

BUDGET STATEMENT TO THE COUNTY ASSEMBLY ON 30TH APRIL 2013 BY THE EXECUTIVE COMMITTEE MEMBER, DEPARTMENT OF FINANCE, GOVERNMENT OF MACHAKOS, WHEN PRESENTING THE BUDGET FOR FISCAL YEAR 2013/2014.

1.0 Background

1.1 Background

Mr. Speaker, on the 4th August 2010, Kenyans overwhelmingly voted for a new constitution which was promulgated on 27th August 2010. The People of Machakos were not left behind. Our people voted for the new constitution because it brought with it a promise of a new regime. It is now time for change. The most significant element of the new constitution is devolution, which was ushered in by the general elections of March 4th this year. It is against this background that our people want to take charge of development in order to ensure employment creation for youth is realized and the quick and efficient delivery of services at all levels. In delivering this budget, **Honorable Members** of this county assembly, we are alive to the fact that the expectations of our people are still very high. The Government of Machakos is fully committed and focused to fulfilling those expectations.

1.2 Budget theme

Theme: Tackling the basics of life so as to fight poverty, create wealth and increase the competitiveness of Machakos County

Mr. Speaker, the budget of 2013/ 2014 is premised on the need to address the immediate social economic challenges faced by our people today. The theme is based on the fact that we must meet our people's expectations and go the extra mile to restore their dignity and pride.

Mr. Speaker, I am honored to table the first county budget to the county assembly today 29th April 2013; which budget will progressively build a better future for our children consistent with our national vision 2030 and driven by the aspiration of making Machakos County internationally competitive. In this regard the measures we will be proposing in this budget will be informed by the theme "**tackling the basics of life so as to fight poverty, create wealth and increase the competitiveness of Machakos County**".

We will now highlight specific policy issues that we intend to address;

2.0 Strengthening the tax administration

In order to achieve our objectives, we have to;

- a) Develop a strategy of sealing all loopholes in the revenue collection systems,
- b) Reduce unnecessary revenue expenditures through the following:-
 - Reduction of expenditure on hospitality and supply services which include conferences, workshop, tax forces and committees.
 - Reduction of expenditure on capital projects and furniture fitting. This will be achieved by introducing the **banking hall** concept so that all government departments are housed in one building.
 - Reduction of domestic and foreign travels.
- c) The Government proposes to buy second hand ex-Japan/Europe vehicles and equipments to significantly reduce the amount of money spend on purchase of vehicles. We therefore request Honorable Members to find this measure necessary in order to save resources for development.
- d) We shall continue to scrutinize and to identify areas that need future cost savings. As such the Chief officer responsible for finance shall audit all departments that existed prior to the coming to force of the county government and identify unnecessary spending and promote efficient spending
- e) In partnership with the National Government, we shall introduce an **Electronic Project Monitoring Information System** before the end of the year. Once operational it will enable us monitor projects from procurement to completion thus ensuring adherence to the provided timelines.
- f) We shall start an **Efficiency Monitoring Unit** to increase efficiency and eliminate the wastage of public resources.
- g) On enhancing revenue collection, we will form the **Machakos Revenue Commission** in order to enhance the operational efficiency of our government with respect to revenue collection and distribution. The decision to form the commission is informed by the recent experience at **Matuu Township**. When we took over in March this year tax collection in **Matuu Township** was under Kshs. **10,000/-** a day. The office of the Governor instituted measures aimed at increasing revenue collection and **within a fortnight** the revenue collection steadily increased to over Kshs. **600,000/-** per day.

3.0 Supporting business and enhancing competitiveness

Promoting conducive investment environment

Mr. Speaker, we shall provide an enabling investment environment by ensuring that the policies developed are predictable to avoid uncertainties and to build investor confidence. In conjunction with the **National Government**, we will establish an **immigration office** within the county to ensure that investors are able to get work permits within the shortest time possible. Trade licenses, environmental approvals, and all other related licenses required by investors will be processed with the aim of **facilitating and not frustrating business** at our **one stop shop**.

