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MACHAKOS COUNTY ASSEMBLY
MACHAKOS COUNTY
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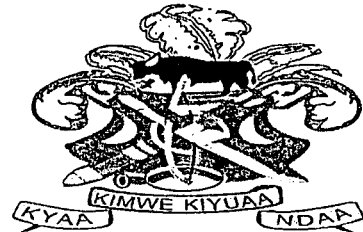
7th March, 2018

RE: COUNTY FISCAL STRATEGY PAPER (2018)

Reference is made to the Public Finance Management Act 2012, which requires the County Treasury to prepare the County Fiscal Strategy Paper and submit to the County Assembly for approval.

To this regard, attached is a copy of the County Fiscal Strategy Paper as required by the Public Finance Management Act 2012, section 117(1)

H.E Eng. Francis Maliti
Deputy Governor/ Ag. CEC-Finance and Revenue Management



COUNTY GOVERNMENT OF MACHAKOS

COUNTY FISCAL STRATEGY PAPER

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

February, 2018

FOREWORD

The 2018 County Fiscal Strategy Paper (CFSP) is prepared in accordance with the Public Finance Management Act, 2012. It sets out County policies and strategic priorities that will be the basis for formulation of 2018/19 Financial Year budget and the Medium Term.

It reaffirms the commitment of the County Government to economically and socially transform the County. The CFSP builds on the experiences of the first term of devolution and thus will endeavor to transform the County economically from '*Third World to a First World*'. The transformation agenda is geared towards wealth creation and ensuring socio-economic transformation of the County through; (i) Improvement of infrastructure, (ii) Maintain and improve water accessibility for domestic and commercial use, (iii) Improving accessibility of healthcare services, (iv) Promotion of Countywide EDCE enrolment and affordable vocational training, (v) Promote sustainable Agriculture, (vi) Environmental conservation and afforestation and (vii) Creation of conducive business environment.

The County Government will adopt a comprehensive approach in matters of development and service delivery.

This CFSP provides a resource envelope and presents the fiscal framework for the FY 2018/19 budget estimates over the medium-term period. The departmental ceilings are set out on the basis of the reviewed expenditure in the past FY 2017/18.

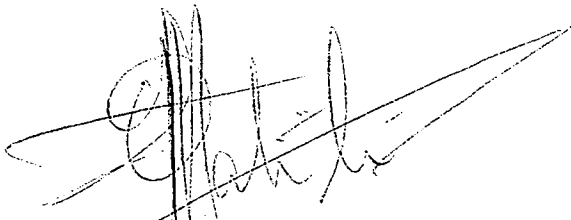
The County will continue adhering to the Fiscal responsibility in ensuring that a minimum of 30% of the County's budget is allocated to development expenditure.

In line with the Constitution and the Public Finance Management Act (PFMA), 2012, the County will, for purposes of ensuring a successful and sustainable development agenda, continue to engage the private sector, the civil society and other key stakeholders in financial management.

The expenditures will therefore be aligned to the County economic policies as outlined in various County policy documents and the strategic interventions for sustainable growth.

It is also worth noting that 2018 CFSP is prepared at time when global economic environment is experiencing a broad-based cyclical upturn, which is expected to be sustained over the next couple

of years, although with downside risks. Domestically, the growth declined to 4.4% in the third quarter of 2017 compared to 5.6% in 2016 over the same period. The growth potential however remains strong and is projected to pick up in 2018 through continued good performance across all sectors of the economy; recovery of tourism and continued public sector infrastructure investment and enhanced private consumption. This is expected to promote optimal performance for transformative growth at the county level.



H. E. ENG. FRANCIS MALITI

DEPUTY GOVERNOR/Ag. CEC- FINANCE AND REVENUE MANAGEMENT

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ACRONYMS

ADP	Annual Development Plan
ATC	Agricultural Training Centre
BPS	Budget Policy Framework
CCTV	Closed-Circuit Television
CIDP	County Integrated Development Plan
CFSP	County Fiscal Strategy Paper
ECDE	Early Childhood Development and Education
FY	Financial Year
GDP	Gross Domestic Product
ICT	Information and Communication Technology
IFMIS	Integrated Financial Management Information System
M & E	Monitoring and Evaluation
MTEF	Medium Term Expenditure Framework
NEMA	National Environment Management Authority
PFMA	Public Financial Management Act
SDGs	Sustainable Development Goals
WHO	World Health Organization

Legal Basis for the Preparation of the County Fiscal Strategy Paper (CFSP)

- 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 to 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 2018. In this regard, the fiscal policies are geared towards triggering a multiplier effect towards the achievement of the national theme of 'Creating Jobs, Transforming Lives - "The Big Four" Plan.
- 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 2018/2019 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.

2.0 RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

2.1 Introduction

5. Achieving the county's medium-term strategic objective is dependent on the performance of the National economy. This section therefore gives an over view of the recent economic developments at the global, national, county levels and the impact that these occurrences have on County economic development.

