REPUBLIC OF KENYA

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COUNTY GOVERNMENT OF NYERI

Budget Statement

For the Fiscal Year 2023/2024

(1st July, 2023 To 30th June, 2024)

By

Robert Thuo Mwangi

County Executive Committee Member for

Finance and Economic Planning

22nd June, 2023

THEME*: "Bottom-Up Economic Transformation and Climate Change Mitigation/Adaptation for Improved Livelihoods of Kenyans."*

STATEMENT DELIVERED TO THE NYERI COUNTY ASSEMBLY ON 22ND JUNE 2023 BY MR. ROBERT THUO MWANGI, COUNTY EXECUTIVE COMMITTEE MEMBER FOR FINANCE, ECONOMIC PLANNING, AND ICT, NYERI COUNTY, WHEN HIGHLIGHTING THE BUDGET POLICY AND REVENUE RAISING MEASURES FOR FINANCIAL YEAR 2023/2024

1ST JULY, 2023 TO 30TH JUNE, 2024

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The document is also available on the website at: www.nyeri.go.ke

I. INTRODUCTION

Mr. Speaker, it is a great privilege for me to present to this eminent House, to the people of the great county of Nyeri and Kenyans at large, the Budget Statement that highlights the budget policies and the revenue raising measures for the Financial Year 2023/24. I do this in compliance with Section 132 of the Public Finance Management Act, 2012 that requires the County Executive member for finance to make a public pronouncement of the revenue raising measures for the county government.

Mr. Speaker, as we convene and commence this pivotal session of the third Assembly, I extend my warmest greetings and extend a hearty welcome to all the members of this esteemed house, my colleagues, and the people of Nyeri.

Mr. Speaker, this being the first budget pronouncement post the August 2022 General elections, allow me to congratulate the newly elected and appointed members of the County Assembly, who have earned the trust and confidence of our constituents, as well as to those who have been re-elected as result of their solid commitment and selfless service to their people.

Furthermore, **Mr. Speaker,** I would like to take this momentous opportunity to proffer my heartfelt congratulations to our visionary Governor for his remarkable achievement of being elected to serve a second term, a testament to the faith and trust bestowed upon him by the great people of Nyeri.

Most importantly, **Mr. Speaker**, I am immensely grateful to the Governor for the honor of being reappointed as the County Executive Committee Member for Finance, Economic Planning, and ICT, and I pledge my dedication and service to the prosperity of our county.

Mr. Speaker, I wish to recognize and appreciate the Chair and Members of the Budget and Appropriations Committee, Finance and Economic Planning Committee as well as other Departmental Committees of the County Assembly for their engagement and support when going through the Budget Estimates and the proposed revenue raising measures for the financial year 2023/2024.

Mr. Speaker, it is imperative to note that the budget estimates have been prepared against a backdrop of global economic slowdown occasioned by the ongoing geo-political tensions, elevated global inflation, persistent supply chain disruptions, food security as well as increase in the cost of living. Additionally, climate-change related occurrences such as recurrent drought have continued to affect the Nation's as well as the County's agricultural productivity potential leaving a significant number of people at the risk of starvation.

Mr. Speaker, in cognizance of the constitutional requirement on public participation, we accorded the public opportunities to provide their input on the issues that needed to be addressed in the FY 2023/24 budget estimates. Putting their feedback into consideration, while acknowledging the numerous competing needs vis a vis our limited resources, this budget attempts to achieve an optimal scenario that addresses most, if not all, of the raised concerns.

Therefore, Mr. Speaker, the theme of this year's budget is: ***"Bottom-Up Economic Transformation and Climate Change Mitigation/Adaptation for Improved Livelihoods of Kenyans."*** which resonates with our mission to create, enhance, and sustain an environment that unlocks potential of the people of Nyeri to achieve progressive socio-economic growth by running an open and inclusive government.

RECENT COUNTY DEVELOPMENT OUTLOOK

Mr. Speaker, the county government has completed most of the ongoing projects that rolled over from the FY 2021/22 while a few are in the final stages. The projects and programmes planned for the current financial year have also been rolled out although a significant number started late due to some changes in the procurement processes. This means that there will be ongoing projects that will roll over to the FY 2023/24 despite the fact that we intend to complete as many projects as possible by the end of the financial year.

Mr. Speaker, Nyeri being an agricultural economy necessitates investment in this sector to guarantee food security, nutrition, and spur economic growth. To enhance this, the county government has procured and distributed high value beans and certified Irish potato seeds for farmers, supported tea industry through procurement of high yielding tea seedlings clones and rehabilitated five (5) tea buying centers; To support the coffee industry, farmers have been supported with coffee seedlings and manure while Rui-Ruiru coffee factory has been renovated.

To promote the livestock industry, **Mr. Speaker**, the Government has procured indigenous chicken and dairy goats targeting organized groups in the county to improve their breeds. Further, farmers have been supported with free quality artificial insemination services as well as vaccines and sera to ensure high yielding stock for optimal returns.

Mr. Speaker, Investment in fish production is essential since it provides an alternative source of nutrition. The county Government has continued to encourage residents to consider fish rearing as part of their culture. **Mr. Speaker,** we remain committed in promoting this sub sector where we have continued to provide fingerlings and fish feeds to our farmers and organized groups managing various dams and ponds across the county.

In addition, **Mr. Speaker,** Wambugu Agricultural Training Centre has been supported to produce high quality avocado and other plant seedlings that will be available to our farmers at a subsidized rate. Further, the Agricultural Mechanization Services center, at Narumoru, has been supported to rehabilitate the available machinery that are easily accessible to our farmers at extremely subsidized rates. However, **Mr. Speaker**, the Department of Agriculture, Livestock and Fisheries should consider conducting a cost benefit analysis of commercializing or privatizing Wambugu ATC and Naromoru AMS with a view of maximizing their potential by enacting the relevant legislations aimed at making both institutions economically viable and profitable.

Mr. Speaker, donor funding has played a critical role in financing our resource gaps and currently Kenya Climate Smart Agriculture Project (KCSAP) which was allocated Kshs. 183 million in the current financial year has supported several farmer groups by financing micro projects as well as improvement of the coffee production through the revitalization programme. This has greatly improved the value chains and thus increased the income earned by our farmers. Recently, Mr. Speaker, Nyeri County emerged the best county in implementation of the Kenya Climate Smart Agricultural Project.

