget process at various stages by providing valuable information, comments and positive criticism that has seen us improve over time. Specifically, I convey my appreciation to staff of various dockets, Members of County Assembly, the private sector, civil society, members of the public and all interested persons and/or groups who have so far participated in the budget process in FY 2021/22.



Ms. DOROTHY I. KINYUA NAIVASHA
COUNTY EXECUTIVE COMMITTEE MEMBER,
FINANCE, ECONOMIC PLANNING AND TRADE
THARAKA NITHI COUNTY

Acknowledgements

The CFSP 2021 has been prepared in accordance with the provisions of the Public Finance Management Act, 2012, Section 117. It outlines the current state of the economy, provides macro-fiscal outlook over the medium term and specifies the set strategic priorities and policy goals together with a summary of the County Government spending plans, as a basis of the FY 2021/22 budget and medium-term framework. This document is expected to give members of the public a clear understanding of the County's public finances and guide public debate on current economic and development matters.

The preparation of the CFSP 2021 was a collaborative effort among various County departments in a consultative way. It involved review of documents from the Commission on Revenue Allocation, inputs from the Members of the Public and any Interested Persons or Groups. Much of the information in this report was obtained from the various county policy documents and reports and other National Government Statutory reports. Therefore, we are grateful to these actors for their invaluable inputs.

Officers from the County Treasury spent a significant amount of time putting together this strategy paper. We are particularly grateful to the CECM, Finance, Economic Planning and Trade Ms. Dorothy Naivasha for her able leadership in the process. In addition, we appreciate the Director of Budget and Economic Planning, Mr. Lawrence Micheni, CPA and all other Staff at Budget and Economic Planning unit for their immense contribution to this noble task. We received valuable inputs from the technical working group teams, Chief Officers and CECMs while consolidating this document. Since it would not be possible to list everybody individually on this page, I would like to take this opportunity to thank the entire staff of Tharaka Nithi County Treasury for their dedication, sacrifice and commitment to public service. To all that were involved, receive my heartfelt appreciation.



MR. ZEPHANIAH RWANDA MBAKA,
CHIEF OFFICER,
FINANCE AND ECONOMIC PLANNING.

Abbreviations and Acronyms

ADP	Annual Development Plan
ATI	Agricultural Training Institute
BOP	Balance of Payments
CBROP	County Budget Review and Outlook Paper
CCO	County Chief Officer
CBK	Central Bank of Kenya
CBR	Central Bank Rate
CECM	County Executive Committee Member
CFSP	County Fiscal Strategy Paper
CEREB	Central Region Economic Bloc
CIDP	County Integrated Development plan
CORe	County Own Revenue
COG	Council of Governors
CPI	Consumer price Index
CRA	Commission of Revenue Allocation
EAC	East Africa Community
ECDE	Early Childhood Development & Education
FY	Financial Year
GCP	Gross County Product
GDP	Gross Domestic Product
GIS	Geographic Information System
HIV	Human Immunodeficiency Virus
IBEC	Inter-Governmental Budget and Economic Council
ICT	Information and Communication Technology
IFMIS	Integrated Financial Management Information System
KNBS	Kenya National Bureau of Statistics
Kshs	Kenya Shillings
MTDS	Medium-term Debt Management Strategy
LAN	Local Area Network
MTEF	Medium Term Expenditure Framework
MTP	Medium-Term Plan
NDA	Net Domestic Assets
NFA	Net Foreign Assets
NSE	Nairobi Securities Exchange
OSR	Own Source Revenue
PE	Personnel Emoluments
PEM	Public Expenditure management
PFM	Public Finance Management
PWDs	People With Disabilities
REA	Rural Electrification Authority
SACCO	Savings and Credit Cooperatives
SRC	Salaries and Remuneration Commission
USA	United States of America
YP	Youth Polytechnic

Legal Basis for the preparation of the County Fiscal Strategy Paper

The County Fiscal Strategy Paper is prepared in accordance with Section 117 of the Public Finance Management Act, 2012 that states that:

- (1) County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and the County Treasury shall submit the approved Fiscal Strategy Paper to the county assembly, by the 28th February of each year.
- (2) The County Treasury shall align its County Fiscal Strategy Paper with the national objectives in the Budget Policy Statement.
- (3) In preparing the County Fiscal Strategy Paper, the County Treasury shall specify the broad strategic priorities and policy goals that will guide the County Government in preparing its budget for the coming financial year and over the medium term.
- (4) The County Treasury shall include in its County Fiscal Strategy Paper the financial outlook with respect to County Government revenues, expenditures and borrowing for the coming financial year and over the medium term.
- (5) In preparing the County Fiscal Strategy Paper, the County Treasury shall seek and take into account the views of—
 - (a) The Commission on Revenue Allocation;
 - (b) The public;
 - (c) Any interested persons or groups; and
 - (d) Any other forum that is established by legislation.
- (6) Not later than fourteen days after submitting the County Fiscal Strategy Paper to the county assembly, the county assembly shall consider and may adopt it with or without amendments.
- (7) The County Treasury shall consider any recommendations made by the county assembly when finalizing the budget proposal for the financial year concerned.
- (8) The County Treasury shall publish and publicize the County Fiscal Strategy Paper within seven days after it has been submitted to the county assembly.

County Treasury Fiscal Responsibility Principles

A County Treasury shall manage its public finances in accordance with the principles of fiscal responsibility and shall not exceed the limits stated in the regulations. In managing the County Government's public finances, the County Treasury shall enforce the following fiscal responsibility principles -

- (a) the County Government's recurrent expenditure shall not exceed the County Government's total revenue
- (b) Over the medium term a minimum of thirty percent of the County Government's budget shall be allocated to the development expenditure
- (c) The 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
- (g) Reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.

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

CHAPTER ONE: COUNTY STRATEGIC BLUE PRINT

1.1 Introduction

The County Fiscal Strategy Paper (CFSP) is a primary financial policy statement of the county government which sets out the priority programmes the government intends to implement. The County Fiscal Strategy Paper 2021 identifies the broad strategic priorities and policy goals that will guide the County Government in preparing its budget for Financial Year (FY) 2021/22 and the Medium Term. Through this, the government is able to achieve its priorities and within the context of limited resources in the medium-term expenditure framework (FY 2021/22 - FY 2023/24). These priorities may be new or continuing sector-specific programmes that are to be funded in the next budget year and over the medium term.

1.1.1 General Context:

This County Fiscal Strategy Paper (CFSP) 2021, will strive to implement programmes set out in the County Integrated Development Plan 2018-2022. The CIDP outlines the broad strategic development issues and the fiscal framework, together with the summary of National and County Government public expenditure management. The broad policies and priorities of the CIDP are also anchored in the national development agenda.

In 2020, the Kenyan economy was adversely affected by the outbreak of COVID-19 Pandemic and the swift containment measures, which have not only disrupted the normal lives and livelihoods, but also to a greater extent businesses and economic activities. As a result of the decline in economic activities in most of the country's major trading partners, our economy contracted by 5.7 percent in the second quarter of 2020 from a growth of 4.9 percent in the first quarter in 2020. The economy is therefore estimated to slow down to a growth of around 0.6 percent in 2020 from the earlier projection of 2.6 percent in the 2020 Budget Review and Outlook Paper (BRPOP). Economic growth is projected to recover to 6.4 percent in 2021 due in part to the lower base effect in 2020. In terms of fiscal years, economic growth is projected to grow by 3.5 percent in FY 2020/21 and further to 6.2 percent over the medium term.

The foreign exchange market has largely remained stable but partly affected by a significant strengthening of the US Dollar in the global markets and uncertainty with regard to the Covid-19 pandemic. Despite this, the current account deficit is estimated to improve to 5.1 percent in 2020 from 5.8 percent in 2019 mainly supported by an improvement in the trade balance. The economy continues to register macroeconomic stability with low and stable interest rates and a competitive exchange rate

that support exports. Year-on-year overall inflation remained within the Government target range of 5 ± 2.5 percent in December 2020 at 5.6 percent from 5.8 percent in December 2019. This lower inflation was mainly supported by a reduction in food prices.

1.1.2 County Specific Context

Tharaka Nithi County Government has aligned its priorities to the Big 4 agenda which includes food and nutritional security, affordable housing, manufacturing, and universal health coverage. The realization of these national goals will help in actualizing the Vision 2030 agenda. The county government has been preparing county economic development planning documents which are aligned to the National Government's Medium-Term Plan (MTP III) and the Big 4 agenda. The county will continue reorienting expenditure towards the priority programmes outlined in the County's Integrated Development Plan 2018-2022 and as identified in public consultative forums. The critical programmes to be implemented are expected to stimulate the County's Socio-Economic development. The strategic priorities of the current leadership are anchored on fostering sustainable development that promotes inclusive economic growth and opens economic opportunities for a better future for residents in Tharaka Nithi County. Consequently, this CFSP covers the following broad priorities;

- a) Transform agriculture for improved production and productivity.
- b) Ensure access to quality and affordable health care services.
- c) Provide efficient, affordable and reliable infrastructure and services for sustainable economic growth.
- d) Promote quality, inclusive, diverse, accessible education and promote cohesion
- e) Create conducive business and tourism environment.
- f) Attain efficient, equitable and sustainable use of land resource, spatial planning and development of urban areas.
- g) Ensure provision of efficient and effective public service delivery.
- h) Strengthen the democratic arena and fostering good governance.

1.2 Programmes for Achieving the County Strategic Blueprint's Objective

The County Fiscal Strategy Paper 2021, articulates priority economic policies and structural reforms as well as sector-specific expenditure programs to be implemented under the Medium-Term Expenditure Framework for FY 2021/22, FY 2022/23 and FY 2023/24. This seeks to achieve the County Government's development goal to ensuring a secure, resilient and globally competitive county in service delivery. Most of these sector-specific programs, policies and structural reforms are

ongoing and will help the County Government to achieve its development goal. Every strategic objective is achieved by various priority strategies as outlined below.

1.2.1 Transform agriculture for improved production and productivity

Agriculture plays a strategic role in the progress of economic development for any society. Through increase in agricultural production, there is potential rise in per capita income in the rural community alongside production of primary raw materials that set stage for industrialization. Under this strategic objective, some of the priority economic policies, structural reforms and sector-specific expenditure programs listed include:

- a) Offer subsidized high-quality inputs to the farmers
- b) Promote conservation agriculture
- c) Training and capacity building of farmers by operationalizing the ATI
- d) Enhance produce marketing.
- e) Construction and operationalization of community grain stores, cooling plants and enhance other preservation techniques as well as policy intervention to curb food wastage after bumper harvests.
- f) Promote value addition and processing plants in the county.
- g) Enhance extension services
- h) Improvement of livestock productivity.
- i) Improvement of animal feed and nutrition
- j) Improve pest and disease control mechanisms
- k) Encourage use of disease and drought resistance and resilience crops and animals.
- l) Capacity build farmers, creation of awareness and focus on value chain development
- m) Development of domestic and irrigation water supply systems/schemes.
- n) Metering water projects for efficiency.
- o) Rain water harvesting and development of storage reservoirs.
- p) Enhance protection, conservation and management of water sources.

1.2.2 Ensure access to quality and affordable health services

Health sector is among the key priority sectors in Tharaka Nithi County Government and it envisions a county free from preventable diseases and ill health. To achieve this, the following priority economic policies, structural reforms and sector-specific expenditure programs will be implemented:

- a) Upgrading Chuka Level 4 Hospital to a fully pledged level 5 Hospital (County Referral Hospital)

- b) Improve diagnostic services through procurements and installation of specialized equipment in the referral hospital
- c) Strengthen the county emergency services and referral system
- d) Investment in renovations and creating of spaces for missing services in the existing health facilities
- e) Strengthen the medical facilities by procuring and equipping them with the requisite medical equipment
- f) Increase the workforce numbers and recruit specialist across all the cadres
- g) Increasing allocation for essential medicines and medical supplies and supply them on time.
- h) Supplement cost of health services to the elderly, persons living with disabilities and any other special cases as identified.
- i) Computerization of health systems in all County health facilities for efficiency and effective service delivery.
- j) Conduct support supervision to improve on leadership and governance
- k) Improve service delivery through customer satisfaction and demand creation
- l) Enhance capacity development for technical staff on essential services.

1.2.3 Provide efficient, affordable and reliable infrastructure and services for sustainable economic growth.

Infrastructure is key to achieving investment, increased production, access to essential services and overall economic growth. The County Government has put in place the following priority economic policies, structural reforms and sector-specific expenditure programs:

- a) Spot improvement of feeder roads
- b) Tarmacking of roads
- c) Opening up new roads
- d) Grading and maintenance of rural access roads
- e) Construction of bridges and footbridges
- f) Provision of construction machinery and equipment
- g) Provision of modern ICT infrastructure and equipment
- h) Procurement and maintenance of revenue surveillance systems
- i) In collaboration with the National government, expand electricity connection – Last mile connectivity
- j) Promote use of alternative and renewable energy.

1.2.4 Promote quality, inclusive, diverse, accessible education and promote cohesion

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

- a) Empowerment of PWDs and vulnerable groups
- b) Completion and renovation of ECDE classrooms
- c) Provision of teaching and learning materials.
- d) Enhancement of bursary funds
- e) Strengthening of supervision services
- f) Capacity Building of Youth Polytechnic staff & ECDE teachers and care givers
- g) Refurbishment and rehabilitation of Youth Polytechnics and procurement of equipment and materials
- h) Inspection and quality assurance of institutions
- i) Completion of stadia
- j) Procurement of equipment, tools and training of sportspersons.
- k) Organize music festivals to enhance cohesion and cultural growth
- l) Youth empowerment program
- m) Promotion of sporting activities

1.2.5 Conducive environment and sustainable exploration and exploitation of natural resources

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

- a) Waste management
- b) Climate change mitigation and adaptation
- c) Afforestation and reforestation for restoration and protection of water catchment areas
- d) Agroforestry promotion
- e) Encourage safe and sustainable exploration and exploitation of natural resources
- f) Formulating relevant policies on mining, climate change and pollution control.
- g) Mapping and identification of gazetted and a non-gazetted areas for mineral resources in collaboration with national government.
- h) Rehabilitation of degraded lands

1.2.6 Create conducive business and tourism environment

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

- a) Strengthening and support to cooperative societies.

- b) Formation of producer business groups
- c) Inspection, investigation and monitoring of the trade affairs in the county
- d) Calibration and verification of traders' equipment for standardization and consumer protection
- e) Market widening, surveys and creation of data bank to enhance market access
- f) Value addition to agro-processing units / industrial units
- g) Capacity building and awareness creation to all traders
- h) Development and diversification of tourism products
- i) Branding, advertising and creative tour packaging
- j) Develop niche products
- k) Holding annual cultural festivals to promote integration
- l) Establishment and promotion of ecotourism ventures.

1.2.7 Attain efficient, equitable and sustainable use of land resources, spatial planning and development of urban areas

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

- a) Land adjudication in collaboration with national government
- b) Development planning
- c) Market infrastructure development
- d) Resource mapping
- e) Improvement and maintenance of urban and market roads
- f) Approval of survey plans in collaboration with national government
- g) Digitizing of all land and planning data
- h) Market and urban Centre development, upgrade and beautification.
- i) Street lighting and installation of floodlights

1.2.8 Ensure provision of efficient and effective public service delivery

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

- a) Performance management
- b) Carry out staff training and development
- c) Perform staff recruitment, placement, trainings and re-designation
- d) Enforcing work ethics
- e) Storing, updating and securing staff files
- f) Financial management

- g) Revenue collection and administration.
- h) Resource mobilization and engaging development partners
- i) Strict enforcement of financial regulations and regular auditing
- j) Conducting public participation and civic education
- k) Develop county plans and budget in accordance with the PEM Cycle
- l) Monitoring and evaluating progress of county projects
- m) Regular data collection and management to help in planning
- n) Ensure good labour relations through dialogue.

1.2.9 Strengthen the democratic arena and fostering good governance

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

- a) Oversight of county activities especially with respect to public expenditure
- b) Approving overall policy within set deadlines
- c) Development of county legislations
- d) Vetting and approval of appointments of state officers
- e) Capacity development for County Assembly members and staff.

1.3 Outline of County Fiscal Strategy Paper

This section gives the outline of the County Fiscal Strategy Paper. The CFSP has five chapters with chapter one giving the County's strategic blueprint. It sets the pace and direction of the whole document. Chapter two outlines the recent economic developments and policy outlook in which the 2021/22 MTEF budget is to be prepared. It links the broad national macroeconomic parameters with the county's own economy in terms of their broad impacts. The chapter also relates the growth outlook for Kenya as contained in the Budget Policy Statement to the county's own economic policy settings. Chapter three gives an overview of the fiscal framework that supports the county economic growth over the medium term while continuing to provide adequate resources to facilitate the development agenda and fiscal priorities of the County Government. It sets out the County Government's fiscal policy stance in light of its strategic blueprint's objective and also provides an update on the county's progress in enacting and implementing fiscal structures to enable it to be fully compliant with the PFM Act 2012 and PFM Regulations 2014. Chapter four gives a clear picture of the county's resource base and spending priorities in terms of sectors and outlining the sector-based expenditure ceilings. Chapter five provides a summary of the main changes and decisions to be put to place and the way forward.