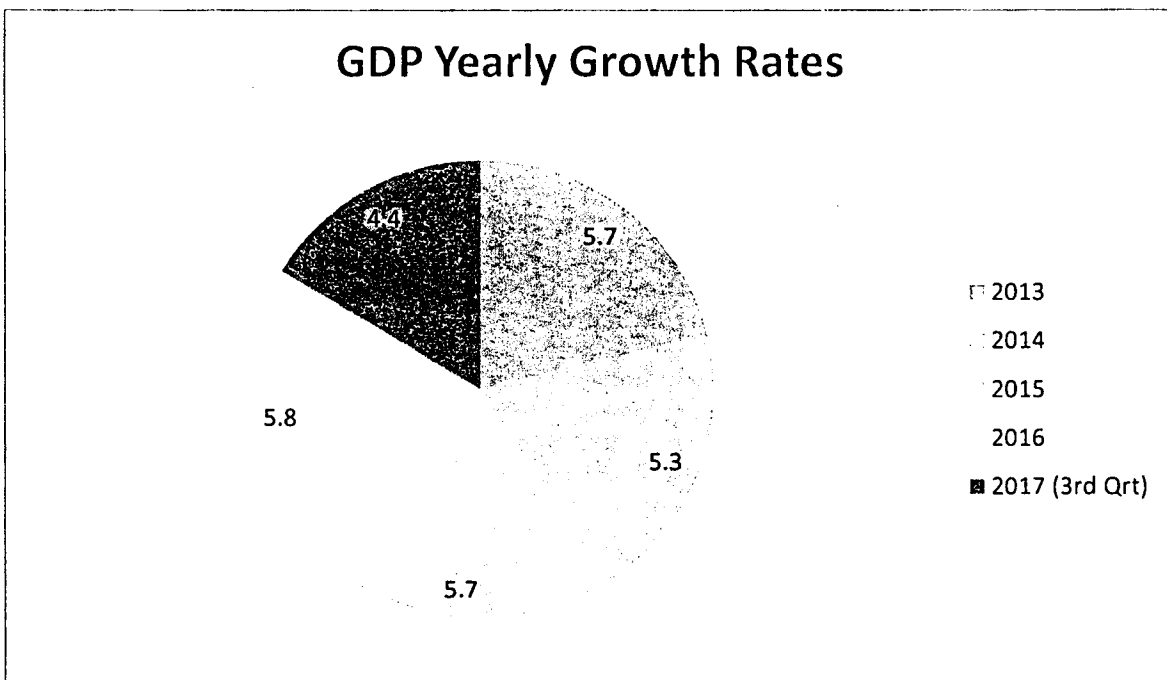
2.2 Global Economy

6. According to United Nations *'World Economic Situation and Prospects 2018'* World Gross Product (WGP) is forecast to expand at a steady pace of 3% in 2018 and 2019. Developing economies remain the main drivers of global growth. In 2017, East and South Asia accounted for nearly half of global growth, as both regions continue to expand at a rapid pace. The Chinese economy alone contributed about one-third of global growth during the year. The composition of global demand has shifted more towards investment over the last year. Gross fixed capital formation accounted for roughly 60% of the acceleration in global economic activity in 2017.
7. Global Economic Prospectus (*Jan, 2018*) by World Bank Group envisages a global economy that is experiencing a cyclical recovery, reflecting a rebound in investment, manufacturing activity, and trade. Global Gross Domestic Product (GDP) growth is estimated to have picked up from 2.4% in 2016 to 3% in 2017, above the June forecast of 2.7%. In advanced economies, growth in 2017 is estimated to have rebounded to 2.3%, driven by a pickup in capital spending, a turnaround in inventories, and strengthening external demand. Growth among Emerging Markets and Developing Economies is estimated to have accelerated to 4.3% in 2017, reflecting firming activity in commodity exporters and continued solid growth in commodity importers.

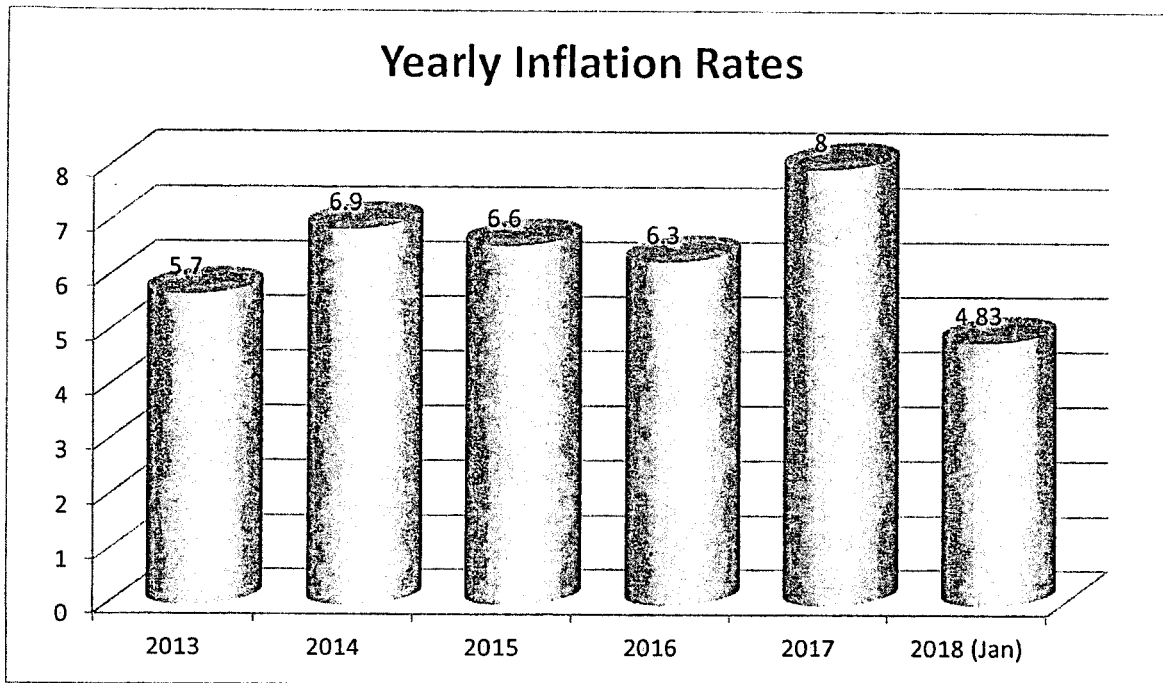
2.3 National Economic and Fiscal Outlook

8. In the local scene, Kenya's economic growth declined from 5.6% in the third quarter of 2016 to 4.4% in 2017 of the same period. This is attributed to uncertainty that was associated with political environment in 2017 coupled with effects of adverse weather conditions. Most sectors

of the economy thus posted slower growth in the third quarter of 2017 as compared to the same period in 2016. This however did not affect macroeconomic aspects as they remained stable thus supporting growth.



- Inflation rates averaged at 4.83 per cent in the month of January, 2018 compared to 8% in 2017. This was as a result of the increase in food and non-alcoholic drinks' Index by 1.69 per cent mainly due to increases in prices of some foodstuffs which outweighed the falls in others. The shilling strengthened against major African currencies but weakened against the US Dollar, Euro and Yen. The capping of interest rates to a maximum of 4.0 per cent above the Central Bank Rate (CBR) resulted in a significant decline in interest rates during the month of September to 13.84% compared to 16.75% in a similar month in 2015. Domestic credit slowed from a growth of 20.8% in 2015 to 6.4% in 2016 mainly on account of a decline in credit to the private sector.



2.4 County Economic Development and Fiscal Outlook

10. The County economy is not isolated from the effect of the global and national economic occurrences and thus was equally affected by the adverse weather conditions and the political uncertainty in 2017.
11. Despite the challenges, the County's economic environment is stable and promising due to various programmes the County has implemented in all the sectors. The county will endeavor to implement programmes geared towards improving the livelihoods of the people of Machakos.
12. Significant gains have been realized since inception of devolution through the integrated water programme, provision of quality and affordable healthcare, enhancing food security and infrastructure development.
13. The County will continue to prioritize spending in the crucial economic sectors to further enhance growth and ensure increased access to public services.

2.5 Fiscal Performance in FY 2017/18

14. This section provides an overview of the performance of the budget for financial year 2017/18.

Approved Budget FY 2017/18

15. During the FY 2017/18 the County Assembly approved a budget of **Kshs. 9.99 Billion** out of which **Kshs. 7.01 Billion** related to recurrent expenditures while **Kshs. 2.98 Billion** was for development expenditure. This translates to 70% and 30% of the total budget respectively.