Mr. Speaker, the County Government has been implementing the Agriculture Sector Development Support Programme (ASDSP II), which is funded jointly by the Government of Kenya (GoK) and the Swedish International Development Agency (SIDA) while the County Government is required to allocate a counter funding to support capacity building of Value chain actors. To this end, the government has been able to assist farmers by contributing to value addition of Irish Potatoes, Poultry, indigenous chicken, and cow milk, amongst other crop and livestock products. These activities were allocated Kshs. 20 million and are currently ongoing despite the delays in the release of conditional grants.

Due to the effects of climate change **Mr. Speaker**, the County Government has been focusing on shifting from dependence on rain fed agriculture towards irrigation to guarantee production throughout the year. In view of this, **Mr. Speaker,** the county government has made immense investment in water and irrigation projects that includes construction of intakes, masonry tanks, procurement of distribution pipes as well as drilling of boreholes to augment existing water sources.

Currently, **Mr. Speaker,** the county government is rehabilitating Endarasha pipeline in order to deliver water to lower parts of Kinyaiti area. Construction of climate change resilience projects like roof water harvesting has been prioritized by the government. Other works comprise construction of intakes for Simbarambara/Kiamatongu, Njeng'u/Nyaribo, Kahigaini –Kanjora and Aberdare water projects.

Mr. Speaker, on transport and infrastructure development, the county government has sustained the upgrade and maintenance of existing roads across the county. It is important to note that most of the funds were directed to the settlement of rollover projects. In the current financial year, **Mr. Speaker,** the County Government has constructed Amukira bridge in Chinga ward, Lusoi Culvert bridge in Thegu, Kianjiru and Chania Footbridges in Wamagana and Dedan Kimathi wards respectively. Further, rehabilitation of roads is on course this financial year in various wards across the county to ease mobility and facilitate accessibility of markets for our agricultural produce and delivery of other services to the county residents.

Mr. Speaker, the county is committed to enabling our business community to operate for longer hours to spur economic growth. To expedite this, we have continued investing in lighting up our markets and trading centers across the county through installation of street and high-mast lights as well as electrical transformers. The county government is keen on exploring renewable sources of energy and towards this end we have set aside funds for installation of biogas plants in Aguthi Gaaki Ward.

To provide our traders with a conducive working environment, **Mr. Speaker,** the county government continues to improve the condition of the county markets. Towards this end, funds have been provided for construction of various amenities such as toilets, stalls, installation of solar power at Nyeri open air market & bio-gas digesters in various markets as well as fencing open markets across the county. Routine maintenance is also on-going in other markets across the county.

Mr. Speaker, on health infrastructure development, the construction of the 175-bed capacity level 4 hospital in Narumoru is in the last phase of completion. The county government is almost done with the construction and equipping of a laundry room, morgue, and kitchen, for the hospital facility, and this once complete, will ease the number of patients who travel from neighbouring areas to seek for referral services from Nyeri County Referral Hospital. Further, **Mr. Speaker**, allow me to appreciate the National Government for the continued support and collaboration on health matters. Through this working relationship the County Government of Nyeri received a significant boost in equipping Naromoru Level IV hospital.

Mr. Speaker, the Health Sector remains the most crucial service sector in the county. The Government has institutionalized programs for patient safety and provision of quality care through continuous training and practice. During the current financial year, health centers and dispensaries have been equipped with various medical equipment. Further, **Mr. Speaker,** the department of Health Services is in the process of renovating wards and non-residential buildings at the County Referral Hospital. To improve healthcare services in our facilities, the County Government has funded refurbishment of various rural health facilities which will go a long way in the provision of critical care services to the residents of Nyeri County.

In 2021, **Mr. Speaker**, the County Government of Nyeri enacted the Nyeri County Health Fund Act which has facilitated the collection and retainment of health services revenues. The finances collected are retained within the fund and used for health matters including acquisition of essentials medical drugs and consumables for hospitals and health facilities. In the recent past, there has been a tremendous improvement in the revenue collection from the health facilities. As at the end of the third quarter of FY 2022/2023 it is imperious to note that the revenue collected by the fund was Kshs. **336.3 Million** out of an expected target of Kshs. 400 million by the end of the financial year. **Mr. Speaker**, with continuous support, we are hopeful that the fund will achieve its long-term objective of ensuring seamless delivery of health services in the county and it becomes self-sustaining without relying on the County budget.

Further, **Mr. Speaker,** the county government is committed to ensuring that the health facilities are adequately equipped with both specialized and other medical equipment for efficient service delivery. Additionally, **Mr. Speaker**, the County Government has continued to improve healthcare infrastructure in the existing sub-county facilities. In Mukurweini Hospital, the ongoing works include; refurbishment of the morgue and kitchen.

In Mt. Kenya hospital, **Mr. Speaker**, the completion and equipping of the isolation ward as well as construction of a walkway are underway. In Karatina hospital an oxygen plant has been installed and the hospital laboratory expanded. Renovation works and Kitchen construction have also been done at Othaya hospital. To ensure close proximity and access to health facilities and services by the Nyeri County residents, the County Government is supporting the construction, refurbishments and equipping of rural health facilities and dispensaries. Further, for quick response to emergencies an additional fleet of ambulances have been procured.

Mr. Speaker, the non-existence of a suitable county waste disposal site has been and continues to negatively affect the waste management process and poses health risks to the citizens as the county Government does not have adequate land for disposing of waste. Efforts to create citizen awareness on the importance of acquiring land for waste management are underway to gain public support.

Nyeri municipality for instance **Mr. Speaker**, produces the highest amount of garbage and there is need to find a lasting solution to this issue. In view of the above, the municipality was allocated Kshs. 12 million in the current financial year for garbage collection equipment so that we can maintain high standards of cleanliness. To this date, **Mr. Speaker**, the Government has procured new and maintained existing skip bins for enhanced waste collection within the municipality and in all residential areas across the county.

I wish to express the commitment of the county administration to maintain the minimum required standards for solid waste management in line with the National Solid Waste Management Strategy. Towards this, **Mr. Speaker,** we are in the process of procuring more skip loaders and bins to enhance garbage collection in other parts of the county outside the municipality. In addition, the county Government is in the process of acquiring a specialized plant that will aid in garbage and waste management. Through these actions, there will be increased efficiency and improvement in the tonnage of solid waste collected and managed.

