



COUNTY GOVERNMENT OF MACHAKOS

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# COUNTY FISCAL STRATEGY PAPER

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*ECONOMIC TRANSFORMATION THROUGH SUSTAINABLE AGRICULTURE, INFRASTRUCTURE  
AND SOCIAL DEVELOPMENT*

February, 2019

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## Foreword

The County Fiscal Strategy paper is prepared in accordance with the Public Finance Management (PFM) Act, 2012 Section 117. It outlines broad strategic priorities and policy goals for Machakos County Government that will guide in formulation and implementation of Financial Year 2019/2020 and Medium Term Budget.

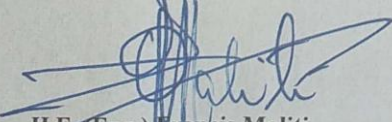
The County priorities are aligned to the Governor's manifesto, County Integrated Development Plan (CIDP), the National Government "Big Four" Plan and the Vision 2030. This will include:-

- i. Promoting modern agriculture for increased productivity and value addition
- ii. Increased access to clean water and sanitation
- iii. Engagement and empowerment of the youth, women and people with disabilities
- iv. Increased access to affordable ECDE and vocational training
- v. Provision of basic infrastructure like roads and ICT
- vi. Increased access to quality health care
- vii. Improving business environment and promoting manufacturing sector
- viii. Enhancing transparency and accountability of human resource in service delivery
- ix. Campaigning against alcohol, miraa and drug abuse
- x. Creating more job opportunities
- xi. Ensuring environmental conservation and sustainability.

Machakos County Fiscal Strategy Paper provides the resource envelope, departmental ceilings and expenditure policy framework for FY 2019/2020 and Medium Term Budget that will promote inclusive and sustainable economic growth and increase the quality of life and well-being of all residents.

The just released Gross County Product report has ranked Machakos County as among the five counties with notable levels of industrial production and manufacturing activities. Machakos County's share of GCP averaged 3.2% as at 2017. It is therefore hoped that this level of development will increase this financial year and in the medium term to spur the much needed economic growth.

The resource envelope for the FY 2019/2020 however remains limited against all the County's priorities but the County Treasury will continue increasing revenue mobilization, reforming the Revenue Management System and Revenue Administration to ensure availability of adequate resources to finance the County priorities.



H.E. (Eng.) Francis Maliti  
Deputy Governor/County Executive Committee Member- Finance and Economic Planning

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## **Abbreviations and Acronyms**

ADP	Annual Development Plan
AEO	African Economic Outlook
AHADI	Agile Harmonized Assistance for Devolved Institutions
BPS	Budget Policy Statement
CBEF	County Budget and Economic Forum
CBROP	County Budget Review and Outlook Paper
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
ECDE	Early Childhood Education Development
FY	Financial Year
GCP	Gross County Product
GDP	Gross Domestic Product
ICT	Information Communication Technology
Kshs.	Kenya Shillings
PFMA	Public Finance Management Act
MTEF	Medium Term Expenditure Framework
NEMA	National Environmental Management Authority
OVC	Orphans and Vulnerable Children
PWDs	People Living with Disabilities
TIPs	Transitional Implementation Plans
WHO	World Health Organization

## Legal Basis for Preparation of County Fiscal Strategy Paper

- i. The County Treasury, pursuant to section 117(1) and (6) of the Public Finance Management Act (PFMA), 2012 is mandated to prepare and forward the Fiscal Strategy Paper to the County Executive Committee for approval and subsequently submit the approved CFSP to County Assembly, by 28th February of each year. The same shall be published and publicized not later than seven days after it has been submitted to the County Assembly.
- ii. In accordance with section 117(2) of PFM Act, the County Treasury has aligned the proposed revenue and expenditure plan to the national financial objectives contained in the Budget Policy Statement (BPS) for 2019. In this regard, the fiscal policies are geared towards triggering a multiplier effect towards the achievement of the national theme of *Harnessing “The Big Four” Plan for Job Creation and Shared Prosperity*.
- iii. The County Treasury shall include in its County Fiscal Strategy Paper the financial outlook to County Government revenues, expenditures and borrowing for the coming financial year and over the medium term.
- iv. The preparation of CFSP and the proposed strategic policies and priorities for the fiscal year 2019/2020 has taken into consideration the views and opinions of the public, the Commission on Revenue Allocation, interested persons/groups and other forums established by legislation.
- v. Not later than fourteen days after submitting the County Fiscal Strategy Paper to the County Assembly, the County Assembly shall consider and may adopt it with or without amendments.
- vi. The County Treasury shall consider any recommendations made by the County Assembly when finalizing the budget proposal for the financial year.

## **Rationale for the Fiscal Strategy Paper**

- i. This strategy paper articulates priority socioeconomic policies and structural reforms as well as sectoral expenditure programs to be implemented in the fiscal year 2019/20 and the medium term. Specifically, the County Fiscal Strategy Paper aims to;
- ii. i. Specify the broad strategic priorities and policy goals that will guide the County Government in preparing its budget for the coming financial year and over the medium term;
- iii. ii. Provide Linkage with the national objectives in the Budget Policy Statement;
- iv. iii. Provide the financial outlook with respect to County Government revenues, expenditures and borrowing over the medium term; and
- v. iv. Provide a basis for stakeholder engagement in the formulation and implementation of County priorities and budgeting.

## **Outline of the 2019 County Fiscal Strategy Paper**

The report is structured into four sections as follows;

- i. Section I provides an overview of the report
- ii. Section II outlines the recent economic development and fiscal outlook at the Global, National and County Levels.
- iii. Section III outlines the County strategic objectives and the various programmes that the County is implementing to achieve her objectives.
- iv. Section IV covers the fiscal and budget framework that supports sustainable development in the medium term while improving revenue sources as well as containing total expenditure.
- v. Section V which provides the projected resource envelop in the medium term and proposed spending priorities for the FY 2019/2020 Medium Term Expenditure Framework (MTEF) budget and in the Medium Term.



## **1.0 COUNTY FISCAL STRATEGY PAPER PROCESS OVERVIEW**

### **1.1 Introduction**

1. The 2019 County Fiscal Strategy Paper lays down the frame work for the preparation of the 2019/2020 Budgets Estimates. It contains the following:
  - i. The principles that will guide the 2019/2020 budgetary process
  - ii. The broad fiscal parameters for the 2019/2020 budget and the key strategies and policies for management of revenues and expenditures
  - iii. The broad strategic priorities and policy goals that will guide the preparation of the budget over the medium term
  - iv. A discussion of risks to the budget parameters and Budget Strategies
  - v. The medium–term outlook for County Government revenues and expenditures
  - vi. A discussion of how the Budget Strategies relates to the County priorities as drawn from the County Integrated Development Plan (CIDP) 2018- 2022

### **1.2 County Fiscal Strategy Paper Process**

2. As per the requirement of the Public Finance Management Act, 2012 section 117 subsection 5, the County Government has taken into consideration views of the various stakeholders during the preparation of the 2019 County Fiscal Strategy Paper. This was done through ;
  - i. Public participation fora which were carried out at the ward level between 19<sup>th</sup> February to 22<sup>nd</sup> February, 2019 having been preceded by village level consultative fora on 18<sup>th</sup> February 2019.
3. A draft fiscal strategy paper was compiled and circulated to the Executive committee members for their input before submission to County Assembly for approval.

## **2.0 RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK**

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### **2.1 Introduction**

4. Over the medium term the County has aligned her development policies towards achieving a first world status which is in line with the ‘Big Four Development Agenda’ for the National Government. Achieving the County’s development vision will be largely dependent on the performance and the outlook of the global and the national economy. This section highlights a review of the performance of the economic and fiscal indicators and an outlook of the future prospects.

### **2.2 Global Economy**

5. According to the World Bank Global Economic Prospects 2019 report, global growth was moderate owing to the slow-down in recovery in trade and manufacturing activities. Growth in the U.S remained solid as a result of fiscal stimulus while the slowing of net exports in the Euro area led to somewhat weaker performance. This reflects a divergent economic performance of the global economy in 2018.
6. Trade tensions among major economies and low prospects of global growth negatively impacted investor confidence leading to declining equity prices. A heightened financial market volatility due to the strengthening U.S Dollar exerted currency pressures in some large emerging markets and developing economies leading to financial stress on some vulnerable countries. 2018 also experienced major fluctuations in energy prices.
7. Growth is projected to ease to 2.1 percent in 2019 down from 2.4 percent in 2018 and 2.3 percent in 2017 in advanced economies. This growth is however constrained by a slowdown in economic growth in the Euro area and the United Kingdom due to declining global trade and industrial production.