16. The recurrent expenditure of **Kshs 7.01 Billion** constitutes of **Ksh. 4.51 Billion** to cater for wages and salaries and **Kshs. 2.49 Billion** for operations and maintenance which is equivalent to 45% and 25% of the total budget respectively. This is as illustrated in table 1 below;

Table 1 : Summary of approved budget 2017/18 (Amount in Ksh)

Description	Approved Budget
Expenditures	
Development	2,988,251,929.00
Recurrent	7,001,929,613.00
Total Expenditures	9,990,181,542.00
	Revenue
Allocation from National Government	8,290,181,842.00
County Own Revenue	1,700,000,000.00
Total Revenue	9,990,181,542.00

Expenditure

17. In the 1st half of the budget implementation cycle, the total actual expenditures amounted to **Kshs 2.76 Billion** which translates to 28% of the total budget. **Ksh 2.7 Billion** relates to recurrent expenditures and **Kshs 0.46 Billion** to development expenditures which translate to 39% of total recurrent and 1.5% of total development expenditures as summarized in the table below. Implementation of the FY 2017/18 budget is on course although performance is lagging behind targets. In the first five months of the year, revenues collection have consistently lagged behind targets due to the under performance of the main revenue tax heads. On the other hand, there has been an elevated expenditure pressures as a result of the adverse spillover effects of

the prolonged drought, the repeat of the Presidential Election and salary awards for hospital staff and nurses.

Expenditure as at 31st December, 2017 (Amount in Kshs).

Description	Approved Budget	Actual Expenditure
Expenditure		
Development	2,988,251,929.00	45,732,055.00
Recurrent	7,001,929,613.00	2,717,215,689.00
Total	9,990,181,542.00	2,762,947,744.00

Revenues

18. The approved expenditures amounting to Kshs. 9.99 Billion were to be financed from two sources of Revenue namely;

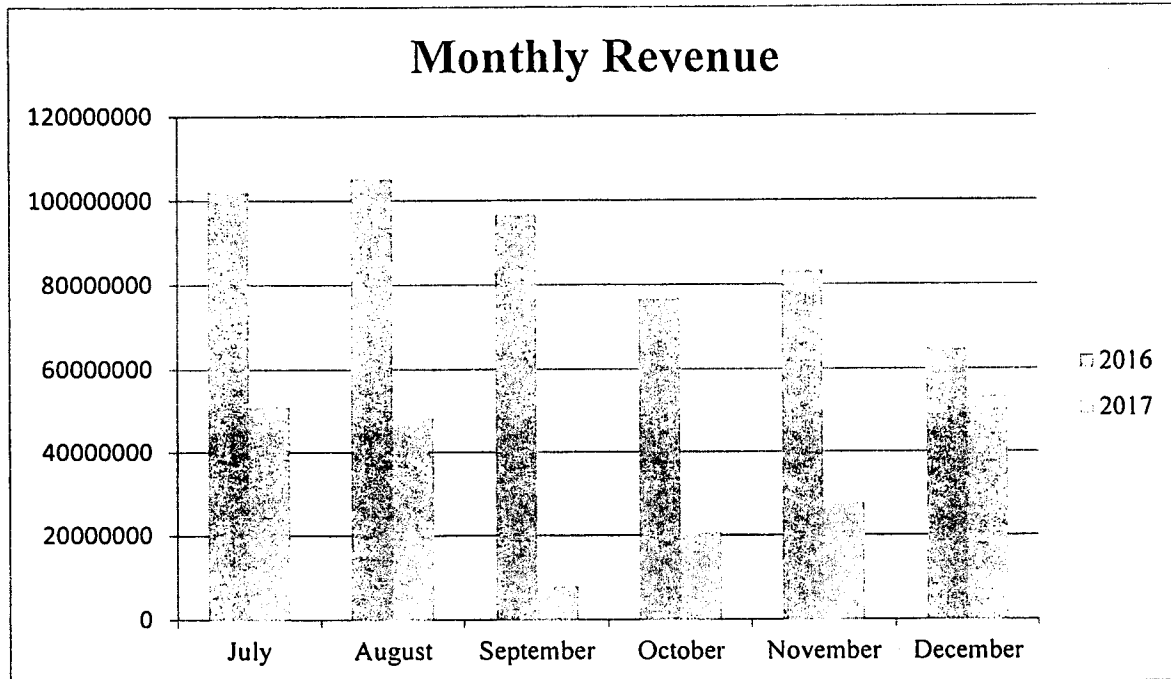
- i. Allocation from national Government – **Kshs. 8.29 Billion**
- ii. County own revenue – **Kshs. 1.7 Billion**

19. As at 31st December, 2017 the County had received a total of **Ksh.3.01 Billion** comprising of **Kshs. 2.7 Billion** from the National Government and **Kshs. 0.3 Billion** from the County own revenue. This translates to 33% and 18% of the Projection for National Government and County Government respectively. This is illustrated in the table below.

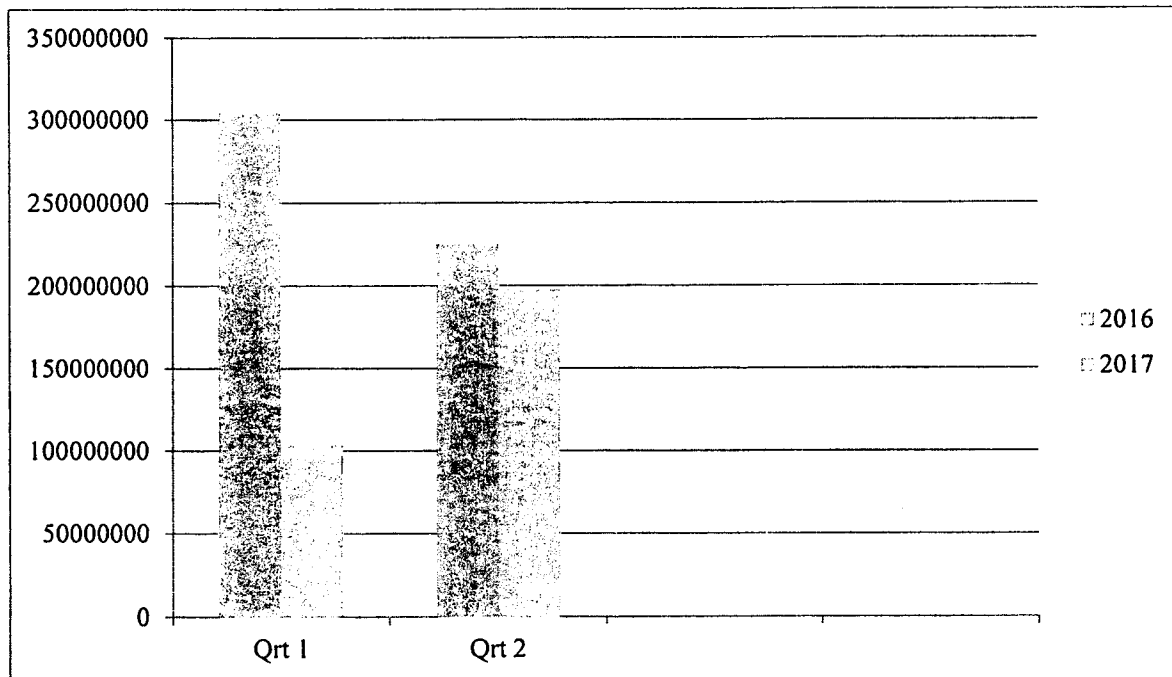
Revenue Performance as at 31st December, 2017 (amount in Kshs).