Mr. Speaker, I wish to request the members of this August house to work in collaboration with the County executive in addressing the issue of land acquisition for waste processing and provide a long-term solution to this long outstanding issue.

Mr. Speaker, to improve on service delivery to our people, the County Government has embarked on various activities targeting the welfare of its employees. It has facilitated capacity building and promotion of the existing staff to ensure that they remain inspired and are continually equipped with up-to-date skills to effectively undertake their mandate. Further, **Mr. Speaker**, we have ensured that recruitment and replacement of professionals in critical areas is done whenever possible to make sure that services are not interrupted.

Mr. Speaker, in an endeavor to inculcate skills to our youth and increase their employability, we have continued with the internship programme targeting fresh graduates from colleges and universities. Currently the County Government is in the process of recruiting the fifth cohort; under this programme, where 200 young men and women will benefit. **Mr. Speaker**, I am glad to state that some of the beneficiaries of the programme have been competitively absorbed within and without the County Government of Nyeri.

Mr. Speaker, The County Government of Nyeri, in its mandate to improve the social welfare of its citizens, has embarked on procurement and distribution of materials that will empower youth and other marginalized groups to engage in meaningful self-employment. In this financial year, **Mr. Speaker**, Kshs. 15.5 million was allocated for these initiatives that have seen various organized groups benefit across the county. In disaster responsiveness, the County Government has procured and distributed iron sheets and other materials to victims and has further been renovating and improving fire stations. In addition, ten water hydrants are in the construction process, which will help to increase efficiency in disaster response across the county.

Mr. Speaker, the County Government is bestowed with the exceptional duty of managing and facilitating the operation of early childhood development education centers (ECDEs) as well as Youth Polytechnics both of which play a key role in societal development. The County Government has been keen on improving the learning environment in both categories and has embarked on renovation and equipping of classrooms and workshops. In the current financial year **Mr. Speaker**, an allocation of Kshs.35 million has been set aside for construction and equipping of the ECDE centers and Youth Polytechnics. ECDE caregivers have continuously been recruited to ensure that our children get the necessary care and attention at their formative age.

Mr. Speaker, the County Government recognizes the value of ICT in service delivery and work processes. To this end, investment in ICT infrastructure is therefore necessary. After installation of the local area networks in Kieni East, Kieni West, Mathira West and Mukurweini sub county offices, the County Government has safeguarded the communication tower at Nyeri Hill, by constructing a perimeter wall. Additionally, In the spirit of appreciating the great role ICT plays in education and job creation among the youth, the County Government has planned to develop and equip more ICT innovation hubs across the county.

II. MAJOR PUBLIC FINANCE MANAGEMENT (PFM) ACHIEVEMENTS

Mr. Speaker, Nyeri County Government endeavors to be a leader on matters public finance. This has been made possible through the able leadership of H.E.Governor Hon Mutahi Kahiga E.G.H whose key mantle of governance is pegged on transparency, accountability, and growth.

Mr. Speaker I am pleased to inform this honorable house that Nyeri County emerged among the top counties in the Country and position 1 (One) in the Central Region Economic Bloc in the 2022 County Budget and Transparency Survey by the International Budget Partnership (IBP). **Mr. Speaker,** I wish to restate our commitment towards enhancing inclusivity in planning and budgeting and in ensuring that all our documents and plans are prepared in accordance with the various statutory requirements, and guidelines as provided by the National Treasury.

Mr. Speaker, despite the cashflow challenges experienced this financial year, the county treasury has remained dedicated to ensuring that the monthly salaries for all our county employees have been paid in time subject to availability of funds as a non-discretionary expenditure by law. I wish to thank all our employees for their resilience. As we speak, **Mr. Speaker,** The County Treasury has already processed the personal emoluments and related allowances for the month of June 2023.

Mr. Speaker, with regard to procurement and supply chain management, Nyeri County Government has continuously been lauded by the Public Procurement Regulatory Authority (PPRA) for compliance with the public procurement laws and regulations. In October 2022, the County Government was recognized by the Kenya Institute of Supply Chain Management (KISM) for upholding good supply chain management practices. Remarkably, **Mr. Speaker**, the County Government has remained committed to timely payment of suppliers and settling of pending bills.

I am glad to inform you, **Mr. Speaker** that, for the last five financial years, the County Government has attained a qualified audit opinion in the financial statements as audited by the Kenya National Audit Office. This implies that most financial transactions were recorded and are to a large extent in agreement with the underlying financial records.

Mr. Speaker, the automation of revenue collection, though not without its fair share of challenges, has to a great extent contributed towards sealing possible loopholes and enhancing efficiency and accountability. **Mr. Speaker**, we are continuously working towards improving the revenue collection system by dealing with emerging challenges and enhancing the system's scalability.

Mr. Speaker, before we delve into the fiscal framework for the FY 2023/24 budget and the respective expenditure priorities, allow me to highlight the Global and National outlook that underpins the development of this budget.

III. RECENT NATIONAL ECONOMIC DEVELOPMENT AND OUTLOOK

Mr. Speaker, Kenya being an open economy is significantly impacted by global forces of demand and supply; this consequently has a bearing on our local economy. **Mr. Speaker**, the major forces that shaped the world economy in 2022 seem set to continue into this year, but with varying intensities.

Mr. Speaker, According to a recent report by the World Bank, global economic growth is anticipated to fall from 3.4 percent in 2022 to 2.8 percent in 2023 with an especially pronounced growth slowdown, from 2.7 percent in 2022 to 1.3 percent in 2023, in advanced economies. On the other hand, **Mr. Speaker,** the global inflation rate is expected to decrease, although more slowly than initially anticipated, from 8.7 percent in 2022 to 7.0 percent this year.

Mr. Speaker, despite the unfavorable global economic growth prospects, Kenya's economy is projected to demonstrate resilience throughout 2023. This resilience can be attributed to the strong performance of the services sector and the anticipated recovery in the agricultural sector. Notably **Mr. speaker,** the rebound in the agricultural sector is supported by the favorable weather conditions and sub-sidized fertilizer from the Government. In addition to this **Mr. Speaker**, Early indicators from the first quarter of 2023 suggest significant activity levels in wholesale and retail trade, accommodation and food services, education, as well as information and communication sectors.