### **2.3 African Economy**

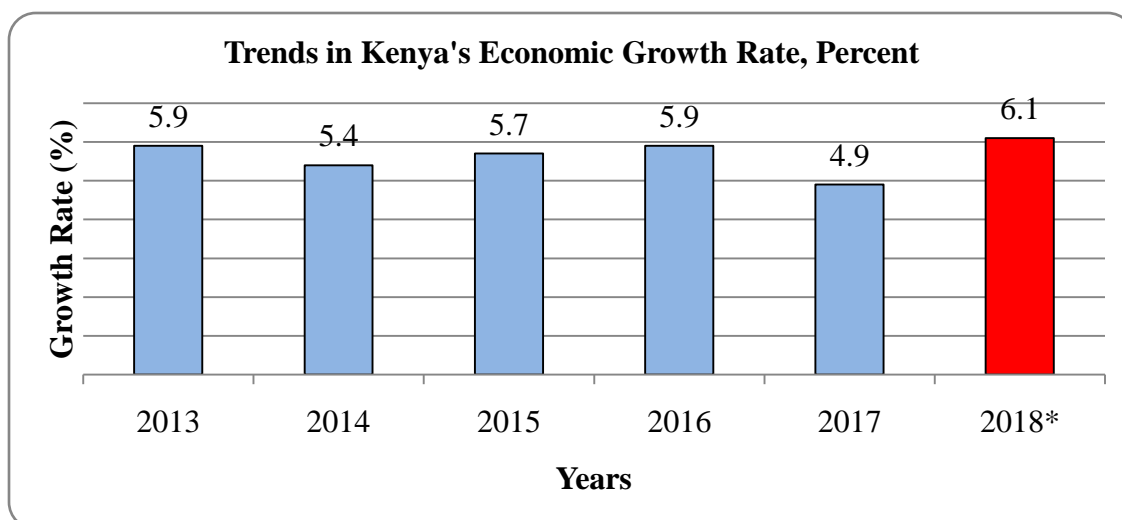
8. Africa's GDP growth is projected to accelerate to 4.0 percent in 2019 and 4.1 percent in 2020. This is testament to the recovery in the economic performance of the region since 2018 which can be attributed to synchronization of financial governance frameworks, opening of regional aviation to competition and facilitation of the free movements of people, goods, and services through open borders within the continent. However, better macroeconomic and employment performance will be highly dependent on the industrial sector taking the lead in growth.

### **2.4 Sub-Saharan Africa Economy**

9. In 2018, Sub-Saharan Africa region growth reached an estimated 2.7 percent. This reflected a sluggish performance in terms of expansion of the region's economies which can be attributed to restraint trade growth, tightening financial conditions, and weak prices for key metals and agricultural commodities.
10. The region's growth is expected to reach 3.4 percent in 2019 and an average of 3.7 in 2020-21, predicated on diminished policy uncertainty and improved investment in large economies, together with continued robust growth in non-recourse-intensive countries.

### **2.5 National Economic and Fiscal Outlook**

11. Despite the emerging global challenges, Kenya's economic growth in 2018 remained strong and resilient largely supported by strong public and private sector investments and favorable economic and financial policies. The domestic economy achieved an estimated growth rate of 6.1% marking an all-time high within the last five years.



*Source of Data: Kenya National Bureau of Statistics*

*\*Estimate*

12. Growth was projected at 6.0 percent in 2018 up from 4.9 percent in 2017, which is in line with the 2018 County Budget Review and Outlook Paper (CBROP) projection in table 1 below. This is attributed to easing of political uncertainty, good weather, improved business confidence and strong private consumption.

13. According to African Economic Outlook (AEO) 2019 the economy is projected to grow by 6.0 percent in 2019 and 6.1 percent in 2020 owing to improved business confidence and continued macroeconomic stability. Tourism and strengthening global economy will also contribute to this growth.

**Table 1 : Sectoral Real GDP Growth Rates, Percent**

	2017	2018Q1	2018Q2	2018Q3	Av.2018
<b>Primary Sector:</b>	<b>1.8</b>	<b>5.3</b>	<b>5.3</b>	<b>5.4</b>	<b>5.3</b>
Of which: Agriculture	1.6	5.3	5.4	5.2	5.3
Mining	6.1	4.5	3.5	8.5	5.5
<b>Industry:</b>	<b>3.4</b>	<b>4.1</b>	<b>4.8</b>	<b>5.1</b>	<b>4.7</b>
Of which: Manufacturing	0.2	2.3	3.1	3.2	2.9
Electricity and Water Supply	5.6	5.1	8.6	8.5	7.4
Construction	8.6	7.2	6.1	6.8	6.7
<b>Services:</b>	<b>6.2</b>	<b>6.4</b>	<b>6.7</b>	<b>5.9</b>	<b>6.3</b>
Of which: Wholesale and Retail Trade	5.8	6.2	7.7	6.8	6.9
Accommodation and	14.7	13.5	15.7	16.0	15.1

	2017	2018Q1	2018Q2	2018Q3	Av.2018
Restaurant					
Transport and Storage	7.4	7.1	7.8	5.4	6.8
Information and Communication	11.0	12.0	12.6	9.1	11.2
Financial and Insurance	3.1	2.6	2.3	2.6	2.5
Real Estate	6.1	6.8	6.6	5.8	6.4
<b>GDP Growth</b>	<b>4.9</b>	<b>5.8</b>	<b>6.2</b>	<b>6.0</b>	<b>6.0</b>
Of which: Non-Agricultural GDP	5.9	6.0	6.3	5.8	6.0

*Source of Data: Kenya National Bureau of Statistics*

14. The agriculture sector recorded an average growth of 5.3 percent for the first three quarters in 2018 up from 1.6 percent in 2017 supported by improved weather conditions and expansion of output of key food and cash crops such as tea, coffee and fruits. The Non-agricultural sector was vibrant and grew from 5.9 percent in 2017 to an average of 6.0 percent for the first three quarters of 2018 mainly supported by the service sector.
15. There was improved performance in the industry sector which recorded a growth of 3.4 percent in 2017 to an average growth of 4.7 percent for the first three quarters of 2018 following increased activities in the manufacturing, construction, electricity and water supply. Manufacturing sector growth from 0.2 percent in 2017 to an average of 2.9 percent for the first three quarters of 2018 can be attributed to increased agricultural production which enhanced agro-processing activities.
16. The services sector was a key source of growth as it recorded a growth of 6.2 percent in 2017 to an average of 6.3 percent in the first three quarters of 2018 supported by improved growth in wholesale and retail trade, accommodation and restaurant, real estate and information and communication.

## **2.6 County Economic Development and Fiscal Outlook**

17. The County economy has equally benefitted from the positive effects of the global and national economic occurrences such as favorable macroeconomic stability, political stability and good weather conditions.

18. The prevailing economic environment is stable and favorable which has led to implementation of various County programmes across all the eight County sectors resulting improved standards of living for Machakos residents.
19. Since the inception of devolution, the County has witnessed major gains through various integrated programmes such as agricultural support, water provision, universal health care and urban infrastructural development support. This has contributed to the achievement of the national Government's Big Four Development Agenda.
20. Moving forward, the County Government will prioritize its development expenditure in crucial sectors through implementation of the second generation CIDP 2018-2022 maintaining consistency with the Big Four Development Agenda and other national Government priorities. This will lead to enhanced growth and increased access to public services.

### **3.0 STRATEGIC PRIORITIES AND INTERVENTIONS**

#### **3.1 Overview**

21. The 2019 CFSP seeks to actualize the priorities in the Second generation County Integrated Development Plan (CIDP) as well as the “Big Four Agenda” of the National Government.
  
22. The County economy is projected to grow over the medium term due to various investment under the CIDP and the “Big Four Agenda”. These investments are aimed at ;
  - i. Ensuring all citizens enjoy food security and improved nutrition
  - ii. Expanding universal health coverage
  - iii. Increasing the share of manufacturing sector to GDP
  - iv. Ensuring access to clean and safe water
  - v. Ensuring Sustainable Environmental Conservation
  - vi. Ensuring Improvement of Infrastructure
  - vii. Creating a Conducive Business and Investment Environment
  
23. All these efforts will create jobs opportunities, support business environments, promote competitiveness and facilitate a faster and more inclusive growth for poverty reduction.
  
24. Over the last five years the County Government has made tremendous progress through the various programmes it has implemented in the following eight sectors ; Agriculture and Co-operative Development; Health; Energy, Infrastructure and ICT; Public Administration; Education, Youth, Sports and Social Welfare; Land, Environment and Natural Resources; Water and Irrigation; Commercial, Tourism and Labour.
  
25. To achieve her mandate over the medium term the County will implement various strategic objectives through the above named sectors.

## **3.2 County Strategic Objectives**

### **3.2.1 Agriculture and Cooperative Development sector**

26. Agriculture is the key sector in the economy of the County. It provides employment and is means of livelihood for the majority in the County. Recognizing the importance of the sector, the Government has remained committed to ensuring that the sector is cushioned through development of policies, measures and interventions to enable it to adopt a forward look to transforming agriculture from subsistence to commercial farming and agribusiness, and to ensure sustainable food security in the County.
27. To ensure the sector achieves optimal productivity and ensure food security, during the FY 2019/2020 and over Medium Term Expenditure Framework (MTEF) period, the County will invest in the following key areas: improve agriculture production of the key crops through promotion of drought tolerant crops and quarter acre farm project, improved livestock , fish and poultry farming; train farmers on appropriate farming technologies; animal disease control and management through regular compulsory mass vaccination; Promote crop and pasture irrigation, promote cooperatives in various sectors, and establish coordination structure for public and private vets

### **3.2.2 Health Sector Interventions**

28. The health sector aims to achieve the highest possible health standards as per the World Health Organization (WHO) requirements. This will be achieved by ensuring affordable and accessible healthcare services to promote well-being and ensure healthy lives for all through management of communicable and non-communicable diseases, promotion of preventing and primary healthcare, improvement of maternal and child health and enhancing access to healthcare.
29. Over the years the County has made significant progress through provision of ambulances, construction and upgrading of community hospitals with maternity ward, and upgrading of Machakos Level 5 hospital to a model referral hospital with refurbished and equipped maternity and labour wards, modernized outpatient department, intensive



care unit, renal dialysis, digital X- ray machines, breast cancer screening and the ongoing program of Universal health Care (UHC).