Description	Approved revenues	Actual Revenue	Percentage Performance (%)
Allocation from National Government	8,290,181,842.00	2,713,194,321.00	33
County Own Revenue	1,700,000,000.00	301,489,844.00	18
Total	9,990,181,542.00	3,014,684,165.00	30

Monthly County Revenue Performance



Quarterly Revenue Performance – comparative with the FY 2017/8



2.6 Risk to the Outlook

20. Although the County Economic Environment is promising there are risks to the outlook for 2018/19 and medium term which includes;

- i. Irregular weather patterns and delayed rainfall that may affect agricultural productivity, which is the main economic activity in the County, and lead to depressed livelihood
 - ii. The resource envelope for 2018/19 is based on a draft Budget Policy Statement (BPS) which is subject to parliamentary approval through the County Allocation of Revenue Act. There is likely to be a deviation from the estimates of the draft BPS
 - iii. Late release of funds from the National Government leading to delay in implementation of various programmes.
 - iv. Shortfall in collection of County own revenue – If revenue is not realized projects will not be implemented as planned.
 - v. Lengthy procurement processes that lead to delay in project implementation.
21. Going forward, there is need to safeguard the County economic stability which will support growth and *propel Machakos County from the 'Third world to the first world Region'*.

3.0 POLICIES TO ENSURE SUSTAINABLE DEVELOPMENT

22. The 2018 CFSP continues to build on the gains made in the previous years on key development strategic objectives. The County will focus on programs geared towards ;
- i. Improvement of Infrastructure
 - ii. Access to safe and clean water for domestic and commercial use
 - iii. Access to quality and affordable health services
 - iv. Promotion of County wide ECDE enrollment and affordable vocational training.
 - v. Promotion of sustainable agriculture
 - vi. Environmental conservation and afforestation
 - vii. Creating a Conducive Business Environment for Investment and job creation
 - viii. Social Welfare
23. To ensure there is adequate financing for the development projects, the County will seek to enhance partnership with development partners and increase local revenue collection.

3.1 County Strategic Policies

24. The County will pursue various policies aimed at ensuring sustainable development. These policies include:

A. Improvement of Infrastructure

25. Infrastructure development is necessary for sustainable growth in Machakos. The county needs better roads, water and ICT networks, railway connectivity to serve the upcoming new city and upgrading power stations to serve the growing needs of Machakos. Failure to invest in infrastructure means failure to develop our social and economic structure.
26. Over the medium term, the County shall undertake programmes aimed at improving infrastructure as outlined below;

I. Expansion of roads and transport network

27. To sustain economic growth, the County requires substantial investment in developing efficient and affordable transport network. In the past years the County has made significant progress in the development of road and transport infrastructure through rehabilitating existing roads as well as construction of new ones. They include; Makutano Ma Mwala to Kithimani road , Kathiani – Kakuyuni - Kangundo road, Devki-Namanga-Pepe-Mzee Puranha road, Pepe - Shell Petrol Station in athi river and Kivandini-Masinga road which is ongoing . With the rapid growth of Machakos Town however, the County has experienced congestion and traffic jams. The Government will continue to therefore invest in expansion of road network to reduce cost of transport, promote competitiveness, and open up business opportunities for the people of Machakos and facilitate a faster and more inclusive growth for employment creation and poverty reduction.

28. In FY 2018/19 and over the Medium Term, the County will implement the following projects;

- i. Maintenance of existing County roads to ensure that there are no potholes
- ii. Opening of more feeder and access roads
- iii. Construction and maintenance of parking bays
- iv. Developing and maintaining government buildings and other public works
- v. Maintenance of all County vehicles, plant and equipment and fleet management.
- vi. Construction of County ward roads

II. Provision of sustainable, cost effective and affordable renewable energy

29. Sustaining economic growth as well as a competitive business environment requires a reliable and affordable energy supply. Over the medium term the County Government will pursue avenues which will generate affordable and reliable energy supply such as solar energy, wind energy and biogas as well as working with the Kenya Power and Lighting Company to expand the existing power facilities and provide additional transformers and *Mulika Mwizi* across the County.

III. Provision adequate and Decent Housing

30. The county has experienced rapid growth necessitating expansion of existing offices as well housing units. To address this, the county Government will implement policy and administrative reforms which are targeted at improving accessibility of affordable mortgage. In addition the county will construct news offices to enhance effectiveness and efficiency services delivery.

IV. Promoting the use of Information, Communication and Technology (ICT)

31. Promotion of use of ICT is important as a means of reducing the cost of doing business and enhancing efficiency in service delivery. In light of this, over the last four years, the Government has implemented a number of initiatives to enhance the use of ICT including use of IFMIS , establishment of call centres, installation of CCTV surveillance cameras , Information Website , email communication , internet connectivity in County government offices , Investment portal , time and attendance Clocking system and asset management system.

32. Moving forward, the County Government will build on the progress made so far to improve ICT infrastructure and increase ICT skills and innovation in order to propel the County from third world to first world .

B. Access to safe and clean water for domestic and commercial use

33. Accessibility to clean and safe water is critical in attaining the sustainable development goal 6 and Governor's manifesto on provision of free and clean water to all households in the County. Further Provision of adequate safe drinking water and sanitation do complement efforts towards improved primary health care and productivity of labour. In addition, adequate supply of water is essential for increased agricultural production and manufacturing activities.

34. To date, the county Government has implemented various water projects which include; purchase of 8 borehole drilling machines, construction and rehabilitation of existing boreholes, construction and rehabilitation of dams, water pans and earth dams (weirs), purchase and supply water tanks to Primary and Secondary Schools as well as other institutions.

35. In the next FY and the medium term the county will continue to implement the following projects in the water sector;

- i. Digging and equipping an additional boreholes, dams and pans.
- ii. Equipping boreholes, piping to homes and construction of 250,000 litres mega tanks.
- iii. Supply of water tanks , installation of improved roofing to enhance water harvesting

The implementation of the above initiatives will go a long way in enhancing food security in the County.

C. Access to quality and affordable health services

36. The County Government of Machakos is committed to improving access to affordable and quality healthcare services through promotion and provision of integrated and high quality curative, preventive and rehabilitative services that are accessible, responsive, and accountable to every citizen of Machakos.

37. Over the years significant achievements have been realized in this sector. These include; Provision of seventy ambulances, rapid and well equipped response motorcycle ambulances, ongoing construction of forty community hospitals with maternity ward, mini theatre, laboratory and X-ray facilities, establishment of health committees, the upgrading of Machakos Level 5 hospital to a model referral hospital with a modernized outpatient department, refurbished and fully equipped maternity and labour wards, intensive care unit, renal unit, digital X- ray machines, breast cancer screening among other.

38. In FY 2018/19 and the medium term the County Government will focus on;
 - i. Upgrading level 3 health facilities to level 4 as well as ensuring all health facilities in the County meet international standards as prescribed by World Health Organization (WHO)
 - ii. Partnering with donors to construct Machakos Cancer treatment and management centre.
 - iii. Establishment of new health centers in far flung areas from the existing health facilities.
 - iv. Employment of additional health care givers and provision of medicines in all health facilities.

- v. Free healthcare to all children under 6 years, pregnant mothers and elderly over 65 (senior citizens) years old in all Machakos County hospitals for all services – admission, lab, treatment, x-ray, medicines etc.

