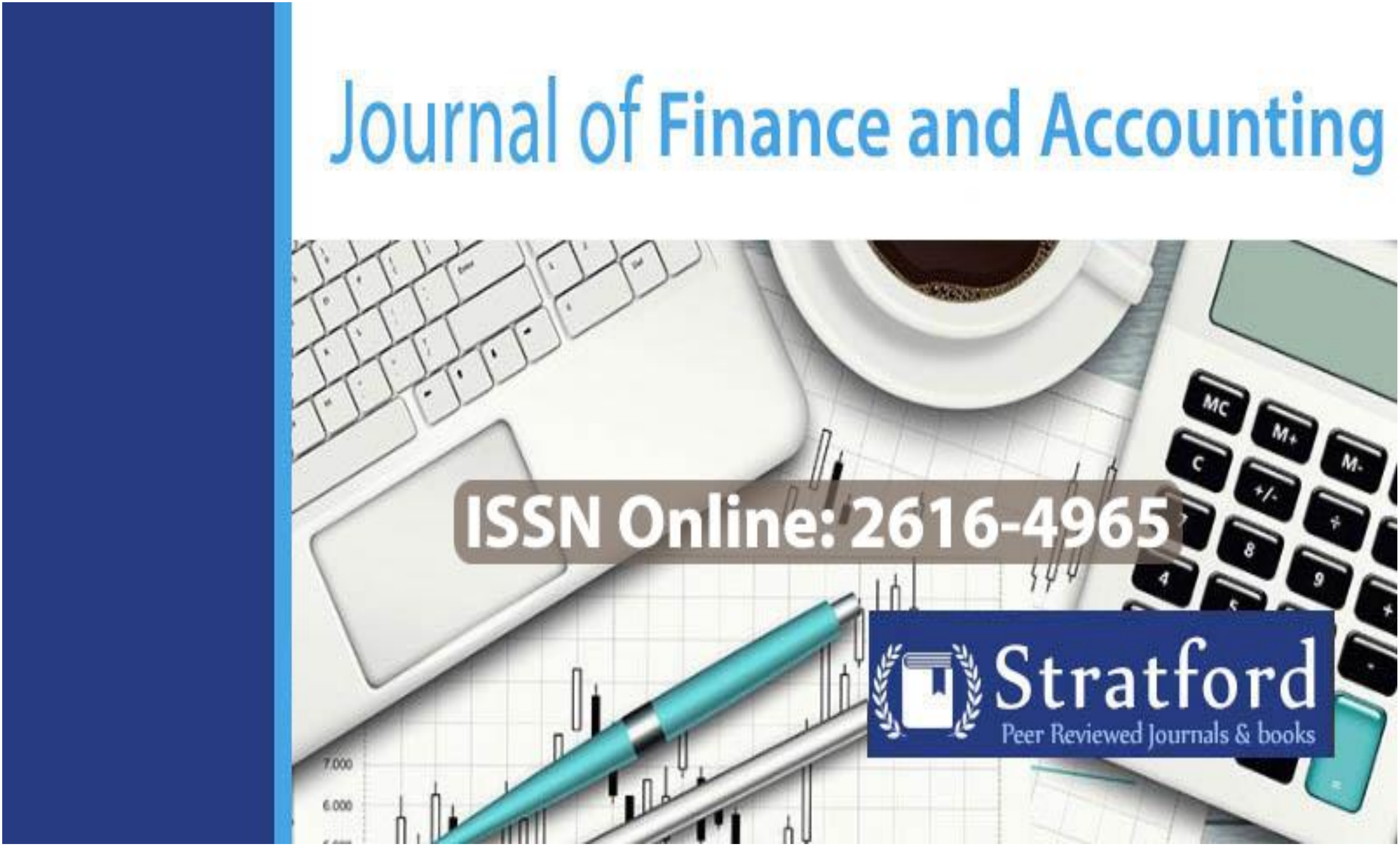

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Financial Resource Mobilization and Counties Sustainable Development in Kenya: A Case Study of Tharaka Nithi County Government

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Abstract

County governments in Kenya are tasked with fourteen constitutional responsibilities, necessitating robust financial resource mobilization beyond national allocations. Despite possessing the potential to generate local revenue, most counties, including Tharaka Nithi, have underperformed due to financial inefficiencies. This study investigated how financial resource mobilization affects sustainable development in Tharaka Nithi County. The objectives included exploring how Own Source Revenue (OSR) can enhance sustainable development, identifying obstacles in financial mobilization and proposing strategic, time-bound solutions. The study was guided by public goods and sustainable development theories. The study employed a mixed-methods approach, utilizing questionnaires and interviews from 100 participants including county officials, national government officers, and citizens. Stratified random and purposive sampling ensured representative and expert input. Diagnostic tests like normality, multicollinearity, and heteroscedasticity confirmed data reliability. Instrument consistency was assessed through Cronbach's Alpha and test-retest methods, while validity was established through expert reviews and pilot testing. Analysis using Excel and SPSS revealed that financial resource mobilization significantly influences sustainable development. The study found that taxes and levies (β=0.479, p=0.000), grant transfers (β=0.158, p=0.024), public-private partnerships (β=0.277, p=0.003), and income from county enterprises (β=0.147, p=0.034) positively impacted development. These resources support infrastructure, reduce inequality, and promote sustainable practices. Public-private partnerships were especially noted for enhancing infrastructure and service delivery. However, major challenges included bloated public payrolls, ethnic politics, illicit outflows, debt dependency, and corruption. The study recommends enhancing OSR by formalizing the informal sector, streamlining taxation processes and strengthening legal and institutional frameworks to build economic resilience and support long-term development.

