

COUNTY GOVERNMENT OF MACHAKOS



COUNTY FISCAL STRATEGY PAPER~ 2021

*CONSOLIDATING ECONOMIC GAINS FOR SUSTAINABLE SOCIAL ECONOMIC
GROWTH*

February, 2021

Vision Statement

A First World County with high quality life to all citizens in a clean and secure environment

Mission Statement

To transform livelihoods through speedy, efficient, inclusive and sustainable development

Core Values and Principles

Transparency and Accountability

Efficiency and Effectiveness

Innovation and Creativity

Public Participation

Responsiveness

Integrity

Equity

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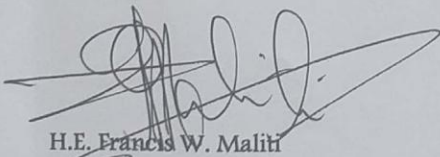
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Foreword

The 2021 Machakos County Fiscal Strategy Paper (CFSP) is the fourth in the County's plan period 2018-2022. It highlights the legal framework underlying the fiscal responsibility for the County Government while reviewing the recent economic development. In specifying the strategic priorities and policy goals, the paper has been aligned with the national objectives as captured in the Budget Policy Statement, with application of fiscal responsibility principles as required by section 107 of PFM Act 2012.

The 2021 CFSP has been prepared against a background of a contracting global economy occasioned by the outbreak and the rapid spread of the Covid-19 Pandemic. The Pandemic and the ensuing containment measures have devastated global economies disrupting businesses and livelihoods. On the domestic scene, Kenya as well as the County has not been spared of the negative impact of the Pandemic. The Pandemic and the resultant containment measures have adversely affected businesses and economic activities. Nonetheless, there has been an improvement in economic activity in the third and fourth quarters of 2020, albeit at a slow pace, following reopening of the economy.

The policy measures therefore outlined in the 2021 CFSP builds on the gains made in key sectors at early stages of the second-generation County Integrated Development Plan (2018-2022). The focus of these policies is to provide an enabling environment for a resilient and sustainable economic recovery to continue safeguarding livelihoods, jobs, businesses, industrial recovery and job creation. In addition these policies will also focus on agricultural productivity and food security, institutional strengthening and capacity building, access to clean and safe household water, skills development, business incubation and innovation support services, infrastructure development and access to quality health services



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Abbreviations and Acronyms

ADP	Annual Development Plan
BPS	Budget Policy Statement
CBROP	County Budget Review and Outlook Paper
CCTV	Closed Circuit Television
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
DANIDA	Danish International Development Agency
ECDE	Early Childhood Education Development
FY	Financial Year
GDP	Gross Domestic Product
ICT	Information Communication Technology
KUSP	Kenya Urban Support Program
PFMA	Public Finance Management Act
MTEF	Medium Term Expenditure Framework
OVC	Orphans and Vulnerable Children
PWDs	People Living with Disabilities
TIPs	Transitional Implementation Plans
WAN	World Area Network

CHAPTER ONE

1.0 COUNTY FISCAL STRATEGY PAPER PROCESS OVERVIEW

1.1 Introduction

1. The 2021 County Fiscal Strategy Paper lays down the frame work for the preparation of the 2021/2022 Budgets Estimates. It details the following:
 - i. The broad fiscal parameters for the 2021/22 budget and the key strategies and policies for management of revenues and expenditures
 - ii. The principles that will guide the 2021/2022 budget process.
 - iii. The broad strategic priorities and policy goals that will guide the preparation of the budget over the medium term.
 - iv. The medium–term outlook for County Government revenues and expenditures
 - v. 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(5) the County Government has taken into consideration views of various stakeholders during the preparation of the 2021 County Fiscal Strategy Paper.

1.3 Legal Basis for Preparation of County Fiscal Strategy Paper

3. The County Treasury, pursuant to section 117(1) 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.
4. 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 in the Budget Policy Statement. (BPS)
5. 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.

1.4 Rationale for the Fiscal Strategy Paper

6. This strategy paper articulates priority socio-economic policies and structural reforms as well as sectoral expenditure programs to be implemented in the fiscal year 2021/22 and the medium term. Specifically, the County Fiscal Strategy Paper aims to;
 - 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;
 - ii. Provide Linkage with the national objectives in the Budget Policy Statement;
 - iii. Provide the financial outlook with respect to County Government revenues, expenditures and borrowing over the medium term; and
 - iv. Provide a basis for stakeholder engagement in the formulation and implementation of County priorities and budgeting.

1.5 Outline of the 2021 County Fiscal Strategy Paper

7. The report is structured into four sections as follows;
 - a) Chapter One provides an overview of the report
 - b) Chapter Two outlines the recent economic development and fiscal outlook at the Global, National and County Levels.
 - c) Chapter Three outlines the County strategic objectives and the various programmes that the County is implementing to achieve her objectives.
 - d) Chapter Four covers the fiscal and budget framework with projected resource envelop and departmental ceilings.

CHAPTER TWO

2.0 RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

2.1 Introduction

8. This section gives an over view of the recent economic developments at the global, national and county levels.

2.2 Global & Regional Economy

9. World economic growth is projected to rebound to 5.2 % in 2021 from a contraction of 4.4 % in 2020 mainly supported by a gradual strengthening in consumption and investment is also expected to firm up. Growth in the advanced economies is projected to improve to 3.9 % in 2021 compared to a contraction of 5.8 % in 2020 supported by improved growths in the major economies particularly the United States and the United Kingdom. Growth in the Euro area is also projected to improve to 5.2 % from a contraction of 8.3 % in 2020.
10. The pandemic is expected to leave long lasting adverse effects in global growth over the next decade due to underinvestment, underemployment and declined labor force in many advanced economies. However, with successful pandemic control and a faster vaccination process, global growth could accelerate to nearly 5% in 2021.
11. Policy makers need to put in place comprehensive reforms to improve the fundamental drivers of equitable and sustainable economic growth. They need to continue to sustain recovery, gradually shifting from income support to growth enhancing policies.
12. The Sub Saharan Africa Region economic activity is on course to rise by 2.7% by 2021. (World Bank report) Output contracted by an estimated 3.7% in 2020, as the COVID-19 pandemic and associated lockdowns disrupted economic activity. Hardest hit were countries with large domestic outbreaks, those heavily dependent on travel and tourism and commodity exporters particularly oil exporters.

13. While the recovery in private consumption and investment is forecast to be slower than previously envisioned, export growth is expected to accelerate gradually in line with the rebound in activity among major trading partners.

14. The East African Community (EAC) region is expected to recover from the effects of Corona Virus (COVID 19) in 2021. Before the pandemic, the GDP forecast for 2021 was at 5.4%, a slight increase compared to 2020's 5.1%. With the crisis caused by the virus, the region is supposed to grow 3.7% in 2021.

2.3.2 National Economic Outlook

15. The growth outlook for 2020 has been revised down from the initial projection of 2.6% in the 2020 Budget Review and Outlook Paper (BROP) following receipt of more recent indicators and taking into account the contraction of 5.7% in the second quarter as per the World Economic Outlook figures released by the IMF. In this respect, economic growth for 2020 is now estimated at 0.6 % in 2020 and recover to 6.4% in 2021 due to in part, the lower base effect in 2020. Looking ahead, economic growth is projected to slow down to 5.5 % in 2022 (due to in part the uncertainty associated with the 2022 general elections) and recover to 6.1 % by 2024. This growth outlook will be supported by the stable macroeconomic environment, ongoing investments in strategic priorities of the Government under the “Big Four” Agenda, the ongoing public investments in infrastructure projects, the Economic Stimulus Program being implemented and the planned Post Covid-19 Economic Recovery Strategy (ERS), turn around in trade as economies recover from Covid-19 Pandemic and expected favorable weather that will support agricultural output. These factors will push up consumer demand and increase both public and private sector investment reinforcing the projected growth. The economic growth projections over the medium term are aligned to those of the Third Medium Term Plan (2018-2022) which is implementing Vision 2030.