CHAPTER TWO: RECENT ECONOMIC DEVELOPMENTS AND POLICY OUTLOOK

2.1 Overview

In 2020, the Kenyan economy was adversely affected by the outbreak of Covid-19 Pandemic and the swift containment measures, which have not only disrupted the normal lives and livelihoods, but also to a greater extent businesses and economic activities. As a result, our economy contracted by 5.7 percent in the second quarter of 2020 from a growth of 4.9 percent in the first quarter in 2020. The economy is therefore estimated to slow down to a growth of around 0.6 percent in 2020 from the earlier projection of 2.6 percent in the 2020. Economic growth is projected to recover to 6.4 percent in 2021 due to in part, the lower base effect in 2020. In terms of fiscal years, economic growth is projected to grow by 3.5 percent in FY 2020/21 and further to 6.2 percent over the medium term.

The economy continues to register macroeconomic stability with low and stable interest rates and a competitive exchange rate that supports exports. The year-on-year overall inflation remained within the Government target range of 5 ± 2.5 percent in December 2020 at 5.6 percent in December 2019. This lower inflation was mainly supported by a reduction in food prices. The foreign exchange market has largely remained stable but partly affected by a significant strengthening of the US Dollar in the global markets and uncertainty with regard to the Covid-19 pandemic. Despite this, the current account deficit is estimated to improve to 5.1 percent in 2020 from 5.8 percent in 2019 mainly supported by an improvement in the trade balance.

2.2 Gross Domestic Product Growth and Main Drivers by Sector

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

The economy grew by 4.9 percent in the first quarter of 2020 compared to a growth of 5.5 percent in the first quarter of 2019. The slowdown in quarter one was as a result of the decline in economic activities in most of the country's major trading partners due to the uncertainty associated with the Covid-19 pandemic.

The economy further contracted by 5.7 percent in quarter two of 2020 from a growth of 5.3 percent in the same quarter in 2019. The poor performance in the quarter was to a large extent negatively affected by measures aimed at containing the spread of the Covid-19. As a result, the performance of most sectors of the economy contracted in the second quarter of 2020. However, the economy was supported by improved performance of Agriculture, Forestry and Fishing activities), Health Services and Mining and Quarrying activities.

The agriculture sector recorded an improved growth of 6.4 percent in the second quarter of 2020 compared to a growth of 2.9 percent in the corresponding quarter of 2019. The sector's performance was supported by a notable increase in tea production, cane deliveries, milk intake and fruit exports. The sector's contribution to GDP growth was at 1.5 percentage points in the second quarter of 2020 compared to 0.7 percentage points over the same period in 2019.

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

Services sector contracted by 11.0 percent in the second quarter of 2020 compared to a growth of 6.8 percent in the same quarter in 2019. The decline was largely characterized by substantial contractions in Accommodation and Food Services (83.3 percent), Education (56.2 percent), and Transportation and Storage (11.6 percent). Growth in the service sub-sector was mainly supported by financial and Insurance, Information and communication and Public Administration. The Services sub-sector contributed -5.4 percentage point to real GDP growth in the second quarter of 2020 compared to the 3.3 percentage point contribution in the same quarter of 2019.

The industry sector contracted by 1.0 percent in the second quarter of 2020 compared to a growth of 5.4 percent in the same quarter of 2019. This was mainly due to a decline in activities in the electricity and water supply and manufacturing sub-sectors. The industry sector was however supported by the Construction sector which grew by 3.9 percent in the second quarter of 2020. The industry sector accounted for -0.2 percentage points of growth in the second quarter of 2020 compared to 0.7 percentage point contribution to GDP in 2019.

2.3. Local Economic Trends

2.3.1 The Broad Money Supply Trend

Money supply, being the total amount of currency and other liquid instruments circulating in the economy has been relatively stable and increasing over the period of November 2019 to November 2020. The growth in the broad money supply, M3, improved to 14.2 per cent in the year to November 2020, compared to a growth of 5.9 percent in the year to November 2019. The improved growth is due to increase in the Net Domestic Assets (NDA). The average value for Kenya during the period was Kshs. 3,734,878 million, with a 14.16% change comparing November 2019 and November 2020 and average growth of 0.95% over the period. The minimum M3 was Kshs. 3,461,978 million in November 2019 being a -1.58% change from the previous month and the maximum was Kshs. 3,952,313 million in November 2020 being a 0.75% increase from the month of October 2020.

NDA registered growth of 20.8 percent from 3.5 percent over the period with the highest being November 2020 at Kshs. 3,221,720 million and lowest being November 2019 at Kshs 2,666,392 million. Claims on the private sector grew over the period, with the highest being on November 2020 at Kshs. 2,899,948 million. Net Foreign Assets (NFA) of the banking system in the year to November 2020 contracted by 8.2 percent, compared to a growth of 15 percent in the year to November 2019. The contraction in growth of the NFA was mainly reflected in the decline of the foreign currency reserves by the Central Bank. The NFA of commercial banks improved during the review period as a result of an increase in the commercial banks' deposits with the non-resident banks.

Below is a graph to show various trends.

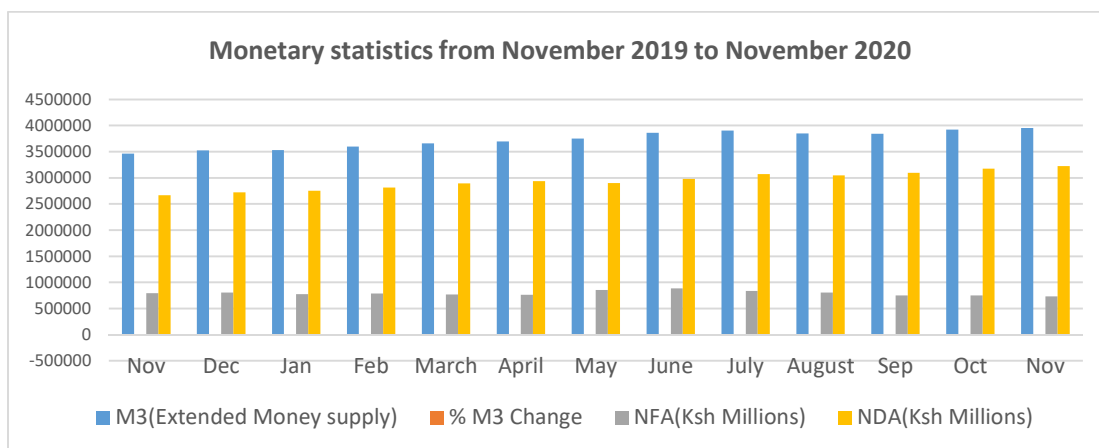


Figure 1: Monetary statistics from November 2019 to November 2020

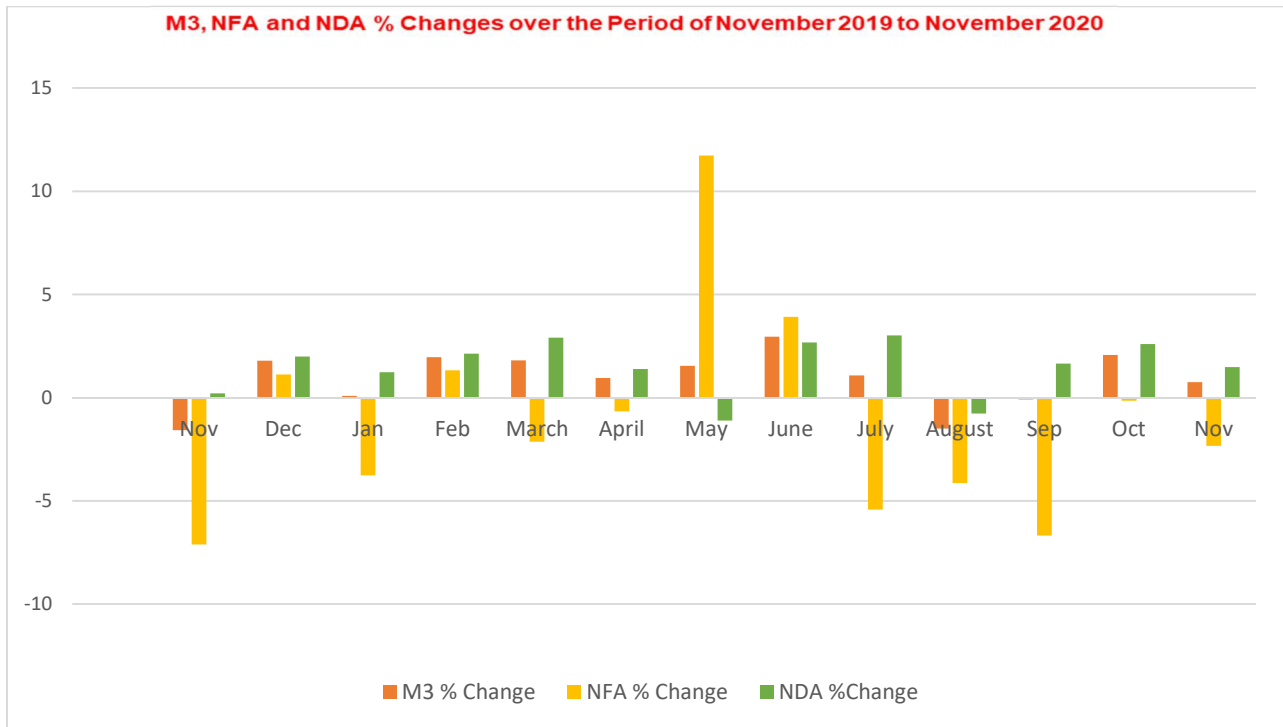


Figure 2: M3, NFA and NDA % Changes

2.3.2 The Inflation Rate Trend

The annual inflation as measured by the Consumer Price Index (CPI) remained low, stable and within the 5+/-2.5 government target range. The major driver of the overall inflation has been food inflation, but its contribution to overall inflation has declined from 4.5 percent in December 2019 to 2.9 percent in December 2020 on account of a reduction in food prices. It was the highest during the month of June 2020 at 5.76%, due to hike in prices of food owing to the country's lockdown after the Covid-19 pandemic which affected the production rate. After June 2020, the inflation has been continually going down since almost all services have resumed to normalcy and food prices went down. Apart from the first four months of 2020, annual average inflation has been higher than the monthly inflation rate.

Core inflation (Non-Food-Non-Fuel) contribution to inflation remained low at 0.8 percent in December 2020 compared to 0.4 percent in December 2019 reflecting muted demand pressures in the economy on account of prudent monetary policies. However, the contribution of fuel inflation to overall year-on-year inflation rose to 1.7 percent in December 2020 from 0.6 percent in December 2019 on account of increasing international fuel prices. The line graph below shows this trend.

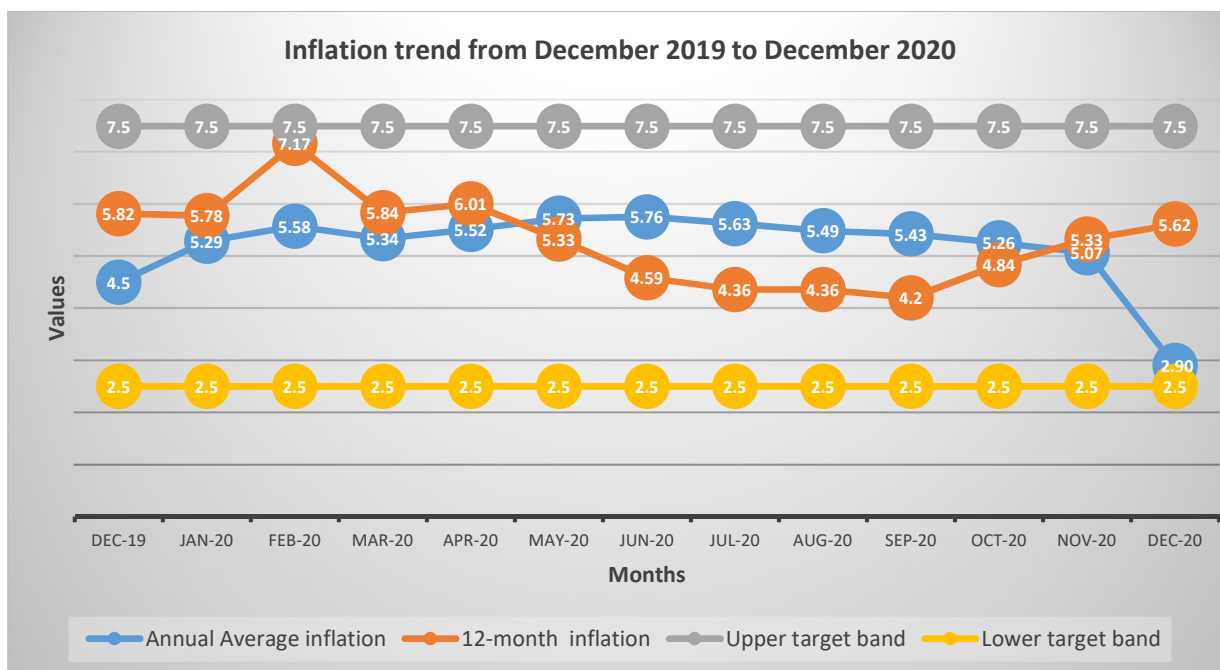


Figure 3: Inflation trend
(Source of Data: KNBS and BPS 2021)

2.3.4 The Interest Rate Trend

Following the Central Bank of Kenya intervention by enhancing monetary policies to address inflation and control lending and borrowing rates, the interest rates have since remained low and stable. As at December 2020, the CBK rates reduced to 7 per cent compared to December 2019 which was 8.5 per cent. This will favor business activities hence improve the economy and control inflation. The government security rates have been reducing despite the increased domestic borrowing by the government. During the period from December 2019 to December 2020, the 91-day treasury bill rate declined to 6.19 per cent from 7.17per cent. Over the same period, the 182-day treasury bill rate declined to 7.38 from 8.16 per cent while 364-day treasury bills rate as well declined to 8.27 from 9.8 per cent.

The interbank rate declined in line with the easing of the monetary policy and adequate liquidity in the money market. As at December 2020, the rate was 5.29 per cent which is a drop from 6.03 per cent in December 2019. The cash reserve requirement also decreased to 4.25 from 5.25 per cent which was due to the same reasons. The deposit, lending and overdraft rates decreased to 6.31, 11.99 and 11.39 per cent from 6.56, 12.38 and 11.88 per cent respectively, from November 2019 to November 2020. The following graph represents interest rate trends.

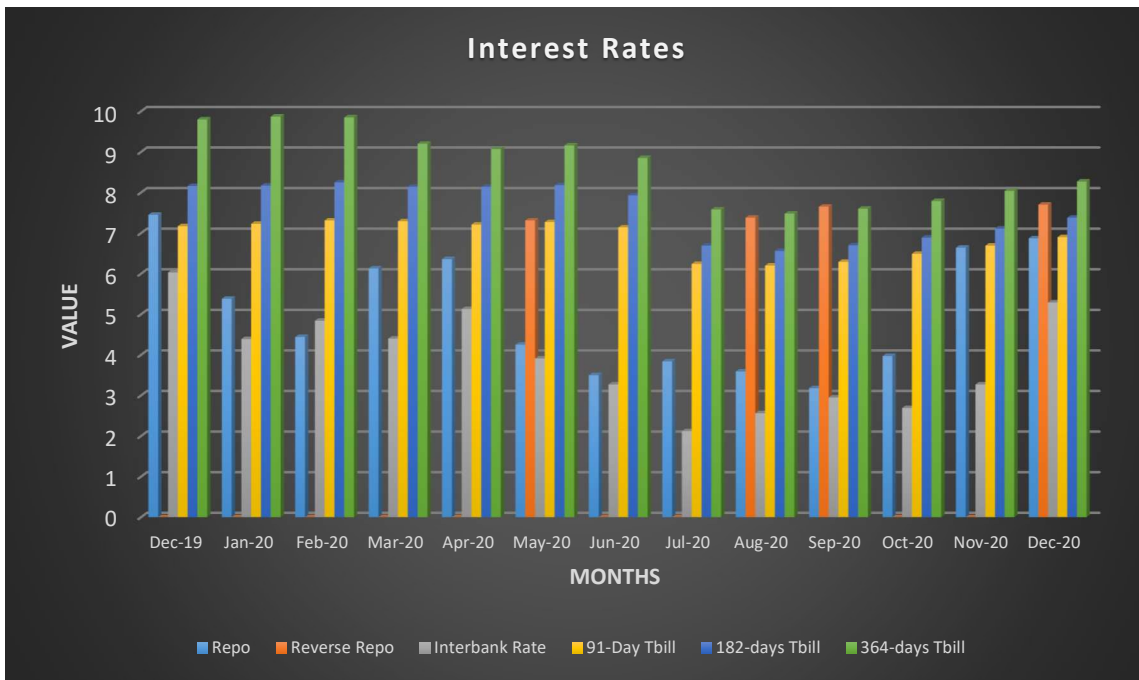


Figure 4: Interest Rates Trend
(Source of Data: World Bank and KNBS)

2.3.5 The Exchange Rate Trend

Exchange rate has been favorable. The foreign exchange market has largely remained stable but was partly affected by a significant strengthening of the US Dollar in the global markets and uncertainty with regard to the Covid-19 pandemic. In this regard, the Kenya shilling to the dollar exchanged at Kshs. 110.6 in December 2020 compared to Kshs. 101.5 in December 2019. The Kenyan shilling has remained relatively stable weakening by only 0.9 per cent against the US Dollar. Its stability was attributed to increased remittance and adequate foreign exchange reserves.