Keywords: *Financial Resource Mobilization, Sustainable Development, Own Source Revenue, Public-Private Partnerships, County Governance, Revenue Generation*

1.0 Introduction

Over the past few decades, decentralization has become a central feature of public governance across the globe. This shift from centralized to decentralized governance structures has been largely driven by the need to enhance service delivery, foster local development, and promote inclusivity in decision-making. Historically, many centralized systems were rigid and unable to effectively respond to the needs of increasingly diverse populations, especially those far removed from the central seat of power. Decentralization emerged as a strategy to transfer power to local levels, enabling more responsive and context-specific governance (Frank & Martinez-Vazquez, 2015). Initially, centralized governance was adopted by many countries post-independence or during periods of geopolitical tension, such as the Cold War, in order to consolidate national unity and control. However, as countries evolved and populations expanded, the limitations of these systems became evident, especially in their failure to address regional disparities. This prompted many governments to decentralize administrative, fiscal, or political authority to subnational units (DeMello & Jalles, 2020).

Across continents, decentralization has been adapted to fit specific political, historical, and cultural contexts. In Europe, it allows recognition of regional identities, as seen in Spain and the UK. In Asia, nations like Indonesia and the Philippines have used decentralization to promote regional autonomy and improve governance. These efforts have generally improved democratic participation and service delivery (DeMello & Jalles, 2020). In Africa, decentralization gained traction in the post-colonial era as a mechanism to promote inclusive governance and address developmental imbalances. The East African Community (EAC) has also encouraged decentralization to strengthen regional integration and empower local governance units (Wagana & Iravo, 2017). In this context, Kenya implemented a significant governance transformation with the promulgation of the 2010 Constitution, which introduced a devolved system of government. Prior to this, Kenya operated under a highly centralized model where the national government monopolized decision-making and resource distribution, resulting in regional inequalities and marginalization.

The 2010 Constitution established 47 county governments, each mandated to manage local resources and drive development based on local needs. Devolution in Kenya aimed to rectify historical marginalization, enhance citizen participation in governance, and ensure more equitable development (Mbithi, Ndambuki, & Juma, 2019). County governments were assigned 14 key functions including agriculture, health services, pre-primary education, and county transport (Ngigi & Busolo, 2019). These devolved responsibilities require substantial financial resources, and while the national government provides an equitable share of revenue, counties are also expected to mobilize their own resources. Local revenue mobilization is essential for the sustainability of development efforts and for achieving broader national and regional development agendas such as Kenya's Vision 2030, the EAC Agenda 2050, and the African Union's Agenda 2063 (EAC, 2015).

Despite the potential benefits of devolution, many counties in Kenya face serious challenges in mobilizing sufficient financial resources. Over the 2013/2014 to 2018/2019 period, own source revenue (OSR) accounted for only 9 to 12 percent of total county revenue (CRA, 2021). This heavy reliance on national transfers limits the autonomy and capacity of counties to deliver on their devolved mandates. Factors contributing to poor resource mobilization include weak administrative structures, inefficient revenue systems, unrealistic revenue targets, and corruption. These inefficiencies not only reduce available development funds but also undermine public trust and accountability (UNDP, 2022). To overcome these issues, counties must strengthen administrative capacity, improve transparency, adopt innovative revenue strategies, and leverage ICT for efficient revenue collection. Close collaboration with the national government is also vital. Strengthening resource mobilization will not only ensure

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sustainable development at the county level but also significantly contribute to national growth. Thus, this study explores the impact of fiscal resource mobilization on long-term prosperity within Kenya's counties.

The enactment of the 2010 Constitution in Kenya marked a significant shift from a centralized governance structure to a decentralized system, creating 47 semi-autonomous county governments. This move was designed to promote equitable development, reduce regional disparities, and bring governance and service delivery closer to the people. Under the previous unitary system, the national government had centralized control over decision-making and resource allocation, leading to the neglect and marginalization of certain regions. The Constitution addressed this by establishing county governments with both executive and legislative branches. The executive is led by an elected governor, assisted by a deputy governor and a team of county executive committee members responsible for various sectors like health, agriculture, and finance. Meanwhile, the county assembly performs legislative duties, including law-making and oversight of the executive's operations.

County governments have been assigned several functions previously managed by the national government, such as county planning, cultural promotion, trade regulation, agricultural extension services, and health care. These responsibilities allow counties to tailor solutions to their specific needs and circumstances. A key aspect of this devolved system is financial autonomy. While counties receive a substantial portion of their funding from the national government through equitable revenue sharing, they are also expected to generate their own revenue through local taxes, fees, and charges. This financial independence enables counties to initiate development projects responsive to local priorities. Although the devolution process has yielded successes such as improved infrastructure, more targeted health initiatives, and greater citizen participation in governance it has also faced significant challenges. These include limited institutional capacity, political conflicts, and corruption, which have sometimes undermined the effectiveness of devolved governance.