2.2.1 County Economic Outlook

16. The County economy is not isolated from the effect of the global and national economic occurrences that do arise since her performance depends highly on the performance of the national economy.

17. Prior to Covid-19, the county economy was strong and resilient despite the challenging global environment. This was as a result of the various projects and programmes that

Government has continued to implement geared towards, job creation, poverty reduction, food and nutrition security, promotion of conducive business environment, adequate, affordable and reliable energy supply, environmental conservation and water Supply, accessibility of universal health care, road expansion and effective service delivery.

18. The containment measures instituted by the national government to contain the spread of COVID-19 have negatively affected the performance of most sectors in the County. Going forward, the County will implement projects and program geared towards restoring and safeguarding County economic stability which will support growth and eventually reduce unemployment and poverty.

CHAPTER THREE

3.0 CONSOLIDATING ECONOMIC GAINS FOR SUSTAINABLE SOCIAL ECONOMIC GROWTH

3.1 Overview

19. The global economy has experienced a sharp decline in the last quarter of 2020 due to Covid-19 pandemic. Domestically, prior to the outbreak of Covid-19 pandemic, Kenya's economy was strong and resilient despite the challenging global environment. However, the economy was significantly affected by the disease in the second quarter of 2020. During this period, the country instituted measures aimed at containing the spread of the virus, that included restriction of movement in and out of some counties, closure of learning institutions, closure of some businesses especially those dealing in Accommodation and Food services, near cessation of international travel among others. As a result, the performance of most sectors of the economy were to a large extent negatively affected by these measures with output considerably constrained and in some cases came to a complete halt. The poor performance in the quarter was characterized by substantial contractions in Accommodation and Food Services, Education, Taxes on products, and Transportation and Storage, which consequently occasioned the significant downturn.
20. In the face of the COVID -19 pandemic therefore, the overriding policy thrust of 2021 County Fiscal Strategy Paper is to consolidate and sustain inclusive economic growth by cushioning the vulnerable in the society ,facilitating private sector to expand its business , promoting productivity and building resilience necessary for employment creation and poverty reduction.
21. This County Fiscal Strategy Paper therefore builds on the commitments made by the Government in the last CFSP of implementing programs to enhance socio-economic growth through sustainable agriculture, infrastructure and social development as envisaged in the 2018-2022 CIDP and the "Big Four Agenda".

3.2 County Strategic Objectives

3.2.1 Agriculture and Co-operative Development sector

22. Agriculture remains the backbone of county's economy and the focus is to ensure food security and nutrition to all residents while striving to create employment both directly and indirectly from Agricultural activities. In pursuit of this, the Government has been implementing various measures such as provision of free certified seeds, tractor services, pasture seeds, subsidized farm inputs, fish fingerlings, liners chicks, vaccination of livestock, implementing programmes to support smallholder farmers and promoting the use of appropriate farming techniques. These measures have borne fruits but are not without challenges.

23. Covid-19 containments measures and Locust invasion have lately affected the progress of agricultural seasons, livestock sales, market functioning and income generating activities posing a threat to the food security position. To cushion farmers from these adverse effects and further secure food supply chain over the medium term the County will ;

- i. Enhance implementation of the Quarter Acre program
- ii. Provide free certified seeds and subsidized fertilizer, free tractor services, training farmers on post-harvest management, establish demo-farms in order to enhance agricultural productivity among the smallholder/large scale farmers.
- iii. Provide high value crops seeds, fruit trees like mangoes, passion, pawpaw, oranges, grapes and macadamia; promotion of avocado production; pest and disease management, soil analysis and testing under the quarter acre program.
- iv. Prioritize pasture and fodder development; goats and sheep production; provision of extension services, free chicks; livestock marketing and sale yard improvement; bee keeping; livestock disease and pest control; zoonotic control; meat inspection; develop strategic vaccine bank, rehabilitate cattle dips and slaughter houses, enforce veterinary public health standards, enhance disease surveillance and compulsory mass vaccination and establish strategic reserve for vaccines.
- v. Promote aquaculture development, Fish inspection and quality control,
- vi. Carry out capacity building of the co-operative societies,
- vii. Provide linkages for agriculture products

24. In addition over the medium term the Co-operative sub –sector will implement the following programmes

- i. Promote agriculture-based co-operatives
- ii. Enhance Co-operatives Audits
- iii. Digitize and Modernize of cooperative societies operations
- iv. Mainstream Women and Youth in cooperatives
- v. Improve the performance of coffee growing Co-operatives through the Coffee Revitalization Program
- vi. Increase membership into the cooperative movement by registration of new societies
- vii. Support Dairy cooperatives to reduce losses(storage, value addition and marketing)
- viii. support and promote horticultural co-operatives
- ix. Promote value addition in co-ops in both in Dairy and Coffee
- x. Establish/enhance cooperative funding to Agri-based cooperative

3.2.2 Health Sector

25. Access to quality and affordable health care services is necessary in developing a holistic human capital base that will in turn increase productivity and enhance economic development. To date the County has made great strides in this sector through; Universal Health Care program (UHC), provision of 81 ambulances, construction of cancer center, construction of community Health facilities to reduce the distance to health center, construction of maternity wing and rehabilitation of existing health facilities. However, the outbreak and rapid spread of COVID -19 Pandemic has overstretched the health sector and this has necessitated the urgent need to upscale implementation of the UHC. In order to achieve this the government will ;

- i. Improve service delivery through adequate provision of health products, supplies and other utilities
- ii. Reduce the burden of communicable diseases through; sensitization, surveillance and Strengthening of community level 1 health and emergency services

- iii. Improve health infrastructure through construction and upgrading of health facilities and adoption of clear maintenance programs
- iv. Improve access and demand for essential and specialized health services through purchase of laboratory, specialized medical and dental equipment and modernization of accident and emergency units
- v. Improve Reproductive, Maternal, Newborn Child and Adolescent health services (RMNCAH) including HIV prevention services
- vi. Strengthen primary healthcare services
- vii. Reduce the burden of violence and injuries through adoption of strategies that address each of the causes of injuries and violence
- viii. Minimize exposure to health risk factors by strengthening interventions that lead to positive health behaviors in the population.
- ix. Strengthen collaboration between health and other sectors that have impact on health

3.2.3 Energy, Infrastructure and ICT Sector

26. Infrastructure development contributes enormously towards improving our competitiveness and also interconnectivity of the County. For this reason, the Government has continued to scale-up connectivity through tarmacking and grading of roads, upgrading of roads to gravel standard, construction of drifts, culverts and gabions. In addition the county has invested in ensuring use of technology in some of our service delivery. Moving forward the County will build on the existing and ongoing infrastructural development, road, energy and ICT.

i. Expansion of Roads and Transport Network

27. Over the medium term in order to ensure that Machakos residents enjoy the benefits of expanded road network, the government will work towards the completion of Kithini – Vota road, Phase II of Kincar-Airways road, upgrading of access road to bitumen standards, construction of Muthesya- Masinga Bridge, re-carpeting of Kithimani - Makutano and Machakos –Kyumvi roads . In addition the County will construct airport’s run way, grade and gravel feeder roads, carry out pothole patching on paved roads, construct drainage structures (culvert, drift and gabions), road marking and signage installation on paved roads besides road corridor surveying.