However, **Mr. Speaker,** this outlook in the Global and National economy may be affected by factors such as sustained geo-political conflicts, as well as rising inflation and interest rates that may adversely affect local demand. Additionally, **Mr. Speaker**, the depreciation of the Kenya Shilling against the US Dollar is expected to result in higher costs for imports and potentially hinder international trade. Furthermore, the anticipated decrease in global demand, driven by a slowdown in the global economy, is likely to reduce the demand for goods produced in Kenya.

To this end, **Mr. Speaker,** policy makers have a crucial task of striking a balance between maximizing the prospects while minimizing the risks. As a Government, **Mr. Speaker,** we have a responsibility towards enhancing sustained growth while providing targeted support to those struggling most with the cost-of-living crisis.

IV. FISCAL POLICY AND THE FY 2023/2024 BUDGET FRAMEWORK

Mr. Speaker, the beginning of the financial year 2022/23 was characterized by heightened political activities culminating to the August 2022 general elections. Furthermore, In the financial year 2021/22, most development activities had slowed down and the absorption of funds was therefore low leading to some projects rolling over to the current financial year.

Mr. Speaker, the situation was further exacerbated by the National Treasury's failure to remit the exchequer release for June leading to cancellation of payments that that had already been processed. This resulted in pending bills in FY 2022/23. To remedy this situation, **Mr. Speaker**, the county treasury prioritized the settlement of pending bills and ongoing works in the current financial year by treating them as first charge. Further, **Mr. Speaker**, The preparation of the first supplementary budget in November 2022, also allocated funds for settlement of the remaining pending bills and the already complete ongoing projects that could not be settled within the original budget.

Mr. Speaker, despite these challenges, the County Government has continued to implement the budget for FY 2022/23. The approved second supplementary budget for the FY 2022/23 amounts to Kshs. 7,608,472,106 comprising of Kshs. 5,316,930,474 for recurrent and Kshs. 2,291,541,632 for development.

Mr. Speaker, by the end of the third quarter of FY 2022/23, the County Government of Nyeri raised local revenue amounting to Kshs 438,793,355, in addition to Kshs. 3,732,906,323 received from National Treasury as equitable share and conditional grants. Notably, **Mr. Speaker,** The county's own revenue of Kshs. 438,793,355 represents a decrease of Kshs 11,302,629 (25.33%) as compared to the previous collection of Kshs 450,095,984 over the same period under review. This decline, **Mr. Speaker,** can be attributed to the significant increase in political activities at the beginning of the financial year due to the August general elections and the period before the assumption of office by the newly elected administration.

With regard to expenditure, **Mr. Speaker**, Kshs. 1,010,475,283 had been spent on Development while Kshs.3,712,218,352 was spent on recurrent expenditure by the end of the third quarter of FY 2022/23. This translates to a 44.27 % and a 69.7% absorption rate on development and recurrent expenditure respectively.

Mr. Speaker, overall recurrent expenditures were within programme targets largely attributed to payment of personal emoluments. However, development expenditure targets were not fully met. **Mr. Speaker,** the slow absorption of funds, especially on development can be attributed to cashflow challenges resulting from delays in exchequer releases by the National Treasury and shortfalls in revenue collections that subsequently affected implementation of the planned for activities.

Evidently, **Mr. Speaker,** the implementation of this year's budget has significantly been hampered by cashflow challenges occasioned by delayed exchequer releases and declining local revenue collections. To enhance our own source revenue collections, **Mr. Speaker,** a taskforce led by the Deputy Governor was established to bolster revenue mobilization. I take cognizance of such efforts and urge all employees of the County Government of Nyeri to lender their support when called upon to support this noble task. I urge departments to participate in actively monitoring and aiming at achieving targets set for their respective revenue streams together with the revenue directorate.

Mr. Speaker, own source revenue is a vital component of our resource envelope. An increase in locally collected revenue will help the County Government deal with the emerging needs given the fact that the equitable share allocation from the National Government is less likely to increase, and the extra allocations are conditional in nature. In this regard **Mr. Speaker,** to reduce the effects of possible under performance in local revenue collection, we need to put in more concerted efforts towards increasing our own source revenue without necessarily introducing new fees and charges, as highlighted in the legislative proposal on revenue raising measures, 2023.

Some of the initiatives that I plan to put in place include: -

I. Issuance of waivers on penalty and interests on land rates.
II. Strengthening of the internal audit function.

III. Compliance level reviews with a focus on enforcement risk framework to support execution.
IV. Continuous Capacity building of our own source revenue management staff.
V. Out of court settlement of revenue related litigations.

Mr. Speaker, the County Treasury is working tirelessly to ensure that no pending bills accrue to subsequent financial years and that works are completed and paid for within the year. Nonetheless, the challenges cited earlier may be detrimental to these efforts and the County Treasury will continue to set aside money for ongoing projects in the event that they roll over to the next fiscal period. This will ensure that our service providers are compensated for the work done in a timely manner as they too remain a crucial cog in the County's development wheel.

Mr. Speaker, let us now turn our attention to the budget for the coming financial year. In the FY 2023/2024, the county own source revenue target is estimated to remain at Kshs. **800 Million** while Kshs. **400 Million** is expected to be collected through the Health Services Fund Act, which requires the retainment of all collections from the health services in the Fund. It is imperative to note, **Mr. Speaker**, that the county resource envelope is highly strained despite the increase in needs within the various sectors. Therefore, this has necessitated prioritization and attunement of the various needs with the available resources for attainment of an optimal allocation situation.

Further, **Mr. Speaker,** it is important to bring to the attention of this distinguished house that the county's wage bill trend continues to be a major area of concern. **Mr. Speaker,** as per the budget for FY 2023/24, the allocation for personal emoluments is at 50.56% of the entire budget against the recommended rate of 35% as per the PFM regulations. The continued increase of the wage bill will reduce the amount available for operations and maintenance (O&M) which will consequently have an adverse impact on service delivery and development. This trend must be addressed urgently to avoid a budget crush. An urgent and independent staff audit matched with skills and priorities is highly recommended to guide on new recruitments.

Mr. Speaker, The County Government Annual Budget for the FY 2023/2024, that was submitted to this distinguished house on 30th of April 2023, was developed through a zero-based approach where resources were allocated based on priorities and availability of funds. The projected total budget for the financial year is Kshs. **8,048,278,680** consisting of a recurrent expenditure of **Kshs. 5,633,690,224** which is **70** percent of the total budget. Out of this, the allocation for personal emolument is **Kshs. 4,069,345,725**, representing **50.56** percent of the total budget, and **Kshs. 1,564,344,499** for Operations and Maintenance (O & M).