D. Promotion of County wide ECDE enrollment and affordable vocational training.

39. The County is committed to improving access to quality Early Childhood and Tertiary Education as well as improving the livelihood of the vulnerable people in the society. To date, good progress has been made over the past years. The County has constructed and refurbished ECDE classes and youth innovation centers, partnered with various organizations to provide free ICT trainings at the youth centers and disbursed bursaries to various beneficiaries within the County.
40. Going forward the county will continue to invest in this sector through ;
- i. Disbursement of bursaries to the bright and need students across the County
 - ii. Construction of additional Youth Polytechnics and Technical Skill Training Schools.
 - iii. Carrying out vocational training
 - iv. Construction on libraries to inculcate reading culture within the County
 - v. Recruitment of additional ECDE teachers
 - vi. School Feeding Program to enhance retention

E. Promotion of sustainable agriculture

41. The Sector plays a key role in accelerating economic growth through enhancing food security; income generation; employment and wealth creation. The sector also contributes significantly to socio-economic growth and development through forward and backward linkages with other priority sectors of the economy.
42. During the FY 2018/19 and medium term, the sector will continue to implement policies aimed at cushioning the agriculture sector and ensuring food security. This includes;
- i. Subsidies to ensure they target improvements in food yields and production quality
 - ii. Construction of fruit processing plant
 - iii. Construction of Dairy processing plant

- iv. Construction of livestock yard and slaughter houses
- v. Rehabilitation of existing cattle dips
- vi. Pasture development
- vii. Provision of feeds , fruit seedlings and seeds to farmers
- viii. Provision of indigenous chicks to increase poultry farming and employment
- ix. Expansion of chicks hatchery at Agricultural Training Centre (ATC)
- x. Carry out artificial insemination
- xi. Acquisition of motor vehicles and motor bikes to support extension services to farmers across the County
- xii. Improvement of Fish farming by increasing the number of fingerlings to farmers and establishment fish breeding at ATC
- xiii. Acquisition of additional tractors
- xiv. Promotion of drip irrigation as part of climate resilience interventions

F. Environmental conservation and afforestation

43. Climate change adversely affects economic growth in the county impacting on the County goals of achieving high quality life for its citizens. Environmental conservation and management is vital in ensuring sustainable development of the County. It also plays a fundamental role towards climate change mitigation. The forest cover in the County is 3.5 % which is far much below the 10 % bench mark in the Vision 2030 and 25 % under SDGs.

44. For the FY 2018/19 and the medium term the sector has prioritized programmes ;

- i. Planting of 15 million trees and halting deforestation
- ii. Rehabilitation of degraded rivers through building of gabions
- iii. Partner with NEMA to eradicate environmental pollution and enforce punishments to individuals and organizations who violate the law
- iv. Management of sand harvesting
- v. Cleaning up exercises in polluted areas such as rivers.

G. Creating a Conducive Business Environment for Investment and job creation

45. This area will continue to focus on sustaining a conducive business environment by:

- i. Supporting business regulatory reforms such exemption of hawkers fees, small scale vegetable retailers and market cess for livestock.
- ii. Establish and continue the good relations with UN bodies, foreign embassies, World Bank, IMF, other development partners and donors to attract them to Machakos and encourage them to set-up offices and businesses in Machakos.
- iii. Enhancing security across the County.
- iv. Expansion of road network, to enable easy movement of goods, services and labor.
- v. Developing and expanding markets for County's products and produce and revival of cooperative societies.

H. Social welfare

46. The County will continue to improve on the well-being of the entire society through:

- i. Table banking
- ii. Free access to health services for senior citizens , pregnant mothers and all children under six years
- iii. Establish a social welfare fund to cater for persons abled differently, women youth and the elderly.

I. Tourism promotion

47. Tourism is an important sector in the County, since it contributes significantly to the growth of the economy. Going forward the County, will continue to develop programs aimed at boosting this sector. These includes:

- i. Construction Machakos Convention Centre.
- ii. Talent academies-Expand Machahood with recording studios to support local artists, bands and choirs in recording their music and shooting movies.
- iii. Sports academy for youths talented in football, athletics, volleyball and other games.
- iv. Construction and rehabilitation of recreational parks.

4.0 FY 2018/19 BUDGET FRAMEWORK AND THE MEDIUM TERM

4.1 Introduction

48. This section gives an overview of the fiscal framework for FY 2018/19 and the medium term. It also provides the proposed resource envelop, proposed ceiling and spending priorities for FY 2018/19 and the medium term.

4.2 2018/19 FY Budget Framework

4.2.1 Revenue Projections

47. 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. The County may also receive conditional or unconditional grants from the National Government and the Development Partners. The County government is also mandated to raise its own revenues. The table below highlights the expected revenues from the national government (as per BPS) and the County government for the FY 2018/19.

Items	Estimated Amount (Kshs)
Equitable Share	8,321,000,000
Conditional Grants	881,092,537
Loans and Grants	1,308,952,409
Total Allocation from National Government	10,511,044,946
County Own Revenue	1,500,000,000
Grand Total	12,011,044,946

4.2.2 Expenditure Forecasts

49. In the FY 2018/19, the overall expenditure is projected at **Kshs. 12.0 Billion** from **Kshs. 10.3 Billion** in the FY 2017/18.

4.2.3 Recurrent Expenditure

50. The recurrent expenditures for the Financial Year 2018/2019 are projected to be **Ksh 8.4 Billion**, with Personnel Emoluments estimated at **Kshs. 5.9 Billion** and operations and maintenance **Ksh 2.5 Billion**.

4.2.4 Development Expenditure

51. To ensure continued economic growth, the County projects to spend **Kshs3.6 Billion** on development to fund the prioritized development programs for FY 2018/19.

4.2.5 Allocation/Prioritization Criteria

52. The allocation of resources to the various sectors in the FY 2018/19 will be guided by the following criteria;

- i. Degree to which the programme address the strategic priorities identified during public fora
- ii. Budget ceilings allocated by Commission of Revenue Allocation
- iii. Equitable share of revenue allocation of the National government.
- iv. Ongoing projects - Emphasis will be given to completion of ongoing projects
- v. Programmes prioritized in the County Integrated Development Plan
- vi. Cost effectiveness and sustainability of the programme.
- vii. Funding from development partners

4.2.6 Medium-Term Expenditure Ceilings

53. 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 for the Financial Year 2018/2019 to focus on the strategic interventions captured in the CIDP and ADP. To this regard, the expenditures will have to be geared towards supporting sustainable agriculture, infrastructure development and social welfare that will transform the County's economy to a world class.

Medium Term ministerial/ departmental ceilings, 2018/19-2020/21 (Kshs.)