28. Further the County will embark on upgrading and maintaining of existing bus parks; Saccos management; operationalization of County Transport and Safety Committees; Road maintenance policy and County Public transport policy, construction of airport's run way and construction of Government Offices.

ii. Enhancing accessible and affordable energy

29. Access to stable, reliable and affordable energy supply is directly linked to all aspects of socio-economic growth. To this effect, in collaboration with the National Government the County will enhance rural electrification and distribute more transformers to boost availability of electricity and to sustain demand. In addition the County will put measures in place to promote use of biomass briquettes as alternatives to wood fuel.

30. Further to curb insecurity, the department of energy will install Mulika Mwizis across all our market centers in the County.

iii. Promoting the use of Information , Communication and Technology

31. Information, Communication and Technology (ICT) forms the backbone of today's digital economy and has a strong potential to accelerate economic growth. In light of this the government continues to invest in ICT infrastructure and improve efficiency and effectiveness in service delivery. To this end, the Government is in the process of installing Wide Area Network (WAN), county clocking and telephone IP system.

32. In addition to curb insecurity and enhance ease of doing business over the medium term, the County will do an overhaul and integration of CCTV along Mlolongo, Mavoko, Machakos town and Machakos Chumvi Roads.

3.2.4 Public Administration

33. This sector provides overall leadership and oversight in the management of the County affairs through legislation, public policy formulation, coordination and prudent resource management.

34. County Administration will embark on construction and equipping of sub-County and ward offices, purchase of administration uniforms, dumpsite construction, purchase of communication equipment, purchase of compacting trucks and provision of garbage collection bins
35. Finance will digitize collection and management of revenue, preparation of revenue, financial and budget policy documents.
36. County branding through installation of road signage & gantries; whereby County beautification is prioritized by the County image directorate.
37. Public Service and Quality Management prioritizes development of performance management system; development and implementation of quality assurance manual and carry out staff skills development.
38. Formation of project management committees, stakeholder engagement (public participation/feedback forums), site verification visits (M&E) and publication of County reports/statistics and project tracking system will be prioritized by the Project Delivery Directorate.
39. Development of planning documents such as annual development plans, Annual Progress Reports and sector policies and research and economic surveys

3.2.5 Education, Youth and Social Welfare

40. Investment in human capital is central to development and delivering substantial economic benefits. For this reason, the Government will continue investing in the youth, providing accessible quality early education and strengthening the social safety net in order to achieve her mandate.

I. Investing in quality Early childhood development and vocational training

41. The Government takes cognizance of the critical role, quality early childhood development and vocation training play in equipping labour force with relevant skills necessary for economic growth. Over the years the government has implemented various

projects such as construction of ECDE centers, rehabilitation and equipping vocational training centers. To leverage on these gains the County will implement the following projects in the FY 2021/2022.

- i. Construction of more ECDE classes
- ii. Distribution of food to ECDE
- iii. Purchasing and distribution of learning materials
- iv. Construction and improvement of vocational training institutions
- v. Promotion of co-curriculum activities in learning institutions.

II. Strengthening the social safety net and empowering the youth and the women

42. The County will continue to promote gender, youth and improve the livelihoods for the vulnerable groups and people living with disabilities. This will be achieved through;

- i. Awarding bursaries to the needy students
- ii. Construction of Gender Based Violence Rescue Centers
- iii. Provision of necessary devices to PLWDs
- iv. Provision of food to registered children homes

43. The most pressing challenge in today's society is lack of jobs for the Youth. To address this the Government continues to dedicate resources to youth empowerment programmes and leveraging on partnerships with businesses and other private organizations to create opportunities for the youth through internships, apprenticeships, mentorship and entrepreneurship. To consolidate these gains the government will;

- i. Hold youth empowerment conference to mentor the youths on entrepreneurial skills and leadership
- ii. Construct innovation centers and establish talent academies
- iii. Construction of Sports facilities
- iv. Refurbish all community playing grounds
- v. Refurbish and maintain existing sports facilities
- vi. Provide sports equipment
- vii. Hold County Sports tournament
- viii. Carry out Sports Advocacy ,communication & mobilization
- ix. Hold youth capacity building at the Sub-County level. capacity

III. Promotion of cultures and Arts

44. Culture and Arts sub-sectors contribute immensely to economic development through job creation. Concerted efforts have been geared towards sport establishing curio outlets, cultural center and promotion of Akamba Culture. Moving forward, the Government will support performance of music, drama, and dance and exhibition of works of art and crafts.

3.2.6 Land, Environment and Natural Resources

45. Proper planning is a necessary precondition for achieving sustainable socio-economic growth. To realize this, the Government continues to implement revision of valuation roll, Digitalization of building approval process and Development of GIS online land records system.

46. Urban and Development sub-sector will undertake shelter upgrading, urban regeneration, renovation of staff houses, survey and titling of New City and development of urban institutions (Mavoko, Kangundo/Tala & Machakos Municipalities)

47. Moreover, in recognition of the critical role played by environmental conservation in achieving the sustainable development through poverty eradication, the Government has rolled out plans to create awareness on environment and climate change issues, Mainstreaming climate change activities in County projects and programs and provision of tree seedling to the citizens.

48. Over the medium term in order to manage environment and domesticate and implement Multilateral Environmental Agreements and programmes, restore all degraded landscapes, rivers & wetlands, implement the Climate Change Action Plan and coordinate implementation of both the National and County Environment Action Plans. In addition, to manage environment and natural resources the County will ;

- i. Develop environment and climate change laws
- ii. Establish Climate change units, committees, directorate, funds and information centers
- iii. Promote clean cooking stoves and green energy

- iv. Implement transition plans(TIPs)
- v. Develop waste land fill
- vi. Purchase of tools/equipment for waste collection and environment
- vii. Carry out enforcement , monitoring and Surveillance
- viii. Carry out Environment Impact Assessment and Environment Audit
- ix. Rehabilitate denuded land and degraded rivers
- x. Regulate quarrying, mining, natural stones masers, natural soils/clays
- xi. Promote nature based enterprises(Apiculture, tree nurseries, landscaping activities)

3.2.7 Water and Irrigation Sector

49.The Government remains committed in ensuring access to clean and safe water for all the County Residents. Machakos being water scarce county it is imperative that deliberate efforts are made towards the development and expansion of the sector in order to complement efforts towards primary health care and labour productivity. To date the County has drilled and equipped boreholes, constructed water dams and pans and supplied water to various public institutions.

50.Moving into the future, the Government will continue to invest in clean water supply through ;

- i. Reticulation of water from boreholes and dams to water points
- ii. Drilling boreholes and rehabilitation of the existing ones
- iii. Construction of dams and desilting of the existing ones
- iv. Treatment of water sources
- v. Construction of elevated water tanks
- vi. Construction of water dams and water pans
- vii. Maintenance of plants and equipment(Drilling rigs, dozers ,TPUs Support trucks, Utility vehicles)
- viii. Water quality control through establishment of County water laboratory
- ix. Construction of gabions and water weirs

51.Further, to increase agriculture production and reduce the overreliance on rain-fed agriculture the County will expand existing irrigation schemes.

3.2.8 Commercial and Tourism

52. The County Government remains dedicated to creating and sustaining a more conducive business environment through enhancing security to attract investors and promoting trade leading to job creation. Towards this end the Government has prioritized construction of market sheds; fencing and upgrading of livestock markets; business conferences, trade fairs and exhibitions; construction of jua kali sheds; construction and upgrading of boda-boda sheds; establishment of the Machakos Enterprise Development Fund; construction of modern kiosks; construction of modern bus-stop sheds; construction of industrial parks; operationalization and commissioning of jaw crushers; construction of cottage industry centers and construction, equipping and operationalization of business incubation and innovation centers.
53. Tourism and Sports sub-sectors play a key role in spurring economic development in the County. With this realization, concerted efforts have been geared towards sport development, promotion of the county as a preferred tourism destination, development of the film industry and nurturing of talents.
54. Great strides have been made to support these sub-sectors. The Government has almost completed the construction sub-county stadia, done rehabilitation of Machakos people's park and Kenyatta stadium and constructed a studio for film production.
55. To leverage on these gains the County will undertake construction of theme park in Masinga; renovation of rest areas; construction of monuments; marketing Machakos tourism circuit; document tourist attraction sites in Machakos; hold beauty pageants; construct and equip studios; film and music production; develop fourteen falls and kyamwilu as tourist attraction sites, map, market and promote tourist attraction sites; develop and maintain recreational parks through beautification and landscaping and construct a team building center.