Nonetheless, some counties have managed to innovate and deliver results by partnering with development agencies, embracing technology, and involving local communities in planning and implementation. These efforts underscore the adaptability and commitment of some county administrations to achieving regional growth and enhancing service delivery. Kenya's county governments symbolize a bold attempt at decentralization with the overarching goals of fostering public participation, enabling local development, and enhancing accountability in service delivery. The devolution framework not only empowers citizens by giving them a more active role in governance but also seeks to correct historical injustices and socio-economic imbalances. As the system continues to evolve, county governments hold great potential to reshape Kenya's political and economic landscape provided there is sustained commitment, national support, and global partnerships.

A crucial factor in the sustainability and effectiveness of county governments is the mobilization of financial resources. Given increasing competition for limited financial resources, counties must explore innovative ways to raise revenue and manage funds efficiently. While the Constitution and relevant laws such as the Public Finance Management Act (2012) and the County Government Act (2012) mandate counties to operationalize their Own Source Revenue (OSR), performance has been lackluster. OSR sources include property and entertainment taxes and service fees, yet from 2013/14 to 2018/19, counties only raised 9% to 12% of their revenues through OSR, highlighting a need for improved strategies. One major hurdle is unrealistic revenue forecasting, which results in underperformance and budget deficits. To address this, counties must enhance their forecasting accuracy and strengthen their revenue collection capacity. Additionally, the adoption of ICT systems and streamlining administrative processes can significantly boost revenue generation and resource utilization.

Overall, effective financial mobilization is essential if county governments are to fully execute their mandates and contribute to Kenya's sustainable development.

1.1 Problem statement

The 2010 Constitution of Kenya established counties as key administrative units, assigning them fourteen critical functions including agriculture, health, and infrastructure that demand substantial financial resources. While the National Treasury allocates a core budget to these counties, their ability to achieve sustainable development and efficient service delivery depends heavily on their capacity to mobilize additional revenue, particularly through Own Source Revenue (OSR). However, counties, especially Tharaka Nithi, have consistently struggled to meet this requirement. For instance, despite the constitutional mandate, counties have failed to exceed 13.7% OSR generation, revealing a stark gap between their revenue potential and actual mobilization. This shortfall has led to challenges such as delayed federal disbursements, stalling development initiatives and straining operations. Between 2013 and 2022, while counties received KES 3.2 trillion from the national government, they only raised KES 271 billion through OSR underscoring their overdependence on central funding.

Despite the urgency of this issue, limited research has been conducted on strategies tailored specifically to boost OSR in Tharaka Nithi County. Most existing studies have relied on descriptive or qualitative approaches and do not sufficiently address the county's unique socio-economic and geographic conditions. This highlights a research gap that calls for the use of quantitative methods to establish the relationship between revenue mobilization strategies and sustainable development outcomes. Internationally, successful decentralized models, such as in the European Union and certain U.S. states, show how local revenue generation can support long-term development. In Africa, Gauteng in South Africa and Lagos in Nigeria have made progress in local revenue mobilization, contributing significantly to national economic performance. East Africa, however, presents a mixed case; while Tanzania has succeeded at the local government level, Kenya and Uganda continue to face challenges in enhancing OSR. In light of this, Tharaka Nithi County's financial resource mobilization challenges demand focused research that not only identifies practical OSR strategies but also informs broader policy efforts toward sustainable development under Kenya's devolved system.

1.2 Objectives of the study

i. To assess the effect of OSR on sustainable development in Tharaka Nithi County Government, Kenya
ii. To identify challenges hindering financial resource mobilization for sustainable development in Tharaka Nithi County Government, Kenya
iii. To recommend strategies for overcoming challenges in OSR-driven financial resource mobilization for sustainable development in Tharaka Nithi County Government, Kenya.

2.0 Literature Review

The literature review was done in sections.

2.1 Theoretical Framework

The theoretical framework effectively combines two complementary theories to examine financial resource mobilization in Kenyan counties. Sustainable development theory provides the normative foundation by emphasizing the integration of economic, social, and environmental dimensions in development planning. This theory is particularly relevant for understanding how county-level financial strategies must balance immediate revenue generation needs with long-term sustainability goals. The framework acknowledges the theory's practical limitations—especially the challenge of reconciling short-term economic pressures with intergenerational equity—while leveraging its strength in promoting holistic, participatory development approaches. In the context of Tharaka Nithi County, this theory helps evaluate whether own-source revenue mechanisms contribute to genuine sustainable development rather than merely economic growth that might compromise future generations' welfare or exacerbate social inequalities.

Public goods theory complements this framework by addressing the fundamental challenge of financing essential services in decentralized governance systems. The theory's focus on the free-rider problem directly relates to county governments' struggles with tax compliance and revenue mobilization, where citizens may benefit from public services without contributing proportionally to their funding. This theoretical lens illuminates why effective government intervention and institutional capacity are crucial for overcoming market failures in public goods provision. Together, these theories create a robust analytical framework that explains both the aspirational goals of sustainable development and the practical mechanisms needed to finance and deliver public goods at the county level. The framework's strength lies in connecting normative development objectives with the economic realities of public finance, providing a comprehensive foundation for understanding how financial resource mobilization can drive sustainable outcomes in Kenya's devolved governance system.

