



COUNTY GOVERNMENT OF THARAKA NITHI

DEPARTMENT OF FINANCE AND ECONOMIC PLANNING

COUNTY FISCAL STRATEGY PAPER

FEBRUARY 2019



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County Executive Committee**

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:

²
(ICT)

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

This County Fiscal Strategy Paper, CFSP 2019 outlines the broad strategic priorities and policy goals of County Government for implementation in financial year 2019/20 and the Medium Term. Further, it sets out the priority programmes that the County Government is implementing in the Medium Term. The priority programmes seek to enhance sustainable development steered by economic transformation strategy that aims at spurring the economic growth of the county 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) providing conducive environment and sustainable exploration and exploitation of natural resources (6) creating conducive business and tourism environment (7) attaining efficient, equitable and sustainable use of land resource, spatial planning and development of urban areas (8) ensuring provision of efficient and effective public service delivery and (9) strengthening the democratic arena and fostering good governance.

The expenditure policy framework in the medium term aims at ensuring efficiency and effectiveness in the implementation of our development policies. As outlined in the previous CFSP 2018, this paper is part of efforts by County Treasury to link policy and planning with budgeting by embracing reforms in the expenditure and financial management and containing growth of non-priority expenditures in order to create fiscal space for financing priority policy areas such as the healthcare, agriculture and physical infrastructure, which are key to sustainable economic growth and ultimate development.

As a result, significant progress will be realized in terms of linking policies, planning and budgeting and shifting budgetary resources to priority areas, though the process continues to face some challenges. The County Government will continue to address emerging issues, which include: (i) redesigning programmes and projects to eliminate redundancies; (ii) strengthening links between recurrent and development expenditures; and (iii) increasing funding to decentralized and lower units, with a view to improving the linkage between expenditure and results.

In line with the need to achieve these county's objectives, the CFSP 2019 draws priorities from the MTP III of Vision 2030, Governor's manifesto, CIDP 2018-2022, ADP 2019/20 and departmental strategic plans. Therefore, this County Fiscal Strategy Paper focuses on: (i) Poverty eradicating expenditures in support of CIDP priorities, (ii) increasing capital expenditure by optimizing recurrent expenditure, and (iii) investing in public finance management reforms in areas such as public expenditure management, accountability, governance and transparency providing a conducive environment for private sector investment.

The fiscal framework included in this CFSP 2019 outlines an affordable 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 comments, information 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, the members of public and all interested persons/ groups who have so far participated in the budget process in FY 2018/19.

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

ACKNOWLEDGEMENT

The CFSP 2019 embraces the principles of prudent financial management outlined in the Public Finance Management Act, 2012, Section 117. It outlines the broad strategic macroeconomic issues affecting the county and fiscal framework to guide spending plans, as a basis of 2019/20 budget and the medium- term. We expect the document to improve the public understanding of County’s public finances and guide public debate on economic and development matters.

As best practice, the preparation of the CFSP 2019 was done in a consultative way that involved inputs from The Commission on Revenue Allocation, 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.

County officers from County Treasury spent a significant amount of time putting together this strategy paper. We are particularly grateful to the CECM, Finance and Economic Planning Ms. Dorothy Naivasha for her able leadership in the process. In addition, we appreciate Head of Treasury Budget and Expenditure Management Mr. Lawrence Micheni, CPA; Head of Economic Planning, Mr. Dennis Kwendo and the Staff at Economic Planning & Budgeting, for coordinating the execution of this noble task. We received substantial inputs from the all 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 the County Treasury for their dedication, sacrifice and commitment to public service.

Similarly, I acknowledge the continued partnership with USAID-AHADI. Specifically, the invaluable support and technical assistance in the preparation of this policy paper from USAID-AHADI team comprising of Waceke Wachira (Chief of Party), CPA Paul Otsola (Governance & Devolution Specialist), Gilbert Momanyi (Team Lead), Mary Nzilani (Grants Assistant) and Paul Kamaku (Consultant).

To all that were involved, receive my heartfelt appreciation.

MR. ZEPHANIA RWANDA MBAKA,
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THARAKA NITHI COUNTY

ABBREVIATIONS AND ACRONYMS

ADP	Annual Development Plan
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
CEKEB	Central Kenya Economic Bloc
CRA	Commission of Revenue Allocation
CORe	County Own Revenue
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
Ksh	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
PE	Personnel Emoluments
PFM	Public Finance Management
PWDs	People With Disabilities
REA	Rural Electrification Authority
SRC	Salaries and Remuneration Commission

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 country 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

Introduction

Tharaka Nithi County envisions 'a prosperous, industrialized and cohesive county'. Further, the governor's manifesto presented a transformational agenda for the County for the period 2017-2022. The transformational plan has informed the County Integrated Development Plan (CIDP) for 2018-2022, ADP 2019/20 and feedback from members of the public and national government policies. The plans have placed key focus on programmes and interventions required to achieve the governor's manifesto and the Jubilee government's "Big 4" agenda towards implementation of the country's Vision 2030. This has been the aspirations since 2017 on implementing various policies and structural reforms under the 'Sustaining Development for Economic Transformation' agenda that target to initiate a rapid social-economic transformation and a paradigm shift in infrastructure development.

1.1 Overview

1.1.1 General Context

The 2019 County Fiscal Strategy Paper (CFSP), continues to implement programmes set out in the CIDP 2018-2022 whose broad policies and priorities are anchored in the national development agenda. It outlines the broad strategic development issues and the fiscal framework, together with the summary of County Government public expenditure management.

Generally, the Kenyan economy has expanded at an average rate of 5.5 per cent per year over the last five years (2013 - 2018) outperforming the average growth rate of 4.7 per cent in the period 2008 -2012. Real GDP is estimated to grow to 6.0% in 2018 from 4.9 % in 2017 whereas the Real Gross County Product, GCP (counties) for Tharaka Nithi grew at an average of 7.6 per cent above the average across all the counties.

This performance is supported by good weather, eased political uncertainties, improved business confidence and strong private consumptions. Real GDP is projected to grow by 6.1 % In 2018/2019, 6.2% in 2019/2020 and 6.4% in 2020/2021. Domestically improved business confidence and continued macro-economic stability will contribute to growth. Externally, tourism and the strengthening global economy will also lead to a sustainable economic growth. The interest rates have remained low and stable while the exchange rate has remained competitive with less volatility in the same period (2013-2018). The value of goods and services produced within the county has increased raising the per capita income from Ksh 89,553 in 2013 to an estimated Ksh 169,141 in 2017. The GCP increased from Ksh 25.40 billion in 2013 to Ksh 34.86 billion in 2017.

1.1.2 County Specific Context

The County Government has aligned its priorities to the Big 4 agenda over the next five years. These include food and nutritional security, affordable housing, increased share of manufacturing in GDP, and universal health coverage. The attainment of these national goals will help advance the Vision 2030 agenda – helping Kenya to move forward towards a middle-income economy with a high standard of living. Particularly, the County Government of Tharaka Nithi has been preparing county economic development plans, which ideally are aligned to the National Government’s Medium-Term Plan (MTP III) and the Big 4 agenda. Thus the County Government endeavors to address mundane challenges more drastically in order to build on the success of structural reforms as the basis of achieving economic growth. 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;

The Sustaining Development for Economic Transformation Agenda focuses on the following key areas:

- a) Transform agriculture for improved production and productivity
- b) Ensure access to quality and affordable health 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) Conducive Environment and sustainable exploration and exploitation of natural resources
- f) Create conducive business and tourism environment
- g) Attain efficient, equitable and sustainable use of land resource, spatial planning and development of urban areas
- h) Ensure provision of efficient and effective public service delivery
- i) Strengthen the democratic arena and fostering good governance.

Substantial progress has been realized despite the many challenges that faced devolution in the last six years.

1.2 Programmes for Achieving the County Strategic Blueprint’s Objective

This County Fiscal Strategy Paper articulates priority economic policies and structural reforms as well as sector-specific expenditure programs to be implemented under the Medium Term Expenditure Framework for FY2019/20, FY2020/21 and FY 2021/22 in order to achieve the County Government’s development goal to ensure a secure, resilient and globally competitive

first class county in service delivery for all. Every strategic objective is achieved by various priority strategies as listed.

1.2.1 Transform agriculture for improved production and productivity

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) Invest in mechanization and modern farming methods.
- c) Promote conservation agriculture
- d) Enhance extension services
- e) Promote and encourage water harvesting, water management technologies to provide enough water for farming evening during dry seasons and dry in areas
- f) Invest in value addition and processing plants.
- g) Construction and equipping of community grain stores, cooling facilities and enhance other preservation techniques as well as policy intervention to curb food wastage after bumper harvests
- h) Improve pest and disease control mechanisms
- i) Encourage use of disease and drought resistance and resilience crops and animals.
- j) Capacity build farmers, creation of awareness and focus on value chain development.

1.2.2 Ensure access to quality and affordable health services

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

- a) Investment in improving health infrastructure of existing health facilities
- b) Improve diagnostic services through procurements and installation of specialized equipment in the referral hospital
- c) Increase the workforce numbers and recruit specialist across all the cadres
- d) Strengthening emergency services and referral system to provide 24 hours' referral services
- e) Increasing allocation for Essential Medicines and medical supplies and supply them on time.
- f) Supplement cost of health services to the elderly, persons living with disabilities and any other who cannot afford
- g) Automation of services in all County health facilities for efficiency and effective service delivery.
- h) Improve service delivery through customer satisfaction and demand creation
- i) Enhance capacity development for technical staffs on essential services.

I.2.3 Provide efficient, affordable and reliable infrastructure and services for sustainable economic growth.

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

- a) Spot improvement of feeder roads
- b) Construction of tarmac roads
- c) Opening, grading and maintenance of rural roads
- d) Regulating transport system in the county
- e) Establishment of County housing scheme and accommodation services
- f) Provision of modern ICT infrastructure and equipment such as ICT Hubs, Data cabling, data centre, unified communication system, backups, computers and other ICT equipment
- g) Develop Integrated County Management systems such as HRMS, SCMS
- h) Revenue automation and surveillance
- i) In collaboration with the National government, expand connection of electricity
- j) Promote use of renewable energy.

I.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) Recruitment of ECDE teachers, care givers and strengthen supervision service
- b) Construction / innovation of ECDE classrooms and provision of teaching and learning materials.
- c) Enhancement of bursary funds
- d) Provision of feeding programme / establishment of child friendly schools/ integration of children with special needs in normal schools
- e) Refurbishment and Rehabilitation of Youth polytechnics and Procurement of Equipment and materials
- f) Capacity Building of YP staff and ECDE teachers and care givers
- g) Inspection and quality Assurance of institutions
- h) Recruitment of Youth Polytechnic instructors
- i) Development of home craft centres curriculum with relevant agencies
- j) Construction/ rehabilitation of Stadiums
- k) Establishment of county academy for sport, Procurement of equipment and tools and training of sportsmen and women
- l) Construction of cultural centers and holding Culture and arts exhibition

- m) Identification and registration of culture groups, training and empowerment of the cultural groups
- n) Organize Music festivals to enhance cohesion and cultural growth
- o) Empowerment of PWDs and vulnerable groups
- p) Construction and equipping of rescue and rehabilitation centres.

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) Establish dumpsites, provide litter bin, garbage collection trucks and install incinerators
- b) Tree planting in farm lands, hills, river riparian's and institutions.
- c) Afforestation and reforestation for restoration and protection of water catchment areas
- d) Promote agroforestry
- e) Encourage safe and sustainable Exploration and Exploitation of natural resources
- f) Formulating relevant policies on mining, climate change and pollution control.
- g) Domestication of international treaties in climate change
- h) Mapping and identification of gazetted and a non-gazetted area in collaboration with National government
- i) Construction of reservoirs and inter basin transfer canals for water collection conservation.

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) Formation of SACCOs and offering subsidized loans
- 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
- e) Formation of cooperatives and rehabilitation of cooperatives to enjoy economies of scale and easy access to farmers
- f) Market widening, surveys and creation of data bank to enhance market improvement
- g) Revenue automation
- h) Value addition
- i) Capacity building and awareness creation to all traders
- j) Development and diversification of tourism products

- k) Branding, advertising and Creative tour packaging
- l) Develop Niche products
- m) Holding annual cultural festivals to promote integration
- n) Establishment of ecotourism ventures.

1.2.7 Attain efficient, equitable and sustainable use of land resource, 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) Part Development plans
- c) Resource Mapping
- d) Mapping of Land uses
- e) Approval of Survey plans in collaboration with national government
- f) Establishment of G.I.S Lab and Land Information Management Systems
- g) Digitizing of all data
- h) Alternative Dispute resolution mechanisms and public Involvement
- i) Market and urban centre development, upgrade and beautification.
- j) Road improvement
- k) Installation of street lights
- l) Construction of market sheds/shopping malls, bus parks, public toilets, stadiums and recreational parks
- m) Development of sewerage system, drainage systems and receptacles.

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) Ensuring there is adequate office space
- b) Carry out capacity building to all county staff
- c) Perform recruitment, placement, trainings and re-designation
- d) Motivating County staff
- e) Enforcing work ethics
- f) Storing, updating and securing staff files
- g) Management of county financial resources
- h) Resource mobilization and Engaging development partners
- i) Strict enforcement of financial regulations and regular auditing
- j) Develop county plans and budget in accordance with the PEM Cycle
- k) Monitoring and evaluating progress of county projects

- l) Regular data collection and management to help in planning

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 paper as noted contains the County's strategic blue print as detailed in chapter one above. The next section focuses chapter two outlines the recent economic context in which the 2019/20 MTEF budget is to be prepared. It provides an overview of the recent economic developments and the macroeconomic outlook covering the domestic and county scenario. Chapter three outlines 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. Chapter four presents the resource envelope and spending priorities for the proposed 2014/15 MTEF budget and the medium-term indicating spending priorities in terms of sectors and outlining the sector based expenditure ceilings. The conclusion is provided in chapter five as well as on the next steps which shows the way forward.

CHAPTER TWO: RECENT ECONOMIC DEVELOPMENTS AND POLICY OUTLOOK

2.1 Overview

Despite the global challenges, the Kenyan economy has remained robust and resilient as a result of the strong public and private sector investment and sound policy regime. Economic growth has averaged 5.6 per cent over the last five years compared to 4.7 per cent over the previous period covering 2008-2012 and 4.5 per cent in 2002 -2007.