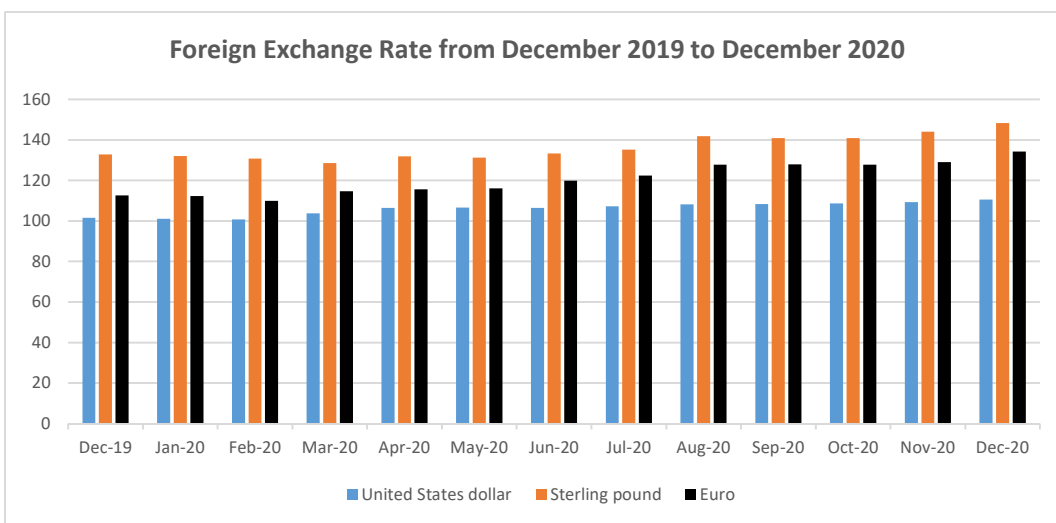


Figure 5: Foreign Exchange Rate Trend

2.3.6 The Balance of Payments Trend

Due to an improvement in the current account balance, overall balance of payments position improved to a surplus of US\$ 1,217.2 million (1.2 percent of GDP) in the year to September 2020 from a deficit of US\$ 1,058 million (1.1 percent of GDP) in the year to September 2019. The current account deficit stood at \$ 4,921.0 million (5.0 percent of GDP) in September 2020 from US\$ 5,009.1 million (5.3 percent of GDP) in September 2019. The improvement in the current account balance was mainly due to the increase in the merchandise account balance and the net primary income balance. The capital account balance registered a surplus of US\$ 157.8 million in the year to September 2020. However, this was a US\$ 48.9 million decline compared to the balance witnessed in September 2019. Net Financial Inflows declined to US\$ 3,012.0 million from US\$ 6,714.3 million in the year to September 2019. The financial inflows were mainly in the form of direct and other investments which stood at US\$ 482.4 million and US\$ 4420.4 million respectively in September 2020. The net portfolio investments outflows stood at US\$ 1,189.5 million.

The balance in the merchandise account improved by US\$ 1,340.1 million to a deficit of US\$ (8,947.5) million in the year to September 2020 on account of a decline in imports and a marginal increase in exports. In the year to September 2020, exports grew by 2.8 percent primarily driven by tea exports, on account of increased production and demand for tea from the U.K. On the other hand, imports declined by 7.3 percent in the year to September 2020, as a result of reduction in the volume of oil importation and decline in the value of imported manufactured goods, particularly iron, steel, machinery and transport equipment such as vehicles, and SGR related imports. Net services declined by 72.8 percent in the year to September 2020 mainly due to a significant decline in transport services and travel receipts as a result of the uncertainty associated with the Covid-19 pandemic and the resultant containment measures. Cargo through-out performed well during the review period and provided a buffer in terms of transport receipts.

2.3.7 The stock Market Trend

Activity in the capital markets declined in December 2020 compared to December 2019, with equity share prices declining as shown by the NSE 20 Share Index. The decline reflects the volatility in the financial markets as a result of the uncertainty surrounding the Covid-19 pandemic. The NSE20 Share Index was at 1,868 points by end of December 2020 compared to 2,654 points by end December 2019. Consequently, market capitalization declined from Kshs 2,540 billion to Kshs 2,337 billion over the same period.

2.3.8 Impact of the Macroeconomic Performance Indicators to the County

Though the economy of the county has been relatively stable, it has been affected by the pandemic. However, the county government has put in place strategies to mitigate the adverse impacts of the pandemic on the economy and to reposition it on a steady and sustainable growth trajectory. The implementation of the FY 2020/2021 projects begun late due to delayed funding from the national government hence the need for the county government to make sure the project implementation period is rushed.

2.3.9 Global and Regional Economic Developments

The outbreak and spread of the COVID-19 pandemic and the containment measures have devastated global economies. The global economy growth has contracted by 4.4 percent in 2020 from a growth rate of 2.8 percent in 2019 and is project to grow at 5.2 percent. Advanced economies are projected to contract by 5.8 percent in 2020 from a growth of 1.7 percent in 2019. Significant contraction of the economy is projected in the united states (-4.3percent), japan (-5.3percent) and the United Kingdom (-9.8percent). Growth in the Euro area is expected to contract by 8.3percent in 2020 from a growth of 1.3percent in 2019.

The emerging markets and developing economies are also projected to contract by 3.3 percent in 2020 from a growth of 3.7percent in 2019. All major economies are projected to contact in 2020 except China which is projected to grow by 1.9percent, a slowdown from a growth of 6.1percent in 2019.

Table 1: Global Economic Growth, Percent

Economy	2019	2020*	2021**
World	2.8	(4.4)	5.2
Advanced Economies	1.7	(5.8)	3.9
Of which: USA	2.2	(4.3)	3.1
Emerging and Developing Economies	3.7	(3.3)	6.0
Of which: China	6.1	1.9	8.2
India	4.2	(10.3)	8.8
Sub-Saharan Africa	3.2	(3.0)	3.1
Of which: South Africa	0.2	(8.0)	3.0
Nigeria	2.2	(4.3)	1.7
EAC-5	6.2	1.0	4.5
Of which: Kenya***	5.4	0.6	6.4
<i>* Estimate ** Projected</i>			
<i>EAC-5: Burundi, Kenya, Rwanda, Tanzania and Uganda</i>			

The sub-Saharan region has not been spared the negative impact of the region projected to contract by 3.0 percent in 2020 from a growth of 3.2 percent in 2019. The largest impact of the crisis on growth has been for tourism-dependent economies, while commodity –exporting countries have also been hit hard. Growth in more diversified economies will slow significantly, but in many cases will still be positive in 2020.

Growth in East Africa Community (EAC) region is estimated to slow down to 1.0 percent in 2020 compared to a growth of 6.2 percent in 2019. This growth will be supported by positive growths in Kenya, Tanzania and Rwanda. Economic activities in Burundi and Uganda are expected to contract in 2020.

2.4 Update on Fiscal Performance and Emerging Trends for FY 2020/21

Budget estimates from the National Treasury indicated a gradual growth of effective economic, humanitarian and health interventions at national and county government levels. The supplementary budget for FY 2020/21 presented to the county assembly in November 2020 was motivated by the continued demand to appropriate funds for payment of pending bills and emerging needs to address economic and humanitarian challenges that arose due to the Covid-19 pandemic.

2.4.1 Revenue

The total revenue received during the first six months of the FY 2020/21 amounted to Kshs 2,162 million. This is in comparison to Kshs 1,389.3 million received in a similar period in the FY 2019/20. This amount comprised Kshs 1,632 million as equitable share allocation, Kshs 107.6 million from local sources, Kshs 169.1 million from grants and Kshs 252.5 million from balances carried forward at the beginning of the accounting period. The total revenue received represented 34 per cent of the annual revenue projections of Kshs 5,857 million.

The local revenue collection for the first six months of the financial year 2020/21 was Kshs 107.6 million. The six best performing revenue streams are health services/hospitals (Kshs 37 million), Cess fees (Kshs 19.8 million), single business permit (Kshs 14.4million), market and slaughter fees (Kshs 8.57 million), liquor inspection fees (Kshs 8.56 million) and vehicle parking fees (Kshs 7.3 million). Miscellaneous charges amounting to Kshs 2.8 million were also collected during the same period.

2.4.2 Expenditure

The total expenditure for the first half of the FY 2020/21 is Kshs 2,162 million which comprised of Kshs1,583.5 million for recurrent expenditure, Kshs 408.9 million for development and Kshs 169.5 million for County Assembly. The recurrent expenditure represents 47 per cent of the annual recurrent budget estimates while the development expenditure represents 20 per cent of the annual development budget estimates.

2.4.3 Fiscal performance FY 2019/20

Budget execution was low during the first half of the FY 2020/21, attributed to the unexpected delays in release of equitable share due to challenges brought about by the COVID-19 pandemic. In comparison, total revenue realized during the financial year 2019/20, was of Kshs 4,479.9 million which comprised the equitable share allocation of Kshs 3,587 million, Kshs 271,605,362 from local own revenue sources and Kshs 529,648,881 as grants. The closure of the financial year resulted in unspent balances amounting to Kshs 234,134,443. From the receipts Kshs 2,732,093,020 was used to finance recurrent expenditure, while Kshs 1,155,991,582 was utilized as development expenditure. Further, Kshs 357,770,700 was transferred to the County Assembly services.

2.4.4 Comparison of Actual Performance against Budget

Table 2: Comparison of Actual Performance against Budget

PARTICULARS	2019/20 FY Actual	2020/21 FY Budget Estimates	2020/21 Actual (First half)	% Utilization
TOTAL REVENUE & GANTS	4,479,989,745	5,857,834,974	2,162,022,698	37%
Unspent Bal from Previous FY	91,651,102.00	252,554,178	252,554,178	100%
Revenue (Total)	4,388,338,643	5,605,280,796	1,909,468,520	34%
Equitable Share Allocation	3,587,084,400	4,262,115,600	1,632,652,050	38%
Local Revenue	271,605,362	350,000,000	107,680,465	31%
Grants (Total)	529,648,881	993,165,196	169,136,005	17%
Total Expenditure	4,479,989,745	5,857,834,974	2,162,022,698	37%
Recurrent	2,732,093,020.00	3,378,342,007	1,583,505,035	47%
Development	1,155,991,582	2,056,492,967	408,945,810	20%
County Assembly	357,770,700	423,000,000	169,571,853	40%
Unspent Bal Current FY	234,134,443	-	-	-

2.5 Significant Economic, Legislative and Financial Events

The emergence of the six regional economic blocs in different regions of the country, pegged on a desire to optimize the comparative advantage of counties, their economies of scale and ability to attract investments has been characterized by the adoption of different forms of institutional structures by the different blocs.

The six regional economic blocs are: The Lake Region Economic bloc (13 members), the North Rift Economic bloc (7 members), the Central Region Economic bloc (10 members), the Jumuiya ya Kaunti za Pwani (6 members), the South Eastern Kenya Economic bloc (3 members) and the Frontier Counties Development council (7 members)

Tharaka Nithi county is a member of the Central Region Economic Bloc (CEREB) with other members being Meru, Embu, Muranga, Kirinyaga, Kiambu, Nyeri, Laikipia, Nyandarua and Nakuru counties. The policy and legislative framework for the regional economic blocs address the nature of instruments of cooperation, the powers of the regional economic blocs, the financing of the economic blocs, the ownership of regional blocs' projects and the dispute resolution mechanisms to be applied in resolving disputes.

On the other hand, the CRA submitted to the Senate Recommendations Concerning the Third Basis for Revenue Sharing among County Governments for the Period FY 2019/20 – 2023/24. The CRA proposal was based on the following objectives: (a) to enhance service delivery, (b) to promote balanced development, (c) to incentivize counties to optimize capacity to raise revenue, and (d) to incentivize prudent use of public resources. In this new formula, there is shift towards service-oriented approach of revenue sharing where new parameters such as health index, agricultural services, other county services and urban services were introduced and thus increasing the number of parameters to ten. A summary of the proposed third formula (as well as the current and previous ones) is shown in table 3 below.

Table 3: Revenue sharing formula parameters

Indicator	1 st formula	2 nd formula	Proposed 3 rd formula
Health index			17%
Agricultural index			10%
County population	45%	45%	18%
Basic equal share	25%	26%	20%
Rural access index			4%
Urban households			5%
Land area	8%	8%	8%
Poverty	20%	18%	14%
Fiscal effort index		2%	2%
Fiscal responsibility (Prudence)	2%		2%
Development factor		1%	
Total	100%	100%	100%

2.6 Economic Policy and Outlook

World economic growth is projected to rebound to 5.2 percent in 2021 from a contraction of 4.4 percent in 2020 mainly supported by a gradual strengthening in consumption and investment is also expected to firm up. Economic growth in the sub-Saharan Africa region is expected to recover to 3.1 percent in 2021 as most of the economies in the region recover from the adverse effects of the Covid-19 pandemic.

In Kenya, growth outlook for 2020 has been revised down from the initial projection of 2.6 percent in the 2020 Budget Review and Outlook Paper (BROP) following receipt of more recent indicators and taking into account the contraction of 5.7 percent in the second quarter and the World Economic Outlook figures released by the IMF. In this respect, economic growth is now estimated at 0.6 percent in 2020 and will recover to 6.4 percent in 2021. Looking ahead, economic growth is projected to slow down to 5.5 percent in 2022 (due to in part the uncertainty associated with the 2022 general elections) and recover to 6.1 percent by 2024. In terms of fiscal years, economic growth is projected to grow by 3.5 percent in FY 2020/21 and further to 6.2 percent over the medium term.

This growth outlook for the calendar year 2020 and the FY 2020/21 and the medium term, will be supported by the stable macroeconomic environment, ongoing investments in strategic priorities of the Government under the “Big Four” Agenda, the ongoing public investments in infrastructure projects, the Economic Stimulus Program being implemented, the planned Post Covid-19 Economic Recovery Strategy, turn around in trade as economies recover from Covid-19 pandemic and expected favorable weather that will support agricultural output. These factors will push up consumer demand and increase both public and private sector investment reinforcing the projected growth. The economic growth projections over the medium term are aligned to those of the Third Medium Term Plan (2018-2022) which is implementing Vision 2030.

Over the medium term, Tharaka Nithi County Government commits to maintaining sustainable economic growth by adopting Post Covid-19 Economic Recovery Strategy, supporting youth SMEs through Tharaka Nithi Youth Empowerment Program, investing in pro socio-economic programs and adherence to the fiscal responsibility principles of prudence and transparency in management of public resources. The County Government has invested in strategic areas under the “Big Four” plan that a target to make Tharaka Nithi County a food secure county and ensure provision of quality healthcare to her citizens.

Table 4: Macroeconomic Indicators Underlying the Medium-Term Fiscal Framework (FY 2021/22 MTEF)

	2018/19	2019/20		2020/21			2021/22			2022/23			2023/24			2024/25	
	Act	Supp III Budget	Act	Budget	BROP'20	Rev Budget	BPS'20	BROP'20	BPS'21	BPS'20	BROP'20	BPS'21	BPS'20	BROP'20	BPS'21	BROP'20	BPS'21
<i>annual percentage change, unless otherwise indicated</i>																	
National Account and Prices																	
Real GDP	5.9	4.0	3.0	4.2	4.0	3.5	6.3	5.2	5.9	6.6	5.4	5.7	6.8	5.9	6.0	5.9	6.2
GDP deflator	3.2	5.4	5.2	6.2	6.2	5.9	5.4	5.5	5.5	5.3	5.3	5.3	5.4	5.4	5.4	5.3	5.2
CPI Index (eop)	5.1	5.0	5.2	5.0	5.0	5.1	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
CPI Index (avg)	4.9	5.1	5.2	5.0	5.0	5.1	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Terms of trade (- deterioration)	0.6	2.6	-2.2	4.2	-1.1	-2.9	1.1	1.1	1.1	0.3	-0.5	-0.3	0.4	0.4	0.5	0.5	0.6
<i>in percentage of GDP, unless otherwise indicated</i>																	
Investment and Saving																	
Investment	17.7	15.7	9.4	21.6	13.3	11.5	22.1	16.4	18.6	22.4	17.2	18.1	22.6	18.4	18.9	18.5	19.2
Central Government	8.1	6.7	5.9	5.0	5.9	5.6	5.1	5.0	4.9	5.3	4.8	4.6	4.9	4.6	4.5	4.6	4.6
Other	9.5	9.0	3.5	16.6	7.3	6.0	17.1	11.4	13.8	17.2	12.4	13.5	17.6	13.8	14.4	13.9	14.6
Gross National Saving	13.6	11.4	3.6	16.5	8.2	5.7	17.8	11.6	12.9	19.6	12.3	12.3	21.2	13.7	13.0	13.8	13.2
Central Government	1.8	1.3	0.9	0.5	0.3	-0.2	3.7	0.8	0.2	4.4	1.6	0.8	4.0	2.2	3.2	2.1	3.3
Other	11.8	10.1	2.6	16.0	7.9	5.9	14.1	10.8	12.8	15.1	10.8	11.5	17.3	11.5	9.8	11.7	9.9
Central Government Budget																	
Total revenue	18.3	18.3	17.1	16.8	16.5	16.4	18.5	16.2	16.0	18.4	16.4	15.9	18.4	16.6	17.7	16.4	17.7
Total expenditure and net lending	26.2	27.6	25.3	24.7	25.9	25.9	22.8	23.7	23.9	21.9	22.5	22.6	21.8	21.8	21.8	21.5	21.6
Overall Fiscal balance excl. grants	-7.9	-9.3	-8.2	-8.0	-9.4	-9.4	-4.2	-7.5	-7.9	-3.5	-6.1	-6.7	-3.3	-5.2	-4.1	-5.1	-3.9
Overall Fiscal balance, incl. grants, cash basis	-7.8	-9.0	-8.0	-7.5	-8.9	-9.0	-3.9	-7.1	-7.5	-3.1	-5.8	-6.3	-3.0	-4.9	-3.8	-4.8	-3.6
Primary budget balance	-3.6	-4.7	-3.5	-3.4	-4.8	-4.7	0.3	-2.7	-2.8	0.8	-1.5	-1.6	1.0	-0.7	0.5	-0.7	0.7
External Sector																	
Current external balance, including official transfers	-4.1	-4.2	-5.8	-5.1	-5.1	-5.8	-4.3	-4.8	-5.7	-2.9	-4.8	-5.8	-1.3	-4.8	-5.9	-4.7	-6.0
Gross reserves in months of this yr's imports	6.4	6.5	6.3	6.0	5.8	5.8	6.0	5.8	5.8	6.0	5.8	5.8	6.0	5.8	5.8	5.9	5.9
Memorandum Items:																	
Nominal GDP (in Ksh Billion)	9,303	10,197	10,157	11,276	11,267	11,132	13,044	12,502	12,436	14,674	13,879	13,841	16,527	15,495	15,470	17,286	17,287

2.7 Risks to the Outlook

Tharaka Nithi's economy is being hit hard through supply and demand shocks on external and domestic fronts, interrupting its recent broad-based growth path. Apart from the coronavirus pandemic, the locust attack which started early 2020 has affected many parts of county. It has had a negative impact on the food security and growth of the agriculture sector in the county. The county has on timely basis responded through provision of spraying services in order to cut down further damages of crops that would affect the county through occurrence of hunger.