2.2 Empirical Review

The empirical review critically examines how various mechanisms, challenges, and strategies of financial resource mobilization affect sustainable development, particularly at the county level. This section draws insights from a wide range of previous studies to identify trends, inconsistencies, and gaps in the literature. One of the main areas of focus is the effect of Own Source Revenue (OSR) on sustainable development, which has become a globally significant topic, especially for decentralized governance systems. Globally, successful mobilization of financial resources is considered a cornerstone for achieving the Sustainable Development Goals (SDGs). Bahl and Linn (2014) assert that effective local-level financial mobilization allows governments to provide critical services and infrastructure. The United Nations (2019) emphasizes the urgent need for innovative funding mechanisms, including public-private partnerships (PPPs), local levies, and community-driven financial strategies, to meet SDG targets. Zhao et al. (2020), in a cross-national study, found that fiscal decentralization positively correlates with sustainable development, especially when local governments have the autonomy to generate and manage their own revenues. This positions OSR as a vital component of local economic development, enabling counties to respond more effectively to region-specific challenges.

In the African context, however, mobilizing resources remains a daunting task. Mhone and Mbewe (2019) highlight that many African governments suffer from weak financial management and excessive dependence on external funding, thus limiting their capacity to support long-term sustainable development projects. Kenya, under the 2010 Constitution, adopted a devolved governance model to enhance financial autonomy for counties. Yet, studies such as Njiru (2017) revealed that Kenyan counties face substantial hurdles in OSR collection. These challenges include outdated valuation systems, limited public awareness about taxation, and inefficient administrative capacity. Awuor (2015) investigated financial resource mobilization strategies in public secondary schools and found that despite the critical role of local taxes such as property and business permits in generating revenue, poor collection strategies and public tax evasion significantly restrict financial potential. The study proposed that institutions should modernize their tax systems, embrace digital technologies, and improve

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public engagement to enhance compliance. Similarly, Kibigo (2017) examined intergovernmental fiscal transfers and addressed the issue of over-reliance on national government transfers, emphasizing the importance of equitable intergovernmental fiscal transfers to ensure fair and need-based resource allocation across counties.

Muli et al. (2021) conducted a comprehensive analysis that highlighted several barriers to effective OSR mobilization, including lack of transparency, low public participation in budgeting, and bureaucratic inefficiencies. Their findings revealed that these factors continue to weaken counties' ability to fund and implement sustainable development projects. The study established a significant relationship between transparency levels and revenue collection efficiency, with counties demonstrating higher transparency achieving 23% better collection rates compared to those with poor transparency mechanisms. A more recent quantitative study by Kyuvi (2023) employed regression analysis to explore the impact of OSR, revenue transfers, and recurrent expenditures on county performance in Kenya. Using Gross County Product (GCP) as a performance indicator, the study revealed that both OSR and revenue transfers positively impact performance, with OSR showing a correlation coefficient of 0.67 and revenue transfers demonstrating 0.54. These findings reinforced the value of diversified revenue mobilization strategies in improving development outcomes and suggested that counties with higher OSR generation achieved superior development indicators.

Despite its potential, empirical evidence shows that the journey toward effective financial resource mobilization for sustainable development is riddled with challenges. A comprehensive UN study (2015) analyzing 45 developing countries found that the funding needed to achieve SDGs is massive, yet many nations, particularly in the developing world, struggle to generate adequate financial resources. The study's quantitative analysis pointed to systemic inefficiencies, lack of cohesive tax policies, and pervasive corruption as significant obstacles, with corruption alone accounting for 15-20% revenue losses in affected countries. The IMF (2019) conducted a similar multi-country analysis that noted regulatory loopholes, weak tax enforcement, and widespread evasion compromise developing countries' ability to mobilize domestic revenues effectively. Research in Africa reveals that the situation is worsened by unsustainable debt levels, as documented by the African Development Bank (2020), which result from an overreliance on foreign aid and loans. Their analysis of 32 African countries showed that this dependence not only undermines the financial sovereignty of local governments but also restricts the sustainability of development efforts. The study found that countries with debt-to-GDP ratios above 60% experienced 40% lower OSR collection efficiency. Fiscal disparities between regions further emphasize the need for more equitable policies that can uplift less financially endowed counties.

Kimathi (2017) investigated the challenges of devolved health sector in Kenya and found that bureaucratic inefficiencies within county governments often delay fund disbursements, thus stalling critical development projects. The study documented an average delay of 3-4 months in fund disbursements across 15 counties studied. Furthermore, the research established that counties depend heavily on a narrow tax base primarily composed of land rates, license fees, and market taxes. Muli et al. (2021) conducted a follow-up analysis arguing that this limited base exposes counties to economic shocks, which can severely disrupt revenue generation and financial planning, with revenue fluctuations of up to 35% during economic downturns.

Barasa et al. (2022) examined public health facility autonomy in decentralized contexts and observed that dependence on fiscal transfers from the national government makes counties vulnerable to budget uncertainties. Their study of 12 counties over five years revealed that these inconsistencies lead to project delays and underfunded development initiatives, with 67% of planned projects experiencing delays due to funding uncertainties. Gathogo (2020) conducted research on public engagement and taxation, finding that a lack of public awareness and engagement regarding taxation discourages compliance, making revenue mobilization efforts less effective. The study showed that counties with active public engagement programs achieved 45% higher tax compliance rates.