CHAPTER FOUR

4.0 FISCAL POLICY AND BUDGET FRAMEWORK

4.1 Overview

56. The fiscal framework for the FY 2021/22 Budget is based on the County priorities within the existing macroeconomic environment. The County Government is committed to implementing priority programmes outlined in the County Integrated Development Plan (CIDP) 2018-2022 while taking into account the availability of resources during the period. Further, the framework prioritizes prudent fiscal policy as a commitment towards sound financial management practices as entrenched in the Public Finance Management Act, 2012.
57. Sustainability, affordability and prioritization will guide programme/project identification and implementation. This will be achieved through spending that is directed towards the most critical needs of the county and well utilized. There will also be increased focus on improvement of both efficiency and productivity of recurrent expenditure. The focus for development expenditure will seek to ensure equitable development while making provisions for any marginalized groups in the county. There is need to refocus efforts on key streams, broadening the tax collection base in order to increase revenue collection through automation of more revenue streams while continually sealing any existing leakages.
58. 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.

4.2 Fiscal Responsibility Principles

59. As outlined in the Public Finance Management Act 2012, the County Treasury shall enforce the following fiscal responsibility principles.

- the County Government’s recurrent expenditure shall not exceed the County Government’s total revenue;
- over the medium term a minimum of thirty percent of the County Government’s budget shall be allocated to the development expenditure;
- 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;
- over the medium term, the Government’s borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;
- the County debt shall be maintained at a sustainable level as approved by County assembly;
- the fiscal risks shall be managed prudently; and
- 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 Performance Review

60. In the FY 2020/2021, the County had a budget of **Kshs.11 B** which was revised to **Kshs.13.9B**. As at December 2020, The County received a total of **Kshs.3.9 Billion** and spent **Kshs. 3.7 billion**. This is illustrated in table 1 below.

Table 1: Revenue performance FY 2020/2021

Description		Printed Estimates FY 2020/2021	Revised Estimates FY 2020/2021	First Half Year Receipts FY 2020/2021	First Half Year Expenditure FY 2020/2021	Absorption Rate (%)
Equitable Share		8,039,100,000	8,961,934,976	3,225,768,000	3,096,566,085	39
Conditional Grants	Level Five Hospital	383,583,815	384,967,359	-	-	-
	Compensation for User Fees Foregone	24,129,039	24,129,039	-	-	-
	Leasing of Medical Equipment	132,021,277	132,021,277	-	-	-

Description		Printed Estimates FY 2020/2021	Revised Estimates FY 2020/2021	First Half Year Receipts FY 2020/2021	First Half Year Expenditure FY 2020/2021	Absorption Rate (%)
	Rehabilitation of Youth Polytechnics	62,749,894	62,749,894	-	-	~
	Road Maintenance Levy Fund	239,604,947	282,013,396	59,901,237	59,901,237	25
	Kenya Climate Smart Agriculture Project (KCSAP)	279,999,640	279,999,640	120,546,485	120,546,485	43
	Kenya Devolution Support Project (KDSP) – level 1	45,000,000	90,103,027	-	-	~
	Kenya Urban Support Project (UDG)	-	1,746,662,827	86,441,371	-	~
	Universal Healthcare in Devolved System Program-DANIDA	22,050,000	22,080,000	11,025,000	11,025,000	50
	Transforming Health Systems for Universal Care Project-World Bank	45,165,352	90,645,491	-	-	~
	Agriculture Sector Development Support Program-SIDA	13,746,442	13,924,442	-	-	~
	COVID-19 Emergency Response	-	97,581,003	-	-	~
Total Conditional Grants		1,248,050,406	3,226,877,395	277,914,093	191,472,722	15
Own Source Revenue		1,729,798,232	1,729,798,232	417,422,311	417,422,311	24
Total County Allocation		11,016,948,638	13,918,610,603	3,921,104,404	3,705,461,117	34

Source: Machakos County Treasury, 2021

4.4 Expenditures

61. The total Expenditure as at December, 2020 is **Ksh. 3.7 Billion** which translates to 34 % of the approved budget as illustrated in table 2 below. Of these, **Ksh. 2.9 Billion** was recurrent expenditure while **Kshs. 0.78 Billion** accounted for development expenditure.

Table 2: Half Year Departmental Expenditure FY 2020/2021

County Entity		Printed Estimates FY 2020/2021	Revised Estimates FY 2020/2021	First Half Year Expenditure FY 2020/2021	Budget Utilization (%)
Office of the Governor	Recurrent	554,115,826	554,115,826	142,849,087.10	26
	Development	3,681,732	3,305,675	1,950,186	53
	Total	557,797,558	557,421,501	144,799,273	26
County Public Service Board	Recurrent	41,682,382	41,923,882	13,023,008.50	31
	Development	5,976,219	5,365,801	-	0
	Total	47,658,601	47,289,683	13,023,009	27
Roads, Transport and Public Works.	Recurrent	172,340,664	187,940,664	62,239,888	36
	Development	1,109,876,646	1,054,310,852	380,106,815	34
	Total	1,282,217,310	1,242,251,516	442,346,703	34
Health and Emergency Services	Recurrent	3,551,240,610	3,896,786,964	1,678,735,973	47
	Development	546,372,604	446,140,498	29,000,570	5
	Total	4,097,613,214	4,342,927,462	1,707,736,544	42

County Entity		Printed Estimates FY 2020/2021	Revised Estimates FY 2020/2021	First Half Year Expenditure FY 2020/2021	Budget Utilization (%)
Agriculture, Food Security and Co- operative Development.	Recurrent	260,157,143	265,401,501	80,764,007	31
	Development	311,093,813	332,950,883	124,850,007	40
	Total	571,250,956	598,352,384	205,614,014	36
County Assembly	Recurrent	911,145,156	911,145,156	393,551,302	43
	Development	365,000,000	375,777,380	32,379,253	9
	Total	1,276,145,156	1,286,922,536	425,930,555	33
Water, Irrigation, Environment and Natural Resources	Recurrent	49,779,699	103,631,038	30,772,863	62
	Development	589,468,560	480,698,487	139,506,363	24
	Total	639,248,259	584,329,525	170,279,226	27
Finance and Economic Planning.	Recurrent	422,545,883	468,847,343	84,309,870	20
	Development	41,618,632	26,367,654	6,976,955	17
	Total	464,164,515	495,214,997	91,286,824	20
Public Service, Quality Management and ICT	Recurrent	395,750,188	890,672,457	175,126,501	44
	Development	20,355,778	32,537,674	-	0
	Total	416,105,966	923,210,131	175,126,501	42
Tourism, Youth, Sports and Culture.	Recurrent	97,649,075	114,697,964	26,848,398	27
	Development	135,050,680	140,402,609	37,606,507	28
	Total	232,699,755	255,100,573	64,454,904	28
Trade, Industrialization and Innovation.	Recurrent	83,192,185	260,146,671	28,684,375	34
	Development	147,000,000	95,305,998	-	0
	Total	230,192,185	355,452,669	28,684,375	12
Education , Skills Training and Social Welfare	Recurrent	334,170,969	344,879,621	55,964,683	17
	Development	261,090,927	220,880,523	20,442,078	8
	Total	595,261,896	565,760,144	76,406,761	13
Energy, Lands, Housing and Urban Development.	Recurrent	70,770,524	199,637,582	18,490,048	26
	Development	98,149,569	1,877,602,835	8,212,008	8
	Total	168,920,093	2,077,240,417	26,702,056	16
County Administration and Decentralized Units.	Recurrent	393,514,702	546,355,993	133,070,373	34
	Development	44,158,472	40,781,071	-	0
	Total	437,673,174	587,137,064	133,070,373	30
Total Recurrent		7,338,055,006	8,786,182,662	2,924,430,376	40
Total Development		3,678,893,632	5,132,427,940	781,030,741	21
Total County Expenditure		11,016,948,638	13,918,610,602	3,705,461,117	34