Mr. Speaker, specific measures will be undertaken to provide incentives to both local and international investors in order to position Machakos County as the premier investment hub in the country.

Mr. Speaker, under the new Constitutional dispensation, **Honorable Members** must realize that counties are in competition with each other and it is only through proper positioning that we will attract investments necessary for job creation and poverty reduction. In this regard, the government proposes to utilize land as a resource for providing incentives in order to attract premium investments. Bare land does not help anyone unless it is legally used to grow wealth for our poor people.

Mr. Speaker, to this end, we have provided within this budget, resources to acquire strategic land within the constituencies and wards to be utilized as **Special Economic Zones** for setting up of factories and spurring industrialization.

4.0 Maintaining law and order and providing security

Mr. Speaker, we all know that adequate security is essential for achieving the objective of creating employment so as to reduce abject poverty. While the security functions still lie with the National Government, the County Government has a responsibility to uphold security in order to have a competitive edge for the sake of the safety of its people and for investment.

In this regard, the government has decided to employ the following specific measures:-

- a) To enhance community policing by encouraging the youth to work in liaison with and under the supervision of the chiefs, the police, the Ward and Village administrators.
- b) Buy **250 motorbikes** for security operations.
- c) Buy **2 vehicles per location** to be assigned to police stations within the location to increase police presence and enhance efficiency in responding to crimes.
- d) Construct new police houses
- e) Encourage alternative dispute settlement mechanisms
- f) Install CCTV cameras in designated strategic urban areas. This will be done progressively in three years to cover all major towns.
- g) Darkness breeds crime. We want to install **flood lights (mulika mwizi)** in all our major towns in order to make Machakos visible from the skies. In doing this we will employ green energy technologies and explore the possibilities of **Public Private Partnerships (PPP)**. In this budget we have allocated initial funds to commence the project as we explore partnerships.

These measures by the government will ensure that police visibility is high in order to deter crime and in the event of an incidence respond promptly.

Mr. Speaker, investigation of crimes that require forensic investigation and analysis have been a challenge in this country. We shall be the first county to have a forensics laboratory and research centre. To this regard we have allocated seed money to buy the basic and necessary equipment for the operationalization of the facility.

Mr. Speaker, through experience, government projects have in most time existed in paper. However, our government intends to be a government that delivers its project. To this end, we have established a **Special Compliance Unit** to enforce and track standards.

We have also allocated funds to partner with the **Judicial Service Commission (JSC)** to establish magistrate courts in every sub county.

5.0 Accelerating infrastructure

Mr. Speaker, the previous national government invested heavily in infrastructure; however huge gaps still exist in our county. The rains have caused major havoc in some places completely cutting off transportation. Our urban areas especially within Mavoko

municipality have continued to have very poor road network. In this budget therefore we have set aside a special fund for the repair and maintenance of the road infrastructure within Mavoko urban areas.

Mr. Speaker, we are alive to the fact that only county roads have been devolved for maintenance and repair by county governments. These roads however are very important to our farmers in Kangundo and Kathiani in order for their farm produce to get to the market as they are important to the commuters of Masinga and Mwala.

Mr. Speaker, our public transport system depends heavily on the rural murram roads, for this regard we have allocated Ksh 15 million for each of our 40 county wards in order to build new roads, undertake repairs of existing roads and build new bridges as well as repair damaged ones. In improving our road infrastructure, the Governor promised to buy graders, escalators and tippers for all locations within the county. In order to achieve this, we have allocated money to the purchase of graders, excavators and tippers to be shared in all sub counties. This program will be implemented progressively in the next 4 years in order to meet the promise.

Mr. Speaker, during the recent budget consultations with all the wards held on 23rd April 2013, it became apparently clear that our people want the existing airstrips to be revived. This falls squarely within our agenda to provide emergency rescue services. We have therefore allocated initial funds for the rehabilitation of at least six (6) airstrips within our county. We will also build a new **3 km runway** that can land a commercial aircraft within the county. These programs will be implemented within our government's agenda of Public Private Partnership (PPP).