Ministry		Approved Budget 2017/18	CFSP Ceiling 2018/19	Projections 2018/18-2018/19	
				2019/2020	2020/2021
Office of the Governor	Recurrent	585,926,041	654,292,114	687,006,719	721,357,055
	Development	22,500,000	23,625,000	24,806,250	26,046,563
	Total	608,426,041	677,917,114	711,812,969	747,403,618
Public Service ICT and Labour	Recurrent	507,242,701	566,427,972	594,749,371	624,486,839
	Development	20,700,000	21,735,000	22,821,750	23,962,838
	Total	527,942,701	588,162,972	617,571,121	648,449,677
Trade , Investment , Economic Planning and Industrialization	Recurrent	112,884,198	126,055,569	132,358,348	138,976,265
	Development	729,215,785	765,676,574	803,960,403	844,158,423
	Total	842,099,983	891,732,143	936,318,751	983,134,688
Finance and Revenue Management	Recurrent	352,141,946	415,940,439	436,737,461	458,574,334
	Development	22,500,000	23,625,000	24,806,250	26,046,563
	Total	374,641,946	439,565,439	461,543,711	484,620,897
Ministry of Decentralized Units, County Administration Environment and Solid Waste Management	Recurrent	482,274,006	538,545,920	565,473,216	593,746,877
	Development	39,708,931	41,694,378	43,779,096	45,968,051
	Total	521,982,937	580,240,298	609,252,312	639,714,928
Ministry of Agriculture, Livestock and Fisheries	Recurrent	312,727,908	349,217,120	366,677,976	385,011,874
	Development	30,600,000	32,130,000	33,736,500	35,423,325
	Total	343,327,908	381,347,120	400,414,476	420,435,199
Health and Emergency Services	Recurrent	2,920,121,503	3,792,594,952	3,982,224,700	4,181,335,935
	Development	609,596,132	640,075,939	672,079,736	705,683,722
	Total	3,529,717,635	4,432,670,891	4,654,304,435	4,887,019,657
Transport , Roads , Public Works and Housing	Recurrent	218,263,625	243,730,708	255,917,243	268,713,105
	Development	819,406,530	1,110,376,856	1,165,895,699	1,224,190,484
	Total	1,037,670,155	1,354,107,564	1,421,812,942	1,492,903,589
Education, Youth and Social Welfare	Recurrent	185,688,612	207,354,830	217,722,571	228,608,700
	Development	18,970,000	19,918,500	20,914,425	21,960,146
	Total	204,658,612	227,273,330	238,636,996	250,568,846
Ministry of Lands and Urban Development	Recurrent	58,698,331	65,547,275	68,824,638	72,265,870
	Development	164,176,118	172,384,924	181,004,170	190,054,378
	Total	222,874,449	237,932,198	249,828,808	262,320,248
	Recurrent	32,290,407	36,058,063	37,860,967	39,754,015

Ministry		Approved Budget 2017/18	CFSP Ceiling 2018/19	Projections 2018/18-2018/19	
				2019/2020	2020/2021
Ministry of Energy and Natural Resources	Development	41,885,761	43,980,049	46,179,052	48,488,004
	Total	74,176,168	80,038,112	84,040,018	88,242,019
Water and Irrigation	Recurrent	141,660,485	158,189,484	166,098,958	174,403,906
	Development	196,588,894	456,418,339	479,239,256	503,201,218
	Total	338,249,379	614,607,823	645,338,214	677,605,124
Ministry of Tourism, Culture, Sports and Co-operative Development	Recurrent	76,327,870	85,233,835	89,495,526	93,970,303
	Development	25,389,630	26,659,112	27,992,067	29,391,670
	Total	101,717,500	111,892,946	117,487,593	123,361,973
County Public Service Board	Recurrent	41,011,797	45,797,069	48,086,923	50,491,269
	Development	6,014,148	6,314,855	6,630,598	6,962,128
	Total	47,025,945	52,111,924	54,717,521	57,453,397
County Assembly	Recurrent	974,670,184	1,088,395,072	1,142,814,825	1,199,955,566
	Development	241,000,000	253,050,000	265,702,500	278,987,625
	Total	1,215,670,184	1,341,445,072	1,408,517,325	1,478,943,191
Total	Recurrent	7,001,929,612	8,373,380,421	8,792,049,442	9,231,651,914
	Development	2,988,251,928	3,637,664,525	3,819,547,751	4,010,525,138
	Total	9,990,181,541	12,011,044,946	12,611,597,193	13,242,177,053

4.2.7 Ministerial/Departmental Programmes

54. The medium term expenditure framework for 2018/19 -2020/21 ensures continuity in resource allocation based on prioritized programmes aligned to the CIDP and ADP. In addition the resources will be allocated to strategic priorities to accelerate social economic growth in the County. In the current FY 2018/19 allocation of resources to programmes will be as follows:

Allocation of resources per sector

Sector	Sub Sector	Programme	Sub Programme	Amount (Ksh. Millions)	
Agriculture		P1: Administration, Planning and Support Services	SP 1:1 Administrative service	38.0	
			SP 1:2 Modernizing offices with ICT equipment	2.0	
			SP 1:3 Personnel Services	139.0	
	Crop Development	P2: Policy, Strategy and Management of Agriculture P3: Machakos Crop Development and Management	Agriculture	SP 2:1 Agricultural Policy, Legal and Regulatory Frameworks Planning support	1.5
				SP 2:2 Monitoring and Evaluation	10.0
				SP 3:3 Subsidized tractor program	20.0
				SP 3:2 Free Seed and fruit tree seedlings	41.0
				SP 3:3 Subsidized fertilizer	32.0
				SP 3:4 Extension services	2.0
				SP 3:5 Post-harvest management	1.4
				SP 3:6 Promotion of agro processing and value addition	64.5
				SP 3:7 Early warning and strategic pests and diseases control project	11.0
				SP 3: 8 Coffee enterprise revamping	15.0
	SP 3:9 Promotion of sustainable natural resource use	6.5			
	SP 3:10 Quality Inputs Assurance Project	0.5			

Sector	Sub Sector	Programme	Sub Programme	Amount (Ksh. Millions)
			SP 3:11 Irrigation promotion	61.0
			SP 3: 12 Modernizing of Agricultural training Centre	6.5
			SP 3:13 SHEP-PLUS	1.0
			SP 3:14 Increasing Smallholder Productivity and Profitability Project (ISPP) Funded by USAID. It is in 5 Counties	140.0
			SP 3:15 Kenya Climate Smart Agriculture Project	117.0
			SP 4:1 Small Scale Irrigation and Value Addition Project(SIVAP)	40.0
			SP 4:2 Agriculture Sector Development Support Program - Environmental resilient and socially inclusive value chain development	8.0
			SP 4:3 Effective Agricultural sector co-ordination	5.5
	Livestock Development	P4: Animal Genetic Resources Management and Conservation	SP 4:1 Livestock breeding	64.0
		P5: Livestock Feed and Nutrition	SP 5:1 Livestock feed and nutrition information system	4.0
			SP 5:2 Pasture and Fodder Production	8.0
			SP 5:3 Pasture and Fodder preservation and conservation	13.0
			SP 5:4 Pasture/fodder seed production	1.0
			SP 5:5 Livestock product and input quality	2.0
		P6: Livestock	SP 6:1 Livestock sale yards	18.0