Mwangi et al. (2023) outlined structural and institutional barriers to OSR mobilization through a mixed-methods study covering 20 counties. Their findings identified poor infrastructure, inadequate financial management skills among county personnel, and bureaucratic bottlenecks as primary constraints. The quantitative component revealed that counties with better institutional capacity collected 60% more OSR than those with weak institutions. These findings underscore the critical need for stronger institutional frameworks and capacity-building initiatives to improve financial governance at the county level. Public perception research conducted by Karanja and Wambua (2023) emphasized that trust in county leadership significantly affects residents' willingness to pay taxes. Their survey of 2,400 residents across eight counties found that in counties where leadership is perceived as corrupt or ineffective, citizens are less inclined to comply with tax obligations, with compliance rates dropping by 52% in low-trust environments. Okoth (2022) conducted a longitudinal study that pointed out corruption and financial mismanagement erode public trust and investor confidence, which are both essential for robust resource mobilization. The research documented that perceived corruption levels inversely correlate with OSR performance at -0.73 correlation coefficient.

Scholars have proposed several strategic solutions based on empirical evidence. Kibet et al. (2024) conducted an intervention study involving comprehensive training programs aimed at enhancing county officials' capabilities in revenue collection and financial governance. Their results showed that counties participating in the training program experienced a 38% improvement in revenue collection efficiency within 18 months. Strengthening institutional capacity, they argue, can help counties implement more efficient and transparent revenue systems. Technology adoption research by Mwende et al. (2023) analyzed digital transformation in revenue collection across 15 counties. Their findings showed that counties that adopted digital tools for tax collection, such as mobile payments, online platforms, and digital audits, experienced increased efficiency, reduced corruption, and improved compliance. Specifically, digitized counties achieved 42% higher collection rates and reduced processing time by 65% compared to manual systems.

Ndung'u (2023) conducted experimental research on participatory governance, implementing inclusive budgeting processes in five counties. The study results demonstrated that this participatory model not only enhances transparency and accountability but also fosters a sense of ownership among residents, making them more willing to support and contribute to local development through taxes and levies. Counties with participatory budgeting showed 29% higher citizen satisfaction and 31% improved tax compliance. Finally, research on public-private partnerships by Wamala and Ndung'u (2024) analyzed PPP implementation across various counties. Their comparative study suggested that counties exploring public-private partnerships to leverage private capital and expertise achieved better infrastructure delivery outcomes. The analysis showed that counties with active PPP programs generated 25% more revenue and completed infrastructure projects 40% faster than those relying solely on public funding.

The empirical literature presents a multifaceted understanding of the link between financial resource mobilization, particularly OSR, and sustainable development in Kenyan counties. While OSR holds significant promise for enhancing financial autonomy and funding local development projects, numerous challenges, including corruption, public mistrust, limited revenue bases, and weak administrative capacity, continue to hinder its effectiveness.

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Nonetheless, empirical evidence demonstrates that with strategic interventions such as training, digitization, participatory governance, and public-private partnerships, counties can overcome these obstacles and harness financial mobilization as a powerful engine for sustainable development.

2.3 Conceptual framework

This framework explores the direct and indirect links between financial resource mobilization, particularly Own Source Revenue (OSR), and sustainable development in Tharaka Nithi County. It serves as a visual research tool to analyze challenges and outcomes, offering insights into how financial strategies influence sustainable progress (Durham and Stokes, 2015).