2.1.1 Gross Domestic Product Growth and its Main Drivers by Sector

The per capita income increased from Ksh 113,539 in 2013 to Ksh 190,521 in 2018 representing a 67.8 per cent improvement. The improved economic activity in 2018 was driven by good rains, better business prospects and easing of political tensions after the March 2018 handshake.

The quarterly economic growth was 6.0 per cent, 6.2 per cent and 5.8 per cent in the third, second and first quarter in 2018 respectively. The economy is expected to grow by 6.1 per cent in 2018 as compared to 4.9 per cent in 2017. The improved weather conditions led to better agricultural production and more agro-processing activities. The better growth in 2018 was also spurred by increased activities in accommodation and food services, electricity and water supply and the construction sectors.

The recovery in the agricultural sector led to a 5.5 per cent growth in the third quarter of 2018 as compared to 3.8 per cent in the same quarter of 2017. The sector contributed a 1 per cent growth to GDP in the third quarter up from 0.7 per cent in the same period in 2017. The growth in the sector is broad-based covering expansion in out of key food and cash crops including tea, coffee and fruits.

The services and industry sector remained promising growing by 5.8 per cent in the third quarter of 2018 up from 5.1 per cent in the same quarter of the previous year. The services sector was the main source of growth expanding by 5.9 per cent over the period due to the increased activities in accommodation and restaurant (16 per cent), wholesale and retail (2.6 per cent), transport and storage (5.4%) and financial and insurance (2.6%). The service sectors

that experienced a slower growth relative to the same period the previous year were Information and communication technology at 5.9 per cent and real estate at 5.8 per cent.

The contribution of the service sector to real GDP in the third quarter of 2017 was 3.1 per cent mainly supported by wholesale and retail trade (0.6%), real estate (90.5%) and transport and storage (0.4%).

The increased activities in the manufacturing, construction and electricity and water supply sectors improved the performance of industry from 2.5 per cent in the third quarter of 2017 to 5.1 per cent in the same quarter of 2018. This was driven by the increase in agro-processing given the improved agricultural production. Sufficient rainfall and geothermal power generation improved the performance of the electricity and water supply due to the reduced utilization of input-intensive energy sources.

The contribution of the industry sector to real GDP was 0.9 per cent in quarter three of 2018 mainly supported by construction (0.4%) and manufacturing (0.3%).

2.2.2 The Broad Money Supply Trend

Broad money supply has shown an increased growth rate of 1.9 per cent from 7.2 per cent in October 2017 to 9.1 per cent in October 2018. Despite the retarded growth of Net Domestic Assets (NDA) of the banking system, there was an improvement in the growth of Net Foreign Assets (NFA) of the banking sector which led to the improved Money supply. The decline in the Net Domestic Assets greatly reflected in the decline of the Net Domestic Credit to the government.

A growth of 22.3 per cent was seen in Net Foreign Assets of the banking system in the year to October 2018. This was an advancement comparing it with the depression of 2.3 per cent in the year to October 2017. It was greatly backed up by the Government external borrowing and increased commercial banks foreign assets, which was mainly through deposits and securities exchanged.

Declined growth of the net credit to Government which was caused by the government deposit holdings at the Central Bank of Kenya was as a result of retarded growth of Net

Domestic Assets of 6.1 per cent in the year to October 2018 as compared to a growth of 9.6 per cent over the same period in 2017.

2.2.3 Private Sector Growth Trends

Annual credit growth to the Private sector reflected an improved growth from the 2.4 per cent growth in October 2017, to 4.4 per cent in the year to October 2018. Specifically, Manufacturing, business services, finance and insurance, and building and construction lending displayed growth of 14.8 per cent, 12.1 per cent, 9.1 per cent and 7.1 per cent respectively. This balanced out the essential loan repayments put in records in the mining, transport and communication, and agricultural sectors in the year to October 2018. With the continued recovery of the economy, the private sector credit growth is expected to pick up gradually.

2.2.4 The Inflation Rate Trend

The period 2013 to 2018 was marked by low and stable inflation within the national target range of 5+/-2.5 per cent due to the prudent monetary and fiscal policies in place. The drought in 2017 had led to inflationary pressures but this eased in 2018 after the improvement in weather conditions leading to lower prices for primary commodities. The decline in the food prices led to stable month-on-month inflation of 5.7 per cent in December 2018 from 5.6 per cent in December 2017 which is within the target range. This was mainly impacted by the favorable weather patterns and reduction in energy prices. On the other hand, overall inflation increased from 4.5 per cent in December 2017 to 5.7 per cent in December 2018 given the increased international oil prices.

2.2.5 The Interest Rate Trend

The period 2002-2018 has experienced stable interest rates save for the year 2012 following the tight monetary policy stance and 2015 due to the pressure on world currencies. As a result, the Central Bank Rate (CBR) was adjusted to address the inflationary pressures. It was reduced to 9.0 per cent in July 2018 down from 9.5 per cent in March 2018 given the freedom to ease the monetary policy stance and support economic growth.

The ample liquidity in the monetary market led to low interbank rates which only changed from 8.15 in December 2018 to 7.7 per cent a year before. The government security rates have been reducing despite the increased domestic borrowing by the government. During the

period from December 2017 to December 2018, the 91-day Treasury bill rate declined to 7.3per cent from 8per cent. At the same time, the 182-day and 364-day treasury bills rates declined to 8.45 and 9.7per cent from 10.5per cent and 11per cent respectively.

The interest rate capping law implemented in September 2016 created a stable commercial bank regime. The lending rates declined from 17.7 per cent in 2017 to 12.6 per cent in 2018 when the CBR reduced from 9.5 per cent to 9.0per cent over the period. Similarly, the deposit rates declined to 7.6 per cent from 8.7per cent due to the same policy implication creating an interest spread deviation of 5.0per cent from 5.9 per cent over the same period.

2.2.6 The Balance of Payments Trend

In year to October 2018, the overall Balance of Payments (BOP) position was a deficit of \$1,333.9 million representing about 1.4 per cent of GDP from a surplus of \$490.5 million in the year to October 2017. The decline in the financial account was more than the improvements in the capital and current accounts leading to the deficit. In the year to October 2018, the current account balance was \$4,660.6 million (5% of GDP) deficit as compared to \$5141.8 million (6 per cent) deficit in the year to October 2017. The strong growth emanated from the increased agricultural exports (tea and horticulture), higher diaspora remittances, more tourism earnings and reduced food and SGR equipment imports compared to the previous year.

The commodities account deficit widened by \$264.4 million to \$10,244.4 million in the year to October 2018 due to the higher import bill on oil products. The higher receivables from transport and travel made the net services to go up by 9.9per cent in the year to October 2018.

The capital account increased by \$ 138.8 million to \$300.6 million in the year ending in October 2018 due to the increased project grants. The financial flows declined to \$5526.4 million in October 2018 from \$5750 million a year before. This comprised other investments, direct investments and portfolio investments of \$3938.7 million, \$892.8 million and \$294.8 million in that order. The other inflows are foreign financing of government capital projects.

2.2.7 The exchange rate trend

The Kenyan shilling and other major International currencies compared, the exchange rate has remained balanced out and better. The exchange rates against the Dollar were at Ksh 102.3 in December 2018 from Ksh 103 in December 2017 which is an indicator of increased stability relatively. The Kenya shilling exchange rate against the Euro and the Sterling Pound has shown a less volatile behaviour, from Ksh 122.0 and Ksh 138.2 in December 2017 to Ksh 116.4 and Ksh 129.7 in December 2018 respectively.

The Sub-Saharan currencies compared to the Kenyan Shilling, the exchange rate have continuously reflected a relatively increased stability. This, in turn, displays an increase in the Income generated by tea and horticulture exports, strong Diaspora payments and increased interests from the service sector, especially tourism.

2.2.8 The stock market trend.

A decrease in the equity share prices was caused by the retarded rate of activity in the Capital market. This is evident in the NSE 20 share index which was 3712 points in December 2017 to 2834 points in end December 2018. The decreased market capitalization of Ksh 2,522 billion in 2017 compared to Ksh 2,102 billion in December 2018 resulted in the weakening of the share prices. The contraction indicates the global equities markets tendency as investors move to bonds market with an expectation of a hike in the U.S. interest rates on economic data and strong jobs

2.2 Impact of the Macro-economic performance indicators to the County

Budget implementation started on a slow note in the first quarter of the FY 2018/19 due to the threats of the court case by for residents who sued the county. The ground of the litigation was the issue of public participation and imbalance of allocation to the 15 wards hence the appellants were seeking a judicial review of the budget process. The case was however dismissed for lack of merit on the prayers sought by the appellants.

2.3 Update on Fiscal Performance and Emerging Trends

The first supplementary budget was presented to the county assembly in November 2018 given the changes to the equitable share allocation after the amendments to the National Finance Bill 2018. The amendments led to the review of the County Allocation Revenue Act

leading to a reduction of the equitable share to counties by Ksh 10 billion, in particular, the allocation to Tharaka Nithi County was reduced by Ksh 63 million.

2.3.1 Revenue

The revenue received during the first six months of the 2018/19 financial year comprised Ksh 1,129.1 million from the equitable share allocation, Ksh 84.3 million from local sources, Ksh 103 million from grants and Ksh 584 million from balances carried forward from last financial year. The total revenue received represented 37 per cent of the annual revenue projections totaling Ksh 5,142.2 million.

In the last two financial years, the county has recorded tremendous improvements in revenue collection and administration. Local Revenue collection for the first six months of the financial year 2018/19 was KSH 84.3 million with the highest collection being realized in the month of December (17.0 Million). The top five collection streams are health services/hospitals (Ksh 33.3 million), Cess fees (Ksh 11.0 Million), market and slaughter (Ksh 9 million), single business permit (Ksh 5.7 million), and vehicle parking (Ksh 5.5 million). The regions and centres with the highest collections in the first six months are Chuka hospital (27.3 million), Chuka urban (Ksh 15 Million), Igamba ngo'mbe (Ksh 8.6 million), Tharaka south (Ksh 4.89 million) and Marimanti hospital (Ksh 4.88 million).

In the first half of the financial year, the county has recorded a revenue deficit of about Ksh 65 million hence there is a need for increased efforts to make sure that the second half-year target is surpassed to cover for the deficit from the first half. Increased supervision and monitoring should be scaled up with the aim of targeting to meet the annual projection of Ksh 300 million.

The ongoing impasse on revenue payment in Tharaka North should be given attention to reach an amicable solution to prevent further loses to the county. Similarly, the existing conflict with the bar owners should be given urgent attention with the aim of bringing a major revenue stream to finance development activities. All the revenue collection challenges should be put into consideration as the county makes future fiscal policy targets including the supplementary budgeting and future revenue projections.

2.3.2 Expenditure

The total expenditure for the first half of the FY 2018/19 is Ksh 1.9 billion which is comprised of 1.456 billion for recurrent expenditure and 326.0 million for development. The recurrent expenditure constituted – for personal emoluments and – for operations and maintenance. During this period, the County Assembly received Ksh 147 million for its operations. The recurrent expenditure represents 44.93 per cent of the annual budget recurrent estimates while the development expenditure represents 20.33 per cent of the annual budget estimates. Out of the total expenditure, 76.62 per cent was used for recurrent expenditure, 17.15 per cent for development and 6.22 per cent remained unspent in the year as at December 2018.

2.3.3 Fiscal balance

In the financial year 2017/18, the fiscal balance realized was a surplus of Ksh 749,931,239. This is mainly attributed to the slow procurement process, delayed disbursement and requisition of funds from exchequer to county revenue fund, lack of legislation and regulation to manage loans and grants, inadequate capacity to implement programs in some departments and poor linkage of cash flows and procurements plans.

2.4 Comparison of Actual Performance against budget

Table 1: Comparison of actual performance against Budget

	2017/18 FY	2018/19 FY		% Utilization
	Actual	Budget estimates	Actual (first half)	
TOTAL REVENUE & GANTS	4,458,358,510	5,721,000,703	1,900,756,333	33%
Unspent Bal from Previous FY	287,553,292	749,931,239	584,330,437	78%
Revenue (Total)	4,170,805,218	4,971,069,464	1,316,425,896	26%
Equitable Share Allocation	3,684,400,000	3,642,400,000	1,129,144,000	31%
Local Revenue	143,314,734	300,000,000	84,311,255	28%
Grants (Total)	343,090,484	1,028,669,464	102,970,641	10%
Total Expenditure	4,458,358,509	5,721,000,703	1,900,756,333	33%
Recurrent	2,685,772,941	3,430,285,895	1,456,420,208	42%
Development	1,022,654,329	2,290,714,808	326,040,848	14%
Unspent Bal Current FY	749,931,239	-	118,295,277	

2.5 Significant Economic, Legislative and Financial Events

Since the counties were established in 2013, there has been attempts to form economic bloc bringing together counties with common geographical and political ties. This is aimed at addressing common development challenges and achieve economies of scale in delivery of some programs and improve bargaining power of the members in national platforms. Tharaka Nithi is member of the Central Kenya Economic Bloc (CEKEB) with other members being Meru, Embu, Muranga, Kirinyaga, Kiambu, Nyeri, Laikipia, Nyandarua and Nakuru. The broad objective of the bloc is to leverage on economies of scale in the region especially shared resources and opportunities. The county is poised to take advantage of the opportunities that will come with the establishment of the bloc.

The review of the County allocation formula is bound to have far reaching consequences on the horizontal distribution equitable share revenue. The new formula is based on new parameters such as health, agriculture, early education and technical education. They are categorized into three groups –service delivery component (60 per cent), development component (26 per cent) and revenue and efficiency (5 per cent).

2.6 Revised Estimates

The implementation of the budget for FY2018/19 has progressed slowly due to delayed disbursement of funds from the exchequer. This follows the austerity measures declared by the president to curb wastage of resources. This meant that the procurement of works and services could not be commenced as per the annual work plans.

Consequently, utilization of budgetary resources lagged behind during the first and second quarter but are expected to pick up in the third quarter as the implementation of development programmes and the general activity of Government gain pace. However, the implementation of donor-funded activities continues to experience challenges due to late disbursements.