Mr. Speaker, the amount allocated for development expenditure is **Kshs. 2,414,588,456** which represents **30** percent of the total budget. Most of these resources have been allocated in line with the County Integrated Development Plan (2023-2027), and the Annual Development Plan (2023/2024) which were prepared in line with the National Bottom-up Economic Transformation Agenda and other National and international plans and agreements. The views expressed by the public further guided the resource allocation.

V. EXPENDITURE PRIORITIES

Infrastructure Development and Growth

Mr. Speaker, as we embark on the path to progress, it becomes imperative for us to recognize the pivotal role that infrastructure plays in shaping our economy and creating an environment conducive for growth. Infrastructure, often referred to as a core economic enabler includes transportation networks, energy systems, communication networks, automation, water, sanitation facilities, and much more.

Towards this, **Mr. Speaker**, I propose an allocation of Kshs. 196.4 million towards improvement of county access roads and enhancement of connectivity. Out of this, Kshs. 151 million will be used to maintain, rehabilitate, and construct access roads across the county, while Kshs. 35.9 million will be used to cater for other constructions and civils works as well as refurbishment of buildings. Further, **Mr. Speaker,** a total Kshs. 9.5 million will be used for construction of bridges & culverts to improve connectivity across the county.

Mr. Speaker, most of the works and projects associated with this allocation are labor intensive and have the capability to directly benefit a significant proportion of the Nyeri Citizenry through creation of short-term employment. I therefore call upon our contractors and other service providers to prioritize engaging the local population while undertaking the said works.

Mr. Speaker, turning Nyeri county into a 24-hour economy where businesses, services, and activities thrive around the clock should be one of our major priorities. While this vision may seem ambitious, it is an achievable goal that can unlock tremendous economic potential. To this end, **Mr. Speaker,** and in an effort to guarantee security and extend business operating hours, I propose an allocation of Kshs. 216.5 million for development purposes to the Energy Directorate. Out of this Kshs. 116.5 million will be used for installation and maintenance of streetlights and transformers in various trading and market centers. In addition, I have proposed Kshs. 100 million which will be utilized for payment of electricity bills for the markets, street, and high mast flood lights.

As this Honorable House will notice, **Mr, Speaker,** a significant allocation **of** the amount allocated to the Energy directorate has been set aside for settlement of electricity bills. Even as we seek to turn the County into a 24-hour economy, **Mr. Speaker**, we need to be alive to the high and recurring cost of electricity bills and explore alternative sources of affordable energy to facilitate lighting.

Mr. Speaker, to facilitate and strengthen the role of the Nyeri Municipality**,** I propose an allocation of Kshs. 13.5 million for all activities related to management of garbage collection within the municipality including but not limited to fueling, repair and maintenance of the vehicles. Further, an allocation of Kshs. 29 million has been provided for construction of roads and bridges to enhance accessibility and connectivity in all wards within the municipality. **Mr. Speaker,** in anticipation of the operationalization of the Nyeri Main Transport Termini, I have proposed an allocation of Kshs.7.5 million for its maintenance. A budget of Kshs. 4.5 million has been earmarked to support planning and surveying within the municipality and Kshs.2.5 million for construction of a septic tank in Mukurweini Estate.

Mr. Speaker, the integration of sustainable land use and well-coordinated physical planning is crucial in the attainment of our developmental aspirations. Therefore, **Mr. Speaker**, I have allocated an amount of Kshs. 11.3 million for development of a seamless development application approval online system dubbed 'E-DAMS', planning of Itundu, Ngandu, Wandumbi, Ngorano, Warazo, Muirungi, Gachatha, Ichamara and Munungaini centres as well as Survey and registration of ongoing markets/villages (Ruthagati, Hubuini, Wandumbi, Nyaribo, Gitegi, Warazo, Ngorano,Ngoru, Githakwa, Gachatha, Marua and Mutathini).

Further, **Mr. Speaker,** to enhance service delivery on lands and physical planning related matters, Kshs. 3.9 million has been set aside for maintenance of office buildings. Further, an allocation Kshs. 3 million proposed for establishment of a valuation court for Nyeri Municipality which will create room for completion of the county valuation roll has been made.

Mr. Speaker, through the support of World Bank's financed Kenya Informal Settlement Improvement Programme (KISIP), the County Government will undertake the second phase of the programme with an allocation of Kshs. 60 million. The amount will be used to develop and upgrade infrastructure in Mweiga, Chorongi, Ihwagi, Kiamwathi, and Kiawara informal settlements which were planned in the first phase of the programme.

Mr. Speaker, Access to safe and clean water is one of the sustainable development goals that the County Government of Nyeri has a core role to play towards its realization. **Mr. Speaker,** the County Government continues to prioritize the supply of safe and clean water for drinking and irrigation purposes. Additionally, environmental protection continues to take a center stage mainly due to the emerging challenges occasioned by climate change. To this end Mr. Speaker, I have proposed an allocation of Kshs. 71.75 million for water projects including but not limited to completion of ongoing water projects, drilling, rehabilitation and operationalization of boreholes and financial support to enable water service providers, i.e., NYEWASCO and TEAWASCO, to expand their coverage.

Now more than ever, **Mr. Speaker,** the imminent threat to human existence that climate change poses is clear. The recurrence in occurrence of drought, famine, and other climate change related threats in some parts of Nyeri should be a major cause of concern. Therefore, **Mr. Speaker**, to address issues related to environment and climate change I have allocated Kshs.40.75 million to support the implementation of climate change mitigation and adaptation actions. In addition to this **Mr. Speaker**, the World Bank has provided a grant to enhance the County's institutional capacity to handle climate change matters and make climate change investments to the tune of Kshs. 136 million.

Mr. Speaker, Nyeri is largely an Agricultural County. It is therefore crucial to invest in the development of markets infrastructure as a strategy to reduce post-harvest losses and to link producers to the consumers. In consideration of this, **Mr. Speaker,** I have provided an allocation Kshs 13.5 million for construction of new markets and routine maintenance and rehabilitation of existing ones. Further, **Mr. Speaker**, I have allocated Kshs. 2 million for trade fair and investment promotions and Kshs.1 million to Procure the EDF management information system to support automated loan processing, recovery, and general management of the loan portfolio.