30. Despite the progress made, more needs to be done to provide quality, accessible and affordable health care. To achieve this therefore, over the medium term the County will upgrade health facilities by equipping them with specialized medical equipment, installing solar systems for alternative power supply, automating all procedures in the health facilities and ensuring sufficient supply of drugs. In addition the County will construct more health facilities and establish exchange programs with international teaching hospitals.

### **3.2.3 Energy, Infrastructure and ICT Sector Interventions**

31. The development objectives set out in the County Government's economic transformation agenda as stipulated in the County Integrated Development Plan 2018 - 2022 will be feasible if infrastructure and affordable energy services are availed in a sustainable, competitive, cost effective and affordable manner to all sectors of the economy.
32. To ensure this is achieved the Government will continue to invest in expansion of road network to reduce cost of transport and promote competitiveness. Further it will pursue avenues which will generate affordable and reliable energy supply such as solar energy, wind energy and biogas through public private partnership as well as enhance rural electrification in conjunction with the national Government. In addition the County will promote development of Develop ICT policy & infrastructure with the County.

### **3.2.4 Public Administration Strategies**

33. Public Administration Sector is comprised of County Executive/Office of the Governor, County Executive, County Assembly, County Treasury, Decentralized Units, County Image, County Public Service, Legal Office and Economic Planning sub-sectors.

34. This sector provides overall leadership and oversight in the management of the County affairs through coordination of policy formulation, implementation and tracking of results for effective service delivery and equitable development. This facilitates an enabling environment for accelerated and sustained economic growth through pursuit of prudent economic and fiscal policies and coordination of County Government financial operations.
35. Further the sector enhances strategic leadership in coordination of decentralized services through maintenance of law and order, disaster management and ensuring excellence in public service delivery by availing the necessary human resource in the most effective manner. It also provides leadership in promotion of County governance through effective legislation, oversight and representation.
36. Although significant progress has been achieved, more need to be done to further entrench good governance and zero tolerance to corruption. As such the County will continue implementing programmes geared towards strengthening systems of good governance. This will be achieved through implementing the following strategies ; The above will be achieved by implementing the following strategies ;
- i. Development of public participation framework
  - ii. Improve service delivery by construction of sub-County and ward offices.
  - iii. Strengthen collaboration and partnership with the National Government, private sector and other development partners.
  - iv. Harmonization of roles and responsibilities for all staff
  - v. Improve staff productivity through capacity building ,incentives such as provision of mortgage and car loans to the County Staff
  - vi. Preparation of planning and policy documents
  - vii. Periodic monitoring and evaluation of projects and programmes
  - viii. Mobilize external resources to bridge the funding gap
  - ix. Establishing forensic lab to carry out research
  - x. Enhance local Revenue management
  - xi. Improve financial infrastructure development
  - xii. Promote inter-relations among the sectors
  - xiii. Equip the inspectorate department

### **3.2.5 Education, Youth, Sports and Social Welfare Interventions**

37. The County overall goal is to increase access to early childhood education, training, youth employment, promotion of sports and improving the livelihood of the vulnerable in the society. To achieve this the medium term strategy will therefore, focus on:

- i. Construction , and equipping of ECDE centres which are disability friendly
- ii. Construct and equip Vocational Training Centres ,libraries , youth rehabilitation centres and Gender Based Violence rescue centres
- iii. Create youth awareness on drug and substance abuse
- iv. Expand the current bursary scheme to cater for the vulnerable in the society.
- v. Initiate table banking to support women self-help groups
- vi. Implement school feeding program
- vii. Support of the vulnerable children, women, and people living with disability
- viii. Promotion of Cultural festivals for promotion of Akamba culture/Akamba cultural week
- ix. Patent cultural products and documentation of cultural heritage/establishment of museum
- x. Construction of social halls for all indoor games
- xi. Building and upgrading of stadia to international standards
- xii. Infrastructure development for production of film, art and music
- xiii. Baseline survey and registration of sport bodies
- xiv. Provide sports equipment

### **3.2.6 Land, Environment and Natural Resources Interventions**

38. The County take prides in a clean, secure and sustainable environment and land use. To date major strides has been made in this sector through establishment of town and municipal boards to manage towns and municipalities, issuance of title deeds, sensitization of the stakeholders, tree planting and rehabilitation of degraded rivers through construction of weirs, drifts and lying of gabions.

39. To consolidate the gains achieved so far the County will continue to implement the following programmes;

- i. Establishment of sustainable development control instruments
- ii. Developing a County spatial plan
- iii. Passing and adoption of physical planning laws and policies

- iv. Establish tree nurseries to promote tree planting.
- v. Mapping of County natural resources
- vi. Partner with NEMA to eradicate environmental pollution
- vii. Protection of water riparian areas within the County
- viii. Implementation and enforcement of the sand harvesting Act and other laws geared towards environmental protection.
- ix. Implementation of forest Transitional Implementation Plans (TIPs)

### **3.2.7 Water and Irrigation Sector Interventions**

40. Universal access to clean and safe water for all is prerequisite for healthy population and food security. The sector has made significant achievements through drilling and rehabilitation of boreholes, construction dams, weirs, distribution of water tanks to Primary Schools, Secondary Schools and other institutions respectively and construction of drainage channels in market centers thus minimizing flooding.
41. Noting that the County is a water-scarce with less renewable freshwater resources, the County will continue to invest in clean water supply and put in place measures to control floods and harvest rain water as well as to protect and conserve the existing water sources. Going forward, the County will prioritize; drilling/rehabilitation of boreholes, Construction of earth dams/pans and expansion of sewer systems, Expansion of water supply points as well as Promotion of drip irrigation.

### **3.2.8 Commercial, Tourism and Labour Affairs Interventions**

42. Machakos County with its capacity and competitiveness has attracted the establishment of several investments such as Wrigley Company, Brava foods, high-class hotels, 5 malls among other achievements, as a result leading creation of job opportunities.
43. Further, emerging investments in Mavoko Sub County along the Mombasa road corridor and other areas within the County has contributed to the growth of industrial and trade sector and creation of employment in the County.

44. In addition tourism sub-sector plays a key role in spurring economic development in the County. In cognizance of this, the County has continued to undertake several initiatives to create an enabling environment for tourism businesses and sports including encouraging joint partnerships between individuals, private companies and other development partners.

45. Moving forward the County will implement the following strategies in this sector ;

- i. Conduct market research and establish market linkages and business data base
- ii. Establishment of trade development fund to improve access to credit facilities for women, youth and PWDS
- iii. Training the youth, women and PWDS on business development and management skills
- iv. Development of an industrialization policy and plan
- v. Promotion of Jua kali sector and value addition
- vi. Creation of more recreational facilities and construction of stadiums
- vii. Marketing of domestic tourism, tourism product diversification and standardization
- viii. Improving tourism infrastructure by mapping all County tourism attraction sites and providing essential facilities that are required therein
- ix. Develop and implement labour relations policy
- x. Conducting trainings on labour relations

## **4.0 FISCAL POLICY AND BUDGET FRAMEWORK**

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### **4.1 Overview**

This chapter outlines the fiscal framework for the FY 2019/20 as well the medium term. It also provides an overview of the resource envelope, proposed ceilings as well as expenditures.

46. National Government's fiscal policy seeks to support structural reforms of the County Government's economies that are consistent with long term growth objectives, employment creation and an equitable distribution of income. It aims at promoting investment and export expansion while enabling the Government to finance public services, redistribution and development in an affordable and sustainable budget framework.
47. Fiscal policy generally seeks to:
  - i. ensure a sound and sustainable balance between Government's spending, tax and borrowing requirements;
  - ii. improve domestic savings to support a higher level of investment and reduce the need to borrow abroad;
  - iii. keep Government consumption spending at an affordable level, contributing to lower inflation and a sustainable balance of payments;
  - iv. support an export-friendly trade and industrial strategy to improve competitiveness; and
  - v. ensure that pay increases within the public sector are market and productivity related, and are fiscally sustainable.
48. In broad perspective, the current medium term planning cycle, Government aims at:
  - i. reducing the level of borrowing used to finance current spending;
  - ii. reducing the overall tax burden as a share of GDP over time; and
  - iii. reduce Government consumption spending as a share of national income.
49. The County Government therefore committed to a sound and stable fiscal policy, public finances aimed at ensuring the sustainability of economic transformation, promoting jobs and investment, and ensuring that public services reflect Government's priorities.

## 4.2 Fiscal Policy Framework

### 4.2.1 Fiscal Responsibility Principles

50. In managing the County Government's public finances, the Public Financial Management Act 2012 expects the County Treasury to enforce the following fiscal responsibility principles-

- i. the County Government's recurrent expenditure shall not exceed the County Government's total revenue;
- ii. over the medium term a minimum of thirty percent of the County Government's budget shall be allocated to the development expenditure;
- iii. the County Government's expenditure on wages and benefits for its public officers shall not exceed a percentage of the County Government's total revenue as prescribed by the County Executive member for finance in regulations and approved by the County Assembly;
- iv. over the medium term, the Government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;
- v. the County debt shall be maintained at a sustainable level as approved by County assembly;
- vi. the fiscal risks shall be managed prudently; and
- vii. 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.