Sector	Sub Sector	Programme	Sub Programme	Amount (Ksh. Millions)
		and Livestock Products Marketing, Trade and Extension	SP 6:2 Livestock marketing information system	1.5
			SP 6:3 Value addition	38.0
			SP 6:4 Extension services	4.0
	Veterinary Services	P7: Livestock Disease Control	SP 7:1 Enhanced disease surveillance	1.0
			SP 7:2 Establish strategic vaccine stock	8.0
			SP 7:3: Regular and compulsory mass vaccination	2.0
		P8: Slaughter house quality control		
		P9: Animal welfare	SP 8:1 Public health standards enforcement	16.4
		P10: Animal health services and inputs	SP 9:1 Animal welfare	0.3
		P11: Fisheries development	SP 10:1 Veterinary extension services	5.0
	Fisheries Development		SP 11:1 Management of Capture fisheries	3.6
			SP 11:2 Aquaculture production	6.0
			SP 11:3 Quality assurance, Value addition and Marketing	-
			SP 11:4 Extension service delivery	6.2
	Co-operative Development	P12: Capacity building to Co-	SP 12:1 Training	29.0

Sector	Sub Sector	Programme	Sub Programme	Amount (Ksh. Millions)
		operative movement		
		P13: Co-operative extension and support services	SP 13:1 Co-operative extension and support services	10.0
		P14: Promotion of co-operative marketing and value chain		
		P15: Co-operative financial services(Sacco's)	SP 14:1 Development of value added products	10.0
		P16: Promotion and growth of co-operative societies	SP 15:1 Savings mobilization/investment by Sacco's	4.0
		P17: Digitization and creation of co-operative societies data bank	SP 16:1 Registration of new co-operative societies	3.0
			SP 17:1 Collection analysis and correlation of co-operative societies information	4.0
			SP 17:2 ICT utilization in co-operatives	40.0

Sector	Sub Sector	Programme	Sub Programme	Amount (Ksh. Millions)
		P18: Co-operative governance	SP 18:1 Good cooperate governance	4.0
		P19: Gender mainstreaming in co-operative movement	SP 19:1 Promotion of women and youth in co-operatives	4.0
		P20: Development of housing units through co-operatives	SP 20:1 Housing Development	0.4
		Sector total		1,073.8
Energy, infrastructure and ICT	Energy	P1 : Energy distribution and regulation	SP 1:1 Electricity distribution	310.0
		P2 : Administration, Planning and Support Services	SP 2:1 Administrative Services	19.5
		P3 : Alternative Energy Technologies	SP 3:1 Alternative Energy Technologies	380.0

Sector	Sub Sector	Programme	Sub Programme	Amount (Ksh. Millions)		
Transport and Roads	Transport and Roads	P1: Administration, Personnel & Support services	SP 1:1 Administrative and personnel services	16.0		
			P2: Infrastructure development and Maintenance	SP 2:1 Design and construction of new bituminous roads	400.0	
				SP 2:2 Maintenance of existing roads and road related infrastructure	180.0	
		P3: County Transport Management & County fleet Management	SP 2:3 Installation of drainage facilities	200.0		
			SP 3:1 Fleet expansion and Maintenance	176.0		
			SP 3:2 Fleet monitoring	5.0		
			SP 3:3 Transport sector improvement programme	30.0		
		Public Works and Housing	Public Works and Housing	P1: Administration, Planning & Support services	SP 1:1 Administration and personnel services	75.0
					SP 2: 1 Government building/ offices	182.0
					SP 2:2 Housing works	300.0
Information Communication	Information Communication	P1: General Administration Planning	SP 1:1 Support Services	10.0		

Sector	Sub Sector	Programme	Sub Programme	Amount (Ksh. Millions)
			SP 2:6 Provision of Ambulance services	25.0
			SP 2:7 Acquisition of 8 ALS ambulances	11.5
			SP 2:8 Provision of Fire Fighting and rescue services	17.0
			SP 2:9 Construction 4 No. modern fire stations	32.0
			SP 2:10 Acquisition of 3No. (Foam tenders) 10,000 Litres fire fighting vehicles.	45.0
			SP 2:11 Disaster Management	15.0
			SP 2:12 Construction of 4 Trauma care centres along the major highways	4.8
		P3: Administration, Planning and Support Services	SP 3:1 Administrative/Support services	311.0
			SP 3:2 Finance and procurement	1.0
			SP 3:3 Planning and M&E services	2.0
			Sector total	1,510.9
Public Administration	Office of the Governor	P1: Leadership, Supervisory and Coordination	SP 1:1 Co-ordination and Support Services	234.0
			SP 1:2 Public participation	80.0
			SP 1:3 Communication and information	17.0
			SP 1:4 Policy formulation	100.0
			SP 1:5 Administration and support services	200.0
	Public Administration	P1: Advisory services	SP 1:1 Cabinet services	60.0

Sector	Sub Sector	Programme	Sub Programme	Amount (Ksh. Millions)		
County Treasury	P1: Human Resource Management and Support Services	P2: Public Financial Management	SP 1:1 Administration Services	13.0		
			SP 2:1 Budget Management	30.0		
			SP 2:2 Resource Mobilization and Revenue	6.0		
			SP 2:3 Accounting Services	6.0		
			SP 2:4 Procurement and Supply Chain Management	14.0		
			SP 2:5 Internal Audit	5.0		
	Decentralized Units	P:1 General Administration and Support services	P:2 Administrative Services	SP 2:6 County Debt Management	5.0	
				P:3 Hygiene and sanitation	SP 1:1 Human Resource management and support services	365.0
					SP 2:1 Administrative and field services	544.0
				P:4 Inspectorate services	SP 3:1 Hygiene and sanitation	100.0
					SP 4: 1 Inspectorate services	22.0
				P1: Economic	SP 1:1 Research and Survey	5.0

Sector	Sub Sector	Programme	Sub Programme	Amount (Ksh. Millions)	
Economic Planning	Planning and Statistical Services	P2: Administration and Support Services	SP 1:2 Monitoring and Evaluation	7.0	
			SP 1:3 Development planning	20.0	
			SP 2:1 Support services	3.0	
	County Image	P1: Signage and Branding	P1: Human Resource Audit	SP 2:2 Human Capacity Development	10.0
				SP 1:1 County Beautification	20.0
				SP 1:1 Human Resource Audit	8.0
				SP 2:1 Human Capacity Development	6.0
	Public Service Board	P3: Support Services	P:1 Human Resource Management	SP 3:1 Public Awareness	2.5
				SP 1:1 Payroll Services	4,805.0
				SP 1:2 Training and capacity development	100.0
Forensic	P1: Administration and Support Services	P2: Administration and Support Services	SP 1: 3 Performance Contracting	30.0	
			SP 2:1 Support Services	100.0	
			SP 1:1 Remuneration management	22.0	

Sector	Sub Sector	Programme	Sub Programme	Amount (Ksh. Millions)
		Support Services		
		P2: Forensic Research and Analysis	SP 2:1 Infrastructure development	15.0
			SP 2:2 Communication and Awareness	2.0
			SP 2:3 Lab analysis	3.0
	Legal Office	P1: Administration and Support Services	SP 1:1 Administrative Services	40.0
		P2: Legal Services	SP 2:1 Legal Services	50.0
	County Assembly	P:1 General Administration and Planning	SP 1:1 General administration and planning	358.0
		P:2 Legislation and oversight	SP 2: 1 Legislation and oversight	729.0
			Sector total	8,136.5
Education, Youth and Social welfare	Education	P1: General administration, Planning and Support services	SP 1:1 General administration, Planning	160.0
		P2: Early Childhood	SP 1:2 Support services	10.0
			SP 2:1 ECDE infrastructure development	16.0