Revenue collection improved significantly in the half hitting a high of Ksh 84.3 million. However, this improved performance might be affected significantly by increasing civil unrest in various market areas including Marimanti town, Chera market, and Gatunga. This is an addition to the delay in enactment of the finance bill which has a negative impact on local revenue mobilization.

Other challenges included incomplete mapping of revenue streams, lack of requisite legislation in relation to property tax and continuing legal battles also negatively affected revenue collection efforts by the County Government. Even though these factors contributed to the

revenue shortfall on one side, there is a need to step-up monitoring in order to significantly improve CORe performance.

In the foregoing, it will be important for the County Treasury to review the FY2018-19 estimates by proposing a second supplementary budget taking into consideration the significance of microeconomic outlook as well as volatility in the local political environment.

2.7 Economic Policy and Outlook

Economic growth projections take into account national growth outlook and the emerging challenges. In a national perspective, the projections take into account the emergent policies and strategies as outlined in “The Big Four” plan and prioritized in the MTP III of Vision 2030.

The BPS 2019 projects a GDP growth of 6.2% in the medium term, this is expected to guarantee a revenue growth of at least 3% annually for the County Governments. This anticipated revenue allocation to the county has been factored in the budget projections in this CFSP. The government has projected a balanced budget in the medium term.

Inflation has been projected to remain within target of 5+/- 2.5% in the medium term and is therefore not expected to have adverse effect on the budgetary resources for the County Government.

In order to align and support the National government focus on the four areas of Food security, universal health care, expansion of manufacturing and housing, the county has committed to sustain allocation of significant resources to the concerned sector. An average of 40.1% of budgetary allocations will go to the health sector while the agriculture, trade and cooperatives, water services and energy & environment sectors that support food security and value addition will consume 15% in the medium term.

Tharaka Nithi County Government contribute 0.8% of national GDP. Economic activity growth relative to average growth for all counties is projected to be 2.5 per cent in FY2018/2019. Per capital income GCP growth relative to average per capita GCP in all counties is 7.2 percent which is the highest national wide.

This growth will be supported by a pickup in agricultural and manufacturing activities underpinned by improved weather conditions, strong service sector, stable macroeconomic environment, ongoing public infrastructural investments and sustained business and consumer confidence.

Over the medium term economic growth in Tharaka Nithi county is expected to sustain economic growth due to continued adherence to the fiscal responsibility principles of prudent and transparency in management of public resources in line with the constitution and the PFM Act 2012.

The County Government has invested in strategic areas under the “Big four” plan that aims to increase job creation through manufacturing and trade, improved food security, Infrastructure, affordable housing and quality healthcare.

Table 2: Macroeconomic Indicators Underlying the Medium Term Fiscal Framework (FY 2019/20 MTEF)

	2018/19	2019/20	2020/21	2021/22
National Account and Prices	Annual Percentage change			
Real GDP	6.1	6.2	6.4	6.7
GDP Deflator	7.5	6.5	6.0	6.0
CPI Index (eop)	4.9	5.0	5.0	5.0
CPI Index (Avg)	4.8	5.0	5.0	5.0
Terms of Trade (-deterioration)	-3.5	-1.6	-1.8	-2.2
	PERCENTAGE OF GDP			
Investments and savings				
Investments	24.0	24.0	23.3	25.0
Gross National Savings	18.2	18.1	17.4	19.7
Central Government Budget				
Total Revenue	18.3	18.3	18.5	18.8
Total expenditure and Net lending	25.1	23.9	22.8	22.5
Overall balance Commitment basis (excluding. Grants)	-6.8	-5.6	-4.3	-3.7
Overall balance Commitment basis (including. Grants)	-6.3	-5.1	-3.9	-3.3
External Sector				
Current external balance, including official transfers	-5.8	-5.8	-5.9	-5.4
Gross international reserve coverage in months of imports	7.0	7.1	7.2	7.3

2.8 Risks to the Outlook

This sub-section deals with the risks associated with the outlook of the proposed budget 2019/20 and the medium term.

Risks	Mitigation measures
<p>2.8.1 Risk in Changes in Macroeconomic Assumptions</p> <p>Unexpected changes in in macroeconomic variables create risks to both revenue and expenditure projections in this CFSP as they play a</p>	<p>Tharaka Nithi County understands that the risks in macro-economy largely affect the programmed spending on the development budget. The National Treasury has developed a national mitigation of measure by establishing the Public Investment Management Unit which will be responsible for</p>

Risks	Mitigation measures
<p>key role in the formulation of the budget. Some of these risks include adverse changes in real GDP growth rates, inflation rate, exchange rate and volatility of commodity prices that affect the County's own source revenue. However, on the overall, any negative external and internal shocks to our economy may adversely affect transfers from the national government and may significantly affect the funds allocated to Tharaka Nithi County.</p>	<p>ensuring that all capital projects are planned, appraised and evaluated before funds are finally committed in the budget. Tharaka Nithi County shall ensure that capital projects planning, appraisal and evaluation are conducted efficiently and necessary commitments made through to ensure that funds are allocated early in the financial year. To this end the County will develop comprehensive work plans, procurement plans and cash flow projections and ensure these are submitted as required (by the 15 June of each financial year) to mitigate the effects of any adverse macroeconomic changes and ensure that if this risk crystalizes then the effects are borne by the National government.</p>
<p>2.8.2 Shortfall in County Revenue</p> <p>The third revenue sharing formula proposed by CRA will lead to reduction of Tharaka Nithi county revenue significantly.</p> <p>The County Government has projected as part of its revenue envelope own source revenue that will be used for budgetary support. Own source revenue generation has continued to face challenges that has resulted in consistent drop in the revenue collected and the failure to achieve the targets in the past.</p>	<p>While country's GDP growth is projected at 6.2%, while Tharaka Nithi grew at an average of 7.6 per cent above the average across all the counties.</p> <p>Understanding the own source revenue environment, the county has in the FY 2019/20 MTEF reduced the budget to reflect more closely the expected revenue given the current environment.</p> <p>However, in the medium term the government will undertake measures aimed at expanding the revenue base and increasing tax compliance through the integration of technology in revenue collection. Further, the County will develop legislation over key revenue sources and develop enforcement mechanisms to stem the revenue leakages.</p>
<p>2.8.3 Pending bills</p> <p>Tharaka Nithi County continues to face a few challenges of pending debts and bills. The pending bills currently appropriated stands at Ksh 260.78 million.</p>	<p>The pending bills of Ksh 260.78 million from FY 2017/18 have been appropriated for in FY 2018/19 and is expected to be cleared by the end of this financial year. In the medium term, commitments will be made against the appropriated resources and payments will be made in strict compliance with the approved estimates.</p>
<p>2.8.4 Contingent Liabilities</p> <p>Tharaka Nithi County Government continues to face potential litigation on the pending bills and/or due to lack of compliance on the various</p>	<p>The County will continue to ensure full compliance with contractual agreements and with statutory requirements imposed by the various national agencies.</p>

<i>Risks</i>	<i>Mitigation measures</i>
<p>statutory requirements including the myriad of requirements imposed by Kenya Revenue Authority. Though there were no active cases at the time of the development of this CFSP (2019), the possibility of such being brought remains a risk.</p>	<p>Further, the county will seek to revamp its legal department to ensure that the implementing departments get the requisite legal advice when dealing with all contractual matters.</p>

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. These decisions are best listed in point form as a concise summary of the way forward that has been decided.

3.2 Fiscal Policy Status

Through economic planning and budgetary policy, the County Government has initiated programmes to create transparency and accountability systems for managing public finance. These interventions are aimed at guiding spending plans as a basis of FY 2019-2020 budget and midterm. The County Government will implement these interventions through the proposed budget ceiling and priority programmes which includes: infrastructure, agriculture, health, education, water and business considered to be core areas with greatest impact on job creation and increased private investments.

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 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 respect ratios guiding the wage levels.
- f) Tharaka Nithi County Government will make prompt payments for contracted good and services.

3.3.1 Fiscal Responsibility

In line with the Kenyan Constitution, the Public Finance Management (PFM) Act, 2012, the PFM regulations, and in keeping with prudent and above-board management of public resources, the Government has adhered to the fiscal responsibility principles as set out in the statute whereby, the county governments' development expenditure as a percentage of total budget has been above the 30% minimum threshold set out in the PFM Act. Despite the constraints in collection of local revenues, the development expenditures are expected to fall under the stipulations of law, requiring a minimum of 30% as development expenditure during FY 2018/19 and MTEF. These proportions demonstrate the County Government's commitment to strict observance of fiscal responsibility principle of ensuring that government's expenditure on wages and benefits for public officers does not exceed 35 per cent of the equitable share of the revenue domestically raised pursuant to Article 209 (4) of the Constitution of Kenya.

3.3.2 Fiscal Structural Reforms

Development budget will majorly focus on priority programmes and the County Government will make all efforts to focus on savings and development to transform lives. Therefore, every budget review will focus on minimizing non-priority projects to achieve the priority development plans in CIDP (2018-2022) and the Governor's manifesto that will also guide resource mobilization and allocation.

The Transforming Lives principle will ensure maximum programme absorption capacity regardless of the source of funding. Some of the major sectors that the FY 2019/2020 budget prioritizes on include: Health, infrastructure, water and agriculture. These will help realize the goal of unlocking the great potential- revolutionizing lives of citizens through increased household incomes, ease of doing business and improved infrastructure among others. All other sectors are as well factored in to ensure that there is equity and comprehensive development.

The County Government's borrowing plans remain anchored in the medium term Debt Management Strategy which aims at ensuring public debt sustainability. The strategy envisages possible borrowing from domestic and external sources. While external financing will largely be on concessional terms, the county treasury shall continue to diversify financing sources. The County Government will ensure that the level of domestic borrowing does not crowd out the private sector investment.

In the context of the 2019 MTDS, the County Government is seeking diversification of financing sources through establishing a platform for exploiting the domestic debt market as

well as international financial market. Therefore, through this year's DMS the County Government will be able to borrow through concessional agreements and engage in other Public-Private-Partnerships (PPP) where debt is a consideration in order to finance development projects.

However, it is important to note non-concessional external borrowing will be undertaken in a cautious manner and limited to development projects.

3.3.3 Debt Financing Policy

The increasing debt has been managed by the County Treasury where the County Government effectively ceased usage of overdraft facilities to mitigate short term cash flow shocks caused by late release of exchequer transfers. This perennial phenomenon was partly attributed to delayed disbursement of funds by National Treasury and low ratio of County Own Revenue (CORe) to equitable share which stood at 6.2 percent for FY 2018/19 and expected to increase marginally to 7.4 per cent in the medium term.

3.4 Budget Framework Proposed for FY 2019/20 MTEF

The FY 2019/20 budget framework will continue to entrench fiscal discipline and expenditure rationalization that has been undertaken over the last two years. Taking into consideration the fiscal consolidation measures proposed by the National Treasury, the county will attempt to do more with less that is available to achieve sustainability and affordability.

The strategy to be adopted will involve prioritization of key sectors and functions in order to

- Ensure funding goes to the most critical needs and achieve maximum impact on the beneficiaries through prudent utilization of resources.
- Linking programs and intended objectives with clearly defined inputs, outputs and outcomes.
- The cash flows and procurement and implementation plans are harmonized to ensure coherence and take into account resource constraints.

3.4.1 Revenue Projections

The revenue projections for the FY 2019/20 including the equitable share, local revenue and loans and conditional grants are expected to be about Ksh 4,639,310,707. The revenue projections are based on the 2019 Budget Policy Statement which has defined the horizontal sharing of revenues among the counties. The County is expected to receive Ksh 3,884.2 million as equitable share and Ksh 615.94 million from the loans and conditional grants allocation. The county own revenue sources are estimated to be Ksh 200 million which

require concerted effort and better strategies to raise through better administration and supervision.

In the medium term, 82.5 per cent of the county revenues will be financed by the equitable share, 13.0 per cent from loans and conditional grants and 4.5 per cent from county own revenue sources.

Table 3: County Government Revenue trends and projections

Financial Year	Equitable Share	User Fees forgone	Fuel Levy	Development of Youth Polytechnics Conditional Grant	Other Loans and Grants	Own Source Revenue	Total
2017/18	3,684,400,000	8,419,197	133,582,063	38,121,638	414,967,594	143,314,734	4,422,805,226
2018/19	3,642,400,000	8,218,119	95,901,220	40,500,000	430,688,830	300,000,000	4,517,708,169
2019/20	3,824,520,000	8,218,119	111,402,375	55,638,298	439,531,915	200,000,000	4,639,310,707
2020/21	4,206,972,000	8,218,119	111,402,375	55,638,298	439,531,915	220,000,000	5,041,762,707
2021/2022	4,627,669,200	8,218,119	111,402,375	55,638,298	439,531,915	230,000,000	5,472,459,907
Proportion of total Revenues (2019/20)	82.44%	0.18%	2.40%	1.20%	9.47%	4.31%	100.00%