Mr. Speaker, the County Government has a role to play in enhancing consumer protection against rogue traders who use faulty or poorly calibrated weights and measures equipment. To this end, **Mr. Speaker**, Kshs.5 million has been set aside for acquisition of specialized weights and measures equipment and the renovation of the weights and measures laboratory. **Mr. Speaker,** towards improving the security and the working condition of the staff and traders in various markets, Kshs. 1 million has been allocated for equipping of trade offices while Kshs.5 million has been set aside to cater for payment of contracted guards and cleaning services.

Mr. Speaker, Nyeri is one of the counties that is set to benefit from the County Aggregation and Industrial Parks project which is a joint venture between the National Government, through the Ministry of investments, Trade, and Industry (MITI), and County Governments. Towards this, **Mr. Speaker,** the County Government will receive a conditional grant of Kshs. 100 million from the National Government and contribute an equivalent amount toward the construction of an Industrial Park. **Mr. Speaker**, this park is expected to spur economic growth through promoting investment, creating employment, enhancing agro-processing and manufacturing amongst other direct and indirect benefits.

Mr. Speaker, The Nyeri County cooperatives sector is one of the most vibrant. To continue nurturing its growth, I propose an allocation of Kshs. 39 million to the Cooperatives Directorate. Out of this amount, Kshs. 14.5 million will be used to facilitate activities such as training of cooperatives' leaders and staff, renovation and equipping of offices, digitization of the cooperatives database and cooperatives shows and fairs. Additionally, **Mr, Speaker,** Kshs. 24.5 million has been allocated to facilitate the procurement of milk pasteurizers for Slopes dairy and Ihururu dairy as well as other ward specific projects.

Mr. Speaker, Nyeri county is yet to maximize on its potential as a major tourist destination. The County is strategically placed between two major water towers i.e., Mt. Kenya and Aberdare Ranges which are major tourist destinations. Furthermore, **Mr. Speaker**, Nyeri county is renowned for its rich cultural and historical heritage. To enhance tourism, I have allocated Kshs. 10

million for improvement of various tourist destinations and facilities. An additional, Kshs. 3 million has been set aside for annual tourism shows and exhibitions and another Kshs. 3 million for training Community Based Tourism Organizations (CBTOs), performing artists, and preparation of a county marketing and branding strategic plan.

Education, Youth and Sports

Mr. Speaker, the role of youth in the development of the County is critical and multifaceted. Young people possess unique perspectives, energy, and potential, making them valuable agents of change. The County Government is therefore committed to making deliberate efforts towards tapping into the potential of its youthful population.

In view of this, **Mr. Speaker**, one of the key areas of focus will include nurturing of talents through the "***Youth Talanta Mashinani***" program which has been allocated Kshs. 8 million. In addition to this, Kshs. 15.2 million has been set aside for procurement of sports equipment including Kshs. 6 million for Kenya Inter-County Sports and Cultural Association (KICOSCA) and Kenya Youth Inter-County Sports Association (KYISA). Furthermore, Kshs.4 million has been set aside for training of groups on empowerment programs.

On early childhood development**, Mr. Speaker,** I have allocated Kshs.56.2 million for various functions associated with ECDEs. This includes renovation and rehabilitation of existing centers, construction of new classrooms, equipping of ECDE centers including procurement of learning materials and digital learning equipment. A further Kshs. 5 million has been set aside for improvement of the work environment at the Department of Education Headquarters.

On youth training **Mr. Speaker,** Kshs. 11 million has been set aside for purchase of education aids and other related equipment in VTCs. In addition, I have allocated an amount of Kshs.4.8 million for refurbishment of VTCs and another 6 million for training of Boda-boda riders on road safety and other short courses.

Improving food & nutrition security

Mr. Speaker, food, and nutrition security is a fundamental aspect of development, as it directly impacts the health, well-being, and productivity of individuals. Through the Agricultural Sector Development Support Programme (ASDSP), **Mr. Speaker,** the capacity of farmers to participate in various registered groups has been enhanced under specific value chains of identified food products. As this programme comes to an end, I have allocated Kshs. 1.7 million from the donor to support the remaining activities.

Agriculture is the backbone of our county's economy and the need for continuous and extensive investment in this sector is very critical. **Mr. Speaker**, to increase market participation and value addition in agriculture, the County Government in partnership with the World Bank is implementing the National Agricultural Value Chain Development Project (NAVCDP). For this programme, I have allocated Kshs. 250 million from the donor and Kshs 5 million from the county coffers as counter funding totaling to Kshs. 255 million. **Mr. Speaker**, NAVCDP is intended to build on the gains made through Kenya Climate Smart Agriculture (KCSAP) which is coming to an end. To replace KCSAP, **Mr. Speaker**, a new donor funded project dubbed the Food System Resilient Program (FSRP) has been initiated. To this end, I have allocated Kshs. 90 million from the donor and counter funding of Kshs. 1.2 million.

Mr. Speaker, to support Agricultural transformation and productivity in line with the National Government's Bottom-Up Economic Transformation Agenda, I have proposed Kshs. 32.6 million for procurement of agricultural materials, supplies and small equipment, certified seeds, seedlings as well as farm inputs and equipment for farmers.

To improve livestock production, **Mr. Speaker,** the County Government continues to provide high quality breeding stock. In this budget, I have proposed an allocation of Kshs.9.4 million for procurement of livestock breeding stock including dairy goats and indigenous chicken. Further, Kshs. 11 million has been provided to equip the honey processing plant and to support the production of quality livestock feeds through procurement of feed-mixers for Island and Mweiga Dairy Farmers' cooperative.

Mr. Speaker, I am pleased to inform this honorable house that the County Government's efforts in supporting Livestock production and productivity has received a boost through a new donor funded project (Livestock Value Chain Support Project) of Kshs. 71.8 million which has been included in this budget.

Mr. Speaker, livestock diseases affect overall animal production. It is therefore necessary to continue supporting veterinary services within the county. To this end, **Mr. Speaker**, I propose an allocation of Kshs. 26.1 million for purchase of vaccines and sera to protect the animals against notifiable diseases. This allocation will also support activities related to animal breeding, vector and disease control, rehabilitation of dips, construction of Artificial Insemination (A.I) and vaccination crushes, procurement of fuel and 5 motorcycles to support the A.I programme.