The county has put effort to support the National COVID-19 response plan by training community health volunteers on infection and control interventions against COVID-19 and UHC as well. Due to COVID-19, there is likelihood that the own source revenue targets may fall short due to business/trading activities interruptions as a result of partial lockdown and curfew where many businesses were closed. The county government is upscaling enforcement of fees collection to minimize the short fall.

CHAPTER THREE: FISCAL POLICY BUDGET FRAMEWORK

3.1 Overview

This sub-section provides a summary of the section and the key actions the County Government has decided to take in the budget allocation.

3.2 Fiscal Policy Status

The County's Economic and Budgetary policy together with the County Fiscal Strategy Paper (CFSP) 2021, lays down the outline for the preparation of the County's Budget estimates. It highlights the Policies, Programmes and Initiatives (PPIs) for the County Government for implementation in the Financial Year 2021/22 and over the Medium Term. The priorities therein are anchored in the County Integrated Development Plan (2018-2022), and the Annual Development Plan for 2021/22 Financial Year. The priorities are in line with the government's Socio-economic Transformative Agenda and other policy guidelines. This is aimed at creating sound enablers towards the county's development and prosperity in the long run.

3.3 Fiscal Strategy Paper's Obligation to Observe Principles

Tharaka Nithi County Government pledges fiscal discipline as set out in PFM Act, 2012 as well as adoption of best practices. In reiteration of commitments to prudent fiscal policy, the County Government recognizes that the fiscal principles it adheres today will have implications in the future. In this regard, the County Government will;

- a) Ensure there is sound fiscal policies and uniform practices for managing county resources.
- b) Ensure that there is equitable sharing of burdens and benefits of the use of resources and public borrowing between the present and future generation. Thus, the County Government shall make prudent policy decisions today so that it does not impose an unnecessary debt burden on future generations;
- c) Ensure that development portfolio is not crowded out by increasing wage burden;
- d) Ensure adherence to the ratio of development to recurrent of at least 30:70 on annual basis and over the medium term, as set out in the legal framework- Section 107(2) of the PFM Act 2012
- e) Regulation 25 (1) (b) of the PFM (County Governments) requires that County wage bill shall not exceed 35% of the total revenue hence the County Government will implement guidelines to enforce compliance; and
- f) Tharaka Nithi County Government will make prompt payments for contracted goods and services.

3.3.1 Fiscal Responsibility

In order to ensure prudence and transparency in management of resources, the County Treasury shall be guided by the fiscal responsibility principles as spelt out the PFM Act 2012, section 107 and that;

- a) Over the Medium Term, a minimum of 30 percent of the County budget shall be allocated to development expenditures.
- b) The County Government's expenditure on wages and benefits for county public officers shall not exceed thirty-five (35) percent of the County revenue.
- c) Upon approval of the borrowing framework by Parliament, over the Medium Term, the county government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure. Short term borrowing shall be for purposes of cash management.
- d) Public debt and obligations shall be maintained at a sustainable level as approved by the County Assembly.
- e) Fiscal risks shall be managed prudently

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 future. The County Government will not deviate from other fiscal responsibility principles stipulated in Section 107 of the PFM Act 2012 but will make appropriate modification to the financial objectives to be contained in the CFSP to reflect the real circumstances.

3.3.2 Fiscal Structural Reforms

In order to strengthen the county's return on investment position, the FY 2021/2022 Budget framework will consider other vital reforms including;

- a) **Strategic policy direction:** There will be proper prioritization taking into consideration of the Governor's agenda, the national agenda, social equity and environmental conservation.
- b) **Strict prioritization of projects:** Only high impact projects will be undertaken in FY 2021/2022 budget in strict compliance with Public Investments Management guidelines (PIM) to increase efficiency and effectiveness of public spending.
- c) Priority to complete all ongoing projects by the departments and its agencies.
- d) Cognizant of the dwindling resources under equitable share from the national government, to curtail growth of recurrent budgets especially use of goods and services.
- e) Allocation based on realistic outcomes and achievable results.

3.3.3 Debt Financing Policy

Tharaka Nithi County has a robust framework for prudent debt management. It provides a systematic approach to decision making on the appropriate composition of external and domestic borrowing to finance the budget in the financial year 2021/2022, taking into account both the costs and risks.

The debt strategy complements the proposed National Medium Term Debt Sustainability Framework which is concerned with long-term sustainability of national debt. Whereas the contemplated debt level is sustainable, long-term debt sustainability depends on a number of factors such as growth in total revenue, sound macro-economic policy mix, policies and guidelines issued by the National Treasury on prudent debt management. Our focus as a County is to settle the short-term debts as soon as possible. In every budget cycle, we ensure that part of the allocations is towards settlement of outstanding debts and ensuring timely payments.

3.4 Budget Framework Proposed for FY 2021/22-2023/24 MTEF

Tharaka Nithi County Government continues to give priority to programmes that are aimed at ensuring social economic transformation of the County. Given the resource constraints, there is need to balance between short term and long-term development objectives. Therefore, it is important that expenditure rationalization is undertaken in order to free resources for economic recovery programs in light of the COVID 19 shocks. With the second wave of the locust invasion, fighting the twin problems will require substantial resources. Hence investing in health care services, food security, water and sanitation and construction of roads will continue to be priority areas of action. Completion of ongoing and operationalization of completed projects will be the top priority across the sectors.

In order to address the issue of pending bills, fiscal consolidation will be the key budget framework in the medium term. This will be achieved by ensuring that the FY 2021/2022 budget framework continues to support fiscal discipline and expenditure rationalization. To achieve this, funding will go to critical needs of the county with the aim of achieving clear outputs and outcomes and ensuring resource efficiency. Further, the government will ensure departments' requests for resources are realistic and take into account the resource constraints, in light of the fiscal consolidation policy.

3.4.1 Revenue Projections

The county total revenue projections for the FY 2021/22 amounts to Kshs 5,393,785,007 which includes the equitable share, local revenue and loans and conditional grants. Based on the Draft 2021 Budget Policy Statement, the County is expected to receive Kshs 4,214 million as equitable share and

Kshs 829 million from the loans and conditional grants allocation. The county own revenue sources are estimated to be Kshs 350 million which will be achieved through improved administration and supervision and expanding the tax base. In the medium term, 78.13 per cent of the county revenues will be financed by the equitable share, 15.38 per cent from loans and conditional grants and 6.49 per cent from county own revenue sources.

Table 5: County Government Revenue Sources by Type

Financial Year	2019/20 Actual	2020/21 Estimates	2021/22 Projected	2022/23 Projected	2023/24 Projected	% Total 2021/22
Equitable Share	3,587,084,400	4,262,115,600	4,214,198,393	4,424,908,313	4,646,153,728	78.13%
User Fees forgone	8,218,119	8,218,119	-	-	-	0.00%
Fuel Levy	111,661,909	115,085,841	-	-	-	0.00%
Medical equipment	-	132,031,277	153,297,872	163,829,787	-	2.84%
Supplement for construction of county headquarters		-	76,000,000		-	1.41%
Youth Polytechnics Grant	55,638,298	60,799,894	-	-	-	0.00%
Kenya Climate Smart Agriculture (KCSAP)	129,170,000	320,000,850	350,000,000	370,000,000	380,000,000	6.49%
Other Loans and Grants	224,960,555	357,029,215	250,288,742	262,803,179	275,943,338	4.64%
Own Source Revenue	271,605,362	350,000,000	350,000,000	367,500,000	385,875,000	6.49%
Other receipts	91,651,102	252,554,178	-	-	-	
Total	4,479,989,745	5,857,834,974	5,393,785,007	5,589,041,279	5,687,972,066	100.00%

Table 6 : County Government Revenue Trend

Financial Year	2019/20 Actual	2020/21 Estimates	2021/22 Projected	2022/23 Projected	2023/24 Projected	2024/25 Projected	% of 2021/22 Total
Equitable Share	3,587,084,400	4,262,115,600	4,214,198,393	4,424,908,313	4,646,153,728	4,878,461,415	78.13%
Loans and grants	529,648,881	993,165,196	829,586,614	796,632,966	655,943,338	688,740,505	15.38%
Own Source Revenue	271,605,362	350,000,000	350,000,000	367,500,000	385,875,000	405,168,750	6.49%
Other Receipts	91,651,102	252,554,178	-	-	-	-	0.00%
Total	4,479,989,745	5,857,834,974	5,393,785,007	5,589,041,279	5,687,972,066	5,972,370,670	100.00%

The chart below shows the actual revenue sources for FY 2019/20, and the projected revenue for FY 2020/21, FY 2021/22 & FY 2022/23.

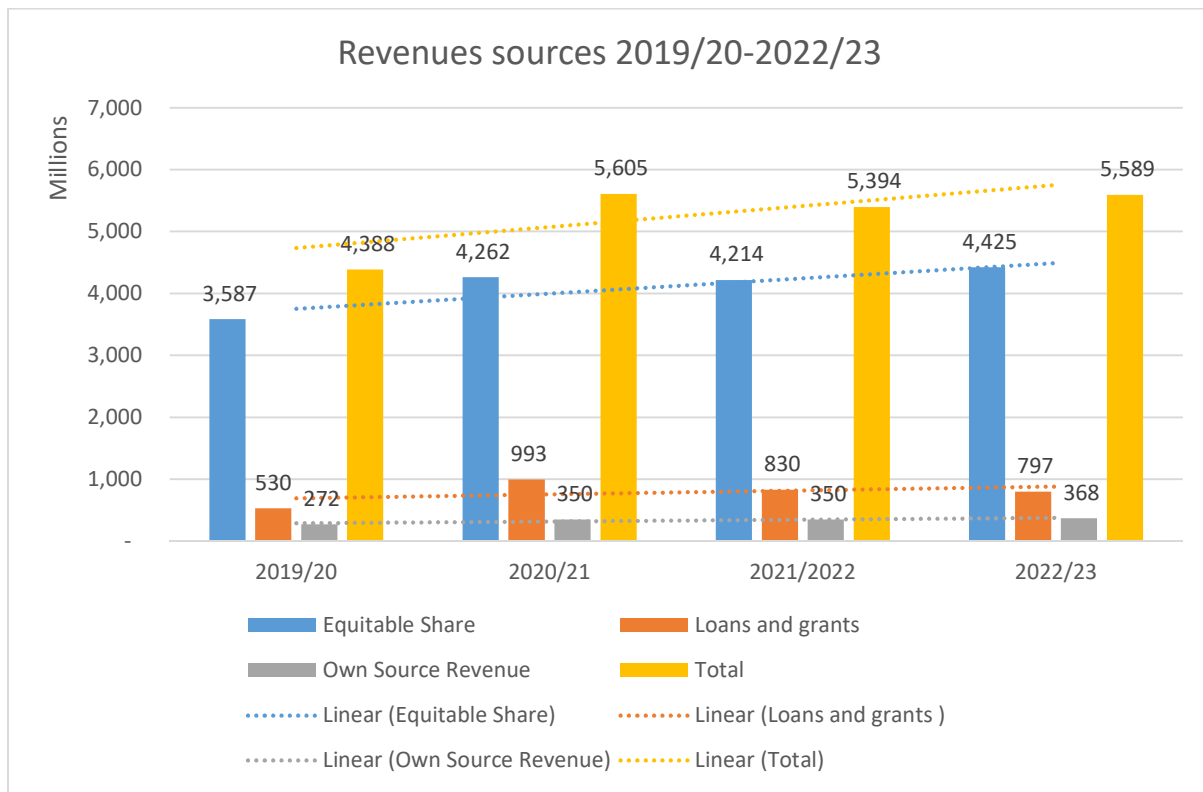


Figure 6: County Revenue by Source, Estimates, Actual and Trends

3.4.2 Expenditure Projections

From table, the total expenditure for the FY 2021/22 is expected to be at Kshs 5,393.8 million which is lower than the budgeted total expenditure for the FY 2020/21 of Kshs 5,857.8 million. The decrease in the projected expenditure is mainly due to the unspent balances of about Kshs. 580 million occasioned by the delay in release of equitable share allocation of Kshs.337,515,600 for the FY 2019/20 and unspent balances of Kshs 252,554,178.

Table 7: Estimates vs Actual Expenditure FY 2017/18- 2021/22

FINANCIAL YEAR	2017/18	2018/19	2019/20	2020/21	2021/22
Estimates	4,632,233,415	5,721,000,703	5,119,073,806	5,857,834,974	5,393,785,007
Actual	3,708,427,271	4,873,932,327	4,479,989,745	0	-
Deviation	923,806,144	847,068,376	639,084,061	-	-

This is further illustrated in Figure 7 below:

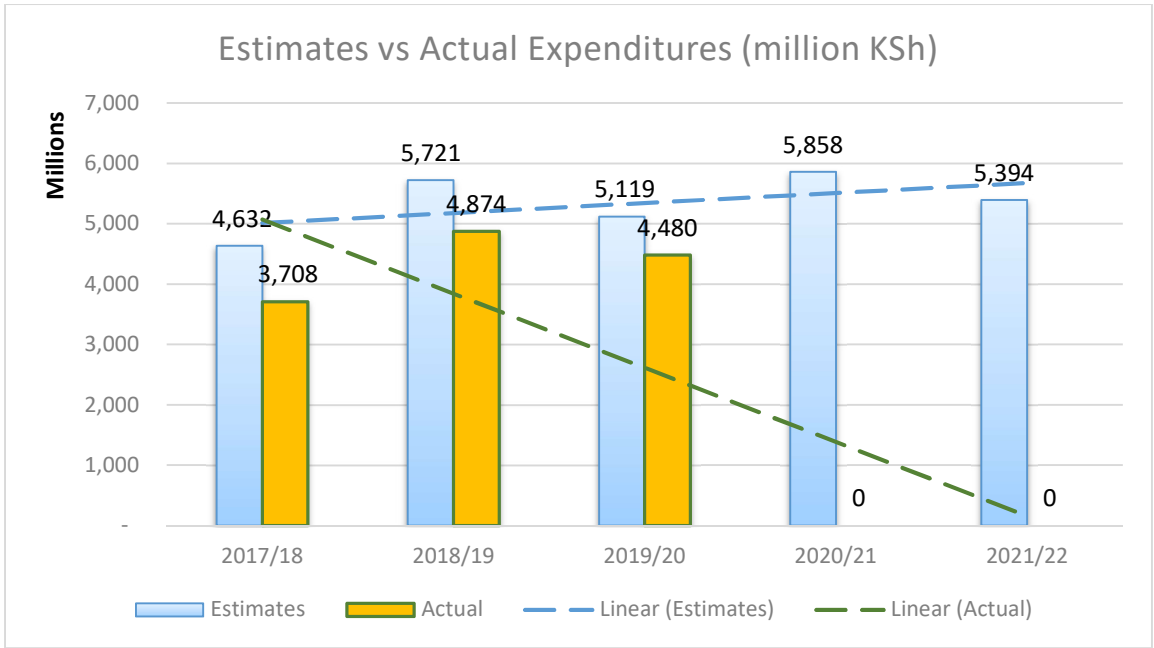


Figure 7: Estimates versus Actual expenditures (Million Kshs)

Figure 8 shows the expenditure by economic classification with the highest expenditure going to personal emoluments.

