



REPUBLIC OF KENYA  
COUNTY GOVERNMENT OF  
NYANDARUA  
THE COUNTY TREASURY



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**1<sup>ST</sup> SUPPLEMENTARY**

**BUDGET**

**PRONOUNCEMENTS**

**FY 2019/2020.**

## I. INTRODUCTION

**Mr. Speaker**, it is my great honour to present to this Assembly the first Supplementary Budget for the FY 2019/20 that is meant to complement the approved Budget estimates of the current FY. The Supplementary Budget has been prepared as per the provisions of Sections 135 and 154 of the PFM Act 2012. To promote ownership of the Supplementary Budget, the County Treasury has consulted with all the stakeholders and factored their concerns to the best of its ability. Complementing the Approved Budget Estimates will propel the County Government in the achievement of the “*Social-Economic Transformative Agenda*” for our citizenry as contained in **His Excellency’s Manifesto and the CIDP2**.

**Mr. Speaker**, the Supplementary Budget is largely necessitated by the variations between the 2019 Budget Policy Statement (BPS) and the County Allocation of Revenue Act 2019 (CARA). It is also of the essence given a lapse of the 2<sup>nd</sup> Supplementary Budget Appropriations for the FY 2018/19. Other key factors that call for this supplementary budget are the reallocation of the KDSP Level II funds, payment of Pending Bills and realignment of the Budget to fit into the emergent situations.

**Mr. Speaker**, variations between the BPS 2019 and CARA 2019, are:

- i. The **Equitable Share** increased by Ksh. 7,100,000;
- ii. **World Bank (IDA) Loan for Transforming Health Systems Grant** recorded a decrease of Kshs. 15,000,000;
- iii. The **Road Maintenance Fuel Levy** fund decreased by Kshs. 2,695,218;
- iv. **Rehabilitation of Village Polytechnics** was reduced by Kshs. 1,716,702;
- v. The **Kenya Urban Support Programme Level 1** saw the County get an allocation of Kshs. 8,800,000;
- vi. **Kenya Climate Smart Agriculture Project (KCSAP)** was allocated Kshs. 21,042,937. This is meant to address trade-offs and synergies so as to secure productivity, climate adaptation, and mitigation in agriculture.
- vii. **The Kenya Devolution Support Programme Level 1** had the County allocated Kshs. 30,000,000

**Mr. Speaker**, the **unspent balances for the FY 2018/19** were Kshs. 980,228,559 excluding the Conditional Grants whose balances were Kshs. 21,042,937 for the **Kenya Climate Smart Agriculture Project (KCSAP)** with Kshs. 43,069,316 and Kshs. 282,647,811 for **World Bank KDSP level I and level II** respectively.

**Mr. Speaker**, the National Treasury through the directives of the President has called for the alleviation of the perennial problem of Pending Bills across the country. This is informed by the need for sustainability of livelihoods dependent on these suppliers. To this end, through the blessings of His Excellency the Governor, the County Treasury, in adherence to Regulation 41(2) of the PFM regulations, 2015 has a total of **Kshs. 209,689,425** allocated for payment of Historical Pending Bills. This includes **Kshs. 112,168,542** that had been cleared by the Office of the Auditor General and a further **Kshs. 97,520,883** being part of the amount that has been cleared by the newly constituted Ineligible Pending Bills Committee.

**Mr. Speaker Sir**, the office of the Controller of Budget and Office of the Auditor General required counties to form an Ineligible Pending Bills Committee to audit all the Ineligible Pending Bills revealed during the OAG special audit. The County Ineligible Pending Bills Committee has since finalized on the scrutiny of the ineligible bills and from its report, **Kshs. 145,659,276** ineligible pending bills are payable while **Kshs. 123,833,369** are payable subject to other conditions being met. Thus the total county indebtedness from historical pending bills after inclusion of the **Kshs. 209,689,425** is therefore Kshs. 269,492,645. In the next financial year, the county must provide for **Kshs. 145,659,276** historical pending bills as further action on the **Kshs. 123,833,369** ineligible pending bills is awaited.