Mr. Speaker, on Agricultural training and mechanization it is important to note that Wambugu ATC and AMS Naromoru play an important role in providing our farmers with requisite skills, training on emerging farming technologies and access to agricultural machinery that help to improve on their yields. In view of this, **Mr. Speaker**, I have allocated Kshs. 10.2 million to support various activities at Wambugu ATC. Further, Kshs. 2 million has been allocated to Naromoru AMS to enable the facility to offer subsidized mechanization services to the county farmers. However, to exploit full potential of these two institutions, the department of Agriculture should quickly legislate to allow them some autonomy as income generating facilities upon injecting of a seed capital.

Mr. Speaker, to enhance nutritional security, fish farming provides a good alternative, and the Government has continued to support this important subsector. Towards this, I have proposed an allocation of Kshs. 10.9 million for procurement and distribution of fish feeds, fingerlings, and a fibre glass motorized boat. To further support fish farming, a new donor funded project known as the Aqua-Culture Business Development Program (ABDP) with a budget allocation of Kshs.19.3 million has been introduced. In addition, I wish to encourage the members of this distinguished house and the Nyeri citizens at large to consider fish as an alternative source of nutrition, to expand the industry and create employment to our populace.

Health and Social Welfare Support

Mr. Speaker, health, and economic development are intrinsically linked. By investing in healthcare systems, promoting preventive and curative measures, and ensuring access to quality healthcare for all, we not only improve the well-being of individuals but also lay the foundation for sustainable economic growth. **Mr. Speaker,** in a special way, I would like to take this opportunity to appreciate our medical staff who tirelessly provide care and support in various healthcare settings every single day. Their dedication, sacrifice, and unwavering commitment to the well-being of others are truly remarkable.

Mr. Speaker, the County Government came up with a Health Service Fund to ensure that resources collected from the health facilities are retained within the Fund. This has reduced the turnaround time by ensuring that medical essentials are always available. The fund has been performing tremendously well since its inception and is on an upward trajectory. **Mr. Speaker**, the County Government expects to collect Kshs. 400 million in the next financial year from the health sector which will be retained in the fund. Subsequently, **Mr. Speaker,** this has led to the reduction of the same amount from our overall resource basket for FY 2023/24. It is therefore paramount to ensure that all our other revenue streams are performing optimally. Notably, **Mr. Speaker**, Kshs. 2 million has been set aside for acquisition of a Hospital Management Information System for Health Facilities to enhance Revenue Collection and data management.

Mr. Speaker, after considering the needs of the sector against the available resources, I have proposed an allocation of Kshs. 243 million to supplement the procurement of medical drugs, non-pharmaceuticals, laboratory, and x-ray supplies. Further, I have allocated Kshs.5million for medical equipment for various rural health facilities in the county and Kshs 11.4 million for purchase of medical and dental equipment. **Mr. Speaker,** to enhance healthcare accessibility in rural areas, I have proposed an allocation of Kshs. 44 million for various renovations and infrastructural works across the county.

Additionally, **Mr. Speaker**, to enhance service delivery and improve the work environment at the Nyeri County Referral Hospital, Kshs. 18 million has been provided for refurbishment of wards, equipping various units at the hospital and Solar supply and installation to save on electricity cost.

Mr. Speaker, For Karatina Hospital, an allocation of Kshs. 55 million has been set aside for completion of various works. Out of this, Kshs. 45 million will be used to complete the emergency unit, Kshs 8 million for supply and installation of a modern incinerator and solar power while Kshs 2 million has been earmarked for refurbishment of the non-residential building at the hospital.

Further, **Mr. Speaker**, I have allocated Kshs. 11 million for construction of an outpatient block and renovation of various facilities at Mukurweini Hospital and Kshs. 7.5 million for construction of perimeter fence at Mukurweini KMTC. Other allocations include Kshs.2 million for renovation works at Othaya Level IV hospital and Kshs. 8 million for construction and refurbishment works at Mt. Kenya hospital.

Mr. Speaker, the County Government has continued to invest in social services and disaster management. Currently Karatina Children Home takes care of 85 orphans and vulnerable children and the caretakers are living in a deplorable situation. In view of this I have proposed Kshs. 6.1 million for Phase II of the construction of a decent residential building to house the caregivers and a pit latrine.

On fire and disaster response, **Mr. Speaker,** I have allocated Kshs. 3 million for rehabilitation of Karatina fire station staff houses and Kshs. 9 million for procurement of supplies for disaster victims including fuel for disaster response and maintenance of motor vehicles. Further, **Mr. Speaker,** towards empowerment of our youth and other marginalized groups, I have allocated Kshs. 45.3 million for the purchase of empowerment equipment and 8.5

million for the construction and renovation of various social halls and youth hubs.

Mr. Speaker, management of solid waste has faced numerous challenges especially with the unsolved issue of acquisition of suitable land for its management. I remain confident that an amicable solution will be found quickly with consultation and guidance from this honourable house. Regarding this, **Mr. Speaker**, I have proposed an allocation of Kshs. 49.5 million for all activities related to management of garbage to ensure that our towns and trading centres stay clean and habitable. Out of this amount, **Mr. Speaker**, Kshs.14 million will be used for procurement of a side loader, while Kshs.5 million has been earmarked for the purchase of more skip bins.

Enhancing use of modern technology and employment creation

Mr. Speaker, the County Government is committed to make use of existing and emerging technology to promote efficiency and effectiveness in public service delivery. Revenue management system albeit key challenges is one of the areas that the county government has taken advantage of such technology to seal possible loopholes and other leakages thereby guaranteeing accountability. This is also pegged on the previous investment on LAN and WAN linking various units across the county. To further strengthen the integration of ICT into service delivery, I have proposed an allocation of Kshs. 15 million for networking and cabling across the county.

VI. FY 2023/2024 BUDGET ESTIMATES FINANCING.

Mr. Speaker, the budget for the FY 2023/2024 is estimated to be Kshs. 8,048,278,680, and will be financed through the equitable share from the national sources with a provision of Kshs. 6,509,913,723, Conditional grants of Kshs. 738,364,957 and internally generated revenue estimated at Kshs.

800,000,000 which excludes the Health Service Fund whose collections are retained within the fund. The main sources of internally generated revenue will be parking fees, single business permits, produce cess, liquor licenses, rents, and land rates.