Source: Machakos County Treasury, 2021

4.5 Resource Envelope

62. The National Policy to Support Enhancement of County Governments' Own-Source Revenue aims to address challenges in collection and administration of decentralized taxes, fees and charges

63. In view of the continued pressure that arise from wage bill and limited resources, MTEF budgeting will focus on adjusting non-priority expenditures to cater for the priority

sectors. The financing of county budget priorities revolve around two main financing sources namely; transfers from the National Government and county own source revenue. The shareable revenue transfers will amount to **Kshs. 9.162 billion**, **Kshs. 716.596 million** in grants while the county projects to collect **Kshs. 1.764billion** accounting for 78 percent, 6 percent and 16 percent respectively.

64. In the FY 2021/2022, the National Treasury has proposed that four existing conditional allocations funded from the National Government’s revenue share be converted to unconditional allocations and disbursed as part of equitable revenue share. These are: the Road Maintenance Levy Fund (RMLF); the grant to level-5 hospital; the compensation for user fees foregone and the rehabilitation of village polytechnics grants.

Table 3: Resource Envelope FY 2021/2022 and Medium Term

Description	Item	Budget Estimates FY 2021/2022	Projected Estimates FY 2022/2023	Projected Estimates FY 2023/2024
Equitable Share		9,162,304,232*	9,162,304,232	9,162,304,232
Conditional Grants	Level Five Hospital ¹	-	-	-
	Compensation for user fees foregone ¹	-	-	-
	Leasing of Medical Equipment	153,297,872*	153,297,872	153,297,872
	Rehabilitation of Youth Polytechnics ¹	-	-	-
	Road Maintenance Levy Fund (KRB) ¹	-	-	-
	Kenya Climate Smart Agriculture Project (KCSAP)-WORLD BANK			
	Kenya Devolution Support Project (KDSP) – level 1-WORLD BANK			
	Kenya Urban Support Project (UIG)	-	-	-
	Kenya Urban Support Project (UDG)	-		
	Universal Healthcare in Devolved System Program-DANIDA			
	Transforming Health Systems for Universal Care Project-WORLD BANK			
	Agriculture Sector Development Support Program-SIDA			
	Loans and Grants	563,297,872*	563,297,872	563,297,872
Total Conditional Grants	716,595,744*	716,595,744	716,595,744	
Own Source Revenue	1,764,394,197	1,799,682,080	1,853,672,543	

Description	Item	Budget Estimates FY 2021/2022	Projected Estimates FY 2022/2023	Projected Estimates FY 2023/2024
Total County Allocation		11,643,294,173	11,678,582,056	11,732,572,519

**Budget Policy Statement*

4.6 Criteria for Resource Sharing

- i. **Non – discretionary expenditure:** In the recurrent expenditure category, non-discretionary expenditures take the first charge and include statutory obligations such as salaries, gratuity and pension. These expenditures are projected at 50 per cent of the total revenue.
- ii. **Development expenditures** are shared out on the basis of CIDP priorities as well as strategic interventions to boost revenue base and stimulate the economic growth as outlined in the National Government Policies and Governor’s Manifesto. The development expenditures are estimated at 30 percent.
- iii. **On-going projects:** emphasis is given to completion of on-going projects with high impact on poverty reduction, social injustices, employment and wealth creation.
- iv. **Infrastructure projects:** with the County government’s commitment to improve infrastructure, construction of roads, development of water and sanitation network, energy and construction of community hospitals among others will be given priority.

65. The criteria outlined above helped in developing ceilings for each County Entity as tabulated tables 4 and 5 below.

Table 4: Summary of Budgetary Allocations

	Budget Estimates FY 2021/2022	% Allocation	Budget Estimates FY 2022/2023	Budget Estimates FY 2023/2024
Total Revenue	11,643,294,173	100	11,678,582,056	11,732,572,519
Equitable Share	9,162,304,232	79	9,162,304,232	9,162,304,232
Conditional Grants	716,595,744	6	716,595,744	716,595,744
Own Source Revenue	1,764,394,197	15	1,799,682,080	1,853,672,543
Total Expenditure	11,643,294,172	100	11,678,582,056	11,732,572,519
Recurrent Vote	8,150,305,920	70	8,175,007,439	8,212,800,763
Compensation to Employees	6,167,725,100	53	6,414,434,104	6,671,011,468
Use of Goods and Services	1,982,580,820	17	1,760,573,335	1,541,789,295
Development Vote	3,492,988,252	30	3,503,574,617	3,519,771,756

Source: Machakos County Treasury, 2021

Table 5: Budgetary Allocation per Departmental FY 2021/2022 and the Medium Term

County Entity		Printed Estimates FY 2020/2021	Revised Estimates FY 2020/2021	Budget Estimates FY 2021/2022	Projected Estimates FY 2022/2023	Projected Estimates FY 2023/2024
Office of the Governor	Recurrent	554,115,826	554,115,826	399,538,460	419,515,383	440,491,152
	Development	3,681,732	3,305,675	3,080,367	3,234,385	3,396,105
	Total	557,797,558	557,421,501	402,618,827	422,749,768	443,887,257
County Public Service Board	Recurrent	41,682,382	41,923,882	10,917,101	11,462,956	12,036,104
	Development	5,976,219	5,365,801	0	0	0
	Total	47,658,601	47,289,683	10,917,101	11,462,956	12,036,104
Roads, Transport and Public Works.	Recurrent	172,340,664	187,940,664	51,536,964	54,113,812	56,819,503
	Development	1,109,876,646	1,054,310,852	1,717,391,128	1,803,260,684	1,893,423,719
	Total	1,282,217,310	1,242,251,516	1,768,928,092	1,857,374,497	1,950,243,221
Health and Emergency Services	Recurrent	3,551,240,610	3,896,786,964	513,039,280	538,691,244	565,625,806
	Development	546,372,604	446,140,498	475,000,002	498,750,002	523,687,502
	Total	4,097,613,214	4,342,927,462	988,039,282	1,037,441,246	1,089,313,308
Agriculture, Food Security and Co-operative Development.	Recurrent	260,157,143	265,401,501	190,325,036	199,841,288	209,833,352
	Development	311,093,813	332,950,883	450,224,267	472,735,480	496,372,254
	Total	571,250,956	598,352,384	640,549,303	672,576,768	706,205,607
County Assembly	Recurrent	911,145,156	911,145,156	841,145,156	883,202,414	927,362,534
	Development	365,000,000	375,777,380	50,100,940	52,605,987	55,236,286
	Total	1,276,145,156	1,286,922,536	891,246,096	935,808,401	982,598,821
Water, Irrigation, Environment and Natural Resources	Recurrent	49,779,699	103,631,038	28,934,818	30,381,559	31,900,637
	Development	589,468,560	480,698,487	500,141,311	525,148,377	551,405,795
	Total	639,248,259	584,329,525	529,076,129	555,529,935	583,306,432
Finance and Economic Planning.	Recurrent	422,545,883	468,847,343	5,777,098,063	6,065,952,966	6,369,250,614
	Development	41,618,632	26,367,654	27,560,987	28,939,036	30,385,988
	Total	464,164,515	495,214,997	5,804,659,050	6,094,892,003	6,399,636,603
Public Service, Quality Management and ICT	Recurrent	395,750,188	890,672,457	155,431,845	163,203,437	171,363,609
	Development	20,355,778	32,537,674	9,329,343	9,795,810	10,285,601
	Total	416,105,966	923,210,131	164,761,188	172,999,247	181,649,210
Tourism, Youth, Sports and Culture.	Recurrent	97,649,075	114,697,964	49,156,785	51,614,624	54,195,355
	Development	135,050,680	140,402,609	50,091,066	52,595,619	55,225,400
	Total	232,699,755	255,100,573	99,247,851	104,210,244	109,420,756
Trade, Industrialization and	Recurrent	83,192,185	260,146,671	24,952,021	26,199,622	27,509,603
	Development	147,000,000	95,305,998	80,021,732	84,022,819	88,223,960