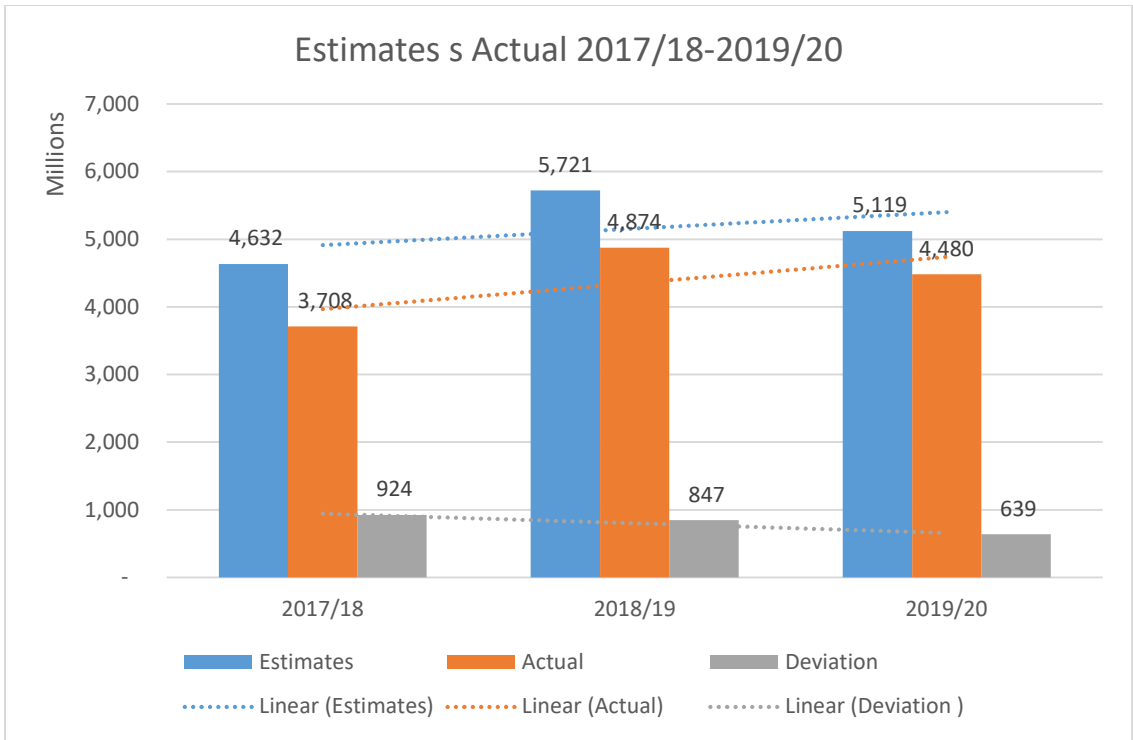


Figure 8: Actual expenditure by economic classification from 2017/18 FY - 2019/20 FY

Table 8: County Government Fiscal Projections FY 2021/22 MTEF

	2019/20 FY	2020/21 FY	2021/22 FY	2021/22 FY	2021/22 FY	2022/23 FY	2022/23 FY	2023/24 FY
Particulars	Actual Expenditure	Budget Estimates	Projections CFSP 2020	Projections CFSP 2021	CBROP 2020	CFSP 2021	CBROP 2021	CFSP 2021
TOTAL REVENUE & GRANTS	4,388,338,643	5,605,280,796	4,759,262,824	5,393,785,007	5,383,707,353	5,589,041,279	5,552,892,721	5,687,972,066
Unspent Bal b/f Previous FY	91,651,102	252,554,178	-	-	-	-	-	-
Revenue (Total)	4,479,989,745	5,857,834,974	4,759,262,824	5,393,785,007	5,383,707,353	5,589,041,279	5,552,892,721	5,687,972,066
Equitable Share Allocation	3,587,084,400	4,262,115,600	3,554,000,000	4,214,198,393	4,214,200,000	4,424,908,313	4,324,910,000	4,646,153,728
Local Revenue	271,605,362	350,000,000	325,000,000	350,000,000	340,000,000	367,500,000	357,000,000	385,875,000
Grant income	529,648,881	993,165,196	880,262,824	829,586,614	829,507,353	796,632,966	870,982,721	655,943,338
Subtotal	4,388,338,643	5,605,280,796	4,759,262,824	5,393,785,007	5,383,707,353	5,589,041,279	5,552,892,721	5,687,972,066
Total Expenditure	4,247,239,658	5,857,834,974	4,473,707,055	5,393,785,007	5,383,707,353	5,589,041,279	5,552,892,721	5,687,972,066
Recurrent	3,082,864,374	3,801,342,007	3,331,483,977	3,566,699,698	3,581,750,253	3,860,156,429	3,676,892,865	3,881,717,417
<i>Recurrent as % of CG Total Revenue</i>	<i>69%</i>	<i>65%</i>	<i>70%</i>	<i>66%</i>	<i>67%</i>	<i>69%</i>	<i>66%</i>	<i>68%</i>
Personnel Emolument	2,044,509,882	1,950,306,906	2,189,260,899	2,071,811,835	2,055,943,953	2,269,562,899	2,055,894,900	2,280,788,580
Operations & Maintenance	1,038,354,492	1,851,035,101	1,142,223,078	1,494,887,863	1,525,806,300	1,590,593,530	1,620,997,965	1,600,928,837
<i>Personnel Emoluments as % of CG Revenue</i>	<i>46%</i>	<i>33%</i>	<i>46%</i>	<i>38%</i>	<i>38%</i>	<i>41%</i>	<i>37%</i>	<i>40%</i>
Development	1,164,375,284	2,056,492,967	1,142,223,078	1,827,085,308	1,801,957,100	1,728,884,850	1,875,999,856	1,806,254,649
<i>Development as % of CG Total Revenue</i>	<i>26%</i>	<i>35%</i>	<i>24%</i>	<i>34%</i>	<i>33%</i>	<i>31%</i>	<i>34%</i>	<i>32%</i>
Unspent Bal Current FY	234,134,443							

From table 8, the total revenues for the FY 2020/21 of Kshs 4,262 million comprises some equitable allocations of Kshs 3,924 million and Kshs 337.5 million as exchequer balances released in August 2020 relating to the FY 2019/20. The fiscal projections indicate that the equitable share will increase to Kshs 4,214 million in the FY 2021/22 from Kshs 3,924 million in the FY 2020/21, while the county own source revenues are projected to be Kshs 350 million over the same period.

The projected recurrent expenditure for FY 2021/22 is Kshs 3,566.7 million representing 66 per cent of the county government total revenue, while Kshs 1,827.1 million will be utilized for development expenditure which is 34 per cent of the total revenue of the county government. Expenditure by economic classification is presented in table 9. The personal emolument for the FY 2021/22 is estimated at 38 per cent of the county government total revenue. This slight increase is attributed to the reduction in loans and conditional grants.

3.4.3 Recurrent Expenditure Forecasts

Table 9: Actual Expenditure by Economic Classifications - FY 2019/20-2023/24 MTEF

Particulars	Actual Expenditure	Budget Estimates	Projections		
	2019/20 FY	2020/21FY	2021/22 FY	2022/23 FY	2023/24 FY
Total Expenditure	4,247,239,658	5,857,834,974	5,393,785,007	5,589,041,279	5,687,972,066
Recurrent	3,082,864,374	3,801,342,007	3,566,699,698	3,860,156,429	3,881,717,417
Personnel Emolument	2,044,509,882	1,950,306,906	2,071,811,835	2,269,562,899	2,280,788,580
Operations & Maintenance	1,038,354,492	1,851,035,101	1,494,887,863	1,590,593,530	1,600,928,837
<i>Recurrent as % of CG Total Expenditure</i>	72.59%	64.89%	66.13%	69.07%	68.24%
<i>Personnel Emoluments as % of CG Expenditure</i>	48.14%	33.29%	38.41%	40.61%	40.10%
<i>O&M as % of CG Expenditure</i>	24.45%	31.60%	27.72%	28.46%	28.15%

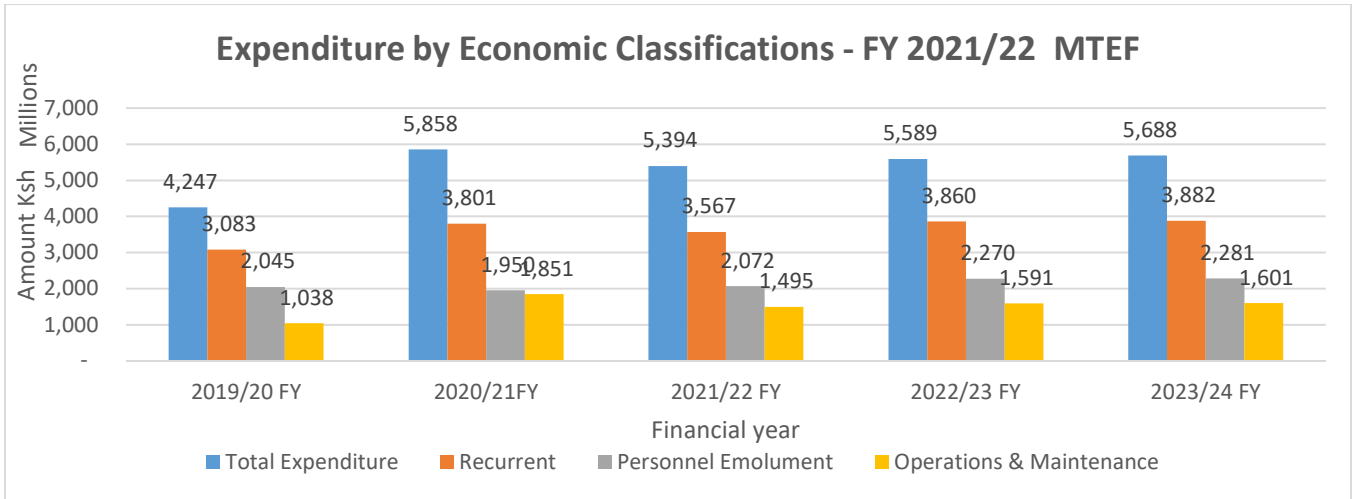


Figure 9: Expenditure by Economic Classifications from FY 2019/20 (Actual recurrent expenditure) – FY 2023/24

3.4.4 Development and Net Lending

The development expenditure allocation for FY 2021/22 is projected to be Kshs 1,827.1 million which represents 34 per cent of the total county resource envelope. This is above the minimum 30 per cent threshold required as per the public finance regulations and is expected to increase in the medium term and has been achieved through fiscal consolidation. The actual and projected development expenditure are presented in Table 10.

Table 10: Actual and Projected Development Expenditure

Financial Year	2019/20 FY Actual Expenditure	2020/21 FY Budget Estimates	2021/22 FY Projections	2022/23 FY Projections	2023/24 FY Projections
Total Expenditure	4,247,239,658	5,857,834,974	5,393,785,007	5,589,041,279	5,687,972,066
Development	1,164,375,284	2,056,492,967	1,827,085,308	1,728,884,850	1,806,254,649
Development as % of CG Total Revenue	27%	35%	34%	31%	32%

Figure 10 shows the comparison of actual and projected expenditure on development by the county government over the period 2019/20-2023/24 financial years.

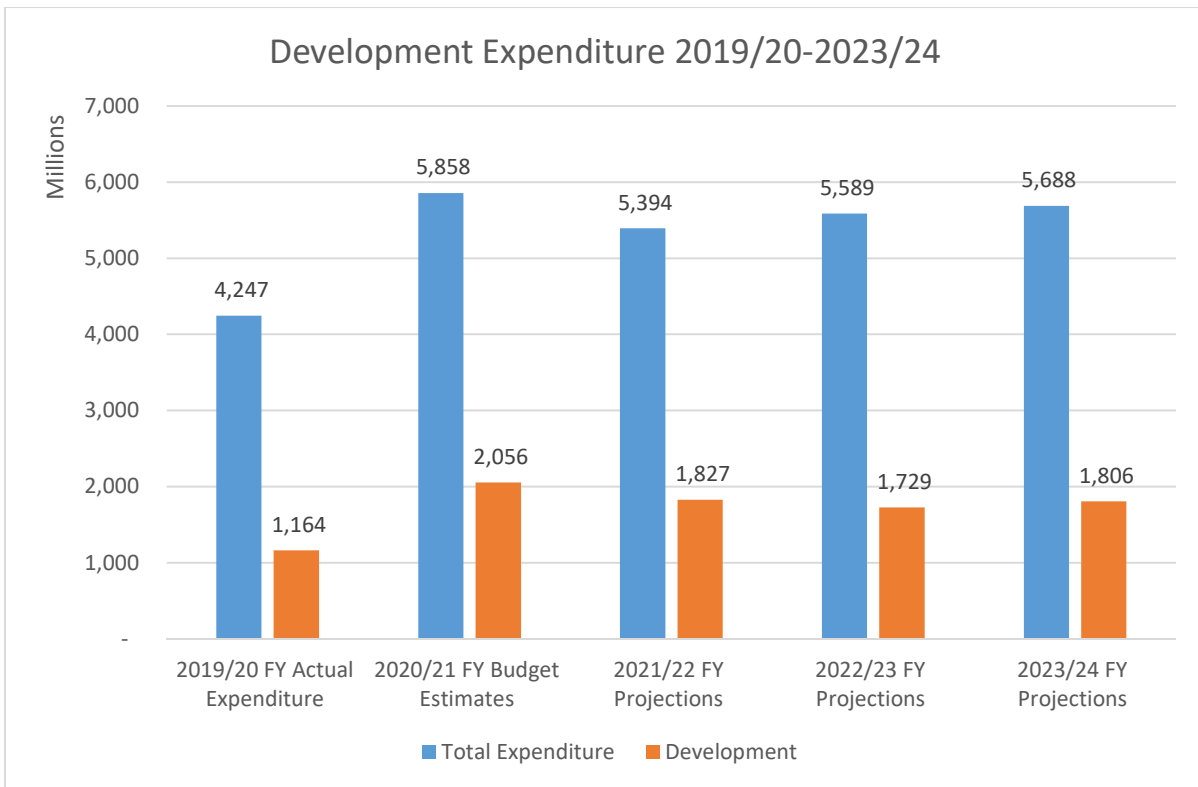


Figure 10: Projected Development Expenditure 2019/20 (Actual development expenditure) – 2023/24

3.4.5 Fiscal Balance and Deficit Financing

Based on the projected revenues and expenditures, the county aims at achieving a nil deficit (excluding grants) unless the local and equitable share disbursements are below optimal. In such a scenario where the two main revenue streams are below the target levels, then the county will resort to supplementary budget adjustments to cover the gap by the third quarter within the financial year.

3.5 Summary

The 2021/2022 financial year budget will be financed through the equitable share allocation, county own revenue sources and loans and conditional grants. The main source of funding will be through the equitable share constituting 78.13 per cent of the total revenue sources. This will be followed by loans and grants with 15.38 per cent and finally, the county own sources with 6.49 per cent. On the expenditure side, the biggest utilization will go towards recurrent costs taking up 66 per cent as development expenditure takes up 34 per cent.

CHAPTER FOUR: MEDIUM TERM EXPENDITURE FRAMEWORK

4.0 Overview

The Medium-Term Expenditure Framework (MTEF) is an annual, rolling three year-expenditure planning. It sets out the medium-term expenditure priorities and hard budget constraints against which sector plans can be developed and refined. It aims to ensure that budgets reflect government's social and economic priorities.

4.1 Resource Envelope

The resource envelope available for allocation among the spending County Departments is based on the prevailing medium term fiscal framework which is outlined in chapter 3. The county government will endeavour to mobilize resources from development partners funding the budgetary requirements of the County Government in key priority areas of food security, water and environmental programmes. Sustaining reforms in revenue administration that have seen own source revenues triple over the last three years is key in mobilizing resources for development. As per Article 175 of the Constitution, the need for county governments to have reliable revenue is a key principle in the devolution framework. To achieve this, the county will continue to strengthen the legal and institutional framework for raising tax and non-tax revenue streams in addition to improving capacity in revenue collection and administration.

For the FY 2021/2022, locally mobilized revenue or County Own Revenue (CORe) will finance about 6.7 % per cent of the expenditure priorities in the projected budget of Kshs 5,372 million. In the FY 2021/22, the projected CORe is expected to be Kshs 350 million which will then increase to Kshs. 367 million in financial year 2022/2023 based on the revenue potential as per the first half of 2020/21 FY. This will be achieved by ensuring compliance in payment of property taxes and timely enactment of the Finance bill 2021. Equitable share from national government will account for 78.13 per cent of total budget resources while loans and conditional grants will be 15.38 per cent.

Table 11: Resource Envelope for FY 2019/20-2021/22

	FY 2019/20	FY 2020/21	FY 2021/22
Equitable share	3,678,735,502	4,514,669,778	4,214,198,393
Grants	529,648,881	993,165,196	829,586,614
County Own Revenue	271,605,362	350,000,000	350,000,000
TOTAL	4,479,989,745	5,857,834,974	5,393,785,007

4.2 Spending Priorities

The medium-term budget framework for 2021/22 – 2023/24 has taken into account the need to ensure fiscal consolidation and prioritize resources towards economic recovery from the COVID 19 shocks. In particular, the budget framework has focused on supporting the “Big Four” Agenda, Post Covid-19 Economic Recovery Programme and the strategic policy initiatives of the Government to stimulate growth, create jobs and reduce poverty. Figure 12 provides the projected baseline ceilings for the FY2021/22 and the medium-term, classified by county department.