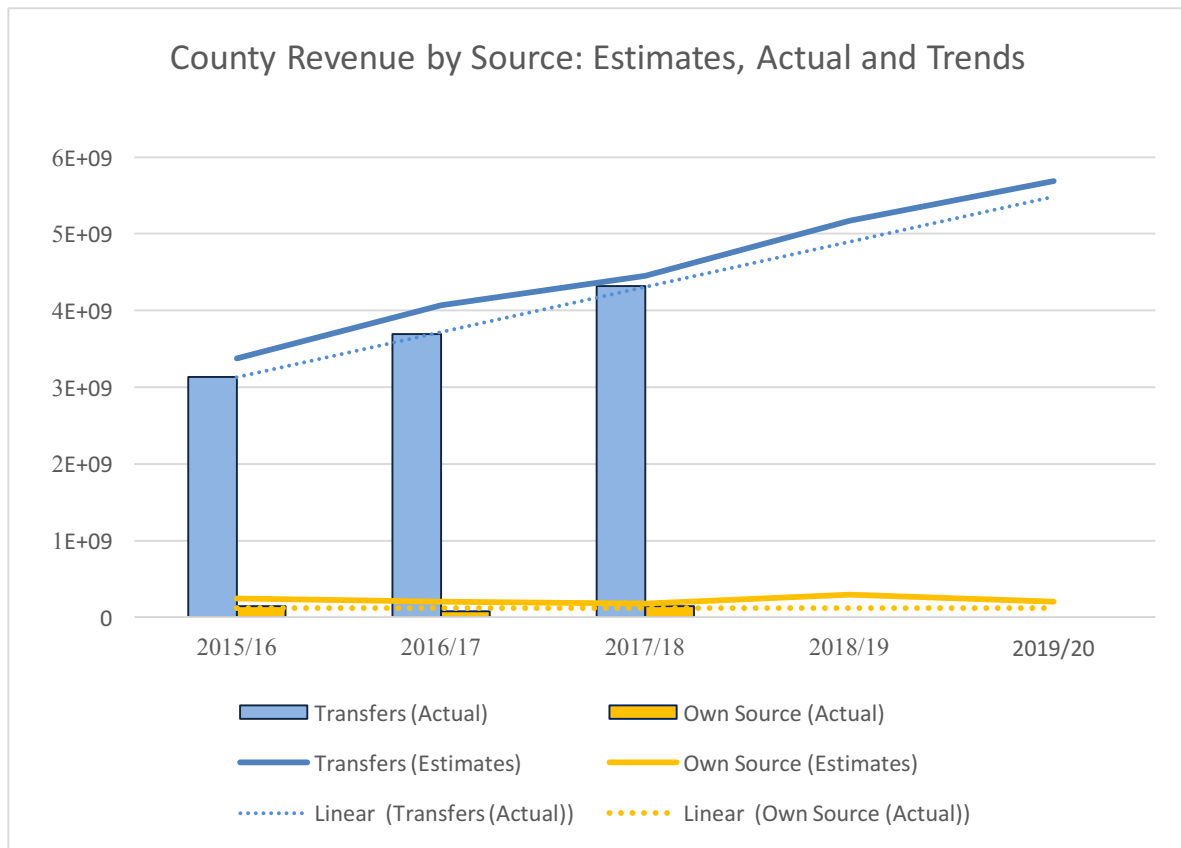


Figure 1: County revenue by source, estimates, actual and trends

3.4.2 Expenditure Projections

From the table below, the total expenditure for the FY 2019/20 is expected to be at Ksh 4,659.94 million which is less than the total expenditure for the FY 2018/19 Ksh 5,721.0 million. The decline in the expenditure is seen because the unspent balances for the previous financial year are not established yet.

Table 4: Estimates vs Actual Expenditure FY 2015/16- 2019/20

	2015/16	2016/17	2017/18	2018/19	2019/20
Estimates	3,815,750,000	3,754,910,000	4,632,233,415	5,721,000,703	4,659,942,891
Actual	3,308,730,000	2,773,840,000	3,708,427,271		

This is further illustrated in figure 2 below:

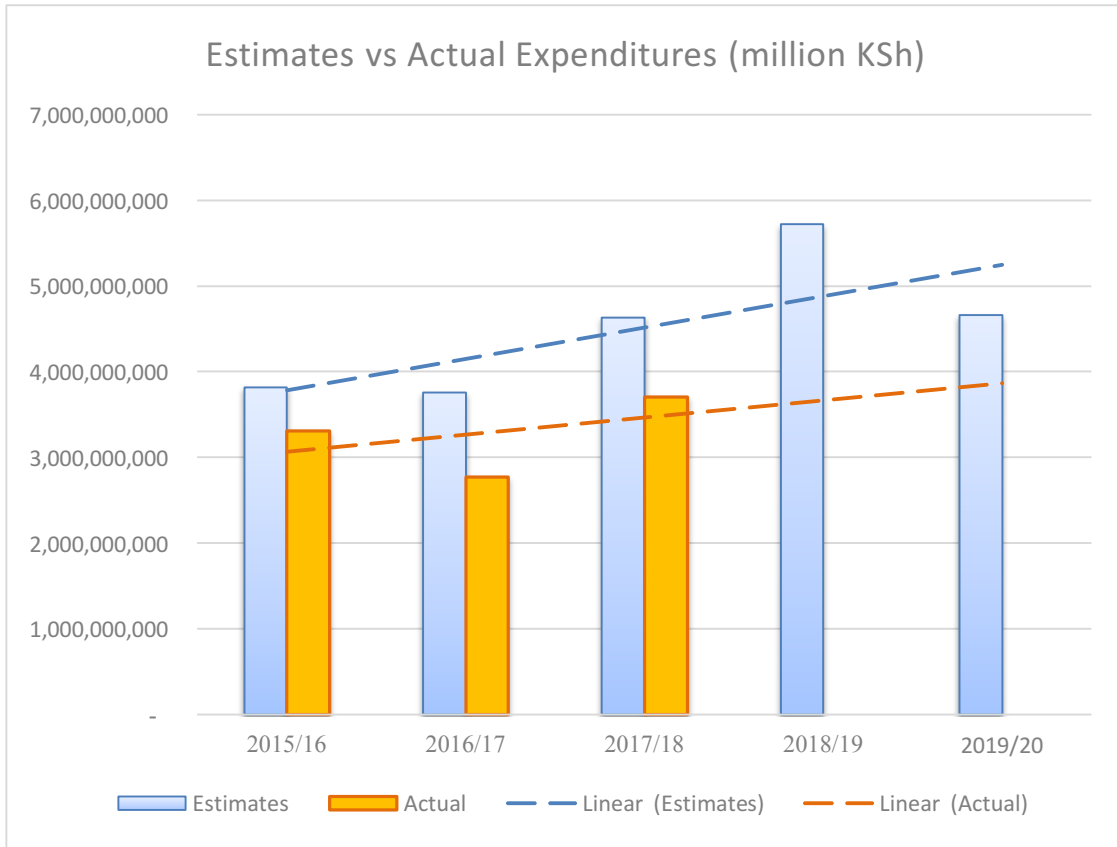


Figure 2: Estimates versus Actual expenditures (Million Ksh)

Table 5: County Government Fiscal Projections FY 2019/20 MTEF

	2017/18 FY	2018/19 FY		2019/20 FY		2020/21 FY		2021/22 FY
	Actual	Budget	CFSP 2018	CFSP 2019	CBROP 2018	CFSP 2020	CBROP 2019	CFSP 2021
TOTAL REVENUE & GRANTS	4,170,805,218	4,971,069,464	4,493,497,920	4,659,942,891	4,752,017,353	5,125,897,353	5,135,897,353	5,558,737,353
Unspent Bal b/f \Previous FY	287,553,292	749,931,239	258,397,430	0	0	0	0	0
Revenue (Total)	4,458,358,510	5,721,000,703	4,751,895,350	4,659,942,891	4,752,017,353	5,125,897,353	5,135,897,353	5,558,737,353
Equitable Share Allocation	3,684,400,000	3,642,400,000	3,642,400,000	3,844,000,000	3,824,520,000	4,228,400,000	4,228,400,000	4,651,240,000
Local Revenue	143,314,734	300,000,000	300,000,000	200,000,000	250,000,000	220,000,000	230,000,000	230,000,000
Grant income	343,090,484	1,028,669,464	551,097,920	615,942,891	677,497,353	677,497,353	677,497,353	677,497,353
Grand (Total)	4,170,805,218	4,971,069,464	4,493,497,920	4,659,942,891	4,752,017,353	5,125,897,353	5,135,897,353	5,558,737,353
Total Expenditure	4,458,358,510	5,721,000,703	4,751,895,350	4,659,942,891	4,752,017,353	5,125,897,353	5,135,897,353	5,558,737,353
Recurrent	2,685,772,941	3,430,285,895	3,181,145,350	3,261,960,023	3,231,371,800	3,588,156,025	3,588,156,025	3,946,971,628
<i>Recurrent as % of CG Total Revenue</i>	60%	60%	67%	70%	68%	70%	70%	71%
Personnel Emolument	1,924,430,317	1,862,497,398	1,927,695,811	2,034,666,273	2,550,450,000	2,238,132,900	2,238,132,900	2,461,946,190
Operations & Maintenance	761,342,624	1,567,788,497	1,253,449,539	1,045,075,632	680,921,800	1,149,583,195	1,149,583,195	1,264,541,515
<i>Personnel Emoluments as % of CG Revenue</i>	43%	33%	41%	44%	54%	44%	44%	44%
Development	1,772,585,569	2,290,714,808	1,570,750,000	1,397,982,868	1,520,645,553	1,537,741,328	1,547,741,328	1,611,765,725
<i>Development as % of CG Total Revenue</i>	40%	40%	33%	30%	32%	30%	30%	29%
Unspent Bal Current FY	749,931,239							

From table 5 above, the fiscal projections indicate that the equitable share will increase from Ksh 3,642.4 in the FY 2018/19 to Ksh 4,651.6 million in the FY 2021/22 while the county own revenues will grow from Ksh 200 million to Ksh 230 million over the same period. The loans and conditional grants are not expected to change much over this period.

The projected recurrent expenditure for FY 2019/20 is expected to be Ksh 3,261 million which is 70 per cent of the County Government total revenue, while Ksh 1,397 million is the expected expenditure for development which is 30 per cent of the total revenue of the County Government. The next financial year's forecasted to be at an average of 70 per cent and 30 per cent of the County Government total revenue for recurrent and development expenditures respectively.

Expenditure by economic classification is as indicated in table 5. The personal emolument for the FY 2018/19 is 41 per cent of the County Government total revenue. The projected personal emolument for the next financial years is expected to be at an average of 44 percent of the County Government total revenue which is above the threshold of 35 per cent of the County Government total revenue.

3.4.3 Recurrent Expenditure Forecasts

Table 6: Actual Expenditure by Economic Classifications - FY 2017/18 & MTEF

	Actual Expenditure	Budget Estimates	Projections		
	2017/18 FY	2018/19 FY	2019/20 FY	2020/21 FY	2021/22 FY
Total Expenditure	4,458.36	5,721.00	4,659.94	5,125.90	5,558.74
Recurrent	2,685.77	3,430.29	3,261.96	3,588.16	3,946.97
Personnel Emolument	1,924.43	1,862.50	2,034.67	2,238.13	2,461.95
Operations & Maintenance	761.34	1,567.79	1,045.08	1,149.58	1,264.54
Recurrent as % of CG Total Expenditure	60%	60%	70%	70%	71%
Personnel Emoluments as % of CG Expenditure	43%	33%	44%	44%	44%
O&M as % of CG Expenditure	17%	27%	22%	22%	23%

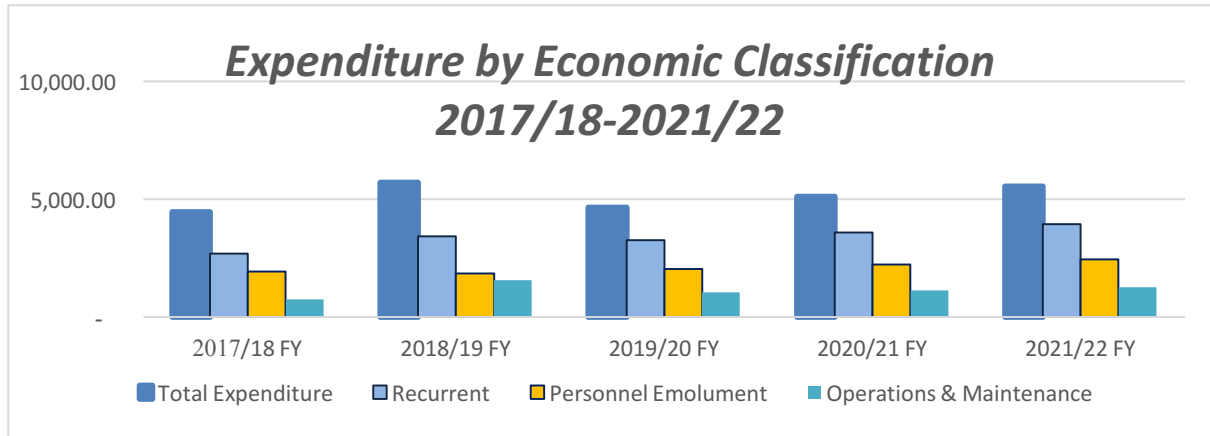


Figure 3: Actual Expenditure by Economic Classifications from FY 2015/16 – FY 2017/18

3.4.4 Development and Net Lending

The expenditure allocation to development is Ksh 1,398 million which represents 30% of the total county resource envelope. This is on the threshold required as per the public finance regulations and is expected to remain so in the medium term unless allocations to salaries and other recurrent are reduced. The county has no plans to borrow money to finance the budget in the next financial year. The actual and projected development expenditure are presented below.

Table 7: Actual and projected development expenditure

	Actual Expenditure	Budget Estimates	Projections		
	2017/18 FY	2018/19 FY	2019/20 FY	2020/21 FY	2021/22 FY
Total Expenditure	4,458.36	5,721.00	4,659.94	5,125.90	5,558.74
Development	1,772.59	2,290.71	1,397.98	1,537.74	1,611.77
Development as % of CG Total Revenue	40%	40%	30%	30%	29%

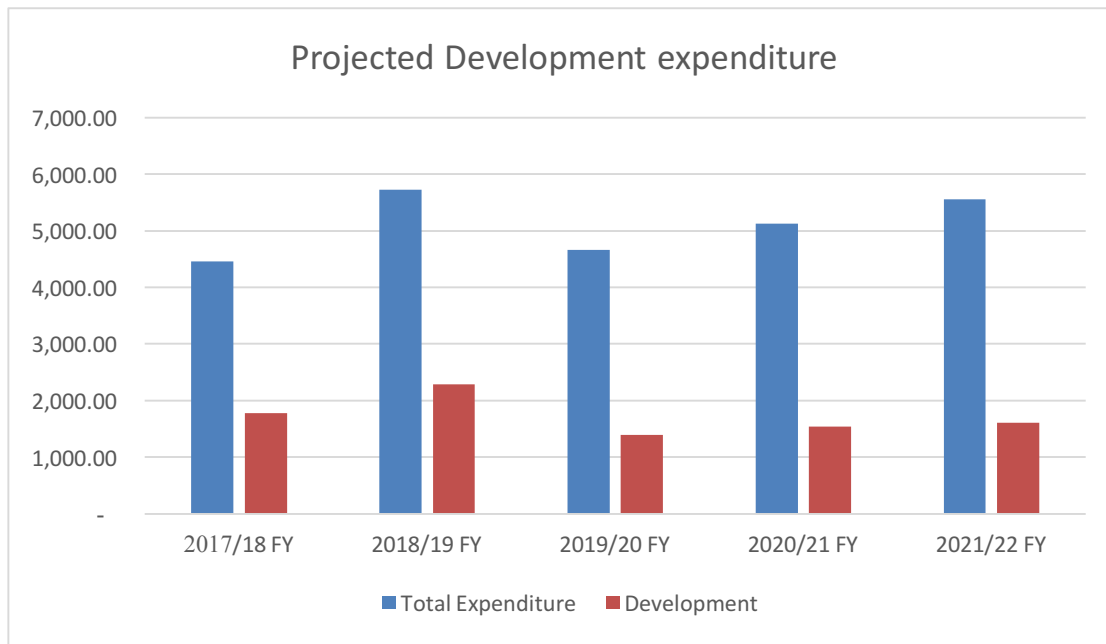


Figure 4: Projected Development Expenditure 2017/18- 2021/22

3.4.5 Fiscal Balance and Deficit Financing

Based in 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 mains 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 2019/2020 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 82.5 per cent of the total revenue sources. This will be followed by loans and grants with 13.0 per cent and finally, the county won sources with 4.5 per cent.