County Entity		Printed Estimates FY 2020/2021	Revised Estimates FY 2020/2021	Budget Estimates FY 2021/2022	Projected Estimates FY 2022/2023	Projected Estimates FY 2023/2024
Innovation.	Total	230,192,185	355,452,669	104,973,753	110,222,441	115,733,563
Education , Skills Training and Social Welfare	Recurrent	334,170,969	344,879,621	38,704,996	40,640,246	42,672,258
	Development	261,090,927	220,880,523	60,102,833	63,107,975	66,263,373
	Total	595,261,896	565,760,144	98,807,829	103,748,220	108,935,631
Energy, Lands, Housing and Urban Development.	Recurrent	70,770,524	199,637,582	32,181,457	33,790,530	35,480,056
	Development	98,149,569	1,877,602,835	50,003,715	52,503,901	55,129,096
	Total	168,920,093	2,077,240,417	82,185,172	86,294,431	90,609,152
County Administration and Decentralized Units.	Recurrent	393,514,702	546,355,993	37,343,939	39,211,136	41,171,693
	Development	44,158,472	40,781,071	19,940,561	20,937,589	21,984,469
	Total	437,673,174	587,137,064	57,284,500	60,148,725	63,156,161
Total Recurrent		7,338,055,006	8,786,182,662	8,150,305,921	8,557,821,217	8,985,712,278
Total Development		3,678,893,632	5,132,427,940	3,492,988,252	3,667,637,665	3,851,019,548
Total County Allocation		11,016,948,638	13,918,610,602	11,643,294,173	12,225,458,882	12,836,731,826

Source: Machakos County Treasury, 2021

66. As per Table 5 above the budget allocation for compensation of employees is consolidated under the department of Finance and Economic planning to enhance effectiveness and efficiency in payments. Compensation of employees per departments is as per Annex II.

Annex I: Expenditure by Economic Classification

i. Recurrent

County Entity	Item	Printed Estimates FY 2020/21	Revised Estimates FY 2020/21	First Half Year Expenditure FY 2020/2021	Budget Estimates FY 2021/2022	Projected Estimates FY 2022/2023	Projected Estimates FY 2023/2024
Office of the Governor	Compensation to Employees	160,901,960	159,201,960	39,626,395	-	-	-
	Use of goods and services	393,213,866	394,913,866	103,222,692	399,538,460	419,515,383	440,491,152
	Other Current Transfers	-	-	-	-	-	-
	Total	554,115,826	554,115,826	142,849,087	399,538,460	419,515,383	440,491,152
Public Service, Quality Management and ICT	Compensation to Employees	219,163,418	599,450,892	80,477,408	-	-	-
	Use of goods and services	129,336,770	201,118,538	94,649,093	155,431,846	126,366,090.50	97,933,720
	Other Current Transfers	47,250,000	90,103,027	-	-	-	-
	Total	395,750,188	890,672,457	175,126,501	155,431,846	126,366,090.50	97,933,720
Trade, Industrialization and Innovation	Compensation to Employees	49,587,352	49,587,352	17,635,210	-	-	-
	Use of goods and services	33,604,833	210,559,319	11,049,165	24,952,021	20,285,993	15,721,645
	Other Current Transfers	-	-	-	-	-	-
	Total	83,192,185	260,146,671	28,684,375	24,952,021	20,285,993	15,721,645
Finance and Economic Planning	Compensation to Employees	370,302,058	370,302,058	54,213,323	5,696,418,030	5,924,274,751	6,161,245,741
	Use of goods and services	52,243,825	98,545,285	30,096,547	80,680,033	65,592,867	50,834,472
	Other Current Transfers	-	-	-	-	-	-

County Entity	Item	Printed Estimates FY 2020/21	Revised Estimates FY 2020/21	First Half Year Expenditure FY 2020/2021	Budget Estimates FY 2021/2022	Projected Estimates FY 2022/2023	Projected Estimates FY 2023/2024
	Total	422,545,883	468,847,343	84,309,870	5,777,098,063	6,065,952,966	6,369,250,614
County Administratio n and Decentralized Units	Compensatio n to Employees	356,342,845	457,842,845	121,346,524	-	-	-
	Use of goods and services	37,171,857	88,513,148	11,723,849	37,343,936	30,360,620	23,529,481
	Other Current Transfers	-	-	-	-	-	-
	Total	393,514,702	546,355,993	133,070,373	37,343,936	30,360,620	23,529,481
Agriculture, Food Security and Co- operative Development	Compensatio n to Employees	185,782,451	185,782,451	75,630,883	-	-	-
	Use of goods and services	12,378,501	17,622,859	5,133,123	33,642,931	27,351,703	21,197,570
	Other Current Transfers	61,996,191	61,996,191	-	156,682,105	156,682,105	156,682,105
	Total	260,157,143	265,401,501	80,764,007	190,325,036	184,033,808	177,879,675
Health and Emergency Services	Compensatio n to Employees	3,095,657,402	3,243,473,184	1,462,560,350	-	-	-
	Use of goods and services	359,687,254	294,096,379	216,175,623	513,039,280	417,250,525	323,580,167
	Other Current Transfers	95,895,954	359,217,401	-	-	-	-
	Total	3,551,240,610	3,896,786,964	1,678,735,973	513,039,280	417,250,525	323,580,167
Roads, Transport and Public Works	Compensatio n to Employees	140,136,106	140,136,106	47,333,782	-	-	-
	Use of goods and services	32,204,558	47,804,558	14,906,106	51,536,964	41,899,552	32,472,153
	Other Current Transfers	-	-	-	-	-	-
	Total	172,340,664	187,940,664	62,239,888	51,536,964	41,899,552	32,472,153

County Entity	Item	Printed Estimates FY 2020/21	Revised Estimates FY 2020/21	First Half Year Expenditure FY 2020/2021	Budget Estimates FY 2021/2022	Projected Estimates FY 2022/2023	Projected Estimates FY 2023/2024
Education, Skills Training and Social Welfare	Compensation to Employees	280,836,038	280,836,038	54,425,407	-	-	-
	Use of goods and services	3,073,483	64,043,583	1,539,276	38,704,997	31,467,162	24,387,051
	Other Current Transfers	50,261,448	-	-	-	-	-
	Total	334,170,969	344,879,621	55,964,683	38,704,997	31,467,162	24,387,051
Energy, Lands, Housing and Urban Development	Compensation to Employees	50,805,261	53,853,072	12,883,313	-	-	-
	Use of goods and services	19,965,263	145,784,510	5,606,735	32,181,457	26,163,525	20,276,732
	Other Current Transfers	-	-	-	-	-	-
	Total	70,770,524	199,637,582	18,490,048	32,181,457	26,163,525	20,276,732
Tourism, Youth, Sports and Culture	Compensation to Employees	86,403,556	86,403,556	22,506,030	-	-	-
	Use of goods and services	8,118,646	28,294,408	4,342,368	49,156,785	39,964,466	30,972,461
	Other Current Transfers	3,126,873	-	-	-	-	-
	Total	97,649,075	114,697,964	26,848,398	49,156,785	39,964,466	30,972,461
Water, Irrigation, Environment and Natural Resources	Compensation to Employees	31,247,920	72,247,920	27,293,808	-	-	-
	Use of goods and services	18,531,779	31,383,118	3,479,055	28,934,819	23,524,008	18,231,106
	Other Current Transfers	-	-	-	-	-	-
	Total	49,779,699	103,631,038	30,772,863	28,934,819	23,524,008	18,231,106