## 4.3 Budget Framework

### 4.3.1 Performance Review

48. In the FY 18/19, the County had a budget of Kshs. **12.2 B** which was financed by two sources of revenue namely allocation from the National Government as well County own revenues.

49. From the National Government, the County received **Kshs. 8.3B** equitable share and **Kshs. 2.1B** in form of conditional grants. The County own revenue was projected to be **Kshs. 1.7B**.

50. The performance of the revenues for the first half of the Financial Year is as outlined in the table 2 and 3 below. There was a significant improvement in the performance of local revenue compared to the same period last year as shown in figure 1.

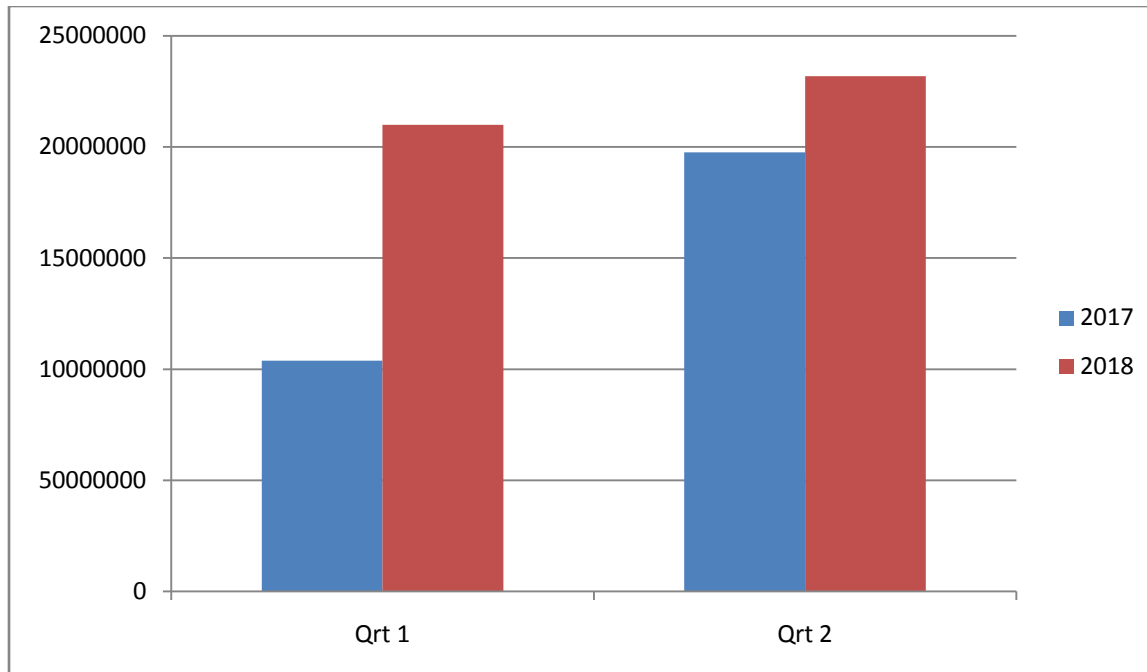
**Table 2: Local Revenue performance for the 1<sup>st</sup> and 2<sup>nd</sup> Quarter.**

S/No	Revenue Stream	Target FY2018/19	Actual FY 2018/19		Total	Performance %
			1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter		
1	Building Plan Approval	273,142,473.55	23,123,987.00	20,361,637.40	<b>43,485,624.40</b>	<b>16%</b>
2	Quarry	354,915,232.60	64,074,158.90	78,193,471.00	<b>142,267,629.90</b>	<b>40%</b>
3	Health Revenue Account	124,849,803.59	14,743,545.00	24,679,727.00	<b>39,423,272.00</b>	<b>32%</b>
4	Land Rates & Debt Clearance Cert	218,212,494.88	29,855,473.00	30,828,711.10	<b>60,684,184.00</b>	<b>28%</b>
5	Bus park/ Off Street Parking	108,108,918.51	19,992,255.00	18,388,533.00	<b>38,380,788.00</b>	<b>36%</b>
6	Single Business Permit	233,469,566.74	17,909,117.00	15,951,914.00	<b>33,861,031.00</b>	<b>15%</b>
7	Market Fees	60,536,625.26	2,480,440.00	2,521,078.00	<b>5,001,518.00</b>	<b>8%</b>
8	Sand Harvesting	81,058,792.63	17,038,228.00	15,481,465.00	<b>32,519,693.00</b>	<b>40%</b>
9	House Rent	53,538,731.73	1,078,650.00	-	<b>1,078,650.00</b>	<b>2%</b>
10	Signboard & Advertisement fee	47,665,574.66	2,941,015.00	4,366,005.00	<b>7,307,020.00</b>	<b>15%</b>
11	Firefighting & Ambulance management unit	18,808,929.37	2,145,325.00	2,785,620.00	<b>4,930,945.00</b>	<b>26%</b>
12	Plot/stall rent	17,679,953.35	1,522,330.00	2,968,455.00	<b>4,490,785.00</b>	<b>25%</b>
13	Slaughter house/Livestock fees	7,553,398.42	2,747,711.00	2,569,051.80	<b>5,316,762.70</b>	<b>70%</b>
14	Liquor	67,378,651.18	5,815,408.90	5,221,685.00	<b>11,037,093.90</b>	<b>16%</b>
15	Cess	9,463,102.29	508,810.00	633,895.00	<b>1,142,705.00</b>	<b>12%</b>
16	Refuse/Conservancy	17,902,742.34	1,221,480.00	266,025.00	<b>1,487,505.00</b>	<b>8%</b>
17	Enforcement Mgt. Unit	8,941,142.39	1,778,850.00	5,454,565.00	<b>7,233,415.00</b>	<b>81%</b>
18	Social services & sports mgt unit	2,878,117.17	-	-	-	<b>0%</b>
19	Miscellaneous	9,379,851.57	51,418.00	5,250.00	<b>56,668.00</b>	<b>1%</b>
20	Machakos Peoples Park	-	-	313,655.00	<b>313,655.00</b>	<b>N/A</b>
21	Water sales	534,630.75	-	60,000.00	<b>60,000.00</b>	<b>11%</b>
22	Weights & measures	975,294.44	377,296.00	227,992.00	<b>605,288.00</b>	<b>62%</b>
23	Salary refunds/Advances	35,891.54	-	-	-	<b>0%</b>
24	House loan Repayments	34,386.39	-	-	-	<b>0%</b>
25	Motor vehicle Registration	77,742.25	-	478,629.00	<b>478,629.00</b>	<b>616%</b>
26	Tourism	2,055,527.74	-	-	-	<b>0%</b>
27	Agri Farm	-	576,675.00	125,525.00	<b>702,200.00</b>	<b>N/A</b>
28	Procurement Unit	864,098.68	-	-	-	<b>0%</b>
<b>Total</b>		<b>1,720,061,674.00</b>	<b>209,982,172.80</b>	<b>231,882,889.30</b>	<b>441,865,061.90</b>	<b>26%</b>