Health sector’s overall goal is to attain the highest possible standards of health care to all in accordance with the Constitution and the Kenya Vision 2030. National policy and legal frameworks underscore the “right to health” and recognizes provision of equitable, accessible and affordable health care of the highest attainable standards to all Kenyans. The National and County Governments have their specific functions that are complementary towards achievement of quality, efficient and affordable Universal Health Coverage (UHC) for all Kenyans, being one of the pillars of the “Big Four” Agenda. The county government is committed to supporting the health sector in terms of adequate human resources, health care financing, provision of commodities and developing the required infrastructure. The county government will invest Kshs 1592 million for medical services programs and Kshs 431 million for public health and sanitation preventive services in the FY 2021/2022. This allocation comprises of Kshs 1,423.4 million and Kshs 277.9 million for recurrent medical and public respectively. The development allocation in the health sector will be Kshs 322.7 million to support the improvement of infrastructure. The funding to the sector also includes Kshs. 110.7 million in form of loans and grants. Some of the key projects include the upgrading of level four hospitals at cost of Kshs. 65 million, improvement of health centers and dispensaries Kshs. 30 million, completion of mortuaries Kshs. 25 million and support to the Chuka KMTC at Kshs. 11 million.

The agriculture sector continues to play a vital role in the rural economy. Strengthening and improving the performance of the agricultural sector and enabling the engagement of the citizens in this process is a prerequisite and a necessary condition for economic growth. The County government is geared towards developing capacity of farmers, promoting modern methods of farming, offering high quality seeds; seedlings and fertilizers, revitalizing the coffee sector, improving tea buying centers as well as ensuring extension services are easily accessible. The sector has been allocated Kshs 571.4 million of which Kshs 122.2 million has been allocated for recurrent expenditure and Kshs 449 million for development programmes. The increased allocation to the agriculture development program is mainly support for donor funding under the Kenya Climate Smart Agriculture and Agriculture Sector Development Support Program of Kshs 366.2 million. The livestock, veterinary and fisheries

development programs have been funded to the tune of Kshs 128.4 million comprising of Kshs 91.4 million for recurrent and Kshs 37 million for development.

The water, environment and natural resources sector plays a critical role in our economy, securing, stewarding and sustaining the environment and natural capital of the country. The sector contributes significantly to Gross Domestic Product (GDP) and has a great potential in contributing to the attainment of the targeted annual GDP growth rate of 10% as envisioned in Vision 2030. Over the last three years the County Government has invested considerable resources in the provision clean and adequate water supply, supported irrigation and promoted water harvesting. In FY 2021/22, the county government will commit Kshs 171.4 million towards water services, irrigation and environment programs. This comprises of Kshs 56.4 million for recurrent expenditure and Kshs 115 million for the different development initiatives. The sector will also receive funding from the Kenya Climate Smart Agriculture Project of about Kshs 250 million. The focus will be on completion and operationalization of ongoing projects.

Access to improved road infrastructure is a key enabler for socio-economic development. To enhance economic growth, the county government will for the year 2021/2022 focus on completing all ongoing project, road tarmacking, opening of new roads, expansion and maintenance of feeder roads as well as construction of bridges and footbridges for easy linkages. ICT infrastructure ensures service delivery is fast, efficient and effective and thus the county government has invested to ensure there are modern ICT facilities. During the FY 2021/2022, more focus will be on automating farmers and health services, upgrading systems and modern ICT equipment. The total budget allocated to Roads, Infrastructure, Public works and ICT for the FY 2021/2022 is Kshs. 482 million where Kshs. 375.6 million is for development and Kshs. 106.4 million for the recurrent expenditure.

The energy and housing sector will prioritize on completion of ongoing county headquarter offices, educating citizens on renewable sources of energy as well as provision of the same and extension of grid power to different facilities and households in partnership with the National Government. This will lower the living expense, promote development and conserve environment. The department has a total allocation of Kshs. 146.3 million where Kshs. 35.3 million will be spent for recurrent purpose and Kshs. 111 million for development expenditure.

The most pressing challenge in today's society is lack of jobs for the youth in the society. In fulfillment of the "Big four" youth empowerment is an important component. Through the County Youth Empowerment programme, the County targets to provide Kshs. 25 million towards Youth

empowerment opportunities to unemployed youths, in addition to access to services and support programmes. The Government has also prioritized human capital development by investing in quality and relevant education including revamping the Vocational Education and Training (TVET) sub sector. Towards this the County has planned to commit Kshs. 24.8 million for rehabilitation of Vocational training centres. These investments will create a roadmap to achieving the “Big Four” Agenda and lead to the county’s prosperity.

The County government is also scaling up social safety nets to promote the wellness of vulnerable members of the society. Towards this, the County government commits Kshs. 3.2 million for provision of Equipment for people living with disabilities (PWDs). In summary, the Education sector has been allocated a grand total of Kshs. 353.2 million being Kshs. 278.2 for Education and Vocational training while Kshs. 75 million for Youth, Sports, Culture and Tourism. Going forward, the County government will continue to prioritize the education sector and allocate resources to enhance access to basic and higher education, skills development and training, teacher recruitment, and infrastructure development as well as construction and equipping of technical institutions.

The public administration sector is a fundamental pillar of the county service delivery framework. It provides overall county leadership, oversight and policy direction; prudent public finance management for transparency and accountability; coordinates county and sectoral development planning; management of population policy; ensures effective and efficient county public service; as well as the development of a sound legislative and regulatory framework. In the FY 2021/22 the sector has been allocated of Kshs. 1,252.6 million comprising Kshs 144.3 million allocated to the Office of the Governor, Kshs. 137.9 million for Public Administration and Devolution Affairs, Kshs 473.4 million allocated to the Finance, Economic Planning and Trade, Kshs 473 million for the County Assembly and Kshs 23.9 million for the County Public Service Board. Public finance management is a key component in the delivery of services across all the departments in the county. The sub sector has the following functions; accounting, procurement, planning, budgeting and Audit. The allocation towards this function during the next financial year will be Kshs 355.8million.

The mobilization of local resources is essential in supporting the implementation of the county budgets. Despite of COVID-19 pandemic, the total amount of County Own Revenue (CORE) collected in FY 2019/20 was Kshs 271 million constituting an increase of 11.5 percent from Kshs 243 million realized in FY 2018/19. This also represents a 16.6 percent under collection given the annual CORE target of Kshs 325 million approved in the FY 2019/20 budget. This upward trend in CORE collection was due

to well-coordinated enforcement, effective supervision, staff reorganization and automation of revenue collection hence minimizing pilferage. Going forward mechanism such as improvement of oversight along CESS collection points are bound to yield results and prevent incidences of non-compliance from those remitting the charges in every part of the county.

On the other hand, trade and investment has enhanced public private partnership (PPP) engagements to promote cereals pulse marketing. So far the department has invited various members of East Africa Grain Council (EAGC) this include but not limited to linking cooperatives societies as aggregators for Cap Well Industries ltd, Spice world, Kamili, NCPB and Capita Reef. These forms a basis for rolling out Warehouse Receipting System (WRS) in the County. The department is focused on customizing the national WRS Act and subsequently signing of a memorandum of understanding (MoU) with EAGC for effective linkages and coordination of the various value chains on the cereals and pulses.

The government is in the process of activating the Tharaka Nithi Cereals Marketing Union. This will be setting aside funds to support the union in undertaking various coordination activities on aggregation and creating a vibrant marketing platform for our farmers. Therefore, to be able to monitor, evaluate and prudently make use of our local revenue sources and be in a position to implement our programmes and project, the county has allocated Kshs 117.6 million to trade and revenue.

Physical planning, renovating and constructing modernized markets and urban centers, drainage systems and receptacles and lighting are major focus to ensure controlled growth, development of our towns, increase in productive and sustainable use of land, improved economic activities while offering a conducive environment for the traders in the county. Lands, physical planning and urban development sector has been allocated Kshs 264.2 million in the FY 2021/22. This comprises of Kshs. 94.2 million for recurrent expenditure and Kshs 170.0 million for development. The development expenditure will be used to fund the completion of Kathwana modern market, completion of carbon paving at Chogoria town, tarmacking of Marimanti town, waste management skips among others.

The county government recognizes that protecting and conserving the environment is fundamental to a healthy population. Part of the activities to achieve a conducive environment and sustainable exploration and exploitation of natural resources include; tree planting, policy formulation and implementation, natural resource exploration, safe and sustainable exploitation of the natural resources and creation of awareness to aid conservation. The county government has allocated a total of Kshs 9.2 million for the environment and natural resources comprising of Kshs 4.2 million as recurrent and

Kshs. 5 million for development expenditures. The overall total ceilings for the FY 2021/22 and the per cent share of total expenditure per sector is further illustrated in the pie chart in Figure 11.

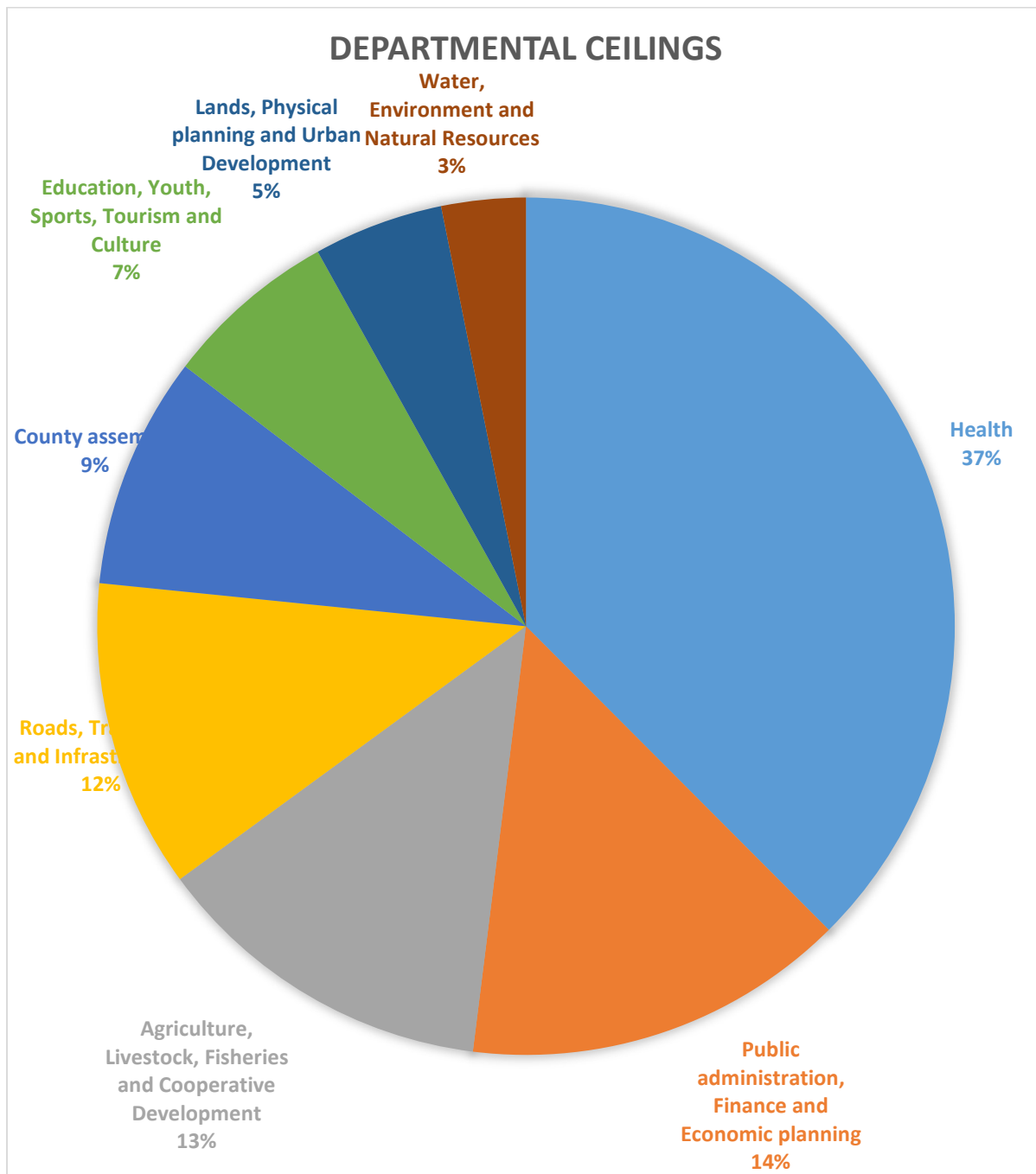


Figure 11: *Pie Chart Presentation of Sector Allocation % of Total Expenditure*

The overall expenditure and allocations in terms of percentages as per the sectors in this CFSP is well indicated in the above pie chart. Health Sector is a top priority and take the biggest share (37%) followed by public administration, finance and Economic planning at 14%, Agriculture sector (13%) and roads, infrastructure, ICT and Public Works and comes third with (12%).

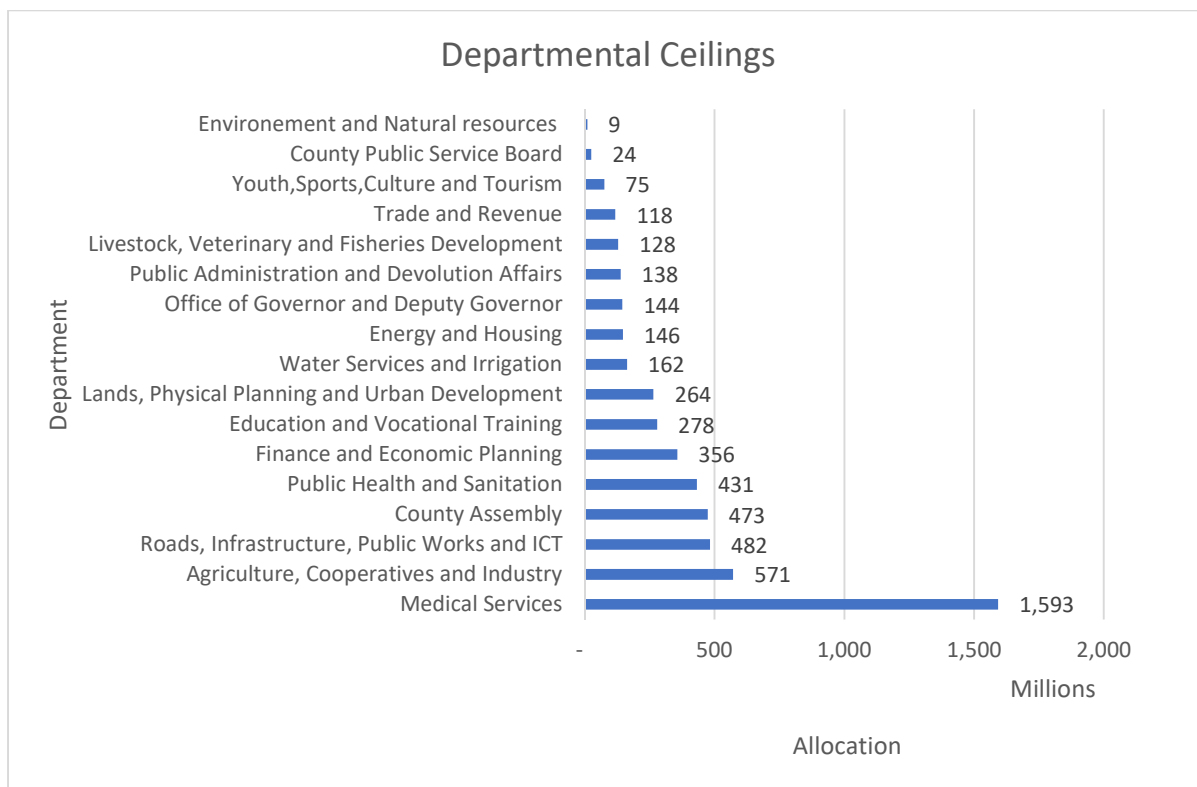


Figure 12 : *Graphical Presentation of the departmental Allocations*

4.3 Medium Term Expenditure Estimates

The summary of indicative departmental ceilings for FY 2021/22 is indicated in the Annex that informs the Sector Ceilings for FY 2021/22 and MTEF as shown in table 12 below.