County Entity	Item	Printed Estimates FY 2020/21	Revised Estimates FY 2020/21	First Half Year Expenditure FY 2020/2021	Budget Estimates FY 2021/2022	Projected Estimates FY 2022/2023	Projected Estimates FY 2023/2024
County Public Service Board	Compensation to Employees	27,736,634	27,736,634	12,156,209	-	-	-
	Use of goods and services	13,945,748	14,187,248	866,800	10,917,101	9,763,257	8,563,259
	Other Current Transfers	-	-	-	-	-	-
	Total	41,682,382	41,923,882	13,023,009	10,917,101	9,763,257	8,563,259
County Assembly	Compensation to Employees	446,839,875	285,209,720	208,132,281	471,307,070	490,159,353	509,765,727
	Use of goods and services	414,305,281	575,935,436	165,419,021	369,838,086	350,985,803	331,379,429
	Other Current Transfers	50,000,000	50,000,000	20,000,000	-	-	-
	Total	911,145,156	911,145,156	393,551,302	841,145,156	841,145,156	841,145,156
Total Compensation to Employees		5,501,742,876	6,012,063,787	2,236,220,923	6,167,725,100	6,414,434,104	6,671,011,468
Total Net Use of goods and services		1,527,781,664	2,212,802,256	668,209,453	1,825,898,715	1,777,237,914	1,566,541,585
Total Net Other Current Transfers		308,530,466	561,316,619	20,000,000	156,682,105	156,682,105	156,682,105
TOTAL NET EXPENDITURE		7,338,055,006	8,786,182,662	2,924,430,376	8,150,305,920	8,348,354,123	8,394,235,158

Source: Machakos County Treasury, 2021

ii. Development

County Entity	Details	Printed Estimates FY 2020/21	Revised Estimates FY 2020/2021	First Half Year Expenditure FY 2020/2021	Budget Estimates FY 2021/2022	Projected Estimates FY 2022/2023	Projected Estimates FY 2023/2024
Office of the Governor	Acquisition of Non- Financial Assets	3,681,732	3,305,675	1,950,186	3,080,367	3,234,385	3,396,105
	Other Capital Grants and Transfers	-	-	-	-	-	-

County Entity	Details	Printed Estimates FY 2020/21	Revised Estimates FY 2020/2021	First Half Year Expenditure FY 2020/2021	Budget Estimates FY 2021/2022	Projected Estimates FY 2022/2023	Projected Estimates FY 2023/2024
	Total Development	3,681,732	3,305,675	1,950,186	3,080,367	3,234,385	3,396,105
Public Service, Quality Management and ICT	Acquisition of Non-Financial Assets	20,355,778	32,537,674		9,329,343	9,795,810	10,285,601
	Other Capital Grants and Transfers	-	-	-	-	-	-
	Total Development	20,355,778	32,537,674	-	9,329,343	9,795,810	10,285,601
Trade, Industrialization and Innovation	Acquisition of Non-Financial Assets	147,000,000	95,305,998	6,976,955	80,021,732	84,022,819	88,223,960
	Other Capital Grants and Transfers	-	-	-	-	-	-
	Total Development	147,000,000	95,305,998	6,976,955	80,021,732	84,022,819	88,223,960
Finance and Economic Planning	Acquisition of Non-Financial Assets	41,618,632	26,367,654		27,560,987	28,939,036	30,385,988
	Other Capital Grants and Transfers	-	-	-	-	-	-
	Total Development	41,618,632	26,367,654	-	27,560,987	28,939,036	30,385,988
County Administration and Decentralized Units	Acquisition of Non-Financial Assets	44,158,472	40,781,071		19,940,561	20,937,589	21,984,469
	Other Capital Grants and Transfers	-	-	-	-	-	-
	Total Development	44,158,472	40,781,071	-	19,940,561	20,937,589	21,984,469
Agriculture, Food Security and Co-operative Development	Acquisition of Non-Financial Assets	45,443,922	71,840,464	4,303,522	49,947,829	49,947,829	49,947,829
	Other Capital Grants and Transfers	265,649,891	261,110,419	120,546,485	400,276,438	400,276,438	400,276,438
	Total Development	311,093,813	332,950,883	124,850,007	450,224,267	450,224,267	450,224,267
Health and Emergency Services	Acquisition of Non-Financial Assets	141,469,391	252,404,015	17,975,570	299,652,130	299,652,130	299,652,130
	Other Capital Grants and Transfers	404,903,213	193,736,483	11,025,000	175,347,872	175,347,872	175,347,872
	Total Development	546,372,604	446,140,498	29,000,570	475,000,002	475,000,002	475,000,002
Roads, Transport and Public Works	Acquisition of Non-Financial Assets	868,807,557	772,297,456	320,205,578	1,717,391,128	1,803,260,684	1,893,423,719
	Other Capital Grants and Transfers	241,069,089	282,013,396	59,901,237	-	-	-
	Total Development	1,109,876,646	1,054,310,852	380,106,815	1,717,391,128	1,803,260,684	1,893,423,719

County Entity	Details	Printed Estimates FY 2020/21	Revised Estimates FY 2020/2021	First Half Year Expenditure FY 2020/2021	Budget Estimates FY 2021/2022	Projected Estimates FY 2022/2023	Projected Estimates FY 2023/2024
Education, Skills Training and Social Welfare	Acquisition of Non-Financial Assets	198,341,033	158,130,629	20,442,078	60,102,833	63,107,975	66,263,373
	Other Capital Grants and Transfers	62,749,894	62,749,894	-	-	-	-
	Total Development	261,090,927	220,880,523	20,442,078	60,102,833	63,107,975	66,263,373
Energy, Lands, Housing and Urban Development	Acquisition of Non-Financial Assets	74,149,569	130,940,009	8,212,008	50,003,715	52,503,901	55,129,096
	Other Capital Grants and Transfers	24,000,000	1,746,662,826	-	-	-	-
	Total Development	98,149,569	1,877,602,835	8,212,008	50,003,715	52,503,901	55,129,096
Tourism, Youth, Sports and Culture	Acquisition of Non-Financial Assets	132,575,680	140,402,609	37,606,507	50,091,066	52,595,619	55,225,400
	Other Capital Grants and Transfers	2,475,000	-	-	-	-	-
	Total Development	135,050,680	140,402,609	37,606,507	50,091,066	52,595,619	55,225,400
Water, Irrigation, Environment and Natural Resources	Acquisition of Non-Financial Assets	555,768,560	480,698,487	139,506,363	500,141,311	525,148,377	551,405,795
	Other Capital Grants and Transfers	33,700,000	-	-	-	-	-
	Total Development	589,468,560	480,698,487	139,506,363	500,141,311	525,148,377	551,405,795
County Public Service Board	Acquisition of Non-Financial Assets	5,976,219	5,365,801	-	-	-	-
	Other Capital Grants and Transfers	-	-	-	-	-	-
	Total Development	5,976,219	5,365,801	-	15,811,681	15,862,279	15,940,004
County Assembly	Acquisition of Non-Financial Assets	365,000,000	375,777,380	32,379,253	50,100,940	52,605,987	55,236,286
	Other Capital Grants and Transfers	-	-	-	-	-	-
	Total Development	365,000,000	375,777,380	32,379,253	50,100,940	52,605,987	55,236,286
Total Acquisition of Non-Financial Assets		2,644,346,545	2,586,154,923	589,558,020	2,917,363,942	2,927,950,307	2,944,147,446
Total Other Capital Grants and Transfers		1,034,547,087	2,546,273,017	191,472,722	575,624,310	575,624,310	575,624,310
TOTAL NET EXPENDITURE		3,678,893,632	5,132,427,940	781,030,742	3,492,988,252	3,503,574,617	3,519,771,756