On the expenditure side, the biggest utilization will go towards compensation of employees followed by development expenditure and finally operations and maintenance costs

CHAPTER FOUR: MEDIUM TERM EXPENDITURE FRAMEWORK

4.1 Resource Envelope

The resource envelope available for allocation among the spending County Departments is based on the updated medium term fiscal framework which is outlined in chapter 3.

Under the PFM Act 2012 (104), the County Government is required to mobilize resources for funding the budgetary requirements of the County Government and putting in place mechanisms to raise revenue and resources. The County Treasury in consultation with various county departments is planning to launch a revenue mapping exercise targeting to harmonize fees and charges and recommend on new sources.

For the FY 2019/2020, locally mobilized revenue or County Own Revenue (COrE) will finance about 4.5% per cent of the expenditure priorities in the projected budget of Ksh 4.66 billion. In the FY 2018/19, the projected COrE stood at Ksh 300 million. This has been revised downwards in FY 2019/2020 to Ksh 200 million based on the revenue potential. Equitable Share from National Government will accounts for 82.5% per cent of total budget resources while loans and conditional grants will be 13%. The equitable share in FY 2019/20 is projected to be Ksh 3.844 billion.

Table 8: Resource Envelope for FY 2017/18-2019/20

	FY 2017/18	FY 2018/19	FY 2019/20
Equitable share	3,684,400,000	3,642,400,000	3,844,000,000
Grants	480,364,840	643,981,001	615, 942,890
COrE	179,915,283	300,000,000	200,000,000
TOTAL	4,344,680,123	4,586,381,001	4,659,942,890

The national government funding is capped at population (45 per cent), poverty index (20 per cent), land area (8 per cent) basic equal share (25 per cent) and fiscal responsibility (2per cent) of the national revenue released by the National Treasury. The County takes into consideration the New Formula/ Criteria that will be adopted by the CRA and the amount that will be allocated to the County Governments.

4.2 Spending Priorities

The County Government is focused on maximizing it resources for the economic welfare of its citizen, and in that effort, it monitors, evaluates and oversees allocation and management of the public finances.

Ensuring access to quality and affordable health services being the major goal of health sector is of key interest to the County Government and it is working hard to ensure that its citizens are healthy by providing efficient, effective and affordable health services. The County Government aims at renovating, equipping and upgrading more dispensaries and hospitals, supply pharmaceuticals and non-pharmaceuticals supplies, automate services in more health facilities and carry on with all other basic services. The County Government will invest Ksh 1.890 billion on health sector for the financial year 2019/2020. This allocation comprises of Ksh 1.630 billion and Ksh 255.9 million for recurrent and development programmes respectively.

Agriculture being the backbone of our economy is a vital sector, therefore the County Government is highly investing in the sector to transform the economy. This is will be achieved by mechanizing and commercializing agriculture. The County is geared towards developing capacity of farmers, mechanizing the farming process and enhancing irrigation, promoting modern methods of farming, offering high quality seeds, improving all buying centers as well as ensuring extension services are easily accessible. Water is as well a priority. The target is to ensure all households have access to clean and adequate water for irrigation and household use. Also, The County Government will promote, and enforce good governance in all cooperatives by constant monitoring and inspections. To achieve the goals, the sector will require funding for the FY 2019/20. The sector has been allocated Ksh 608.6 million. Ksh 258.6 million has been allocated for recurrent expenditure and Ksh 350.5 million for Development programmes.

Infrastructure is a key factor towards achieving economic growth and social development in the County. Despite numerous challenges, the County has plans of tarmacking more roads in the 2019/2020 financial year and completion of the ongoing. Also, continuous expansion and improvement of County roads, completion of ongoing Governors' resident construction, automation of more hospitals services, expansion of electricity connection in collaboration with REA, purchase of more modern ICT equipment as well as connecting and improving the network. The total resource allocated for the FY 2019/20 for the infrastructure sector is Ksh 532.8 million of which Ksh. 462.0 million is for development vote and Ksh 70.8 million for the recurrent vote.

With the aim to provide quality, inclusive, diverse, accessible education and promote cohesion, the County Government has laid strategies to achieve the goal. The priorities include quality pre-primary education, refurbishing or rehabilitating Youth Polytechnics, offering grants to the YPs, recruiting and capacity building both ECDE and YP staff for quality

trainings. Also, promotion of sports, recognition of the needs and rights of PWDs and marginalized groups are priorities.

The County Government is investing in trade development, regulation and market stabilization to address challenges such as influx of sub-standard, counterfeit and contra-band goods, low access to credit facilities and financial services, high interest rates and insufficient long term financing and poor tourism activities that lead to stalled economic growth. The Government will focus on promoting production of cereals, conducting trade fairs, standardizing weighing and measuring equipment as well as giving low interest loans to traders. All that is aimed to promote and develop trade, innovation, saving mobilization and investment. Improvement of tourism is also area of focus for the financial year. This will be achieved by branding, marketing, creative tour packages as well as creation of awareness. This will attract more tourist and hence increase in revenue generation.

The County Government has allocated a total of Ksh. 360.0 million with Ksh. 249.7 million being recurrent and Ksh 110.3 million for development.

During the financial year 2019/2020, public administration sector will majorly be focusing on public service delivery, organization and coordination of County Government business. This will be done through planning and mobilization of finances and human resources, development of County plans and budget as per the PEM cycle, data collection, Staff evaluation and capacity building, ensuring that the working conditions are conducive for everyone and customer attendance is effective and a priority. To implement these programmes, the public administration sector has been allocated of Ksh 494.0 million during the FY 2019/20 which all goes to recurrent vote.

Land demarcation and use, developing sewerage system, drainage systems and receptacles, lighting, constructing, improving and modernizing markets and urban centres are major focus for the County Government during 2019/2020 financial year with the aim to maximize use of land and offer conducive environment for the business growth. This is entirely with the aim of attaining efficient, equitable and sustainable use of land resource, spatial planning and development of markets and urban areas. Lands, physical planning and urban development will have total resource allocation estimated at Ksh 191.2 Million, comprising of Ksh. 73.5 million under recurrent expenditure and 117.7 million under development.

The County Government recognizes that protecting and conserving the environment, sustaining access to clean and adequate water for household use and irrigation, as well as clean environment is fundamental to a healthy population. For this reason, the Government will

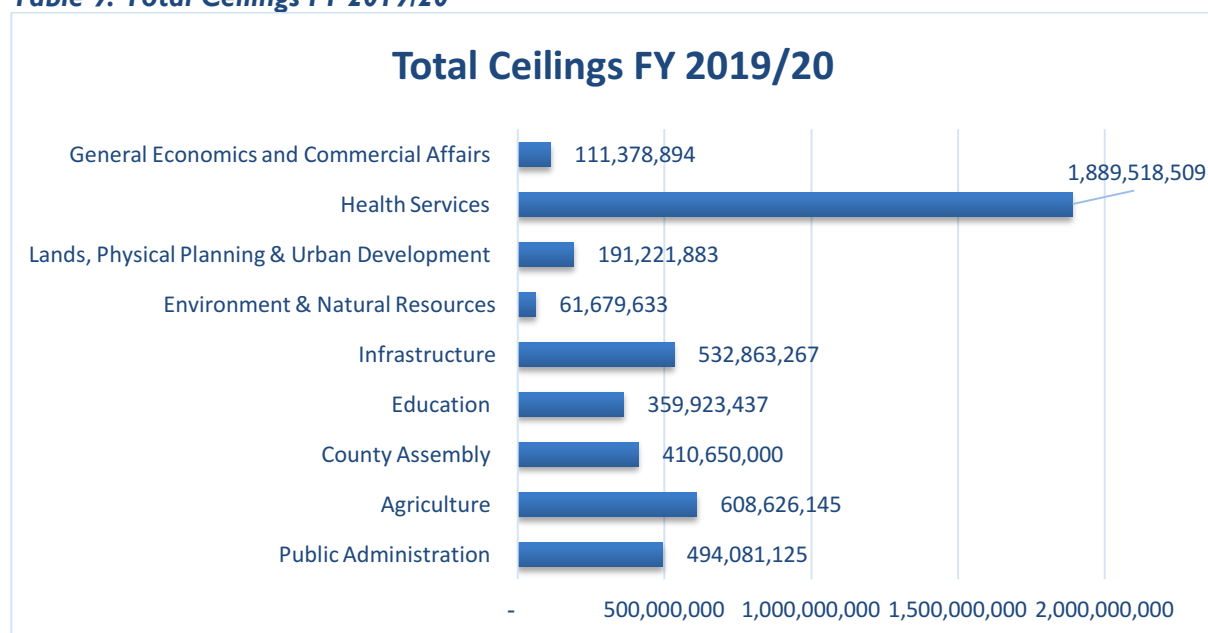
invest in clean and adequate water supply, put in place measures to control floods and harvest rain water as well as to protect and conserve the environment. Part of the activities to achieve a conducive environment and sustainable exploration and exploitation of natural resources include; tree planting, 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 total of Ksh 61.7 million for the Environment and Natural Resource Management sector. This comprises of Ksh 9.7 million and 52.0 million as recurrent and development expenditure respectively.

Strengthening the democratic arena and fostering good governance is the mandate of the County Assembly, which is an independent arm of the County Government. The County Assembly, in financial year 2019/2020, will get funds to ensure they carry on with their roles which include general oversight, approving overall policy and ensuring they are delivered on time, developing of County legislations, vetting and approval of appointments of state officers as well as capacity development for County Assembly members and staff. The total resource allocated in FY 2019/20 is estimated at Ksh 410.7 Million of which Ksh 360.7 million meant for recurrent expenditure and Ksh. 50 million for development.

The overall total ceilings for the FY 2019/20 and the per cent share of total expenditure per sector is further illustrated below.

Table 9: Total Ceilings FY 2019/20



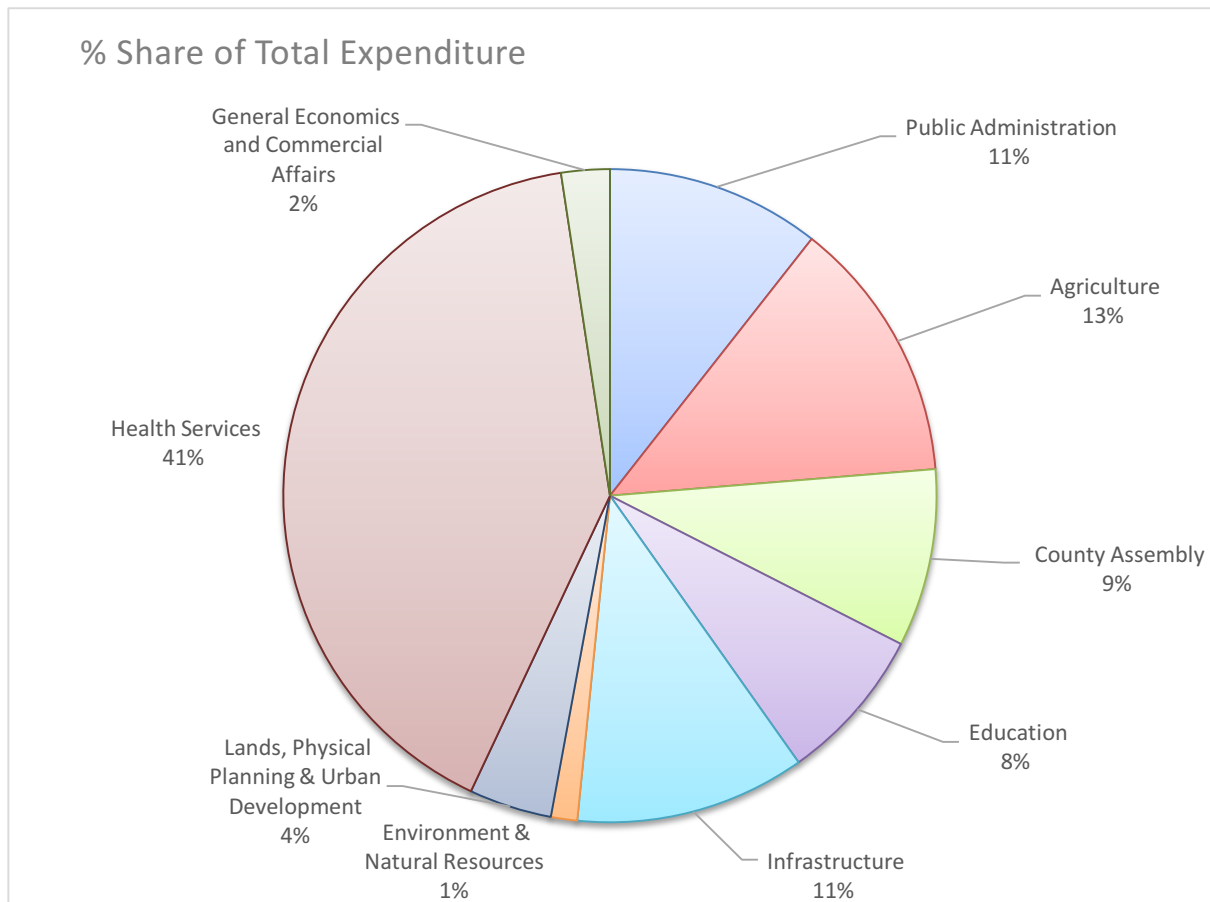


Figure 5: Sectors % Share of Total Expenditure

The overall expenditure and allocations in terms of percentages as per the sectors in this CFSP is well indicated in Figure 4. Health Sector is a top priority and take the biggest share (41%) followed by Agriculture sector (13%) and infrastructure and public administration comes third with (11%). The priority sectors are based on their contribution towards the socio-economic development of the County. All other sectors are contributors to the growth of the economy as well and allocations are fair and on priority basis.