Sector	Sub Sector	Programme	Sub Programme	Amount (Ksh. Millions)
		Development	SP 2:2 ECDE staffing and capacity building	60.0
			SP 2:3 ECDE advocacy	5.0
			SP 2:4 Extra curriculum activities	10.0
		P3: Education Scholarship Fund	SP 3:1 Higher education Scholarship Fund	40.0
			SP 3:2 Secondary school Bursary fund	80.0
		P4: Promotion of basic education	SP 4:1 School feeding program	90.0
			SP 4:2 Teaching and learning Materials	30.0
			SP 4:3 Motivation fund for teachers and students	
			SP 4:4 Library Services	10.0
	Youth	P5: Technical and vocational training	SP 5:1 Youth Polytechnics establishment	46.0
			SP 5:2 Technical and vocational staffing	90.0
			SP 5:3 Establishment of Youth innovation centres	6.0
			SP 5: 4 Establishment of youth sports centres	6.0
			SP 5:6 Machakos youth fund	40.0
	Gender and social Welfare	P 6: Gender and Social Development	SP 6:1 Economic empowerment and capacity building of the vulnerable persons	1.6
			SP 6:2 : Social protection	73.0
			SP 6:6 HIV/AIDS sensitization and prevention	1.0
			SP 6:9 Religious organization fund	20.0
		P7 : Unemploy	SP 7:1 Feeding program for the unemployed, homeless and destitute persons	36.0

Sector	Sub Sector	Programme	Sub Programme	Amount (Ksh. Millions)
		ment benefit	SP 7:2 Bridging facility fund for men and other heads of families	36.0
	Culture	P8: Promotion and marketing of Akamba Culture	SP 8:1 Development of Akamba Cultural centre	5.0
	Sports	P 9 : Sports development	SP 8:2 Cultural festivals	5.0
			SP 9: 1 Support Services	161.0
			SP 1: 2 Sports infrastructure	200.0
			Sector total	1,237.6
Land, Environment and Natural Resources	Lands (Physical and Urban Development)	P1: Administrative services	SP 1:1 Administrative services	58.0
		P2: Machakos County Development Frameworks	SP 2:1 Spatial Development Frameworks in the County	114.0
			SP 2:2 Establishment of Urban and Municipal Boards	40.0
			SP 2:3 Preparation and adoption of County Physical Planning laws and Policies	3.0
			SP 2:4 Capacity Building in the Lands and Urban Development Department	40.0
			SP 2:5 Machakos New City Implementation	20.0
			SP 1:6 Valuation rolls	10.0
		P3: Title Deed Partnership	SP 1:7 Securing Public Land in Machakos County	20.0
			SP 3:1 Title deed issuance	20.0

Sector	Sub Sector	Programme	Sub Programme	Amount (Ksh. Millions)		
Water and Irrigation	Environment and Natural Resources	P4: Administration, Planning and Support Services and Policy, Strategy and Management of Environment and Natural Resources	SP 4:1 Administrative services	38.0		
			P5: Environment Management and Protection	SP 5:1 County Environmental Monitoring and Management	21.0	
				SP 5:2 Water Catchment Area Protection, Rehabilitation and Conservation by planting 3.5 million tree seedlings	30.0	
				SP 5:3 Renewable Energy Development	100.0	
				SP 5:4 Solid Waste Management	70.5	
		Sector total			584.5	
				P1: Water Resources Management and Water Storage	SP 1:1 Water harvesting	324.0
					SP 1:2 Management of water sources	150.0
					SP 1:3 Water quality analysis	236.0
				P2: Development and promotion	SP 2:1 Rehabilitation and Expansion of Existing Canals, Irrigation Schemes	10.0
SP 2:2 Development of New irrigation schemes	10.0					

Sector	Sub Sector	Programme	Sub Programme	Amount (Ksh. Millions)
		of irrigation		
		P 3: Water Supply and Sewerage Infrastructure	SP 3.1 Sewerage systems & Sanitation management	100.0
		P4: General Administration and Support Services	SP 3.2 Management of water Supplies	110.0
			General Administration and Support Services	40.0
Sector total				980.0
Commercial, Tourism and Labour affairs	Trade	P1: Trade development	SP 1:1 Establishment of micro-small and medium-sized enterprises	20.0
			SP 1:2 Employment promotion for the youth	10.0
			SP 1:3 Fair Trade and Consumer Protection	6.0
			SP 1:4 Market and market linkages	10.0
			SP 1:5 Research, Marketing and Image Building	6.0
			SP 1:6 Investor facilitation and after care services	8.0
			SP 1:7 Construction of toilet blocks in market centres	16.0
			SP 1:8 Trade development joint loans	10.0
			SP 1:9 Establishment of investment one stop shop	2.0
			SP 1:10 Capacity building of youth and women groups in entrepreneurship	4.0
		P2: Administration	SP 2: 1 Administrative and support services	21.0

Sector	Sub Sector	Programme	Sub Programme	Amount (Ksh. Millions)
		Investment and support services		
		P3: Investment and Industrial development	SP 3.1 Industrial Development	304.0
		P4: Promote inclusive and sustainable industrialization and foster innovation		
			SP 4:1 Promote inclusive and sustainable industrialization by 2030	6.0
	Tourism	P5: Tourism development and promotion	SP 5:1 Tourism Promotion and Marketing	239.0
			SP 5:2 Tourism Infrastructure Development	276.0
			SP 5:3 Tourism Training and Capacity Building	14.5
		P6: Administration, planning and support services		
			SP 6: 1 Support Services	3.0
		P7: Liquor Licensing	SP 7:1 Compliance enhancement/enforcement	11.5
			SP 7:2 Education and advocacy	1.0
			Sector total	968.0

Sector	Sub Sector	Programme	Sub Programme	Amount (Ksh. Millions)
GRAND TOTAL				16,824.8

Sources of Budget Funding for FY 2018/19

S/No	Description	Total (Kshs)	
1	Equitable Share	8,321,000,000.00	
2	Conditional Grants	Level Five Hospital	383,583,815.00
		Compensation for user fees foregone	24,129,039.00
		Free maternity health care	0.00
		Leasing of medical equipment	200,000,000.00
		Rehabilitation of Youth Polytechnics	54,295,000.00
		Road Maintenance Levy Fund	219,084,683.00
		Loans and Grants	1,308,952,409.00
3	County Revenue	1,500,000,000.00	
	Total County Allocation	12,011,044,946.00	

5.0 CONCLUSION

55. This County Fiscal Strategy Paper, outlines priority programmes derived from ADP for economic transformation to be implemented in Medium-term expenditure frame for the FY 2018/19. The implementation of these programmes is expected to maintain economic growth and improve the live hoods of the residents of Machakos County.