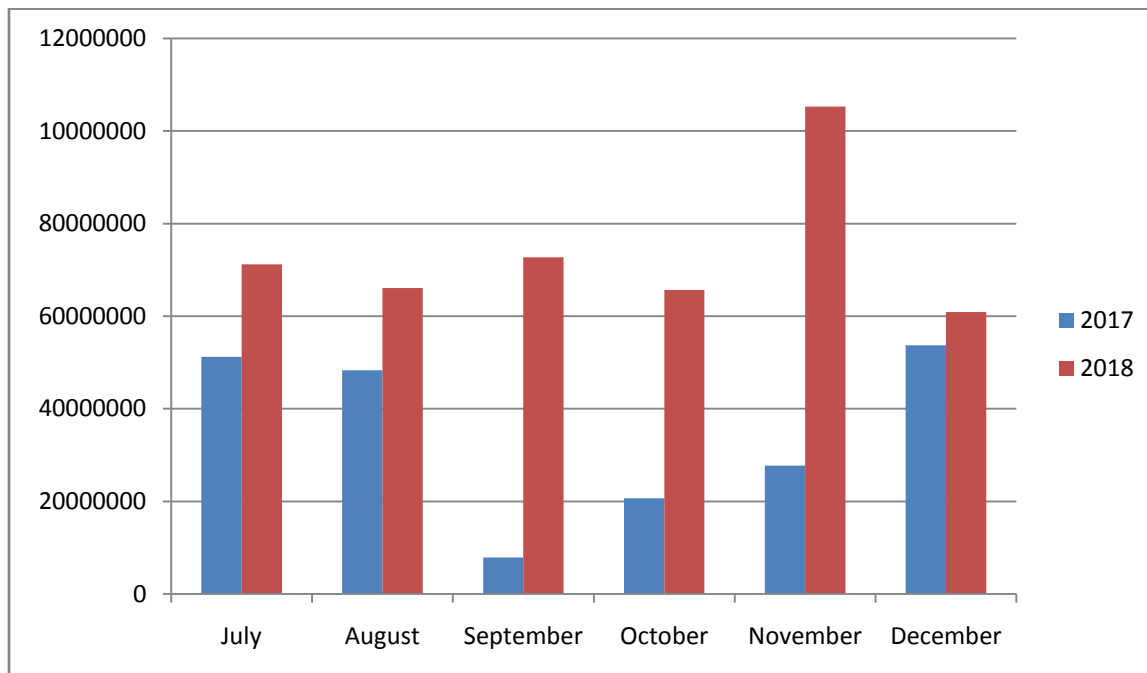
Source: Machakos County Treasury



**Fig 1: Own revenue performance for quarter one and two in 2017 and 2018**



**Fig 2: Monthly Own Revenue Performance**

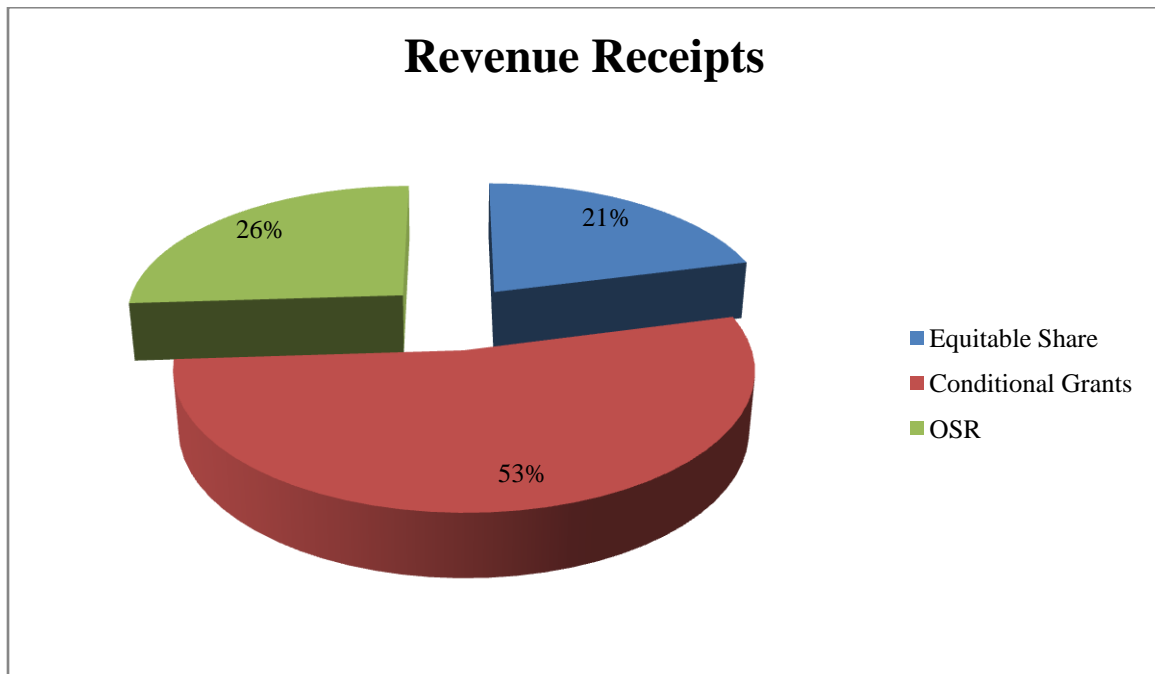


**Table 3: Half year performance of revenue from the National Government**

Description	Approved revenues	Actual Revenue	Percentage Performance (%)
Equitable Share	8,321,000,000	1,766,589,191.00	21
Conditional Grants	2,190,044,946	1,163,992,617.30	53
Own Source Revenue	1,720,061,674	441,865,061.90	26
<b>Total</b>	<b>12,231,106,620</b>	<b>3,372,446,870.20</b>	<b>28</b>

Source: Machakos County Treasury

**Fig. 3: Graphical representation of Received Revenue FY 2018/19**



**Table 4: Recurrent absorption for the half year**

Department	Printed Estimates 2018/19	Half Year Expenditure	Absorption Rate (%)
Office of the Governor	605,718,696.55	182,658,953.95	30%
Public Service Labour and ICT	433,735,959.00	2,367,805,187.45	546%
Trade	135,110,600.05	18,806,914.55	14%
Finance	393,941,268.00	41,880,622.45	11%
Decentralized Units	374,833,441.00	24,162,586.30	6%
Agriculture	502,632,972.95	22,229,712.20	4%

Department	Printed Estimates 2018/19	Half Year Expenditure	Absorption Rate (%)
Health	3,545,367,364.10	145,059,985.45	4%
Transport	187,097,783.00	50,063,962.90	27%
Education	295,221,490.20	5,692,256.75	2%
Lands	97,200,337.40	13,540,030.30	14%
Tourism	81,269,661.65	6,314,240.95	8%
County Public Service Board	41,397,783.80	540,200.00	1%
County Assembly	936,776,339.00	351,699,945.79	38%
<b>TOTAL</b>	<b><u>7,630,303,696.70</u></b>	<b><u>3,230,454,599.04</u></b>	<b><u>42%</u></b>

Source: Machakos County Treasury

**Table 5: Development Absorption Rate for the half year.**

Department	Printed Estimates 2018/19	Half Year Expenditure	Absorption Rate (%)
Office of the Governor	6,825,000.00	3,311,863	49%
Public Service Labour And ICT	12,700,000.00	0	0%
Trade	91,575,000.00	0	0%
Finance	11,801,000.00	0	0%
Decentralized Units	31,000,000.00	0	0%
Agriculture	665,611,142.00	80,588,648	12%
Health	748,444,409.00	21,827,078	3%
Transport	1,436,297,233.00	230,318,888	16%
Education	289,295,000.00	2,643,953	1%
Lands	1,054,320,500.00	5,875,824	1%
Tourism	14,918,783.50	0	0%
County Public Service Board	2,014,855.00	0	0%
County Assembly	236,000,000.00	0	0%
<b>Total</b>	<b><u>4,600,802,922.50</u></b>	<b><u>344,566,254.05</u></b>	<b><u>7%</u></b>

Source: Machakos County Treasury

51. In accordance with Article 203(2) of the Constitution of Kenya, the County Government is expected to receive an equitable share from the revenue raised nationally every financial year.

52. In the FY 2019/20, the County expects to receive **Kshs. 7.6B** equitable share which is a drop from the FY 2018/19 where the County received **Kshs. 8.3B**. An additional **Kshs. 2.1B** is also expected in form of conditional grants.

53. Own County revenue is projected at **Kshs. 1.5B** down from **Kshs. 1.7B** in the FY 2018/19. Table 3 below outlines the resource envelope for the FY 2019/20.

**Table 6: Resource Envelope FY 2019/20 and Medium Term**

S/No	Description	Actual 2017/18	Printed Estimates 2018/19	NBPS*	Projected Estimates			
				2019/2020	2020/2021	2021/2022	2022/2023	
1	Equitable Share	7,398,999,999	8,321,000,000	7,595,000,000	8,050,700,000.00	8,533,742,000.00	9,045,766,520.00	
2	Conditional Grants	Level Five Hospital	383,583,816	383,583,815	383,583,815	406,598,843.90	430,994,774.53	456,854,461.01
		Compensation for user fees foregone	24,764,877	24,129,039	24,129,039	25,576,781.34	27,111,388.22	28,738,071.51
		Leasing of medical equipment	29,813,086	200,000,000	131,914,894	139,829,787.64	148,219,574.90	157,112,749.39
		Rehabilitation of Youth Polytechnics	65,957,023	54,295,000	51,093,298	54,158,895.88	57,408,429.63	60,852,935.41
		Road Maintenance Levy Fund	288,391,504	219,084,683	220,109,531	233,316,102.86	247,315,069.03	262,153,973.17
		Kenya Climate Smart Agriculture Project (KCSAP)	-	117,000,000		-	-	-
		Kenya Devolution Support Project (KDSP) – level 1	49,893,169	53,423,784		-	-	-
		Kenya Urban Support Project	-	1,018,320,500		-	-	-

S/No	Description	Actual 2017/18	Printed Estimates 2018/19	NBPS*	Projected Estimates		
				2019/2020	2020/2021	2021/2022	2022/2023
	(KUSP)						
	Universal Healthcare in Devolved System Program	30,290,934	24,806,250			-	-
	Transforming Health Systems for Universal Care Project	-	95,401,875		-	-	-
	Unspent Funds	74,678,925	-	-			
3	Loans and Grants			1,379,849,081	1,462,640,025.86	1,550,398,427.41	1,643,422,333.06
4	Own Source Revenue	1,084,204,845	1,720,061,674	1,506,064,758	1,596,428,643.48	1,692,214,362.09	1,793,747,223.81
	<b>Total County Allocation</b>	<b>9,430,578,178</b>	<b>12,231,106,620</b>	<b>11,291,744,416</b>	<b>11,969,249,080.96</b>	<b>12,687,404,025.82</b>	<b>13,448,648,267.37</b>

*\*National Budget Policy Statement as Submitted to National Assembly for Approval*

### 4.3.2 Expenditure Forecasts

54. The overall expenditure for the FY 2019/20 is projected to be **Kshs. 11.3B** which is 7.7% decrease from the current FY 2018/19 of **Kshs. 12.2B**. This was occasioned by the reduction of the equitable share from **Kshs.s.8.3B** in FY 2018/19 to **Kshs. 7.6B** in FY 2019/20.

#### 4.3.2.1 Recurrent Expenditure

55. The recurrent expenditures for the Financial Year 2019/20 are projected to be **Kshs. 7.9B**, with Personnel Emoluments estimated at **Kshs. 5.8 B** and 2.2B for operations and maintenance.