The Environment and Natural Resources sector has the least allocation, with 1% (Ksh 61,679,633 million) which is considerably fair as per the priority programmes in the sector.

4.3 Medium Term Expenditure Estimates

The summary of indicative departmental ceilings for FY 2019/20 is indicated in Annex that informs the Sector Ceilings for FY 2019/20 and MTEF as shown in table 10 below.

Table 10: Summary of Indicative Sector Ceilings for FY 2019/20 – FY 2021/22

							% Share of Total Expenditure					
	Actual	Estimates	Recurrent	Development	Total Ceilings	Projections		Actual	Estimates	Ceilings	Projections	
	2017/18	2018/19	FY 2019/20	FY 2019/20	FY 2019/20	FY 2020/21	FY 2021/22	2017/18	2018/19	2019/20	2020/21	2021/2022
ADMINISTRATION AND PUBLIC SERVICE	128,643,484	283,209,679	113,781,163	-	113,781,163	125,158,306.39	135,726,899.08	3.9%	20.3%	2.4%	2.4%	2.4%
AGRICULTURE AND COOPERATIVES	333,280,892	315,508,325	124,120,546	198,000,000	322,120,546	354,329,847.94	384,250,098.15	10.2%	22.6%	6.9%	6.9%	6.9%
COUNTY PUBLIC SERVICE BOARD	8,702,411	12,461,528	14,758,211	-	14,758,211	16,233,905.46	17,604,725.66	0.3%	0.9%	0.3%	0.3%	0.3%
COUNTY ASSEMBLY	313,650,000	369,000,000	360,650,000	50,000,000	410,650,000	451,711,490.25	489,854,821.65	9.6%	26.4%	8.8%	8.8%	8.8%
EDUCATION AND VOCATIONAL TRAINING	189,518,101	284,497,503	202,744,305	82,255,319	284,999,624	313,497,150.94	339,969,414.71	5.8%	20.4%	6.1%	6.1%	6.1%
ENERGY AND ICT	128,076,230	48,562,576	28,374,885	20,000,000	48,374,885	53,211,959.95	57,705,273.64	3.9%	3.5%	1.0%	1.0%	1.0%
ENVIRONMENT AND NATURAL RESOURCES	73,247,594	60,885,406	9,679,633	52,000,000	61,679,633	67,847,068.91	73,576,197.55	2.2%	4.4%	1.3%	1.3%	1.3%
FINANCE AND ECONOMIC PLANNING	471,516,663	133,490,054	219,409,942	-	219,409,942	241,349,061.49	261,729,010.71	14.5%	9.5%	4.7%	4.7%	4.7%
LANDS, PHYSICAL PLANNING AND URBAN DEVELOPMENT	47,310,354	213,184,271	73,463,787	117,758,096	191,221,883	210,342,437.15	228,104,131.19	1.5%	15.2%	4.1%	4.1%	4.1%
LIVESTOCK, VETERINARY AND FISHERIES DEVELOPMENT	502,807	113,904,994	86,139,417	40,000,000	126,139,417	138,752,280.82	150,468,773.19	0.0%	8.1%	2.7%	2.7%	2.7%
MEDICAL SERVICES	1,126,735,160	1,688,679,881	1,610,694,390	255,914,894	1,866,609,284	2,053,254,258.38	2,226,634,744.17	34.5%	34.9%	40.1%	40.1%	40.1%
OFFICE OF THE GOVERNOR	133,476,836	136,428,186	146,131,810	-	146,131,810	160,743,741.60	174,317,232.50	4.1%	9.8%	3.1%	3.1%	3.1%
PUBLIC HEALTH AND SANITATION	16,263,636	61,487,119	22,909,225	-	22,909,225	25,199,951.70	27,327,880.99	0.5%	4.4%	0.5%	0.5%	0.5%
TRADE, INDUSTRY AND COOPERATIVES	142,225,959	178,148,168	111,378,894	-	111,378,894	122,515,831.20	132,861,288.54	4.4%	12.7%	2.4%	2.4%	2.4%
ROADS, INFRASTRUCTURE AND PUBLIC WORKS	266,368,911	655,738,098	42,433,823	442,054,559	484,488,382	532,933,079.03	577,934,907.59	8.2%	46.9%	10.4%	10.4%	10.4%
WATER SERVICES AND IRRIGATION	231,783,460	213,576,530	48,366,181	112,000,000	160,366,181	176,401,428.49	191,297,082.67	7.1%	15.3%	3.4%	3.4%	3.4%
YOUTH, SPORTS, CULTURE AND TOURISM	1,314,780	76,016,113	46,923,812	28,000,000	74,923,812	82,415,553.31	89,374,871.00	0.0%	5.4%	1.6%	1.6%	1.6%
TOTAL	3,612,617,278	4,844,778,431	3,261,960,023	1,397,982,868	4,659,942,891	5,125,897,353	5,558,737,353	100.0%	100.0%	100.0%	100.0%	100.0%

4.4 Baseline Ceilings

The baseline for setting expenditure ceilings is consistent with the need to match the current departmental spending levels with resource requirements. In the recurrent expenditure category, non-discretionary expenditures including salaries to county employees, statutory deductions such as NHIF and employer contribution to provident funds takes the first charge.

Compensation to employees covering those staff in all dockets providing services on behalf of County Government accounts for about 43.66 per cent of the total revenues. The expenditure on operations and maintenance accounts for 22.43 per cent of projected total revenue.

About 30.00 per cent of the total revenue will be available to finance planned development expenditure. However, additional development expenditure that may be targeted by the County Government can only be funded through borrowing from the domestic and foreign sources, as well as donor grants tied to projects.

Development expenditures are shared out on the basis of the MTP III and CIDP priorities as well as other strategic interventions to faster growth as outlined by the manifesto of the current governorship. The following guidelines are used:

- On-going projects: emphasis is given to completion of on-going projects and in particular infrastructure projects and other projects with high impact on poverty reduction and equity, employment and wealth creation.
- Strategic policy interventions: priority is also given to policy interventions covering the entire county, cohesion and integration, social equity and environmental conservation and priorities of the County Government.
- Counterpart funds: priority is also given to adequate allocations for donor counterpart funds. This is the portion the Government must fund in support of the projects financed by development partners. Usually it accounts between a quarter and a third of the total cost of the project.

4.5 Finalization of spending plans

The completion of the detailed budget is the first phase in the process of finalizing the department expenditure budgets under recurrent and development appropriations proposed. Priority programmes have been identified and evaluated in the planning process culminating into ADP for FY 2019/20 which is highly informed by the CIDP 2018-2022. Detailed budgets will be heavily scrutinized and the resource envelope firmed up. It is unlikely that additional resources may become available. Therefore, the departments are required to adhere to the approved expenditure ceilings as proposed in CFSP 2019.

4.6 Details of Sector Priorities

Areas	Description
4.6.1 Agriculture and Rural Development Sector	
Name of Sub-sectors	<ol style="list-style-type: none"> 1) Crop Production 2) Veterinary Services 3) Livestock Development 4) Fisheries Development 5) Water and Irrigation 6) Cooperative Development
Sector Policy blueprint:	To attain sustainable food security and incomes for the people of Tharaka Nithi County
Sector mandate:	Provision of high quality, innovative and commercial agricultural services; and increase water coverage for sustainable development
Key sector achievements since 2013 to 2018	<ul style="list-style-type: none"> ▪ Ongoing construction of Agricultural Training Centre at Kairuni ▪ Ongoing construction of modern cereals store in Mukothima ▪ Ongoing construction of veterinary Lab at Marimanti for improved clinical service delivery ▪ Rehabilitation of tea buying centers ▪ Rehabilitation and equipping of 15 boreholes ▪ Purchased one water bowser
Sector challenges:	<ul style="list-style-type: none"> ▪ Poor marketing channels for agricultural produce ▪ Low quality seeds/feeds ▪ High cost of irrigation infrastructure ▪ Drying up of permanent rivers ▪ Erratic weather/ climate change ▪ Post-harvest losses due to poor road infrastructure and storage facilities ▪ Low knowledge on modern aquaculture technology ▪ No diagnostic laboratory in the county ▪ High cost of farm inputs ▪ Frequent outbreak of diseases ▪ Lack of effective policy framework to control the sector ▪ Poor breeds ▪ Inadequate technical know how ▪ Inadequate technical staff ▪ Provision of services by quacks(AI, clinical services, meat inspection)
Sector's medium term plan:	<p>The sector intends to address these challenges by:</p> <ul style="list-style-type: none"> ▪ Investing heavily in agricultural extension services ▪ Promoting traditional high value crops ▪ Completion and operationalization of veterinary laboratory ▪ Marketing the local agricultural produce like green grams to external markets ▪ Lobbying for Program based budgeting and increased agriculture sector allocation for various programs. ▪ Capacity building of technical workers on essential services ▪ Emphasize on guided public participation on development projects ▪ Enhance partner collaboration
Sector Resource Usage:	<p>The sector intends to use allocated resources to:</p> <ul style="list-style-type: none"> ▪ Water harvesting in low rainfall areas to mitigate against drought ▪ Provision of high quality seeds to farmers ▪ Provision of subsidized AI services to farmers ▪ Investing in value addition strategies for various produce

Areas	Description
	<ul style="list-style-type: none"> ▪ Investing heavily in already and new irrigation projects ▪ Installation of solar panels to boreholes in order to extend the water supply ▪ Procure adequate water drilling equipment ▪ Capacity building of health workforce.
4.6.2 Health Sector	
Name of sub-sectors:	<ol style="list-style-type: none"> 1) Medical Services 2) Public Health Services
Sector Policy blueprint:	A county free from preventable diseases and ill health
Sector mandate:	To provide effective leadership and participate in provision of equitable, responsive, accessible and accountable high quality health care services to Tharaka Nithi citizens
Key sector achievements since 2013 to 2018	<ul style="list-style-type: none"> ▪ Renovation and expansion of medical laboratory at Chuka hospital to improve access to specialized health care services ▪ Ongoing construction of KMTC in Chuka to provide training opportunity hence increasing skilled medical personnel ▪ Construction of modern outpatient block at Chuka hospital for improved access to specialized health care services ▪ Renovation and expansion of laboratory and pharmacy units at Magutuni hospital ▪ Equipping of pathology unit at Marimanti hospital
Sector challenges:	<ul style="list-style-type: none"> ▪ The sector suffers from an unacceptably low number of specialists across all the cadres from that recommended by the World Health Organization. ▪ Prevalence of preventable diseases such as water borne disease ▪ HIV prevalence is high, currently at 4.3% ▪ High maternal & newborn mortality ▪ Low ANC coverage ▪ Inadequate health sector allocation ▪ Lack of technical input in sector priorities during public participation ▪ Inadequate equipment ▪ Inadequate Essential Medicines & Medical Supplies for increasing population ▪ Poor health seeking behavior of our population ▪ Diminishing partner support-affecting integrated outreach services
Sector's medium term plan:	<p>The sector intends to address these challenges by:</p> <ul style="list-style-type: none"> ▪ Investing heavily in recruitment and promotion of health workers. ▪ Capital investment in health infrastructure. ▪ Launching robust preventive, promotive and curative health services. ▪ Operationalization of existing non-functional facilities. ▪ Lobbying for Program based budgeting and increased health sector allocation for various programs and pending bills. ▪ Increasing allocation for Essential Medicines and medical supplies ▪ Capacity building of health care workers on essential services ▪ Automation of referral hospitals and other peripheral facilities ▪ Infrastructure & connectivity through LAN and WAN ▪ Emphasize on guided public participation on development projects ▪ Enhance partner collaboration

Areas	Description
Sector Resource Usage:	<p>The sector intends to use allocated resources to:</p> <ul style="list-style-type: none"> ▪ Standardizing of 11 health centres ▪ Renovation and equipping 15 existing dispensaries (1 per ward). ▪ Completion of OPD block at Chuka hospital ▪ Procurement of 2 ambulances ▪ Procurement of 2 utility vehicles ▪ Construction and equipping of various units at Marimanti Hospital ▪ Upgrading of Kajuki and Mpukoni health centres ▪ Construction of various units at Chuka hospital (oncology, male surgical ward, female surgical ward, male orthopedic, female orthopedic, pediatric ward, gynecological ward, pathology unit). ▪ Completion of KMTC block at Chuka Hospital ▪ Construction and equipping of various units at Gatunga model health centre ▪ Strengthening of public health extension services ▪ Promote and re-designate current workforce ▪ Fund preventive, curative and administrative programs. ▪ Procure adequate Essential Medicines & Medical Supplies and specialized equipment ▪ Capacity building of health workforce ▪ Automation of County referral hospital and sub county referral hospital
4.6.3 Infrastructure Sector	
Name of sub-sectors:	<ol style="list-style-type: none"> 1) Roads 2) Housing 3) Transport 4) Public works
Sector Policy blueprint:	To be the leading provider of efficient and cost effective infrastructure facilities and services in roads, housing, transport and public works in Kenya
Sector mandate:	To provide efficient, affordable and reliable infrastructure in roads, housing and public works through construction, modernization, rehabilitation and effective management for sustainable development
Key sector achievements since 2013 to 2018	<ul style="list-style-type: none"> ▪ Construction of headquarter executive block ▪ Purchase of heavy earth moving equipment (1 tipper, 1 low loader, 1 excavator and 3 graders). ▪ Construction of bridges e.g. gakuuru and gakurungu bridges ▪ Grading, gravelling, opening and murraming of roads across the county to ease mobility and accessibility ▪ Ongoing tarmacking of mitheru- kaanwa 7.3 km road ▪ Ongoing tarmacking of Tunyai- Nthaara 20km road ▪ Ongoing tarmacking of Kambandi- Cheera- Itugururu 11km road ▪ Ongoing tarmacking of Kibugua town roads 1.5km road ▪ Construction of county headquarter offices ongoing at 60% level of completion
Sector challenges:	<ul style="list-style-type: none"> ▪ Insufficient capacity due to lack of technical staff. ▪ High cost of plant and equipment. ▪ Insufficient funding for construction of bitumen standard roads. ▪ High cost of opening and maintenance of new roads
Sector's medium term plan:	<p>The sector intends to address these challenges by:</p> <ul style="list-style-type: none"> ▪ Investing heavily in road construction, maintenance and rehabilitation. ▪ Construction of new tarmac roads