Table 12 : 2020/21 Sector Ceilings

Department	PE	O&M	Grants - Rec	Total Rec	Ord. Dev	Grants - Dev	Total Dev	Grand Total
Agriculture, Cooperatives and Industry	91,177,840	31,064,502	-	122,242,342	82,936,779	366,230,461	449,167,240	571,409,582
County Assembly	-	423,000,000	-	423,000,000	50,000,000		50,000,000	473,000,000
County Public Service Board	11,933,364	12,000,000	-	23,933,364		-	-	23,933,364
Education and Vocational Training	144,444,755	78,701,607	-	223,146,362	55,069,586	-	55,069,586	278,215,948
Energy and Housing	29,101,480	6,257,500	-	35,358,980	35,000,000	76,000,000	111,000,000	146,358,980
Environment and Natural resources		4,200,600	-	4,200,600	5,000,000		5,000,000	9,200,600
Finance and Economic Planning	52,837,000	189,682,880	-	242,519,880	40,000,000	73,298,040	113,298,041	355,817,921
Lands, Physical Planning, Urban Development, Environment and Natural Resources	59,058,000	35,188,236	-	94,246,236	120,000,000	50,000,000	170,000,000	264,246,236
Livestock, Veterinary and Fisheries Development	65,591,089	25,851,627	-	91,442,716	37,000,000		37,000,000	128,442,716
Medical Services	1,068,413,128	244,239,759	110,760,241	1,423,413,128	169,447,570	-	169,447,570	1,592,860,698
Office of Governor and Deputy Governor	48,015,360	96,260,612	-	144,275,972	-	-	-	144,275,972
Public Administration and Devolution Affairs	97,604,880	40,350,000	-	137,954,880	-	-	-	137,954,880
Public Health and Sanitation	235,623,415	42,281,115	-	277,904,530	-	153,297,872	153,297,872	431,202,402
Roads, Infrastructure, Public Works and ICT	27,439,324	78,984,000	-	106,423,324	375,605,000	-	375,605,000	482,028,324
Trade and Revenue	87,039,000	30,572,500	-	117,611,500	-	-	-	117,611,500
Water Services and Irrigation	30,254,880	21,944,876	-	52,199,756	110,000,000	-	110,000,000	162,199,756
Youth, Sports, Culture and Tourism	23,278,320	23,547,808	-	46,826,128	28,200,000	-	28,200,000	75,026,128
Total	2,071,811,835	1,384,127,622	110,760,241	3,566,699,698	1,108,258,935	718,826,373	1,827,085,309	5,393,785,007

CHAPTER FIVE: CONCLUSION AND NEXT STEPS

The overall expenditure in this CFSP as outlined in MTEF framework has grown moderately taking into account the envisioned moderate economic growth. The critical social economic programs will continue to receive a significant share of resources as well as capital investments as contributions to the growth objectives. The CFSP 2021 has detailed the set of fiscal policies that are aimed at balancing between changing circumstances due to emerging issues and the need to keep the link to the CIDP and the fiscal responsibility principles entrenched in the PFM Act, 2012. The policies are also consistent with the national strategic objectives such as ‘Big Four Agenda’ as detailed in the Budget Policy Statement which provides the basis for allocation of public resources. Details of these strategic objectives are contained in the CIDP (2018-2022). These details were also reviewed and refined during the sector working groups. Each sector working group report provides clarity on the key priorities and resources needed for the 2021/22 MTEF budget. The policies and sector ceilings provided in this document will guide the departments in preparation of the 2021/22 MTEF Programme Based Budgets.

Budgetary resources are usually limited; thus it is imperative that departments prioritize their programmes within the available resources to ensure that utilization of public funds are in line with county government priorities. Departments need to carefully consider detailed costing of projects, strategic significance, deliverables (output and outcomes), alternative interventions, administration and implementation plans in allocating resources. Priority should be given to any stalled projects and the recently initiated but still on-going projects. The departments should also pay attention to estimated requirements for each of the stages in the project cycle to ensure that the budget amounts are based on clear timelines and milestones. There is also need to ensure that recurrent resources are being utilized efficiently and effectively before funding is considered for ordinary programmes.

Monitoring and Evaluation will play a critical role in tracking the implementation of the projects and programmes envisaged in this document and strengthen the county’s capacity to deliver services to its residents. Monitoring and evaluation will involve the tracking of activities, tracking of budget usage, the assessment of performance and putting in place strategies and actions for the attainment of results. Proper implementation of the budget is critical towards providing services that will promote sustainable development. Sustainability requires greater effort from all the stakeholders including County Government departments, sector working groups, civil societies, communities, County Assembly and development partners to get things done. This means providing for continuous

consultations with each other, finding solutions and encouraging innovation to build a sustainable County.

Annex 1: Revised Budget Circular 2021/22 FY

ACTIVITY	RESPONSIBILITY	DEADLINE
1. Prepare and issue budget circular with guidelines	CEC Member for Finance	August 28 th 2020
1.1 One day sensitization workshop for accounting officers	CEC Member for Finance	Sep-20
2. Sector Working Groups and CBEF	County Treasury	
2.1.1 1 st CBEF Meeting – Review of FY 2019/2020 and Consideration of ADP FY 2021/22	County Treasury	24 th September 2020
2.1.2 Launch and first meeting for SWGs and sensitization on SDGs	County Treasury	Oct-20
2.2 Second meeting for SWGs	County Treasury	
Submission of projects and programmes to be implemented for FY 2021/22	County Treasury	11 th December 2020
2.3 Third meeting for SWGs	County Treasury	Mar-21
3. County Annual Progress Report	County Treasury (Economic Planning Department)	
3.1 Draft CAPR	County Treasury (Economic Planning Department)	15 th September 2020
3.2 Validation of the CAPR	County Treasury (Economic Planning Department)	15 th – 21 st Sept 2020
3.3 Submission to CEC for Approval	County Treasury (Economic Planning Department)	30 th September 2020
3.4 Submission to CA for Approval	County Treasury (Economic Planning Department)	21 st October 2020
4. Monitoring and Evaluation	County Treasury (Economic Planning Department)	
4.1 M&E field work	County Treasury (Economic Planning Department)	September 2020 and January 2021
4.2 Annual M&E week	County Treasury (Economic Planning Department)	2 nd week November 2020
5. Statistical abstract 2020	County Treasury (Economic Planning Department)	
5.1 Draft	County Treasury (Economic Planning Department)	Oct-20
5.2 Launch	County Treasury (Economic Planning Department)	Dec-20
6. Development of ADPs for FY 2021/22 and 2022/23	County Treasury (Economic Planning Department)	
6.1. Draft ADP FY 2021/22	County Treasury (Economic Planning Department)	Aug-20
6.2 Submission of ADP FY 2021/22 to CEC	County Treasury (Economic Planning Department)	31 st August 2020
6.3. Submission of ADP FY 2021/22 to County Assembly	County Treasury (Economic Planning Department)	1 st September 2020
6.4. Report of ADP from County Assembly	County Treasury (Economic Planning Department)	

6.5. Consolidation of CA recommendations to Final ADP	County Treasury (Economic Planning Department)	
6.6. Approval of ADP by County Assembly	County Treasury (Economic Planning Department)	<i>(Within 21 days upon submission)</i>
6.7. Meeting with TWGs for ADP FY 2022/23	County Treasury (Economic Planning Department)	28 th May 2021
6.8. First draft ADP FY 2022/23	County Treasury (Economic Planning Department)	15 th August 2021
6.9. Validation ADP FY 2022/23	County Treasury (Economic Planning Department)	15 th – 22 nd August 2021
6.10. CEC Approval ADP FY 2022/23	County Treasury (Economic Planning Department)	25 th August 2021
6.11. Submission ADP FY 2022/23 to County Assembly	County Treasury (Economic Planning Department)	31 st August 2021
7. Development of County Budget Review and Outlook Paper (CBROP) 2020	County Treasury (Budget Unit)	
7.1. Estimation of Resource Envelope	County Treasury (Budget Unit)	11 th Sep 2020
7.2. Determination of policy priorities	County Treasury (Budget Unit)	“
7.3. Preliminary resource allocation to Sectors	County Treasury (Budget Unit)	“
7.4. Draft County Budget Review and Outlook Paper	County Treasury (Budget Unit)	15 th Sep 2020
7.5. Validation	County Treasury (Budget Unit)	15 th 20 th September 2020
7.6. Submission and approval of CBROP by CEC	County Treasury (Budget Unit)	30 th September 2020
7.7. Submission of approved CBROP to County Assembly	County Treasury (Budget Unit)	14 th October 2020
8. Preparation of Budget proposals for the MTEF	Departments	
8.1. First retreat to draft Sector Reports (Programmes and projects submitted)	SWGs	20 th October 2020
8.2. Public Sector Hearings	County Treasury	August 2020 and February 2021
8.3. Review and Incorporation of stakeholder inputs in Sector proposals	SWGs	30 th December 2020
8.4. Submission of Sector Reports to Treasury	Sector Chairpersons	5 th March 2021
8.5. Consultative meeting with CECs/COs on budget proposals	County Treasury	15 th April 2021
8.6 3 rd CBEF Meeting: Consideration of Budget Estimates	County Treasury	22 nd April 2021
9. Draft County Fiscal Strategy Paper (CFSP) 2021		
9.1. Draft CFSP	County Treasury	30 th Jan 2021
9.2. Draft Debt Management Strategy (DMS)	Budget Unit	“
9.3.1 Validation Workshop	Budget Unit	15 th - 20 th February 2021
9.3.2 2 nd CBEF Meeting: Consideration of CFSP and DMS (Strategic Planning)	County Treasury	18 th February 2021

9.4. Submission of CFSP and DMS to CEC for approval	County Treasury	20 th February 2021
9.5. Submission of CFSP & DMS to County Assembly for approval	County Assembly	26 th February 2021
10. Preparation and approval of Final Departmental Budgets		
10.1. Develop and issue final guidelines on preparation of 2021/22 MTEF Budget	County Treasury	January, 2021
10.2. Submission of Draft Revenue Raising Measures (Finance Bill) to County Treasury	Line departments	30 th March, 2021
10.3. Submission of Budget proposals to County Treasury (First draft)	Revenue Department	30 th March, 2021
10.4. Consolidation of the Draft Budget Estimates (final draft)	County Treasury	15 th April, 2021
10.5. Submission of Draft Budget Estimates to CEC	County Treasury	23 rd April, 2021
10.6. Submission of Draft Budget Estimates to County Assembly	County Treasury	30 th April, 2021
10.7. Submission of Final Revenue Raising Measures (Finance Bill) to County Treasury	Revenue Department	30 th April, 2021
10.8. Review of Draft Budget Estimates by County Assembly	County Assembly	15 th June, 2021
10.9. Report on Draft Budget Estimates from County Assembly	County Assembly	15 th June, 2021
10.10. Consolidation of the Final Budget Estimates	County Treasury	15 th June, 2021
10.11. Approval of Appropriation Bill by County Assembly	County Assembly	30 th June, 2021
10.12. Approval of Vote on Account by County Assembly	County Assembly	30 th June, 2021
11. Public participation	County Treasury (Economic Planning Department)	August 2020 - February 2021
12. Development committees (ward level)		
12.1. 1 st meeting	County Treasury	30 th October 2020
12.2. 2 nd meeting		2 nd week March 2021
13. Budget Statement	CEC Finance	17 th June, 2021
14. Appropriation Bill passed	County Assembly	30 th June, 2021

ANNEX 2: PUBLIC PARTICIPATION REPORT

REPORT OF THE PUBLIC PARTICIPATION EXERCISE CARRIED OUT ON 19TH FEBRUARY 2021 ON THE COUNTY FISCAL STRATEGY PAPER FOR THE MTEF 2021/22-2023/24

INTRODUCTION

Pursuant to the provisions of sections 117(1) and (6) of the Public Finance Management Act, 2012, the County Treasury is expected to undertake public participation hearings on the Fiscal Strategy Paper for the fiscal year period 2021-22 and Medium Term Expenditure Framework for the period 2021/22-2023/2024.

In accordance with the provisions of the Constitution of Kenya, which call for openness, accountability, and public participation in development matters and as per provisions of the Public Finance Management Act, 2012, the County Governments Act, 2012, and the Tharaka Nithi County Finance Bill, through a notice of invitations to members of the public, public sector organizations, interested parties and all key stakeholders submitted their plan proposals for inclusion in the County Fiscal Strategy Paper 2021 and the Medium Term Expenditure Framework Budget for the period (2021/22-2023/2024).

The schedule of the meetings was as shown in the table below

TEAM	NAME	SUB COUNTY	VENUE
A	Lawrence Micheni	Tharaka North	Sub- County offices
	Nicholas Mitambo		
B	Humphrey Kinyua	Tharaka South	Marimanti –county council hall
	James Mwiti		
C	Frankline Munene	Igamba Ng’ombe	Kajuki-DO’s ground
	Refflid Njeru		
D	Dennis Kwendo	Chuka	Karigani-DC’S Ground
	Ann Karambu		
E	Josephine Mumbua	Muthambi	Muthambi-DO’s ground
	Matilda Nkatha		
F	Dorothy Naivasha	Mwimbi	Chogoria –town hall
	Zephaniah Mbaka		
	Rachel Kimani		

Chapter 7 of the Constitution examines public participation in public finance management in Kenya as enshrined in the Constitution of Kenya 2010. Specifically, the chapter examines the following:

- (i) The constitutional and legislative public participation opportunities in Kenya
- (ii) The mechanisms through which the public can effectively participate in financial matters;
- (iii) Recommendations for effective public participation in fiscal decision making processes.

The Constitution and the PFM Act, 2012 provide a distinct opportunity to enhance the role of citizens in public financial management processes in Kenya. Chapter Twelve of the Constitution deals with Public Finance. Article 201 introduces principles of public finance, among them being, openness and accountability including public participation in financial matters. These principles, if strictly adhered to, would strengthen policy formulation and management of public resources for the improved livelihoods of many Kenyans.

Similarly, public participation in planning, budgeting and oversight at both the national and county levels of government is guaranteed by the Constitution of Kenya 2010 and the PFM Act, 2012. Sections 35(1) and 125 of the PFM Act, 2012 elaborately outline the stages in the budget process at the national and county government levels respectively in any financial year. Despite these avenues, citizens may not effectively participate in fiscal decision making due to a number of reasons. Here, the following two reasons will suffice.

The Constitution of Kenya 2010 introduces changes in the public finance management framework in Kenya. Specifically, Chapter Twelve of the Constitution, at Article 201 sets out the principles of public finance as follows:

- (a) Openness and accountability including public participation in financial matters;
- (b) Public finance system shall promote an equitable society;
- (c) Burdens and benefits of the use of resources and public borrowing shall be shared equitably between present and future generations;
- (d) Public money shall be used in prudent and responsible way; and
- (e) Financial management shall be responsible and fiscal reporting shall be clear.

Tharaka Nithi county has been conducting public hearing forums during the development of county plans and during preparations of expenditure framework which always has been conducted by budget and economic planning team.

During this year's budget cycle the department held sector working group session and prepared reports to inform budget decisions in the medium term. During the public hearing forum, deliberations and contributions by members of the public were captured and reports prepared by the teams. The key highlights and project proposals were captured in the following sections.

THARAKA SOUTH SUB COUNTY

CHIAKARIGA WARD

AGRICULTURE

- Provision of farm inputs
- Training to farmers (capacity building/extension services)
- Provision of seedlings (greening program)
- Conservation agriculture
- Soil testing
- Drip irrigation(domestic)
- Crops marketing and value addition

WATER SERVICES

- Irrigation projects
- Domestic water

ROADS

- Opening of all rockied areas in the ward
- Tarmack Kithaga-Kamarandi road
- Tarmack Materi Girls/Kabaoni Junction
- Construct Kanthatu bridge
- Construct Kiungu road drifts

HEALTH

- Equipping all facilities with medicines among others
- Completion of Uturini and Gaturuni dispensary
- Completion of male ward in Chiakariga health centre
- New dispensaries to be constructed at Kiungu, Ganchabi and Kamujwa.
- Employment of extension officers

EDUCATION

- Electrification of the schools
- Completion of Kibuka and Maweni Vocation centres
- New vocation centres to be constructed at Gakirwe, Gakame, and Kijege.
- Construction of New ECDE Centre at Kiungu Pry
- Completion of ECDE Classes started at Gakame and Kamarandi Pry.

ENERGY

- Support with transformers at Matiri, Gakirwe, Ntagani area, Uturini area and kamarandi area

MARIMANTI WARD

Health

- Completion of Rwakinanga Dispensary
- Electrification of Kaarani Dispensary and Kirangi Dispensary
- Completion of Tonya and Ibote Dispensary

- Fencing of Nkomaru dispensary
- Electrification of Kathuura dispensary and Mugwi pry

Educaton

- Recruitment of additional ECDE teachers
- Completion of Gakunguguni ECDE Class
- Construction of New ECDE Class at Kongoni Pry
- Construction of ECDE Class at Makomango Pry
- Construction of ECDE Class at Rukenya Pry
- Initiation of school feeding programme to all ECDE centres
- Support of Youth programmes and sporting activities.