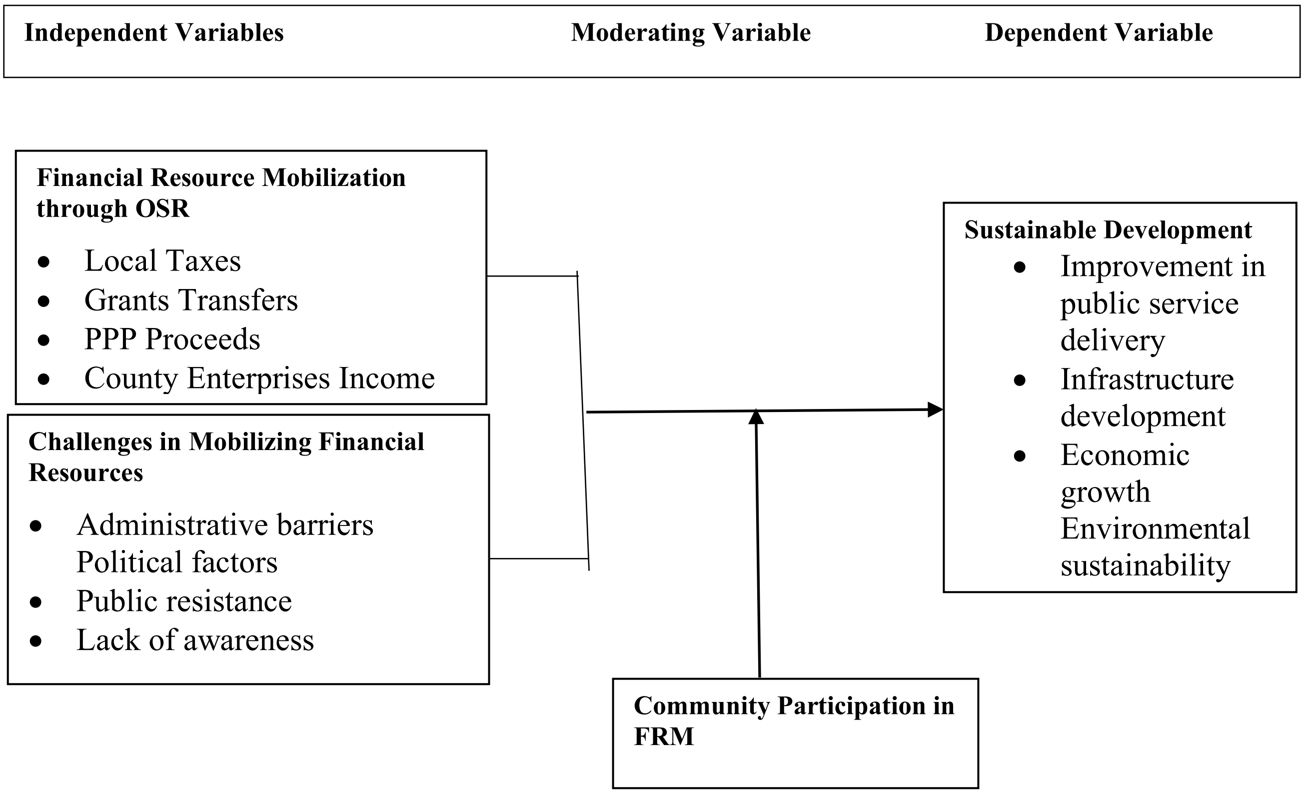

Figure 1 Conceptual framework

3.0 Research Methodology

The research employed an adaptive research design that enabled flexible data collection while integrating existing theoretical frameworks. This approach, combining both qualitative and quantitative methods, was suitable for examining the link between financial resource mobilization and sustainable development. Structured questionnaires supported this design, facilitating the collection of both numeric and narrative data. The flexibility of this design allowed the study to adjust based on preliminary findings, ensuring responsiveness to emerging trends and insights. The study targeted 100 individuals based in Tharaka Nithi County, particularly those working at the county headquarters in Kathwana. These included county government officials engaged in budgeting, financial planning, and resource mobilization, along with representatives from the national government and members of the general public involved in community development projects. These participants were considered representative of a broader population relevant to financial decision-making and resource mobilization in the county, offering insights into the potential of own-source revenue generation for sustainable development.

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Volume 9||Issue 2 ||Page 116-132||July|2025|
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To ensure a representative sample, the study employed both stratified random sampling and purposive sampling techniques. The stratified method grouped participants into non-overlapping categories based on shared characteristics, from which random samples were then selected. This approach ensured balanced representation across all relevant groups. Simultaneously, purposive sampling targeted individuals believed to possess specialized knowledge, ensuring the data collected would be rich in relevance and depth. This dual sampling strategy provided both breadth and depth in the insights collected. Data collection incorporated both primary and secondary sources. Primary data was obtained through structured questionnaires and key informant interviews, targeting officials and community members. The questionnaires addressed specific research questions, combining statistical and qualitative queries, and were structured around a five-point Likert scale to gauge respondent perspectives. Secondary data came from government publications, reports from international organizations, academic sources, and online databases, offering additional context and support where primary data was unavailable. Before the full deployment of questionnaires, a pilot study was conducted to test reliability and clarity, helping refine the instruments to ensure unbiased, meaningful responses.

For analysis, the study adopted a mix of qualitative and quantitative techniques to thoroughly explore how financial resource mobilization influences sustainable development in Tharaka Nithi County. Descriptive statistics, including frequencies, means, percentages, and standard deviations, were used to summarize and describe the sample characteristics and responses. These statistical measures helped convey trends and patterns in the data. Inferential statistics, especially correlation analysis, examined the relationship between financial resource mobilization (independent variable) and sustainable development (dependent variable). Multiple regression analysis was conducted to assess the predictive strength of financial resource mobilization on sustainable outcomes while accounting for other influencing factors. To validate the econometric model, several diagnostic tests were carried out, including tests for multicollinearity to identify correlations among predictor variables, heteroskedasticity to check for unequal variances, autocorrelation to detect any patterns in the residuals over time, and normality tests to confirm the appropriate distribution of the data. These diagnostics were essential in verifying the reliability and robustness of the regression model and ensuring credibility of the findings.

4.0 Findings

The findings were presented in sections.

4.1 Response Rate

Out of 100 questionnaires administered to officials at the Tharaka Nithi County headquarters in Kathwana, 84 were completed and returned, resulting in an 84% response rate, which is considered excellent for research, as a rate above 70% is deemed superb (Babbie, 2004).

Table 1: Response Rate

Response	Frequency	%
Returned	84	84%
Unreturned	16	16%
Total	100	100%

Source: Research Data (2025)

4.2 Reliability Analysis

Consistency checks assessed internal dependability of variables using a five-point Likert scale. Table 2 shows all reliability coefficients exceeded 0.7, meeting the acceptable criterion. This confirms the variables' suitability for the study. The reliability levels surpassed thresholds recommended by Cooper and Schindler (2011) and Bryman (2012), ensuring credible and dependable measurement.