**Mr. Speaker**, the County had made a payment to National Housing Corporation of **Kshs. 22,628,149** for the construction of Engineer Hospital Kitchen and Laundry in the FY 17/18. The project did not kick-off as anticipated. Subsequently, a reversal of the same was requested by the County and full payment of **Kshs. 22,628,149** in the 2019/20 FY has been made. This has been factored in the First Supplementary Budget.

## II. KEY HIGHLIGHTS OF THE 1<sup>ST</sup> FY 2019/20 SUPPLEMENTARY BUDGET ESTIMATES HIGHLIGHTS

**Mr. Speaker**, for the 1<sup>st</sup> FY 2019/20 Supplementary Budget Estimates being tabled;

- i. There is the disclosure of the summary of revenues including the various sources of projects financing in the 2019/20 FY;
- ii. Summary of the expenditure by department, program and line items; and
- iii. There is a provision of an explanation of how the Budget relates to the Fiscal Responsibility Principles and the Financial Objectives.

**Mr. Speaker**, to achieve a social-economic impact, the County is to leverage on the Flagship Projects that are projected to have the highest impact on the welfare of the citizenry of the County. To this end, in pursuit of Universal Health Care, Upgrade of JM hospital is essential. The Hospital lacks an ICU unit and critical medical care services are referred to neighbouring Counties at the disadvantage of our residents. To facilitate for the acquisition of equipment and upgrade of the facility an allocation of Kshs. 80 Million is set. This to be funded through the KDSP Level II funds.

**Mr. Speaker**, road infrastructure is a key enabler for welfare enhancement and service delivery. To fast-track the implementation of this programme, the County has budgeted to purchase in-house machinery for road construction and rehabilitation. This will comprise of five units and is to cost Kshs. 451 Million as elucidated below. In support of the programme, a further Kshs. 2 Million Per Ward has been allocated for the routine maintenance of these machinery.

No.	Equipment	Cost per unit	Total cost
5	Excavators	25,000,000	125,000,000
15	Trucks	10,958,350	164,375,250
5	Service vans	3,150,000	15,750,000
3	Drum rollers	8,000,000	24,000,000
4	Graders	25,250,000	101,000,000
1	Shovel	7,000,000	7,000,000
1	Low loader	14,000,000	14,000,000
	<b>Total</b>		<b>451,125,250</b>

**Mr. Speaker**, in promotion of access to services, movement of people and trade across the County, the County through the KDSP, will support the improvement of bridges across the County. These are:

NO	BRIDGE NAME	RIVER	ROAD	WARD	SPAN - MTRS	ESTIMATED COST
1	Gachuha	Tulasha	Gathiriga - Turasha	Githioro	36	20,793,520
2	Kihuho Kwa MOA	Kabazi	Kihuho Kwa MOA	Mirangine	10	10,278,543
3	Wangui	Pesi	Wangui Primary	Ndaragwa Central	5	8,200,000
4	Churiri/Cheese Bridge		Nyakio/Njabini Kiburu	Njabini Kiburu/Nyakio		8,000,000
	<b>Total</b>					<b>47,272,063</b>

**Mr. Speaker**, as highlighted above, we can all anticipate that the impact of the projects that have benefited from the reallocation of the KDSP funds will ultimately be large. To this end, I bring to your attention the ardent need for fasttracking the enactment of the Nyandarua County Trade Development and Investment Authority Bill, 2019. This will be the tool through which the County Government, in collaboration with a private investor, will pursue the implementation of the **Potatoes and Vegetables Processing Plant** project as envisaged in the Second County Integrated Development Plan (CIDP2). The collaboration with the investor is the premise that justified the case for the County reallocating the KDSP funds and thus the enactment should be expedited by the House.

### **III. ADHERENCE TO THE FISCAL RESPONSIBILITY PRINCIPLES FOR THE 2019/20 FY 1<sup>ST</sup> SUPPLEMENTARY BUDGET.**

**Mr. Speaker**, the PFM Act, 2012 provides for various Fiscal Principles to be adhered to in the County Budgeting Process. These includes:

**i. Fiscal Responsibility Principle II: The County Public Debt shall never exceed twenty per cent of the County Government’s total revenue at any one time;**

The First Supplementary Budget has factored Ksh. 948,145,623 for payment of Pending Bills for complete and ongoing projects of 2018/19 FY and Ksh. 209,689,425 relating to historical Pending Bills for the 2013 to 2017 FYs. The Budget does not consider debt financing either through internal or external borrowing. The County Government will at the same time ensure that all its obligations to the suppliers are met on a timely basis to avoid further accumulation of Pending Bills.