Areas	Description
	<ul style="list-style-type: none"> ▪ Funding road works and lighting ▪ Construction of bridges, footbridges, drifts and culverts. ▪ Lobbying for Program based budgeting and increased sector allocation for various programs and pending bills. ▪ Emphasize on guided public participation on development projects ▪ Enhance partner collaboration
Sector Resource Usage:	<p>The sector intends to use allocated resources to:</p> <ul style="list-style-type: none"> ▪ Ward roads maintenance and improvements ▪ Tarmacking of Mukothima town roads ▪ Tarmacking of Chogoria town roads ▪ Tarmacking of Kambandi- Cheera- Itugururu road ▪ Tarmacking of Tunyai- Nthaara road ▪ Purchase of heavy earth moving equipment ▪ Mapping and classifying roads ▪ Construction of Kithioroka and Kiigani footbridges ▪ Construction of Riaminoo, Kanthanje and Ruguti bridges among others
4.6.4 Education, Youth, Sports, Culture and Social Services Sector	
Name of sub-sectors:	<ol style="list-style-type: none"> 1) ECDE and Vocational training 2) Sports, Culture and Social Services
Sector Policy blueprint:	To be a leader in building a just, cohesive and enlightened society for sustainable County development
Sector mandate:	To build a just, cohesive and enlighten society through provision of quality Education, social services, cultural diversity and nature talents in sports for sustainable County development
Key sector achievements since 2013 to 2018	<ul style="list-style-type: none"> ▪ Construction of 75 ECDE classes every financial year to improve quality of basic education. ▪ Recruitment of 442 ECDE teachers and placed in all public ECDE centers across the county ▪ School feeding program- 87 schools benefited. ▪ Provision of sanitary pads to support girl child- 30 schools benefited. ▪ Promoting sport talents through county league/tournament held every year ▪ Construction of 3 stadia: at Kathwana, Marimanti and Kairuni to promote sporting activities and other social activities ▪ Establishment of Tharaka Cultural festivals held every year in August to showcase the rich culture of Tharaka Nithi county residents ▪ Awarding of bursaries to needy children in order to access education
Sector challenges:	<ul style="list-style-type: none"> ▪ Inadequate funding and financial resources for both development and recurrent expenditures ▪ Inadequate human resources to support the functions and operations of the departments ▪ Inadequate policy and legal framework at the County level to support programme implementation and coordination of stakeholders' initiatives ▪ Inadequate capacity of staffs trained to provide culture, ECDE and sport services ▪ Lack of capacity building opportunities to enhance skill development of staffs ▪ Lack of well-structured organogram that responds to the functions of the departments and responsive to service delivery ▪ Lack of enough training tools and equipment's in the youth polytechnics and sports facilities

Areas	Description
Sector's medium term plan:	<p>The sector intends to address these challenges by:</p> <ul style="list-style-type: none"> ▪ Investing in capacity building for the workers especially ECDE care takers ▪ Promotion of sports development ▪ Renovation and construction of infrastructure in ECDE centres and polytechnics ▪ Provision of subsidized youth polytechnics tuition ▪ Lobbying for Program based budgeting and increased education sector allocation for various programs and pending bills. ▪ Emphasize on guided public participation on development projects ▪ Enhance partner collaboration ▪ Harnessing the full potential of people's cultural heritage <p>Talent identification and development</p>
Sector Resource Usage:	<p>The sector intends to use allocated resources to:</p> <ul style="list-style-type: none"> ▪ Fund the construction of more ECDE classes across the county ▪ Increase the funding of bursary kitty across the wards ▪ Provision of teaching and learning materials ▪ Upgrade some existing village polytechnics ▪ Introduce school feeding program for ECDE children ▪ Recruitment of more ECDE teachers especially for the schools with high enrollment ▪ Funding of county leagues ▪ Construction of 3 youth resource centres ▪ Construction of County Talent Academy ▪ Capacity building of workers ▪ Construction of cultural centres at Kathwana, Chuka and Nkondi ▪ Rehabilitation of at least one stadium in every ward.
4.6.5 Environment and Natural Resources	
Name of sub-sectors:	<ol style="list-style-type: none"> 1) Environment 2) Natural Resources
Sector Policy blueprint:	Clean and secure Environment with sustainable exploitation of forest products and other natural resources
Sector mandate:	To promote, conserve and protect the environment and other natural resources and increase tree cover for sustainable development
Key sector achievements since 2013 to 2018	<ul style="list-style-type: none"> ▪ Purchase of one FSR and one FVR trucks for Chuka Urban to make work easier for collection and transportation of solid waste. ▪ Greening programme- planting of beauty trees along county headquarter roads and in major market centres ▪ Recovery and restoration of riparian river reserves
Sector challenges:	<ul style="list-style-type: none"> ▪ Deforestation, soil erosion, and land degradation ▪ Increased rate of charcoal burning ▪ Encroachment in protected areas due to Population increase ▪ Climate change has led to an increase in the intensity and frequency of extreme weather conditions, floods and droughts ▪ Forest fires ▪ Unsustainable farming techniques ▪ Over exploitation of sand where traditional methods of harvesting is practiced ▪ Adjacent eco-systems around the quarries are affected by noise, dust, pollution, and contaminated water also leading to a loss of biodiversity and increased incidence of both drought and flooding ▪ Extreme exploitation of sand and bricks has led to serious environmental degradation with serious threats to soil erosion

Areas	Description
Sector's medium term plan:	<p>The sector intends to address these challenges by:</p> <ul style="list-style-type: none"> ▪ Forest and hilltops conservation ▪ Beautification and rehabilitation of highways ▪ Conservation and protection of riverine ecosystem ▪ Market/ town greening ▪ Solid waste disposal and management ▪ Air and noise control policy formulation ▪ Climate change policy formulation ▪ Ending drought emergency across the county ▪ Mining policy formulation ▪ Lobbying for Program based budgeting and increased sector allocation for various programs ▪ Emphasize on guided public participation on development projects ▪ Enhance partner collaboration
Sector Resource Usage:	<p>The sector intends to use allocated resources to:</p> <ul style="list-style-type: none"> ▪ Tree planting along highways and land scaping ▪ Tree planting along riversides e.g. bamboo ▪ School greening program ▪ Tree planting around major markets ▪ Tree seedlings purchase and planting during rainy season ▪ Increase food security reports on disaster risk reduction and preparedness ▪ Capacity building of sector workforce ▪ Provision of litter bins and skips ▪ Construction of dumpsites and garbage incinerators.
4.6.6 General Economics and Commercial Affairs Sector	
Name of sub-sectors:	<ol style="list-style-type: none"> 1) Trade and Industry 2) Weight and Measures 3) Tourism
Sector Policy blueprint:	A vibrant entrepreneurial and commercialized county economy in Kenya
Sector mandate:	To promote, coordinate and implement integrated policies and programmes in trade, tourism, and cooperatives for rapid commercialization of the county economy
Key sector achievements since 2013 to 2018	<ul style="list-style-type: none"> ▪ Construction of bus park sheds at Chuka town ▪ Completion of Banana processing plant at Mutindwa ▪ Construction of market sheds at Chogoria town stage ▪ Identification and mapping of tourism sites- some of identified sites are; 27 waterfalls (Kibuka, Ikwa, Ururuni, Kandakame among others), underground tunnel(Urumande), caves (Inanduru Caves), hills (Kijege, Ntugi, Gikingo among others) ▪ Construction of hawker's market at Chuka town ▪ Construction of modern market and stalls at Tunyai ▪ Construction of Kathangachini market ▪ Construction of Kaare market
Sector challenges:	<ul style="list-style-type: none"> ▪ Inadequate and high cost of trade finance ▪ Poor transport infrastructure

Areas	Description
	<ul style="list-style-type: none"> ▪ Poor and inadequate market infrastructure ▪ Poor entrepreneurial skills ▪ Poor product quality and low value addition ▪ Lack of testing laboratory and offices ▪ Inadequate testing standards and the accompanying workshop tools ▪ Inadequate allocation of funds to facilitate field work on verification, inspections and public awareness campaigns ▪ No budgetary allocations to cater for consumer protection desk establishment. ▪ Underdevelopment of tourist sites ▪ Lack of local incentives to exploit tourism ▪ Lack of exploitation of the tourist sites ▪ Lack of enough accommodation facilities ▪ Lack of infrastructure e.g. access roads connecting tourists to some attraction sites ▪ Lack of proper marketing and promotion ▪ Lack of amenities in most of the attractions
Sector's medium term plan:	<p>The sector intends to address these challenges by:</p> <ul style="list-style-type: none"> ▪ Promotion of trade. ▪ Upgrading of market infrastructure ▪ Revenue mobilization ▪ Tourism development, diversification and promotion. ▪ Lobbying for Program based budgeting and increased sector allocation for various programs. ▪ Emphasize on guided public participation on development projects ▪ Enhance partner collaboration
Sector Resource Usage:	<p>The sector intends to use allocated resources to:</p> <ul style="list-style-type: none"> ▪ Provision of Mkopo biashara to vetted traders ▪ Construction of overhead market sheds, perimeter wall and ablution block ▪ Establish Tharaka Nithi county investment and development corporation ▪ Revenue automation support ▪ Kinondoni lodge upgrade and equipping ▪ Establishment of agri tourism centre in Chuka ▪ Publicity of tourist cites ▪ Development of cable cars and zip lines ▪ Purchase of tourism van ▪ Construction of tourism information centre
4.6.7 Lands, Physical Planning and Urban Development Sector	
Name of sub-sectors:	<ol style="list-style-type: none"> 1) Lands and Physical Planning 2) Urban Development
Sector Policy blueprint:	To be a leading entity in the provision of efficient, equitable and sustainable use of land resource, spatial planning and development of urban areas
Sector mandate:	To steer positive land reforms for improvement of livelihood of county citizens through efficient administration, equitable access, secure tenure and controlled physical planning and urban development
Key sector achievements	<ul style="list-style-type: none"> ▪ Landscaping of Chuka and Chogoria towns ▪ Grading and murraming of Marimanti town access roads

Areas	Description
since 2013 to 2018	<ul style="list-style-type: none"> ▪ Establishment of spatial plan for Kathwana municipality- the draft plan is awaiting approval of county assembly ▪ Planning of all small markets
Sector challenges:	<ul style="list-style-type: none"> ▪ Documents not digitized ▪ Inadequate equipment ▪ Lack of Survey Lab ▪ Unresolved Boundary disputes ▪ Inadequate Personnel ▪ Lack of Policy ▪ Conflicts in the mandates of CLMB, LCB, TMB and County Land Committee Land Disputes ▪ Pending Court cases (Kamaindi and Kamwimbi B) adjudication sections ▪ Conflict in Alternative dispute resolution agencies over supremacy battles ▪ Lack of proper drainage and sewerage systems ▪ Inadequate garbage collection vehicles and staff.
Sector's medium term plan:	<p>The sector intends to address these challenges by:</p> <ul style="list-style-type: none"> ▪ Initiating and completing county spatial plans ▪ Funding land adjudication process ▪ Opening and murraming of market/town roads. ▪ Lobbying for Program based budgeting and increased sector allocation for various programs and pending bills. ▪ Emphasize on guided public participation on development projects ▪ Enhance partner collaboration ▪ Disaster management and preparedness in towns.
Sector Resource Usage:	<p>The sector intends to use allocated resources to:</p> <ul style="list-style-type: none"> ▪ Equipping a G.I.S Lab and Spatial Planning Office ▪ Revision of Marimanti development plan ▪ Revision of Chogoria development plan ▪ Preparation of Gatunga physical development plan ▪ Preparation of spatial plans for Tunyai, Kiriani, Nkondi and Iriga markets. ▪ Completion of ongoing adjudication sections (Igamba Ng'ombe, Mwimbi, Mukothima and Gatunga) ▪ Hearing of appeal cases ▪ Development of solid waste management in Kathwana municipality ▪ Construction of fire station at Kathwana ▪ Opening, grading and murraming of Kaare, Mukui, Kirege, Kambandi, Matiri, Old marima, Kabeche and Mitheru market roads ▪ Construction of stage sheds (Kathwana, Gatunga, Chogoria, and Chuka) ▪ Street lighting of Kathwana, Gatunga, Chuka, Chogoria, Iriga, Kiang'onde, and Kabeche.
4.6.8 Energy & ICT	
Name of sub-sectors:	<ol style="list-style-type: none"> 1) Energy 2) ICT
Sector Policy blueprint:	To be the leading provider of efficient and cost-effective infrastructure facilities and services in ICT and Energy
Sector mandate:	To provide efficient, affordable and reliable infrastructure in ICT and Energy through construction, modernization, rehabilitation and effective management for sustainable development