Table 2: Reliability Assessment

Variable	Cronbach's Alpha	Number of items	Comment
Local taxes	0.781	3	Reliable
Grant transfers	0.794	3	Reliable
PPP proceeds	0.801	3	Reliable
County enterprises income	0.729	3	Reliable
Community participation	0.711	3	Reliable
Sustainable development	0.780	4	Reliable

Source: Research Data (2025)

4.3 Descriptive Statistics Analysis

The descriptive statistics analysis focused on several key financial resource mobilization components across Kenyan counties. Regarding taxes and levies, results indicated that 66.6% of respondents supported broadening the tax base and reducing exemptions. Additionally, 69.0% agreed that counties are reforming tax frameworks and exploring new tax streams or adjusting existing rates. Furthermore, 59.6% felt that taxes and levies were effective tools for resource mobilization, supporting Awuor (2015)'s assertion that local taxes are vital for county revenue generation. In terms of grant transfers, 71.4% of respondents agreed that such transfers have been increasing, while 72.6% believed they stimulate local economic activity. An equal proportion also agreed that county leadership advocates for larger national government allocations. These findings are in line with Kyuvi (2023), who emphasized that grants significantly support counties' sustainable development.

The analysis on public-private partnerships (PPPs) revealed that 64.3% of respondents saw financial transparency as a facilitator for improved PPPs, and 71.4% agreed that clear PPP regulations promote accountability and public involvement. Notably, 79.8% acknowledged that PPPs have boosted sustainable development, aligning with Wamala and Ndung'u (2024), who found that PPPs help counties diversify revenue and invest in sustainability. Interview responses confirmed that partnerships among public, private, and NGO actors mobilize financial resources by combining funding, expertise, and innovation, as noted by Okwaro, Chepkwony, and Boit (2017). For county enterprise income, 67.8% noted its increase, while 71.4% confirmed revenue stream diversification. Moreover, 70.3% agreed that this income has supported sustainable development. These findings were consistent with research by Mose, Kibet, and Kiprop (2019), which stressed the role of enterprise income in fostering grassroots development and enhancing financial autonomy.

Analysis of community participation showed that 69.0% of respondents observed community involvement in county initiatives, and 72.7% confirmed community oversight of projects. Additionally, 70.2% stated that communal budget allocations had risen. These findings support Gathogo (2020), who highlighted the importance of public engagement in revenue compliance and collection. Regarding challenges in financial resource mobilization, 81.0% reported inefficiencies in tax collection, 64.3% cited inadequate fiscal transfers, 66.6% mentioned limited borrowing access, and 64.3% pointed to weak PPPs. Interview responses revealed

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further challenges, including low technical capacity, poor internal audits, overreliance on central government transfers, and weak public trust in spending. Inefficiencies were linked to poor institutional capacity and inadequate financial management, which compromise resource use and hinder sustainable development, echoing findings by Mwangi et al. (2023).
On sustainable development, only 61.9% agreed that economic growth had improved, while the same percentage disagreed about public service delivery improvements. Furthermore, 71.5% disagreed with the statement that infrastructure development had advanced, though 57.1% felt environmental sustainability was improving. Interviews revealed varied county progress on sustainable development, with counties like Tharaka Nithi being more successful. Key revenue sources were identified as equitable revenue share, conditional grants, and own-source revenue (OSR), with Zhao et al. (2020) emphasizing the latter's role in addressing local developmental needs. These insights offer a comprehensive picture of counties' financial mobilization efforts and their link to development outcomes.

4.4 Correlation Analysis

Correlation analysis revealed a strong positive relationship between financial resource mobilization and sustainable development in Kenyan counties. Taxes and levies had a strong influence (r=0.863), supported by Kimathi (2017), while grant transfers showed a moderately strong effect (r=0.680), consistent with Kyuvi (2023). Public-private partnerships (r=0.746) and county business revenue (r=0.749) also significantly impacted development, aligning with Wamala and Ndung'u (2024) and Gichuki (2019) respectively. Overall, multiple financial streams contribute significantly to county-level sustainable progress.

Table 3: Correlation Analysis

		Sustainable development	Taxes and Levies	Grants Transfers	Public private partnerships	County enterprise income
sustainable development	Pearson Correlation	1.000				
	Sig. (2-tailed)					
Taxes and Levies	Pearson Correlation	.863**	1.000			
	Sig. (2-tailed)	0.000				
Grants Transfers	Pearson Correlation	.680**	.619**	1.000		
	Sig. (2-tailed)	0.000	0.000			
Public private partnerships	Pearson Correlation	.746**	.716**	.563**	1.000	
	Sig. (2-tailed)	0.000	0.000	0.000		
County enterprise income	Pearson Correlation	.749**	.755**	.615**	.550**	1.000
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	

Source: Research Data (2025)

4.4 Regression Analysis

The regression analysis included the model summary, ANOVA, and regression coefficients to examine the relationship between financial resource mobilization and sustainable development.

4.4.1 Model Summary

The findings indicated an R-value of 0.901, signifying a robust association between financial resource mobilization and sustainable development in counties. Furthermore, the R-squared value stood at 0.812, suggesting that financial resource mobilization accounts for 81.2% of the observed variability in counties' sustainable development

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.901a	0.812	0.802	0.27583

Source: Research Data (2025)

4.4.2 ANOVA

The findings revealed that financial resource acquisition significantly influences counties' sustainable development, supported by an F statistic of 85.253 and a p-value of 0.000, indicating statistical significance at the 95% confidence level. This supports Bahl and Linn's (2014) view that financial resource mobilization is vital for sustainable development, particularly in local governance. Effective mobilization enables counties to fund essential services, infrastructure, and social programs, thereby advancing sustainable development goals (SDGs). The results underscore the importance of strong financial strategies in achieving long-term county development.