#### 4.3.2.2 Development Expenditure

56. To ensure continued economic growth, the County projects to spend **Kshs. 3.4B** on development to fund the prioritized development programs for FY 2019/20.

### 4.3.3 Medium-Term Expenditure                      Sector / Ministerial/Departmental Ceilings

### 4.3.3.1 Sector Ceilings

**Table 6: Sectoral Ceilings FY 2019/2020 and Medium Term (Kshs)**

Sector	Vote	Printed Estimates FY 2018/19	Proposed Ceilings FY 2019/20	Projected Estimates	
				2020/2021	2021/2022
Agriculture and Co-operative Development	Recurrent	369,478,111.00	65,528,332.00	69,460,031.92	73,627,633.84
	Development	77,821,920.00	192,557,190.00	204,110,621.40	216,357,258.68
	<b>Total</b>	<b>447,300,031.00</b>	<b>258,085,522.00</b>	<b>273,570,653.32</b>	<b>289,984,892.52</b>
Energy, Infrastructure and ICT	Recurrent	228,330,846.00	118,483,372.00	125,592,374.32	133,127,916.78
	Development	1,483,297,233.00	722,600,161.00	765,956,170.66	811,913,540.90
	<b>Total</b>	<b>1,711,628,079.00</b>	<b>841,083,533.00</b>	<b>891,548,544.98</b>	<b>945,041,457.68</b>
Commercial, Tourism and Labour Affairs	Recurrent	142,965,760.00	42,080,824.00	44,605,673.44	47,282,013.85
	Development	104,224,063.00	135,082,000.00	143,186,920.00	151,778,135.20
	<b>Total</b>	<b>247,189,823.00</b>	<b>177,162,824.00</b>	<b>187,792,593.44</b>	<b>199,060,149.05</b>
Health	Recurrent	3,545,367,364.00	485,414,220.00	514,539,073.20	545,411,417.59
	Development	748,444,409.00	536,173,909.00	568,344,343.54	602,445,004.15
	<b>Total</b>	<b>4,293,811,773.00</b>	<b>1,021,588,129.00</b>	<b>1,082,883,416.74</b>	<b>1,147,856,421.74</b>
Education, Youth and Social Welfare	Recurrent	299,076,370.00	97,469,590.00	103,317,765.40	109,516,831.32
	Development	290,067,800.00	213,594,098.00	226,409,743.88	239,994,328.51
	<b>Total</b>	<b>589,144,170.00</b>	<b>311,063,688.00</b>	<b>329,727,509.28</b>	<b>349,511,159.84</b>
Public Administration	Recurrent	2,812,403,488.00	7,036,671,096.32	7,458,871,362.10	7,906,403,643.83
	Development	274,915,855.00	92,113,670.20	97,640,490.41	103,498,919.84
	<b>Total</b>	<b>3,087,319,343.00</b>	<b>7,128,784,766.52</b>	<b>7,556,511,852.51</b>	<b>8,009,902,563.66</b>
Lands, Environment and	Recurrent	82,492,274.00	21,910,370.68	23,224,992.92	24,618,492.50
	Development	1,033,320,500.00	1,056,648,031.80	1,120,046,913.71	1,187,249,728.53

Sector	Vote	Printed Estimates FY 2018/19	Proposed Ceilings FY 2019/20	Projected Estimates	
				2020/2021	2021/2022
<b>Natural Resources</b>	<b>Total</b>	<b>1,115,812,774.00</b>	<b>1,078,558,402.48</b>	<b>1,143,271,906.63</b>	<b>1,211,868,221.03</b>
<b>Water and Irrigation</b>	Recurrent	150,189,484.00	36,663,286.00	38,863,083.16	41,194,868.15
	Development	588,711,142.00	438,754,264.80	465,079,520.69	492,984,291.93
	<b>Total</b>	<b>738,900,626.00</b>	<b>475,417,550.80</b>	<b>503,942,603.85</b>	<b>534,179,160.08</b>
<b>Total Recurrent</b>		<b>7,630,303,697.00</b>	<b>7,904,221,091.00</b>	<b>8,378,474,356.46</b>	<b>8,881,182,817.85</b>
<b>Total Development</b>		<b>4,600,802,922.00</b>	<b>3,387,523,324.80</b>	<b>3,590,774,724.29</b>	<b>3,806,221,207.75</b>
<b>County Total Budget</b>		<b>12,231,106,619.00</b>	<b>11,291,744,415.80</b>	<b>11,969,249,080.75</b>	<b>12,687,404,025.59</b>

#### 4.3.3.2 Ministerial/Departmental Ceilings

57. The County is committed to improving the implementation and absorption capacity of projects. Due to the tight fiscal framework involved in budget preparation, the departments will be tasked with rationalizing and prioritizing their expenditures and programmes to ensure that they are in line with the CFSP ceilings.

58. Based on the absorption rate as contained in tables 4 and 5, table 7 outlines the proposed ceilings for the various departments.



**Table 7: Departmental Ceilings FY 2019/2020 and Medium Term (Kshs)**

County Entity	Vote	Printed Estimates FY 2018/19	Proposed Ceilings 2019/20	Projected Estimates	
				2020/21	2021/22
Office of the Governor	Recurrent	605,718,697.00	234,774,867.00	248,861,359.02	263,793,040.56
	Development	6,825,000.00	3,500,000.00	3,710,000.00	3,932,600.00
	<b>Total</b>	<b>612,543,697.00</b>	<b>238,274,867.00</b>	<b>252,571,359.02</b>	<b>267,725,640.56</b>
Project Delivery, Monitoring and Evaluation	Recurrent	-	5,682,500.00	6,023,450.00	6,384,857.00
	Development	-	1,922,300.00	2,037,638.00	2,159,896.28
	<b>Total</b>	<b>-</b>	<b>7,604,800.00</b>	<b>8,061,088.00</b>	<b>8,544,753.28</b>
Public Service & Quality Management	Recurrent	427,760,959.00	5,767,140,518.00	6,113,168,949.08	6,479,959,086.02
	Development	1,700,000.00	1,565,400.00	1,659,324.00	1,758,883.44
	<b>Total</b>	<b>429,460,959.00</b>	<b>5,768,705,918.00</b>	<b>6,114,828,273.08</b>	<b>6,481,717,969.46</b>
ICT	Recurrent	5,975,000.00	21,200,000.00	22,472,000.00	23,820,320.00
	Development	11,000,000.00	4,200,000.00	4,452,000.00	4,719,120.00
	<b>Total</b>	<b>16,975,000.00</b>	<b>25,400,000.00</b>	<b>26,924,000.00</b>	<b>28,539,440.00</b>
Trade	Recurrent	82,585,600.00	42,080,824.00	44,605,673.44	47,282,013.85
	Development	91,000,000.00	85,082,000.00	90,186,920.00	95,598,135.20
	<b>Total</b>	<b>173,585,600.00</b>	<b>127,162,824.00</b>	<b>134,792,593.44</b>	<b>142,880,149.05</b>
Legal Services	Recurrent	52,525,000.00	55,800,200.00	59,148,212.00	62,697,104.72
	Development	575,000.00	540,600.00	573,036.00	607,418.16
	<b>Total</b>	<b>53,100,000.00</b>	<b>56,340,800.00</b>	<b>59,721,248.00</b>	<b>63,304,522.88</b>
Economic Planning and External Resources	Recurrent	-	11,562,000.00	12,255,720.00	12,991,063.20
	Development	-	2,500,700.00	2,650,742.00	2,809,786.52
	<b>Total</b>	<b>-</b>	<b>14,062,700.00</b>	<b>14,906,462.00</b>	<b>15,800,849.72</b>
County Treasury	Recurrent	393,941,268.00	65,951,491.00	69,908,580.46	74,103,095.29
	Development	11,801,000.00	11,801,000.00	12,509,060.00	13,259,603.60
	<b>Total</b>	<b>405,742,268.00</b>	<b>77,752,491.00</b>	<b>82,417,640.46</b>	<b>87,362,698.89</b>
Revenue Management	Recurrent	-	60,551,786.00	64,184,893.16	68,035,986.75
	Development	-	5,000,000.00	5,300,000.00	5,618,000.00