Areas	Description
Key sector achievements since 2013 to 2018	<ul style="list-style-type: none"> ▪ Connection of Ruungu and Kathangachini markets to national grid to ease business operations ▪ County website launched for easier access of information by the public ▪ LAN installation in Chuka, Chogoria, Marimanti, Gatunga and Igamba Ng'ombe for efficient access to internet services ▪ Installation of human resource management system across the county ▪ Installation of fleet management system to monitor government vehicle usage and control misuse of fuel.
Sector challenges:	<ul style="list-style-type: none"> ▪ Poor ICT infrastructure ▪ Lack of ICT skills ▪ Insufficient office space ▪ Slow ICT procurement ▪ Lack of Adequate ICT Staff ▪ Inadequate ICT governance structures ▪ Inadequate budget ▪ Poor project management and evaluation.
Sector's medium term plan:	<p>The sector intends to address these challenges by:</p> <ul style="list-style-type: none"> ▪ Expansion of ICT network and internet infrastructure ▪ Establish integrated county information management systems ▪ Establish integrated revenue management and surveillance systems ▪ Expansion of electricity connectivity to national grid ▪ Lobbying for Program based budgeting and increased sector allocation for various programs ▪ Fund capacity building for staff ▪ Promotion of alternative renewable energy ▪ Infrastructure & connectivity through LAN and WAN ▪ Emphasize on guided public participation on development projects.
Sector Resource Usage:	<p>The sector intends to use allocated resources to:</p> <ul style="list-style-type: none"> ▪ Revenue automation and provision of CCTV surveillance services ▪ Establish integrated health management system ▪ Install solar street lights in selected markets ▪ Procure and fix automatic generator at Gatunga model health Centre ▪ Procure modern ICT equipment ▪ Connect health centres and markets to national grid ▪ Capacity building of ICT officers.
4.6.9 Public Administration	
Name of sub-sectors:	<ol style="list-style-type: none"> 1) Public Administration 2) Finance and Economic Planning
Sector Policy blueprint:	A leading sector of excellence in public administration, financing and planning in Kenya
Sector mandate:	To provide overall leadership and policy direction in resource mobilization, management and accountability for efficient and quality public service delivery
Key sector achievements since 2013 to 2018	<ul style="list-style-type: none"> ▪ Purchase of 2 fire engines to ensure the county is disaster prepared ▪ Timely preparation of all planning and budget documents as law stipulates ▪ Establishment of the county budget and economic forum

Areas	Description
	<ul style="list-style-type: none"> ▪ Establishment of boards (town boards, CPS board, policing authority, land board)
Sector challenges:	<ul style="list-style-type: none"> ▪ Knowledge gap in budget making process ▪ Recurrent pending bills ▪ Inadequate personnel ▪ Inadequate working space. ▪ Gap in terms of staff rationalisation
Sector's medium term plan:	<p>The sector intends to address these challenges by:</p> <ul style="list-style-type: none"> ▪ Disaster preparedness and mitigation ▪ Coordinated development ▪ Resource mobilization ▪ County statistical services ▪ Partnership with other development partners ▪ Coordination of service delivery ▪ Lobbying for Program based budgeting and increased sector allocation for various programs and pending bills. ▪ Emphasize on guided public participation on development projects ▪ Enhance partner collaboration
Sector Resource Usage:	<p>The sector intends to use allocated resources to:</p> <ul style="list-style-type: none"> ▪ Requisition of 3 more fire engines ▪ Preparation and implementation of county budget ▪ Development of county plans ▪ Project monitoring and evaluation ▪ Collect and collate data to ensure the county has timely and up to date data and information (County statistical abstract and surveys) ▪ Promote and re-designate current workforce ▪ Capacity building for workers ▪ Recruitment and selection ▪ Staff rationalization.

CHAPTER FIVE: CONCLUSION AND NEXT STEPS

The overall expenditure in this CFSP as outlined in MTEP framework has grown moderately taking into account the envisioned moderate economic growth. The critical social areas will continue to receive a significant share of resources as well as capital investments as contributions to the growth objectives. This not only shows commitment of the County Government in supporting the functions of the department in furtherance of the spirit of devolution but also ensures that adequate resources are availed to uplift lives of the Tharaka Nithi residents.

The 2019 CFSP 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 and each sector working group report provides clarity on the key priorities and resources needed for the 2019/20 MTEF budget. The policies and sector ceilings provided in this document will guide the departments in preparation of the 2019/20 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. Further, allocation of resources should be done to projects that have been fully processed (project designs, project appraisals done, necessary approvals secured etc.). 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 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 growth. 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.

The Sector Working Groups have been established to provide a forum for effective engagement by stakeholders as was witnessed during the sector reporting which was a precursor to the development of this paper. The government looks forward to an increased tempo in implementation and vibrancy in public participation in the budgeting and implementation of activities in FY 2019/20 and in the medium term.

ANNEXES

Annex I: FY 2019/20 MTEF Budget Timelines

ACTIVITY	RESPONSIBILITY	DEADLINE	STATUS
1. Prepare and issue budget circular with guidelines	CEC Member for Finance	August 30 th 2018	Done
1.1 One day sensitization workshop		Sep18	Done
2. Sector Working Groups	County Treasury		
2.1 Launch and first meeting for SWGs and sensitization on SDGs		October 2018	Done
2.2 Second meeting for SWGs			Done
Submission of projects and programmes to be implemented for FY 2019/20		8 th February 2019	New Date
2.3 Third meeting for SWGs		March 2019	
2.4 Civic Education and Public Participation Guidelines/Policy Review		March 2019	
3. County Annual Progress Report	County Treasury (Economic Planning Department)		
3.1 Draft CAPR		15 th September 2018	Done
3.2 Validation of the CAPR		15 th – 20 th Sept 2018	Done
3.3 Submission to CEC for Approval		30 th September 2018	Done
3.4 Submission to CA for Approval		21 st October 2018	Done
4. Monitoring and Evaluation	County Treasury (Economic Planning Department)		
4.1 M&E field work		September 2018 & August 2019	Done
4.2 Annual M&E week		2 nd week November 2018	Not Done
4.3 Mid-Term M&E (Implementation Progress Review)		4 th – 8 th February 2019	New
5. Statistical abstract	County Treasury (Economic Planning Department)		
5.1 Draft		Oct18	Partially Done
5.2 Launch		Nov18	Post-poned
6. Development of ADPs for FY 2019/20 and 2020/21	County Treasury (Economic Planning Department)		
6.1. Draft ADP FY 2019/20		23 rd August 2018	Done
6.2 Submission of ADP FY 2019/20 to CEC		27 th August 2018	Done
6.3. Submission of ADP FY 2019/20 to County Assembly		30 th August 2018	Done
6.4. Report of ADP from County Assembly			Done
6.5. Consolidation of CA recommendations to Final ADP			Done
6.6. Approval of ADP by County Assembly			Done
6.7. Meeting with TWGs for ADP FY 2020/21		30 th May 2019	

ACTIVITY	RESPONSIBILITY	DEADLINE	STATUS
6.8. First draft ADP FY 2020/21		15 th August 2019	
6.9. Validation ADP FY 2020/21		15 th – 20 th August 2019	
6.10. CEC Approval ADP FY 2020/21		20 th August 2019	
6.11. Submission ADP FY 2020/21 to County Assembly		30 th August 2019	
7. Development of County Budget Review and Outlook Paper (CBROP) 2018	County Treasury (Budget Unit)		
7.1. Estimation of Resource Envelope		10 th Sep 2018	Done
7.2. Determination of policy priorities		“	Done
7.3. Preliminary resource allocation to Sectors		“	Done
7.4. Draft County Budget Review and Outlook Paper		16 th Sep 2018	Done
7.5. Validation		15 th 20 th September 2018	Done
7.6. Submission and approval of CBROP by CEC		30 th September 2018	Done
7.7. Submission of approved CBROP to County Assembly		21 st October 2018	Done
7.8. Drafting CBROP 2019		30 th August 2019	
8. Preparation of Budget proposals for the MTEF	Departments		
8.1. First retreat to draft Sector Reports (Programmes and projects submitted)	SWGs	20 th Dec 2018	Done
8.2. Public Sector Hearings	County Treasury	11 th - 15 th February 2019	
8.3. Review and Incorporation of stakeholder inputs in Sector proposals	SWGs	30 th March 2019	
8.4. Submission of Sector Reports to Treasury	Sector Chairpersons	5 th April 2019	
8.5. Consultative meeting with CECs/COs on budget proposals	County Treasury	15 th April 2019	
9. Draft County Fiscal Strategy Paper (CFSP) 2019			
9.1. Draft CFSP	County Treasury	10 th Feb 2019	
9.2. Draft Debt Management Strategy (DMS)	Budget Unit	“	
9.3. Validation (Final Draft)	Budget Unit	15 th - 20 th February 2019	
9.4.1. Submission of CFSP and DMS to CBEF for consideration	County Treasury	26 th February 2019	
9.4.2. Submission of CFSP and DMS to CEC for approval	County Treasury	27 th February 2019	
9.5. Submission of CFSP & DMS to County Assembly for approval	County Assembly	28 th February 2019	
10. Preparation and approval of Final Departmental Budgets			

ACTIVITY	RESPONSIBILITY	DEADLINE	STATUS
10.1. Develop and issue final guidelines on preparation of 2019/20 MTEF Budget	County Treasury	January, 2019	Done
10.2. Submission of Draft Revenue Raising Measures (Finance Bill) to County Treasury	Revenue Department	15 th February, 2019	
10.3. Submission of Budget proposals to County Treasury (First draft)	Line departments	30 th March, 2019	
10.4. Consolidation of the Draft Budget Estimates (final draft)	County Treasury	15 th April, 2019	
10.5. Submission of Draft Budget Estimates to CEC	County Treasury	20 th April, 2019	
10.6. Submission of Draft Budget Estimates to County Assembly	County Treasury	30 th April, 2019	
10.7. Submission of Final Draft Revenue Raising Measures (Draft Finance Bill) to County Treasury	Revenue Department	30 th March, 2019	
10.8. Review of Draft Budget Estimates by County Assembly	County Assembly	15 th June, 2019	
10.9. Report on Draft Budget Estimates from County Assembly	County Assembly	15 th June, 2019	
10.10. Consolidation of the Final Budget Estimates	County Treasury	15 th June, 2019	
10.11. Approval of Appropriation Bill by County Assembly	County Assembly	30 th April, 2019	
10.12. Approval of Vote on Account by County Assembly	County Assembly	30 th April, 2019	
11. Public participation	County Treasury (Economic Planning Department)	11 th – 15 th February 2019	
12. Development committees (ward level)			
12.1. 1 st meeting	County Treasury	30 th October 2018	Pending
12.2. 2 nd meeting		1 st week February 2019	Pending
13. Budget Statement	CEC Finance	19 th June, 2019	
14. Appropriation Bill passed	County Assembly	30 th June, 2019	

NOTE:

	For the dates indicated we have completed the associated tasks
	For the dates indicated we are yet to deliver on associated task because it is work in progress
	Either the task has been pended or not achieved by the indicated date, requires rescheduling through stakeholder consultations.

Annex 2: Summary of Indicative Departmental Ceilings for FY 2019/20

Summary of Indicative Departmental Ceilings for FY 2019/20								
	RECURRENT EXPENDITURE ESTIMATES				DEVELOPMENT EXPENDITURE ESTIMATES			TOTAL CEILINGS
	PE	O&M	Grants - Rec	Total Rec	Ord. Dev	Grants - Dev	Total Dev	KSHS
ADMINISTRATION AND PUBLIC SERVICE	81,740,868	32,040,295		113,781,163	-	-	-	113,781,163
AGRICULTURE AND COOPERATIVES	86,262,052	20,858,494	17,000,000	124,120,546	81,000,000	117,000,000	198,000,000	322,120,546
COUNTY PUBLIC SERVICE BOARD	10,395,183	4,363,028		14,758,211	-	-	-	14,758,211
COUNTY ASSEMBLY		360,650,000		360,650,000	50,000,000	-	50,000,000	410,650,000
EDUCATION AND VOCATIONAL TRAINING	115,185,993	54,175,333	33,382,979	202,744,305	60,000,000	22,255,319	82,255,319	284,999,624
ENERGY AND ICT	6,616,868	21,758,017		28,374,885	20,000,000	-	20,000,000	48,374,885
ENVIRONMENT AND NATURAL RESOURCES	3,307,470	6,372,162		9,679,633	52,000,000	-	52,000,000	61,679,633
FINANCE AND ECONOMIC PLANNING	38,938,305	141,935,557	38,536,081	219,409,942	-	-	-	219,409,942
LANDS, PHYSICAL PLANNING AND URBAN DEVELOPMENT	23,366,312	30,097,475	20,000,000	73,463,787	67,758,096	50,000,000	117,758,096	191,221,883
LIVESTOCK, VETERINARY AND FISHERIES DEVELOPMENT	67,981,447	18,157,970		86,139,417	40,000,000	-	40,000,000	126,139,417
MEDICAL SERVICES	1,370,253,944	167,141,387	73,299,059	1,610,694,390	124,000,000	131,914,894	255,914,894	1,866,609,284
OFFICE OF THE GOVERNOR	67,716,975	78,414,835		146,131,810	-	-	-	146,131,810
PUBLIC HEALTH AND SANITATION		22,909,225		22,909,225	-	-	-	22,909,225
TRADE AND REVENUE	92,806,394	18,572,500		111,378,894	-	-	-	111,378,894
ROADS, INFRASTRUCTURE AND PUBLIC WORKS	13,701,194	28,732,629		42,433,823	329,500,000	112,554,559	442,054,559	484,488,382
WATER SERVICES AND IRRIGATION	28,935,181	19,431,000		48,366,181	112,000,000	-	112,000,000	160,366,181
YOUTH, SPORTS, CULTURE AND TOURISM	27,458,087	19,465,725		46,923,812	28,000,000	-	28,000,000	74,923,812
TOTAL	2,034,666,273	1,045,075,632	182,218,119	3,261,960,023	964,258,096	433,724,772	1,397,982,868	4,659,942,891

Annex 3: County Treasury CFSP Working Team

No	Full name	Gender	Department	Title
1.	Lawrence Micheni, CPA	M	Finance and Economic Planning	Head of Budget
2.	Dennis Kwendo	M	Finance and Economic Planning	Head of Economic Planning
3.	Mitambo Nthigah	M	Finance and Economic Planning	Principal Statistician
4.	Frankline Munene	M	Finance and Economic Planning	Economist/Statistician
5.	Refrid Njeru	M	Finance and Economic Planning	Finance Officer
6.	Bernadette Mwende	F	Finance and Economic Planning	Intern
7.	James Mwiti	M	Finance and Economic Planning	Monitoring and Evaluation Officer
8.	Ann Karambu	F	Finance and Economic Planning	Economist/Statistician
9.	Rachel Kimani	F	Finance and Economic Planning	Budget Officer
10.	David Miriti	M	Finance and Economic Planning	Finance Officer
11.	Josephine Mumbua	F	Finance and Economic Planning	Economist/ Statistician
12.	Eric Kirimi	M	Finance and Economic Planning	Intern