Table 5: Analysis of Variance

	Sum of Squares	df	Mean Square	F	Sig.
Regression	25.945	4	6.486	85.253	.000b
Residual	6.011	79	0.076		
Total	31.956	83			

Source: Research Data (2025)

4.4.3 Regression of Coefficient

The study revealed that taxes and levies significantly and positively impact counties' sustainable development (β=0.479, p=0.000), suggesting that each unit spent boosts growth. This aligns with Awuor (2015), who emphasized municipal taxes like property and business permits as vital revenue sources. Similarly, grant transfers had a significant positive effect (β=0.158, p=0.024), supporting Kyuvi's (2023) view that such funding promotes development, though contradicting Kibigo (2017), who argued that overreliance on federal transfers could disrupt local initiatives. Public-private partnerships also showed a significant positive influence on sustainable development (β=0.277, p=0.003), validating Kendagor's (2023) position that PPPs harness private sector expertise and resources to address infrastructure gaps. Additionally, county business revenue positively contributed to regional sustainable progress (β=0.147, p=0.034), consistent with findings by Mose, Kibet, and Kiprop (2019), who noted that such revenue enhances grassroots development and governance. Overall, all four financial mechanisms taxes, grants, PPPs, and business revenue were key drivers of county-level sustainable development.

Table 6: Regression of Coefficient

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-0.13	0.233		-0.56	0.577
Taxes and levies	0.479	0.089	0.484	5.384	0.000
Grant transfers	0.158	0.069	0.153	2.300	0.024
PPP proceeds	0.277	0.090	0.221	3.077	0.003
County enterprises income	0.147	0.068	0.168	2.155	0.034

Source: Research Data (2025)

4.5 Summary of the Findings

The study investigated how Own Source Revenue (OSR) influences sustainable development in Tharaka Nithi County, Kenya. Findings revealed that taxes, levies, grants, Public-Private Partnerships (PPPs), and county enterprise incomes significantly and positively impacted sustainable development. These revenue sources have unique roles but collectively support the county's ability to provide infrastructure and essential services. The study also highlighted the growing importance of transparent financial management in enhancing PPP performance. Despite progress in raising OSR, the county still faces several challenges in mobilizing financial resources. Key obstacles include limited technical capacity, weak internal audit systems, overreliance on national government transfers, and an inadequate legal and regulatory environment that deters private sector investment. Additionally, issues such as debt burdens, illicit financial outflows, mistrust in public spending, poor revenue collection systems, and low compliance rates hamper effective resource mobilization. To address these challenges, the study proposed several strategies for improving OSR-driven financial resource mobilization. Recommendations include creating asset appraisal registers, improving infrastructure to attract visitors, and tightening control over vehicle parking revenues. The county government should also broaden the tax base by formalizing the informal sector, streamlining tax compliance processes, and launching targeted awareness campaigns. Restructuring fiscal frameworks and introducing new or updated tariffs were also suggested to enhance local revenue collection and sustainability.

5.0 Conclusion

The study concludes that taxes and levies significantly influence sustainable county development by funding essential services, reducing inequality, and encouraging sustainable practices. Grant transfers also enhance development by increasing counties' own-source revenue (OSR). Public-private partnerships (PPPs) positively impact sustainability by supporting infrastructure, improving service delivery, and promoting economic growth. Additionally, revenue from county enterprises contributes by creating jobs, stimulating the economy, and funding vital services. However, achieving adequate funding for sustainable development faces challenges, including high government wage bills, political and ethnic tensions, illicit financial flows, overdependence on fiscal allocations, and corruption. Further obstacles include inadequate infrastructure, limited technological capacity, and weak organizational skills, which hinder efficient resource mobilization and management necessary for long-term development goals in the counties.

6.0 Recommendations

The study recommends that to enhance economic sustainability and resilience, county governments should increase their own-source revenue (OSR) by strengthening institutional and legal frameworks, formalizing the informal sector, and streamlining tax procedures. Counties should explore new revenue streams, invest in revenue administration capacity, improve tax collection efficiency, and engage stakeholders. Implementing clear revenue administration guidelines, strengthening staff capacity, enforcing robust internal controls, digitizing collection systems, and launching public awareness campaigns can further enhance tax compliance. For grant transfers, the national government should ensure transparent and efficient processes, minimize financial risks, foster goodwill, and enhance intergovernmental collaboration. Strengthening county administrative capacity is also essential. Additionally, policies should be structured to attract private sector participation in development through public-private partnerships (PPPs). However, county governments should tailor PPP procurement approaches to their specific mandates, as national policies may not directly apply at the county level. Emphasis should be placed on aligning PPPs with county functions and addressing challenges in partner selection and contracting. To improve community participation in resource mobilization, counties should empower local communities, build trust, and promote collaboration by sharing clear information, holding productive forums, and incorporating community needs into decision-making. For further research, the study recommends similar investigations in other counties such as Nairobi and Kiambu for comparative analysis. Additionally, future studies should examine other financial resource mobilization methods, including equalization funds and borrowings, to assess their influence on county sustainable development beyond the four variables taxes and levies, grant transfers, PPPs, and county enterprise income considered in this study.

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