County Entity	Vote	Printed Estimates FY 2018/19	Proposed Ceilings 2019/20	Projected Estimates	
				2020/21	2021/22
	<b>Total</b>	-	<b>65,551,786.00</b>	<b>69,484,893.16</b>	<b>73,653,986.75</b>
County Administration	Recurrent	374,783,441.00	79,472,254.00	84,240,589.24	89,295,024.59
	Development	26,000,000.00	10,900,650.00	11,554,689.00	12,247,970.34
	<b>Total</b>	<b>400,783,441.00</b>	<b>90,372,904.00</b>	<b>95,795,278.24</b>	<b>101,542,994.93</b>
Forensic and Inspectorate	Recurrent	-	32,285,872.00	34,223,024.32	36,276,405.78
	Development	-	-	-	-
	<b>Total</b>	-	<b>32,285,872.00</b>	<b>34,223,024.32</b>	<b>36,276,405.78</b>
Agriculture	Recurrent	352,443,489.00	51,275,655.00	54,352,194.30	57,613,325.96
	Development	76,900,000.00	190,156,390.00	201,565,773.40	213,659,719.80
	<b>Total</b>	<b>429,343,489.00</b>	<b>241,432,045.00</b>	<b>255,917,967.70</b>	<b>271,273,045.76</b>
Co-operative Development.	Recurrent	17,034,622.00	14,252,677.00	15,107,837.62	16,014,307.88
	Development	921,920.00	2,400,800.00	2,544,848.00	2,697,538.88
	<b>Total</b>	<b>17,956,542.00</b>	<b>16,653,477.00</b>	<b>17,652,685.62</b>	<b>18,711,846.76</b>
Water	Recurrent	150,239,484.00	36,663,286.00	38,863,083.16	41,194,868.15
	Development	593,711,142.00	438,754,264.80	465,079,520.69	492,984,291.93
	<b>Total</b>	<b>743,950,626.00</b>	<b>475,417,550.80</b>	<b>503,942,603.85</b>	<b>534,179,160.08</b>
Environmental	Recurrent	-	5,245,978.00	5,560,736.68	5,894,380.88
	Development	-	-	-	-
	<b>Total</b>	-	<b>5,245,978.00</b>	<b>5,560,736.68</b>	<b>5,894,380.88</b>
Medical Services	Recurrent	3,545,367,364.00	400,446,741.00	424,473,545.46	449,941,958.19
	Development	748,444,409.00	536,173,909.00	568,344,343.54	602,445,004.15
	<b>Total</b>	<b>4,293,811,773.00</b>	<b>936,620,650.00</b>	<b>992,817,889.00</b>	<b>1,052,386,962.34</b>
Public Health	Recurrent	-	84,967,479.00	90,065,527.74	95,469,459.40
	Development	-	-	-	-
	<b>Total</b>	-	<b>84,967,479.00</b>	<b>90,065,527.74</b>	<b>95,469,459.40</b>
Roads, Transport and Public Works	Recurrent	184,597,783.00	64,584,102.00	68,459,148.12	72,566,697.01
	Development	1,436,297,233.00	707,859,561.00	750,331,134.66	795,351,002.74

County Entity	Vote	Printed Estimates FY 2018/19	Proposed Ceilings 2019/20	Projected Estimates	
				2020/21	2021/22
	<b>Total</b>	<b>1,620,895,016.00</b>	<b>772,443,663.00</b>	<b>818,790,282.78</b>	<b>867,917,699.75</b>
Education	Recurrent	247,871,490.00	91,613,483.00	97,110,291.98	102,936,909.50
	Development	115,000,000.00	63,594,098.00	67,409,743.88	71,454,328.51
	<b>Total</b>	<b>362,871,490.00</b>	<b>155,207,581.00</b>	<b>164,520,035.86</b>	<b>174,391,238.01</b>
Social Welfare	Recurrent	25,500,000.00	5,856,107.00	6,207,473.42	6,579,921.83
	Development	-	-	-	-
	<b>Total</b>	<b>25,500,000.00</b>	<b>5,856,107.00</b>	<b>6,207,473.42</b>	<b>6,579,921.83</b>
Energy and Electrification	Recurrent	35,258,063.00	16,349,635.00	17,330,613.10	18,370,449.89
	Development	36,000,000.00	10,540,600.00	11,173,036.00	11,843,418.16
	<b>Total</b>	<b>71,258,063.00</b>	<b>26,890,235.00</b>	<b>28,503,649.10</b>	<b>30,213,868.05</b>
Housing and Urban Development	Recurrent	2,500,000.00	16,349,635.00	17,330,613.10	18,370,449.89
	Development	1,018,320,500.00	1,056,060,782.00	1,119,424,428.92	1,186,589,894.66
	<b>Total</b>	<b>1,020,820,500.00</b>	<b>1,072,410,417.00</b>	<b>1,136,755,042.02</b>	<b>1,204,960,344.54</b>
Lands and Physical Planning	Recurrent	61,942,274.00	16,349,634.00	17,330,612.04	18,370,448.76
	Development	-	5,800,600.00	6,148,636.00	6,517,554.16
	<b>Total</b>	<b>61,942,274.00</b>	<b>22,150,234.00</b>	<b>23,479,248.04</b>	<b>24,888,002.92</b>
Tourism, Youth, Sports and Culture	Recurrent	86,085,040.00	12,335,613.00	13,075,749.78	13,860,294.77
	Development	188,291,863.00	200,000,000.00	212,000,000.00	224,720,000.00
	<b>Total</b>	<b>274,376,903.00</b>	<b>212,335,613.00</b>	<b>225,075,749.78</b>	<b>238,580,294.77</b>
Public Service Board	Recurrent	41,397,784.00	8,544,446.00	9,057,112.76	9,600,539.53
	Development	2,014,855.00	1,014,000.00	1,074,840.00	1,139,330.40
	<b>Total</b>	<b>43,412,639.00</b>	<b>8,544,446.00</b>	<b>10,131,952.76</b>	<b>10,739,869.93</b>
County Assembly	Recurrent	936,776,339.00	702,884,308.00	745,057,366.48	789,760,808.47
	Development	236,000,000.00	53,369,670.20	56,571,850.41	59,966,161.44
	<b>Total</b>	<b>1,172,776,339.00</b>	<b>756,253,978.20</b>	<b>801,629,216.89</b>	<b>849,726,969.91</b>
<b>Total Recurrent</b>		<b>7,630,303,697.00</b>	<b>7,904,221,091.00</b>	<b>8,378,474,356.46</b>	<b>8,881,182,817.85</b>
<b>Total Development</b>		<b>4,600,802,922.00</b>	<b>3,387,523,325.00</b>	<b>3,596,301,564.50</b>	<b>3,807,523,123.29</b>
<b>County Total Budget</b>		<b>12,231,106,619.00</b>	<b>11,291,744,416.00</b>	<b>11,974,775,920.96</b>	<b>12,688,705,941.14</b>

**Table 8: Recurrent Expenditure Ceilings by Economic Classification FY 2019/2020 and Medium Term (Kshs)**

County Entity	Classification	Approved Estimates 2018/19	Estimates 2019/20	Projected Estimates		
				2020/21	2020/22	2020/23
<b>Office of the Governor</b>	Compensation to Employees	226,634,132	-	-	-	-
	Use of goods and services	325,664,258	240,457,367	254,884,809	270,177,898	286,388,571
	Other Current Transfers	53,420,306	-	-	-	-
	<b>Total</b>	<b>605,718,697</b>	<b>240,457,367</b>	<b>254,884,809</b>	<b>270,177,898</b>	<b>286,388,571</b>
<b>Public Service, Quality Management and ICT</b>	Compensation to Employees	153,443,252	5,478,486,234	5,807,195,408	6,155,627,133	6,524,964,761
	Use of goods and services	279,792,707	256,430,500	271,816,330	288,125,310	305,412,828
	Other Current Transfers	500,000	53,423,784	56,629,211	60,026,964	63,628,582
	<b>Total</b>	<b>433,735,959</b>	<b>5,788,340,518</b>	<b>6,135,640,949</b>	<b>6,503,779,406</b>	<b>6,894,006,170</b>
<b>Trade, Industrialization and Innovation.</b>	Compensation to Employees	56,820,100	-	-	-	-
	Use of goods and services	75,790,500	97,881,024	103,753,885	109,979,119	116,577,866
	Other Current Transfers	2,500,000	-	-	-	-
	<b>Total</b>	<b>135,110,600</b>	<b>97,881,024</b>	<b>103,753,885</b>	<b>109,979,119</b>	<b>116,577,866</b>
<b>Finance and Economic Planning.</b>	Compensation to Employees	286,051,241	-	-	-	-
	Use of goods and services	107,890,027	138,065,277	146,349,194	155,130,145	164,437,954
	Other Current Transfers	-	-	-	-	-

County Entity	Classification	Approved Estimates 2018/19	Estimates 2019/20	Projected Estimates		
				2020/21	2020/22	2020/23
	<b>Total</b>	<b>393,941,268</b>	<b>138,065,277</b>	<b>146,349,194</b>	<b>155,130,145</b>	<b>164,437,954</b>
<b>County Administration and Decentralized Units</b>	Compensation to Employees	281,523,441	-	-	-	-
	Use of goods and services	89,310,000	111,758,126	118,463,614	125,571,430	133,105,716
	Other Current Transfers	4,000,000	-	-	-	-
	<b>Total</b>	<b>374,833,441</b>	<b>111,758,126</b>	<b>118,463,614</b>	<b>125,571,430</b>	<b>133,105,716</b>
<b>Water, Irrigation, Environment and Natural Resources</b>	Compensation to Employees	101,479,529	-	-	-	-
	Use of goods and services	48,709,955	41,909,264	44,423,820	47,089,249	49,914,604
	Other Current Transfers		-	-	-	-
	<b>Total</b>	<b>150,189,484</b>	<b>41,909,264</b>	<b>44,423,820</b>	<b>47,089,249</b>	<b>49,914,604</b>
<b>Agriculture, Food Security and Co-operative Management.</b>	Compensation to Employees	273,782,355	-	-	-	-
	Use of goods and services	78,661,134	65,528,332	69,460,032	73,627,634	78,045,292
	Other Current Transfers		-	-	-	-
	<b>Total</b>	<b>352,443,489</b>	<b>65,528,332</b>	<b>69,460,032</b>	<b>73,627,634</b>	<b>78,045,292</b>
<b>Health Services and Emergency Services</b>	Compensation to Employees	2,789,681,364	-	-	-	-
	Use of goods and services	353,686,000	341,077,056	361,541,679	383,234,180	406,228,231
	Other Current Transfers	402,000,000	144,337,164	152,997,394	162,177,237	171,907,872