Mr. Speaker, due to the shrinking resource basket as compared to the ever-increasing needs, more focus should continue being directed to enhancement of our own source revenue so as to release funds for development. **Mr. Speaker,** I wish to reiterate our commitment to strengthening the enforcement of revenue collection which can increase the targets without necessarily burdening the citizens further. Additionally, County residents should be well informed on the benefits of payment of fees, rates and charges through continuous civic education which will ensure that taxpayers appreciate the importance of honouring their obligations.

Mr. Speaker, it is important to note that we have maintained our own source revenue target at Kshs.800 million. To achieve this target, I have today submitted the Legislative Proposal on Revenue raising measures, 2023 that clearly does not intend to increase the fees and charges, but it is focused on including some fees that were not previously captured in the Revenue Administration Act 2014, these are:

I. Hire of plant and machinery
II. Licensing of stock & Hides and Skins traders as well sale of flayer knives
III. Change of business name for liquor licenses
IV. Conservation charges to protect biodiversity.
V. Adjustment of fees and charges to cater for inflation and rising cost of fuels and other supplies.

VI. New services in healthcare facilities that require inclusion in the finance bill.

VII. Adjustment of fine and penalties to encourage compliance and timely payment of stipulated fees and charges.

Mr. Speaker, Further, I have proposed reduction in various fees and charges which include:

- Reduction in asian quarters transport termini stalls
- Reduction in the amount charged for laboratory services.

Mr. Speaker, the County Government will ensure prudency in utilization of the scarce resources collected locally and acquired from other sources for effective service delivery to the county residents. The fiscal responsibility principles have been and will continue to be adhered to in the allocation of resources. Additionally, **Mr. Speaker**, we will continue engaging the public and seeking their views and opinions through public participation.

VII. DEFICIT FINANCING

Mr. Speaker, I wish to inform the honorable members that the county budget for the FY 2023/2024 is balanced and is expected to be fully financed through the equitable share, conditional grants and donor funds, transfers from National Government agencies as well as Own Source Revenue (OSR). However, **Mr. Speaker,** due to cash flow challenges resulting from the delayed exchequer releases and late approval of the County Additional Grants Act 2022, some of the planned projects may not take off while others may not be completed by the end of this financial year. This will eventually lead to unpaid commitments and pending bills whose allocations will only be ascertained after the closure of the financial year.

Consequently, **Mr. Speaker,** some pending commitments which will have corresponding votes in this budget once approved will be treated as "first charge" in the respective departments' budget in the FY 2023/2024 in line with the PFM regulations section 41(2). This is aimed at safeguarding the county service providers from distress and ensure there are no disruptions to county service provision.

Mr. Speaker, I wish to restate my commitment to ensure timely payment to all our contractors and other service providers, as long as there are no cash flow disruptions occasioned by exogenous factors.

VIII. CONCLUSION

As I conclude **Mr. Speaker**, the preparation of this budget was a tight balancing act that took into consideration the aspirations of all stakeholders including our development partners. We remain confident that in the wake of rising cost of goods and services, the planned projects and programmes in this proposed budget will reduce the citizens' social burden and support sustainable economic growth.

Mr. Speaker, the budget I have presented before you today marks the beginning of the implementation of the Third Generation County Integrated Development Plan 2023-2027. The implementation of these estimates will be well guided by the lessons learnt during the implementation of the current year's budget. Expenditure in the next year's budget will be focused on critical areas with optimal benefit to Nyeri citizens. Payment of the pending commitments and ongoing works will a be prioritized before embarking on new projects and programmes.

Mr. Speaker, I wish to thank H.E. the Governor, for his stewardship in the process of budget preparation. His exceptional leadership, vision, guidance, and commitment to the betterment of our county have been vital in shaping the budget and ensuring its alignment with the needs and aspirations of our citizens. **Mr. Speaker**, I thank you most sincerely for this opportunity to present to this Eminent House the Highlights of the FY 2023/2024 Budget and for the support this honourable House has accorded the County Treasury in the budget formulation process.

Mr. Speaker, the synergy between the County Assembly and the County Executive has fostered an environment of cooperation, consultation and strategizing enabling us to make informed decisions and implement policies that truly benefit our residents. Throughout the budgetary and planning process, your valuable insights, constructive debates, and collaborative spirit have contributed significantly to shaping our fiscal plans and ensuring their alignment with the needs and aspirations of our county. I extend my sincere appreciation to each honourable member of the County Assembly for your tireless efforts in examining, deliberating, and providing valuable input in the budget proposals.

Mr. Speaker, My exceptional appreciation goes to the Budget and Appropriation Committee led by the Chairman, Hon. Gibson Wahinya, the Finance and Economic Planning Committee led by the Chairman, Hon. Atanasio Wakabaire and all the other Sectoral Committees of the County Assembly as well as the leader of majority Hon. James Kanyugo for the time and devotion in scrutinizing the estimates. Your helpful and focused deliberations made the conclusion of these budget estimates possible.

Mr. Speaker, the support that the members of this august house has offered to the county executive in undertaking its mandate cannot be overemphasized. I therefore take this opportunity to thank you all for guidance and support in service delivery to our citizens. I remain indebted and humbled.

Mr. Speaker, I wish to candidly express my utmost gratitude to my fellow County Executive Committee Members and all the Accounting Officers for their immeasurable support in the FY 2023/24 budget making process. To my team from the Department of Finance, Economic Planning and ICT, I am sincerely appreciative for being diligent and working for long hours to ensure that these budget estimates and the supporting documents met the legal timelines. Your hard work behind the scenes has been instrumental to this success. I salute you all.

Mr. Speaker, I am deeply grateful to the great citizens of Nyeri County for their trust, support, and engagement throughout this process. Your active participation, feedback, and suggestions have led to the fruitful delivery of this budget. As a Government, we are committed to execute this budget for the best interests of the Nyeri County citizenry. Together, we aim at building a stronger and more prosperous Nyeri.

Lastly, **Mr. Speaker**, I remain indebted and thankful to my family for their steadfast support. Their encouragement and sacrifices have been a source of strength for me, enabling me to fulfill my duties and responsibilities with dedication and passion.

THANK YOU, HONOURABLE SPEAKER

God bless us All,

God Bless Nyeri County,

God bless Kenya.

ASANTE SANA