**ii. Fiscal Responsibility Principle III: The County Government actual Expenditure on Development shall be at least thirty per cent;**

The County’s expenditure in the First Supplementary Budget is 61% for recurrent while 39% will go towards development inclusive of the provision for settlement of pending bills. This will be mostly on expenditure towards the completion of on-going projects and other service delivery initiatives as per the County’s Transformative Agenda.

**iii. Fiscal Responsibility Principle IV: The approved expenditures of a County Assembly shall not exceed seven per cent (7%) of the total revenues of the County Government or twice the personnel emoluments of that County Assembly, whichever is lower; and**

The total allocation for the County Assembly of Kshs. 851,258,655 accounts for 10.7% of the total expenditure. This includes Ksh. 633,970,935 provided for recurrent expenditure in line with the ceiling set in the CARA 2019, non-ceiling items including staff mortgage, development expenditure and Kshs. 68,358,854 for payment of Pending Bills.

**iv. Fiscal Responsibility Principle V: A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.**

The County Finance Act, 2019 is in force. The Act contains clear justification for the fees and charges to be charged and the modalities for charging the same in 2019/20 FY. The tax and rate payers can therefore ascertain how much is owed to the County Government in the course of the Financial Year based on this. In addition, the County Finance Bill, 2019 which will replace the Current Finance Act has been prepared, subjected to Public Participation, approved by the County Executive Committee and submitted to the County Assembly for approval. The Bill has minimal changes therefore predictability is maintained.

**v. Fiscal Responsibility Principle VI: Fiscal Risks shall be managed prudently.**

The First Supplementary Budget takes into consideration fiscal risks that are not limited to liabilities, disaster risks and others. Adherence to the set legislations for Public Finance is thus of essence. The County Treasury does strive to stick to policy guidelines addressing the various dynamics of fiscal risks. Further, a provision of Ksh. 32,200,000 has been factored to cater for urgent and unforeseen expenditure to ensure that emergencies can be handled without disorienting the Plans and Budgets.

## **CONCLUSION**

**Mr. Speaker**, let me take this opportunity to thank **H.E. The Governor, Francis Kimemia EGH, CBS** for his guidance, and support in the Supplementary Budget Making Process. His commitment to the *Social Economic Development Agenda* and his selflessness will go a long way to achieving big strides for the Citizenry of Nyandarua. May the Almighty continue to strengthen, bless him and give him the wisdom to guide our people to prosperity. The County Executive Committee and the entire staff are united and committed to the actualization of the Governor's Manifesto and all the projects and programs in the CIDP2 and ADP for 2019/20 FY.

**Mr. Speaker**, my most sincere appreciation to you for the support accorded so far and your overall mandate on the implementation process.

**Mr. Speaker**, I also take this opportunity to appreciate the County Assembly for the support and input in the whole process. The support so far has been invaluable. Special thanks to the Chairman Budget Committee and his entire team for their valuable input. We appreciate the collaboration

and cooperation that we have had for the last 2 financial years and we look forward to stronger and better times going forward.

**Mr. Speaker**, allow me to thank the County Executive Committee, the Finance & Economic Development staff and all the other Departments for their input and support during this process. Once again together we have the **mandate** to serve and we shall remain united and focused so as to achieve our **Agenda**. May the Almighty help us in Jesus Name – Amen.

Mr. Speaker, finally the County Treasury counts on the County Assembly to approve the 1<sup>st</sup> Supplementary Budget Estimates for the 2019/20 FY with no or minor amendments to expedite implementation of projects and achieve other objectives as highlighted in various programmes.

**God bless you, God bless Nyandarua and God bless Kenya.**

HON. MARY MUGWANJA  
COUNTY EXECUTIVE COMMITTEE MEMBER  
**FINANCE AND ECONOMIC DEVELOPMENT**