County Entity	Classification	Approved Estimates 2018/19	Estimates 2019/20	Projected Estimates		
				2020/21	2020/22	2020/23
	<b>Total</b>	<b>3,545,367,364</b>	<b>485,414,220</b>	<b>514,539,073</b>	<b>545,411,418</b>	<b>578,136,103</b>
<b>Roads, Transport and Public Works.</b>	Compensation to Employees	137,284,375	-	-	-	-
	Use of goods and services	49,813,408	64,584,102	68,459,148	72,566,697	76,920,699
	Other Current Transfers	-	-	-	-	-
	<b>Total</b>	<b>187,097,783</b>	<b>64,584,102</b>	<b>68,459,148</b>	<b>72,566,697</b>	<b>76,920,699</b>
<b>Education , Skills Training and Social Welfare</b>	Compensation to Employees	79,261,490	-	-	-	-
	Use of goods and services	20,460,000	97,469,590	103,317,765	109,516,831	116,087,841
	Other Current Transfers	195,500,000	-	-	-	-
	<b>Total</b>	<b>295,221,490</b>	<b>97,469,590</b>	<b>103,317,765</b>	<b>109,516,831</b>	<b>116,087,841</b>
<b>Energy, Lands, Housing and Urban Development.</b>	Compensation to Employees	62,057,961	-	-	-	-
	Use of goods and services	35,142,377	49,048,904	51,991,838	55,111,349	58,418,029
	Other Current Transfers	-	-	-	-	-
	<b>Total</b>	<b>97,200,337</b>	<b>49,048,904</b>	<b>51,991,838</b>	<b>55,111,349</b>	<b>58,418,029</b>
<b>Tourism, Culture, Sports and Co-operative Development</b>	Compensation to Employees	55,994,263	-	-	-	-
	Use of goods and services	20,101,239	12,335,613	13,075,750	13,860,295	14,691,912
	Other Current Transfers	5,174,160	-	-	-	-
	<b>Total</b>	<b>81,269,662</b>	<b>12,335,613</b>	<b>13,075,750</b>	<b>13,860,295</b>	<b>14,691,912</b>

County Entity	Classification	Approved Estimates 2018/19	Estimates 2019/20	Projected Estimates		
				2020/21	2020/22	2020/23
<b>County Public Service Board</b>	Compensation to Employees	31,895,584	-	-	-	-
	Use of goods and services	9,502,200	8,544,446	9,057,113	9,600,540	10,176,572
	Other Current Transfers	-	-	-	-	-
	<b>Total</b>	<b>41,397,784</b>	<b>8,544,446</b>	<b>9,057,113</b>	<b>9,600,540</b>	<b>10,176,572</b>
<b>County Assembly</b>	Compensation to Employees	412,335,858	412,335,858	437,076,009	463,300,570	491,098,604
	Use of goods and services	439,440,481	205,548,450	217,881,357	230,954,238	244,811,493
	Other Current Transfers	85,000,000	85,000,000	90,100,000	95,506,000	101,236,360
	<b>Total</b>	<b>936,776,339</b>	<b>702,884,308</b>	<b>745,057,366</b>	<b>789,760,808</b>	<b>837,146,457</b>
<b>Total Net Compensation to Employees</b>		<b>4,948,244,945</b>	<b>5,890,822,092</b>	<b>6,244,271,418</b>	<b>6,618,927,703</b>	<b>7,016,063,365</b>
<b>Total Net Use of goods and services</b>		<b>1,933,964,286</b>	<b>1,730,638,051</b>	<b>1,834,476,334</b>	<b>1,944,544,914</b>	<b>2,061,217,609</b>
<b>Total Net Other Current Transfers</b>		<b>748,094,466</b>	<b>282,760,948</b>	<b>299,726,605</b>	<b>317,710,201</b>	<b>336,772,813</b>
<b>Total Recurrent Expenditure</b>		<b>7,630,303,697</b>	<b>7,904,221,091</b>	<b>8,378,474,356</b>	<b>8,881,182,818</b>	<b>9,414,053,787</b>

## **5.0 CONCLUSION**

59. Public participation was carried out across the County in each of the forty wards and specific projects identified by the community. These projects will be streamlined into their respective line ministries for implementation. However, emphasis will be given to the ongoing projects to ensure completion and operationalization of the same.



## ANNEXES

### Annex 1: Revised Budget FY 2018/19

#### i. Recurrent Budget

	<b>Printed Estimates 2018/19</b>	<b>Increase (Decrease)</b>	<b>Revised Estimates 2018/19</b>
<b>County Entity</b>	<b>Kshs.s.</b>	<b>Kshs.s.</b>	<b>Kshs.s.</b>
Office of the Governor	605,718,697	(10,012,497)	595,706,200
Public Service Labour and ICT	433,735,959	1,129,364,740	1,563,100,699
Trade, Economic Planning and Industrialization	135,110,600	8,000,000	143,110,600
Finance and Revenue Management	393,941,268	5,100,000	399,041,268
Decentralized Units, County Administration, Environment and Solid Waste Management	374,833,441	-	374,833,441
Agriculture, Livestock, Fisheries, Water and Irrigation	502,632,973	41,513,353	544,146,326
Health Services and Emergency Services	3,545,367,364	897,331,200	4,442,698,564
Transport, Roads, Public Works and Housing	187,097,783	3,000,000	190,097,783
Education , Youth and Social Welfare	295,221,490	60,000,000	355,221,490
Land, Urban Development, Energy and Natural Resources	97,200,337	72,108,000	169,308,337
Tourism, Culture, Sports and Co-operative Development	81,269,662	4,100,000	85,369,662
County Public Service Board	41,397,784	7,000,000	48,397,784
County Assembly	936,776,339	-	936,776,339
<b>TOTAL RECURRENT EXPENDITURE</b>	<b>7,630,303,697</b>	<b>2,217,504,797</b>	<b>9,847,808,493</b>

#### ii. Development Budget

	<b>Printed Estimates 2018/19</b>	<b>Increase(De crease)</b>	<b>Revised Estimates 2018/19</b>
<b>County Entity</b>			
Office of the Governor	6,825,000	10,012,497	16,837,497
Public Service Labour and ICT	12,700,000	10,000,000	22,700,000
Trade, Economic Planning and Industrialization	91,575,000	-	91,575,000
Finance and Revenue Management	11,801,000	3,928,031	15,729,031
Decentralized Units, County Administration, Environment and Solid Waste Management	31,000,000	-	31,000,000
Agriculture, Livestock, Fisheries, Water and Irrigation	665,611,142	99,594,319	765,205,461
Health Services and Emergency Services	748,444,409	10,748,396	759,192,805
Transport, Roads, Public Works and	1,436,297,233	285,872,625	1,722,169,858

<b>County Entity</b>	<b>Printed Estimates 2018/19</b>	<b>Increase(Decrease)</b>	<b>Revised Estimates 2018/19</b>
Office of the Governor Housing		10,012,497	
Education , Youth and Social Welfare	289,295,000	(93,542,977)	195,752,023
Land, Urban Development, Energy and Natural Resources	1,054,320,500	10,000,000	1,064,320,500
Tourism, Culture, Sports and Co-operative Development	14,918,784	180,000,000	194,918,784
County Public Service Board	2,014,855	-	2,014,855
County Assembly	236,000,000	-	236,000,000
<b>TOTAL DEVELOPMENT EXPENDITURE</b>	<b>4,600,802,923</b>	<b>516,612,891</b>	<b>5,117,415,814</b>

## Annex II: Machakos County Sector Composition

Sector	County Departments
<b>Agriculture and Cooperative Development</b>	<ul style="list-style-type: none"> <li>• Livestock &amp; Veterinary</li> <li>• Agriculture</li> <li>• Fisheries</li> <li>• Co-operative Development</li> </ul>
<b>Energy, Infrastructure and ICT</b>	<ul style="list-style-type: none"> <li>• Energy</li> <li>• Transport</li> <li>• Housing</li> <li>• Public works</li> <li>• Roads</li> <li>• ICT</li> </ul>
<b>Commercial , Tourism and Labour affairs</b>	<ul style="list-style-type: none"> <li>• Trade</li> <li>• Industrialization</li> <li>• Tourism</li> <li>• Investment</li> <li>• Labour</li> </ul>
<b>Health</b>	<ul style="list-style-type: none"> <li>• Health</li> </ul>
<b>Education , Youth and Social welfare</b>	<ul style="list-style-type: none"> <li>• Education</li> <li>• Youth</li> <li>• Social welfare</li> <li>• Culture</li> <li>• Sports</li> </ul>
<b>Public Administration</b>	<ul style="list-style-type: none"> <li>• Office of the Governor</li> <li>• County Treasury</li> <li>• Economic Planning</li> <li>• Public Service</li> <li>• County Image</li> <li>• Legal Office</li> <li>• County Public Service Board</li> <li>• Decentralized Units/County Administration</li> <li>• County Assembly</li> </ul>
<b>Land , Environment and Natural Resources</b>	<ul style="list-style-type: none"> <li>• Lands</li> <li>• Urban Development</li> <li>• Environment</li> <li>• Natural Resources</li> </ul>
<b>Water and Irrigation</b>	<ul style="list-style-type: none"> <li>• Water</li> <li>• Irrigation</li> </ul>