Water

- Expansion of Mutonga-Nkarini domestic water to Gituma area.
- Construction of Muguna aana-City Drift along River Kiraka
- Drilling of a boreheole at Kiaruni Pry
- Extension of Mugwi-Kathuura-Kithioroka domestic water
- Rehabilitation of Marimanti market borehole

Roads

- Construction of Kaguuma-Kembass- Kanyaaga road
- Grading of Kaanyaga-Kasarani road
- Grading of Kithuunguri-Kiaruni-Kanini road
- Grading of Kibung'a-Mugwi road and construction of footbridge at Munyari
- Grading of Mugwi Police post-Mugwi dispensary-Kathuura market road
- Completion of Kathuura-Nkondi road footbridge
- Grading of Tunyai-kariguni-Baobab hotel and construction of footbridge along the road
- Grading of Nkomaru dispensary road and construction of kamakurungu footbridge along the road
- Grading of Karuguaru-Gatunga
- Grading of Igumo-Gatunga road
- Grading of Tunyai-Gaaka-Kaarwa road
- Grading of Marimanti academy-Kaiga kamwe road

Lands, Urban development and physical planning

- Rehabilitation of street lights at Marimanti town
- Construction of dump site/drainage system
- Construction of modern market at Marimanti Town

NKONDI WARD

Projects that need to completed

Health

- Extension works at Kereria dispensary

Water and irrigation

- Kiaga water project
- Borehole at Kithuru Polytechnic
- Kithioroka-Kwa Ng'ombe bridge
- Tumbura domestic water at Gakimiki

Education

- ECDE Class at Miomponi pry
- ECDE Class at Kereria Pry

New proposals

Health

- Fencing of Tumbura Disp and Laboratory
- Fencing of Kereria Dispensary
- Fencing of Rukurini Dispensary
- Construction of a laboratory at Miomponi Disp and fencing

Roads

- Construction of Gachugini-Gaciongo Footbridge
- Murraming of Keep Corne-Mac-carter footbridge
- Ngara-Kanguutu footbridge at river Gakuuru
- Murraming of Giekuri-Kereria Pry
- Kiuguni-Mwanyani bridge at river Gakuuru
- Grading of Rukurini-Nkondi road
- Murraming of Kiraruni-Kithuru Polytechnic-Gachugini-Gatunga
- Grading of Mati Judge-Kathiga
- Murraming of Turima tweru-Kangu NICA Kiuguni-Gakuuru bridge

Water

- Drilling of borehole at Kanuka ithunju
- Drilling of borehole at Giekuri and Nkondi market
- Equipping of Kathamba ngiri borehole and Kwa Ng'ombe borehole with solar panel
- Flood lights at Turima tweru

IGAMBANGO'MBE SUB-COUNTY

Following public participation in Igambang'ombe sub-county, following are the suggestions from the public on different matters concerning the development projects mostly suggested in the ADP 2021/2022 as well the issues they feel need to be addressed.

AGRICULTURE:

- Karongoni Banana Factory to be Constructed-It's on the process.
- Seedlings ie Green grams, sorghum, Maize to be distributed on time.
- Sensitization of farmers on various farming techniques in dairy farming, poultry farming, cotton farming etc.
- County government to introduce soil test to our farmers either at a fee /subsidize. This will help our farmers in decion-making on the type of crop to be planted in their farms.

WATER:

- NIWASCO at Kairini to be extended so that it can serve many households in the area and reduce distance to the people on the extreme side.
- Gatarara Swamp in Kiamiguti village to be constructed and be made public so that it can serve all the residents of kiamiguti with no biasness.
- Construction of Ndumbi spring.
- Sink/renovate more boreholes, if possible per village in the area to curb water shortage problem. In areas with well with enough water, extend the distribution.
- Address the issue of unfair NIWASCO water distribution in Kithangani, especially the Ntagatani water which get water to extent of even once per month.
- Kajuki water project, consider facilitating the needy people for registration to the project and provision of pipes.
- Mutino Water project (Kanthanje S/L)- No water available for lower Kanthanje from Nkindu down to kiruji market and from Kiruji market to Kanthanje primary and secondary as well does not have access to water since the upper areas misuse the water hence does not get to the lower zone.
- Kajuki water project- Most of original members have no water due to wring sizes of pipes that affect water pressure.

ROADS

- Bush clearing of Miraa Miraa to Nkorongo road via Nkobore primary school.
- Murruming of the road from Kanthanje (Main road) to Kabariange Primary school.
- Murruming of the road from Kamonka Ass.chief office to Kiamanche shopping centre.
- Murruming of the road from Kajuki to Ibore bridge to assistance chief camp.
- Kithuthe Road is incomplete.
- Ndumbi to Naka road to be constructed.
- Construction of Mathiga footbridge across river Naka.
- Construction of a drift from Kamataga to Kiaritha road.
- Construction of Iruri to Kiruma through Nkindu Via Kaare road.
- Renovation of footbridge at Nyakinjeru to Kanthanje.
- Construction of footbridge from Kajuki-Makanyanga via kithige pryschool.
- Reconstruction of Tharia drift from Kamataga to Kiaritha Road.
- Opening of the roads in the newly demarcated areas of Rianthiga/Marembo adjudication section.
- Ndumbi to Naka Road uncomplete.
- Construction of Kariani to Kithukio to Igamucogo to Chuka Vocational Training College road.
- Constuction of Thai road from Good News (Marembo) to Kamkirugu to Makanyanga sec school.
- Reconstruction of a foot bridge at Kajuki to Makanyanga road via Kithinge pryschool.

Department of Health

- Provide CHVs with first Aid kits for emergency.
- Check on the operation of most of the equipment in the health facilities, most break down and no services go on.
- Provide lab specialized personnel in health facilities to offer lab services
- Construct a big and equipped hospital at County Headquarter

- County Government to put sign boards to all county health facilities in strategic places for easy access
- No drugs at Kabururu and Kamaindi dispensary for a long time. People are always advised to buy drugs at the chemist which are very expensive.
- Karuruku and Riathiga Dispensaries have been constructed but no services at the facilities.
- P.C.E.A Kaanwa and Weru dispensaries maternity are not operational. Kindly operationalize the unit.
- Invest in health services to treat diabetic people since they only get treatment mostly in private hospitals.
- Kamutiiria and Nkobore residents requests for health facilities.
- Igamatundu Dispensary maternity is incomplete and no construction going on as at now.

Education

- Start a feeding programme especially for the dry parts of the sub-county as well as the county in general.
- Bursary funding should be increased to create impacts to the beneficiaries.
- During employment of polytechnic instructors consider PLWDs.
- When offering contracts to people, compel them to source most labor from youths in our polytechnic or who attended them to create more jobs and encourage more youths to join.
- Provide outdoor play material to ECDE students
- Construct ECDE classes based on the need-basis.
- Empower and Invest in PLWDs and youth groups for livelihood improvements.

Lands, Physical Planning and Urban Development.

- Return public grabbed land to the citizens for use for the interest of the public and make land information easily accessible to the public.
- Speed up the rate of land adjudication and provision of title deeds.
- Construct shades in major markets in the sub- county for sheltering during business hours.
- For security, erect floodlights to the markets.

Environment

- Empty skips on time when full to avoid spillage and air pollution.
- Buy Planting trees from common mwananchi and welfare groups

MUTHAMBI SUB COUNTY

The meeting commenced at 10.45am with a word of prayer and self-introduction of the Sub-county administrator, the ward administrators, the economic planning team and the members of public present. The sub-county administrator emphasized on the importance of the public participation to the residents. Further, she took members through some of the projects implemented in Muthambi sub-County since financial year 2017/18 to date. Mitheru ward: - Tharaka Nithi coffee mill, ithiru bridge, Tarmacking of Mitheru-Kaanwa road, muthenge flood light, Kmatumo Tea Buying Centre among others and in Muthambi ward: - Mpiani TBC, Kajiuduthi TBC, Muthambi Health centre, Muthiru feed processing plant, Gituja dispensary among others.

Concerns from the public (priorities/projects):

1. Renovations of the sub-county offices and electrification of the offices
2. Women empowerment programmes
3. Recruitment of additional ECDE teachers in addition to the one already employed by the county
4. A rehabilitation center for persons addicted to drugs especially the youths
5. Need for special needs schools/centers to accommodate people abled differently
6. Avail health specialist to the various health facilities in the ward once per month (Monthly clinics)
7. Construct ablution blocks within Iriga and Karinga ga nkoru markets
8. Capacity building on the Value chain and agro processing
9. Igagara bridge
10. School feeding programme

CHUKA SUB COUNTY

The meeting was held at Chuka DC's ground, present were participants' from Magumoni ward, Mugwe ward, Karigani ward, chiefs and Ass chiefs from the various locations and sub locations respectively. The sub county administrator opened the meeting and introduced the ward administrators'.

The members appreciated the working of the county government and the national government, they also recognized the projects implemented by the county government.

The following are some of the projects that were suggested during the discussion

Agriculture.

- Coffee farmers need a major boost in terms of farm inputs, a law to be drafted for in order the farmers can get grants to help increase the coffee produce.
- Coffee factories still use the old system of production, which are not cost effective hence incurring a lot of cost during production, the participants request a modernized cost effective production systems in all the factories which will held them better returns.
- Value addition of the farm produce.
- Issuance of subsidized fertilizers and seeds to be revised in order all the farmers can benefit (Mwonge)
- Government to identify some agricultural land.

Water and natural resources

- Drilling of boreholes in schools and markets in Magumoni ward and Mugwe ward in Nkwego, Kangutu, Kairu market etc
- Conservation of Siaigire water fall for tourist attraction
- The swampy area in Nkwego to be fenced
- Progress Report on Gitareni water project

Education

- Increase the bursary fund allocation
- County to come up the People living with special needs fund to empower then.
- Proper identification of people with special needs to be conducted because some were left out
- Need to employ more youth polytechnic instructors in order to give our youth quality skills
- Completion of the existing stadiums

- Ndiruni stadium was grabbed by a private investor who is now selling some firewood stored there and the issue is already in the court, the field was earlier used to nurture young talents, the people were seeking government intervention.

Health

- Mukuuni dispensary maternity ward needs the maternity bed and personnel to help mothers while delivering.
- Speed up the completion and equipping of all other maternity wards within the sub county
- Construction of a public dispensary at Ndagani market properly the proposed location for the polytechnic.

Roads,Energy and ICT.

- Construction of culverts across Chiiri river (seasonal downstream) to link rubate market and Maabi secondary (Magumoni)
- Construction of Nkomani bridge to link Rubate location with Ndagani area (Mukuuni location)
- Construction of Kirege-Mumbukuro –Gitumbi village (school going kids have difficulties reaching the school) (Mugwe)
- Construction of Nthirani bridge
- Upgrading of all feeder roads across the sub county
- Construction of Mungoni Kenywa bridge – Karigani
- Transformer at Magumoni

Lands, urban development and physical planning

- Construction of Magenka market
- Construction of Ndagani market if possible a modern market and the market stalls
- Installation of flood lights in all the markets in the sub county
- Distribution of skips especially in Ndagani area.

Human resource

- Capacity building for the workers

THARAKA NORTH SUB COUNTY

The public participation forum was held at the Sub- County offices in Gatunga.

It comprised of Gatunga and Mukothima wards citizens.

General feeling

The participants from the two wards highly appreciated the government’s effort to ensure development is felt in every corner of the two wards.

The major projects that the community highly appreciates include:

- i. Construction of Mukothima market
- ii. Operationalization of Manyanga and Kanyambo dispensaries in Gatunga ward.
- iii. Opening of new road that connects Kathangachini and Marimanti town cutting across the two wards

Special request

The public requested fast tracking of the following projects to completion in order to ensure the community enjoy services:

- i. Completion of Maragwa water project in order to supply water to Kaarwa, Gacooroni and Maragwa
- ii. Completion and operationalization of Maragwa dispensary
- iii. Operationalization of Mukothima cereals store
- iv. Operationalize Gaciongo dispensary maternity wing

Projects that require revival

- i. Ura water project that has a storage tank at Makutano market. This project was expected to supply water to various areas of surrounding and extend supply to Kathangachini market and Kathangachini health centre. Currently water is not running.
- ii. The solar powered borehole at Gaceuni is not working
- iii. Borehole at Ura gate cultural site not working
- iv. Mpuku drift was poorly done

GATUNGA WARD

Project proposals by the public

Roads

- i. Karethani- Kaarwa- Gakoromoni- Ndiuni- Mwororo road- Opening.
- ii. Gatunga- Karethani- Keraka- Kathithi ka Mbui road- grading and murruming.
- iii. Gaichu bridge across river Thanantu to connect Gatunga and Marimanti in the newly opened road
- iv. Kinunku catholic church- Muramba wa ng'ondu- Kirinthongo road
- v. Usueni- Muthetha Kau- Kagungani- Cigiria Ngiri- Gatagani- Kiamiramba road- Opening
- vi. Bridge or box culvert at Mubuura river
- vii. Manoroni- Gwa Kamenya Auke- Makithi road

Water

- i. Boreholes at: Kaiga ka Mbiti, Gitugu primary, Kamagajiu primary
- ii. Construction of earth dams
- iii. Maragwa water project
- iv. Construction of rock catchment at Ithamba Nderi in Kanjoro
- v. Construction of rock catchment at Yombo and Mugui rocks in Maragwa location
- vi. Provision of tanks for Rwaka irrigation project in Gatunga

Health

- i. Fencing of Karuguaru, Manyanga, Muramba wa Mbogo and Kanyambo dispensaries

Agriculture

- i. Bee keeping as a business

MUKOTHIMA WARD

Roads

- i. Kamajura foot bridge- connecting Kirigicha Market and Kirigicha primary
- ii. Gankunikire bridge across river Thangatha
- iii. Mukui bridge
- iv. Karutini- Kirigicha- Kananku road
- v. Ura river- Manoroni- Kandondo road
- vi. Gakameni- Gaturu ga aka- Mauthini pry- Thangatha river

Water

- i. Boreholes at Kamachabi pry, Mauthini pry and Kamarenge pry
- ii. Earthdam at Gwantanabea
- iii. Rock catchment at Kimumunyi hill/rock
- iv. De-silting of Kamarenge earthdam
- v. Reinforce Kirigicha- Giichini water project
- vi. Ngongoaka- Ntoroni irrigation project

Health

- i. Operationalize Gaciongo dispensary maternity wing
- ii. Provision of lab services at Karutini dispensary
- iii. Completion of Ntoroni dispensary
- iv. Equip and operationalize ura gate dispensary that was constructed by KWS at ura gate primary

Agriculture

- i. Operationalize Mukothima cereals store

Education

- i. Karambani ECDE class
- ii. Riamwanki ECDE class
- iii. Completion of Makutano polytechnic

Urban development

- i. Public toilet at Kirundi market
- ii. Public toilet at Shauri/Makutano market
- iii. Livestock yard to be opened at Kirundi market

MWIMBI SUB COUNTY

Chief officer's remarks: Resource distribution and planning is based on public participation and participants should embrace the process, while aware that resources are limited and projects to be completed are numerous. The work that the county continues to do is for the people and will be done on a continuous basis, considering the needs of all the wards.

CECM's opening remarks: Conveyed H.E. Governor's greetings to the participants.

Legal basis for the CFSP public participation was provided and the annual planning highlights were shared with the participants.

Going forward:

- Previously stalled projects will be completed
- New projects will get priority after old projects are completed and operationalized through procuring equipment and staffing is completed.

- Projections for the future budget are based on the feedback from participants and their opinions will be considered during planning.
- Residents were invited to use the county hotline 1513 to access representatives with feedback on projects
- Farmers were encouraged to obtain information by registering through *423# for when farm inputs are available

Project proposals from public participation

Agriculture:

- Provision of subsidized seeds, seedlings and fertilizers on time
- Farmer's Capacity building
- Value chain and provision of markets
- Milk plants
- Improve on extension services to farmers
- Fish farming
- Banana processing plant
- Proposed a Cereal storage facility in Kanini area.

Health:

- Frequent Capacity building citizens on health matters
- Xray services should be subsidized for TB patients
- Train CHWs on TB management
- Kiairugu Dispensary
- Kanini area needs a health facility
- Laboratories need equipping
- Timely procurement of medical supplies and services
- Ganga Karandini Dispensary requires doctors and staff for the maternity ward
- Kieni Health center requires its own toilets
- Health workers' motivation
- Ikumbo dispensary needs lab equipment

Infrastructure:

- Improvement of Mara and Thigaa Roads
- Bridge joining Mugumango and Kirumi needs to be linked to the road
- Ndunguri-Kariakomo road needs maintenance and expansion
- Kiamaugu area needs road grading and expansion
- Ganga wards needs to be interconnected and better footbridges
- Mwiria – Kariokomo road needs maintenance
- Muthane road needs to be graded and murramed
- Bridge required to join Mara River to Mwimbi and Ganga at Mutugutoi Factory
- Feeder roads in Kabaikubu area need grading
- Nguruki area- road opening and expansion

- Mbironi area needs electricity
- Kiriti area requires electricity and a transformer
- Gatithini village, Nkobo village, Gantaraki sub location, Karumbi Primary School and adjacent areas all require a transformer

Education:

- Polytechnics need full time trainers
- Mautini Primary School needs an additional ECDE teacher
- Ndintune Primary school requires an EDCE classroom.
- Karumbi Primary school requires desks
- Increase bursary fund and youth empowerment fund

Water and environment:

- Water storage reserves for farming
- Kithitu-Thigaa water project
- Reclamation of areas near rivers that have been damaged
- Protection of Riparian land
- Sewer systems are required

Lands, Physical planning and urban development:

- Improvement of the trading centres (Markets)
- Nguruki in Mwimbi requires beautification
- Wiru and Kamaara area need rehabilitation and improved drainage.
- Munga market needs a flood light.
- Ikumbo area needs cleaners in the market.
- Ndunguri market needs litter bins, skip and receptacles.
- Kaare and Muragara markets requires a public toilet and receptacle.
- Construction of a modern market at Karaa
- Nguruki Market- upgrading roads, a toilet and receptacle
- Magutuni market roads