Source: Machakos County Treasury, 2021

Annex II : Compensation of employees per Department

County Entity	Printed Estimates FY 2020/21	Revised Estimates FY 2020/21	First Half Year Expenditure FY 2020/2021	Budget Estimates FY 2021/2022	Projected Estimates FY 2022/2023	Projected Estimates FY 2023/2024
Office of the Governor	160,901,960	159,201,960	39,626,395	165,570,038	172,192,840	179,080,554
Public Service, Quality Management and ICT	219,163,418	599,450,892	80,477,408	363,918,728	378,475,477	393,614,496
Trade, Industrialization and Innovation	49,587,352	49,587,352	17,635,210	51,570,846	53,633,680	55,779,027
Finance and Economic Planning	370,302,058	370,302,058	54,213,323	385,114,140	400,518,706	416,539,454
County Administration and Decentralized Units	356,342,845	457,842,845	121,346,524	476,156,559	495,202,821	515,010,934
Agriculture, Food Security and Co- operative Development	185,782,451	185,782,451	75,630,883	193,213,749	200,942,299	208,979,991
Health and Emergency Services	3,095,657,402	3,243,473,184	1,462,560,350	3,373,212,111	3,508,140,596	3,648,466,220
Roads, Transport and Public Works	140,136,106	140,136,106	47,333,782	145,741,550	151,571,212	157,634,060
Education, Skills Training and Social Welfare	280,836,038	280,836,038	54,425,407	292,069,480	303,752,259	315,902,349
Energy, Lands, Housing and Urban Development	50,805,261	53,853,072	12,883,313	56,007,195	58,247,483	60,577,382
Tourism, Youth, Sports and Culture	86,403,556	86,403,556	22,506,030	89,859,698	93,454,086	97,192,250
Water, Irrigation, Environment and Natural Resources	31,247,920	72,247,920	27,293,808	75,137,837	78,143,350	81,269,084
County Public Service Board	27,736,634	27,736,634	12,156,209	28,846,099	29,999,943	31,199,941
County Assembly	446,839,875	285,209,720	208,132,281	471,307,070	490,159,353	509,765,727
Total Compensation to Employees	5,501,742,876	6,012,063,787	2,236,220,923	6,167,725,100	6,414,434,104	6,671,011,468

Annex III: County Own Source Revenue Projections

Revenue Stream	Revised Estimates FY 2019/20	Actual FY 2019/2020	Printed Estimates FY 2020/2021	Projections FY 2021/2022	Projections FY 2022/2023	Projections FY 2023/2024
Land Rates &Debt Clearance Cert	180,311,755	264,046,575	312,765,281	319,020,587	325,400,999	335,163,029
Single Business Permit	141,166,526	187,631,790	206,327,254	210,453,799	214,662,875	221,102,762
Quarry	355,253,351	367,577,984	480,447,285	490,056,231	499,857,356	514,853,076
Sand Gravel	51,867,267	45,761,096	54,760,839	55,856,056	56,973,177	58,682,372
Market Fees	16,126,396	9,906,502	14,559,290	14,850,475	15,147,485	15,601,909
Plot/Stall Rent	15,463,023	8,924,665	8,356,414	8,523,542	8,694,013	8,954,833
Bus Park	76,692,415	78,574,103	141,860,810	144,698,026	147,591,986	152,019,746
House Rent	1,652,580	778,608	2,000,000	2,040,000	2,080,800	2,143,224
Refuse/Conservancy Fee	15,663,460	25,716,168	45,000,000	45,900,000	46,818,000	48,222,540
Sign Board & Advertisement Fee	36,075,488	35,516,487	54,911,788	56,010,024	57,130,224	58,844,131
Fire Fighting &Ambulance Management Unit	33,468,586	29,136,821	36,936,374	37,675,101	38,428,603	39,581,461
Slaughter House Fees/Livestock	16,882,464	11,358,703	14,307,215	14,593,359	14,885,226	15,331,783
Enforcement Management Unit	20,843,022	9,082,973	16,179,200	16,502,784	16,832,840	17,337,825
Building Plan Approval	110,181,794	149,448,896	156,000,000	159,120,000	162,302,400	167,171,472
Cess	11,309,110	15,515,559	20,179,955	20,583,554	20,995,225	21,625,081
Maruba/Peoples Park	-	-	1,021,860	1,042,297	1,063,143	1,095,037
Social Services &Sports Management Unit	1,603,600	98,460	135,300	138,006	140,766	144,989
Water Sales	233,316	554,651	299,982	305,981	312,101	321,464
Miscellaneous	-	247,805	-	-	-	-
House Loan Repayment	477,610	1,000	-	-	-	-
Salary Refunds/Salary Advance	12,000	20,270	657,255	670,400	683,808	704,322
Motor vehicle/Cycle Registration	1,237,577	4,291,860	6,512,825	6,643,082	6,775,943	6,979,221
Health Revenue Account	34,592,394	69,488,591	80,637,350	82,250,096	83,895,098	86,411,951
Liquor	23,838,282	35,054,335	44,705,166	45,599,269	46,511,255	47,906,592
Tourism	434,295	960,485	156,510	159,640	162,833	167,718
Weights And Measures	1,210,576	-	-	-	-	-
Off street Parking Unit	10,435,760	17,905,291	30,015,719	30,616,033	31,228,354	32,165,205
Interest/Penalties On Stalls Rent	2,693,655	7,912,237	188,563	192,334	196,181	202,066
Agri Farm	953,300	64,100	442,375	451,222	460,247	474,054
Noise Pollution	97,300	595,795	433,625	442,298	451,143	464,678
TOTAL	1,160,776,902	1,376,171,810	1,729,798,232	1,764,394,197	1,799,682,080	1,853,672,543

Source: Machakos County Treasury, 2021

Annex IV: Machakos County Sector Composition

Sector	County Entity
Agriculture and Co-operative Development	<ul style="list-style-type: none"> • Agriculture and Food Security • Co-operative Development
Energy, Infrastructure and ICT	<ul style="list-style-type: none"> • County Electrification • Roads, Transport and Public Works • Information, Communication and Technology • Housing and Urban Development
Commercial, Tourism and Labour Affairs	<ul style="list-style-type: none"> • Trade, Industrialization and Innovation • Tourism
Health	<ul style="list-style-type: none"> • Medical Services • Public Health and Community Outreach
Public Administration	<ul style="list-style-type: none"> • Office of the Governor • Public Service and Quality Management • Public Service Board • County Assembly • County Administration and Decentralized Units • County Treasury • Finance and Revenue Collection • Economic Planning and External Resources Mobilization • Legal Services • Project Delivery, Monitoring and Evaluation
Education, Youth and Social Welfare	<ul style="list-style-type: none"> • Education and Skills Training • Youth, Sports and Culture • Social Welfare and Civic Empowerment
Water and Irrigation	<ul style="list-style-type: none"> • Water and Irrigation
Land, Environment and Natural Resources	<ul style="list-style-type: none"> • Lands and Physical Planning • Environment and Natural Resources