Mr. Speaker, in order to take advantage of the upcoming Konza Technology City, we will improve the road network from **Katumani to Konza through Kwa Mautio** so as to position Machakos town to reap the advantages of the city.

As we do this **Honorable Members** must remember that Machakos was the first capital city of our country, however the town remains underdeveloped with very few or no amenities that measure to towns of its age and caliber in the world today. We want to restore our lost glory. We will build the **new Machakos city** through Public Private Partnership (PPP) in the County lands mentioned earlier. This will spur growth; encourage trade, industrialization and investment hence creating jobs for our youth and position Machakos within the international map of the cities of the world. We urge the full support of **Honorable Members**' in order to actualize this within the next three years.

Mr. Speaker, the system of devolved government did not exist before, to this end the incoming county government have the difficulties of office space and most have inherited dilapidated offices that do not offer an enabling working environment. The county assembly chambers, where **Honorable Members** will be debating are just an example. To this end we have provided a budget for the construction of new county offices and the Governor official residence.

Mr. Speaker, the **Kithimani- Mwala-Makutano- Yathui- Ikalaasa- Kalawa – Wote** road is an inter - county road shared between us and our neighboring Makueni County. This road has been the promise of successive Governments to no avail. The Governor has directed the **Executive Committee Member** in charge of the **Department Of Roads, Public Works, Transport and Housing** to immediately liaise with his counterpart in Makueni county and the national government to explore the immediate possibilities of upgrading the road to bitumen standards.

6.0 Expanding access to affordable energy supply for all our people.

Mr. Speaker, Machakos County has positioned herself as a green county; we will explore environmentally friendly and renewable energy sources such as low heat geothermal, solar, wind, biofuel, biomass and recycling of solid waste. In order to explore the possibility of renewable energy sources, we have also allocated funds for solar, wind and mini hydro power sources in this budget.

Mr. Speaker, in order to implement these projects, private sector participation will be critical. We therefore call upon international partners who have been cooperating previously with the National Government in these endeavors to partner with us.

Mr. Speaker , as an immediate measure, we commit ourselves to expand the **rural electrification program** in all wards, market centers, primary and secondary schools, boreholes, coffee factories, hospitals and other government institutions. In this regard, we have allocated initial funds to cover at least one new project in every ward within this year.

Mr. Speaker, the effects of climate change and vagaries of weather are very evident in our county. We are a county of both extremes. While the people of Kathiani and Kangundo can grow coffee, the people of Ikalaasa, Kivauni, Ikombe and Kithyoko have hardly had any harvest in the last 5 years. Some of the effects of environmental degradation can be traced to human activities. In this regard the government will take seriously the issue of **sand harvesting and enabling legislation** because it affects our rivers and surrounding ecosystem. In this regards we have allocated funds for

stakeholder consultations in order to come up with a **sand harvesting policy**. Further, funds for rehabilitating the rivers and strengthening the management of the existing sand harvesting cooperative movement have also been set aside.

Mr. Speaker, We have also set aside monies to support tree planting in all our schools in order to increase our forest coverage.

7.0 Cushioning the vulnerable in our society

Mr. Speaker, this is a government that cares for her most vulnerable populace. In this regards we have set aside the following funds targeted for specific groups

- a) Special bursary funds for needy and bright students in each ward, **Ksh 2 million per ward** making a total of **Ksh 80 million**
- b) Social welfare program for the elderly, orphans, street families and widows
- c) A disability fund
- d) Funds for school feeding program

8.0 Promoting regional development equity and social stability

Mr. Speaker, as stated earlier, Machakos County has varying geographical and climate conditions. The levels of development in the different areas are different. This Government will appeal to the **Commission on revenue allocation** to consider Machakos County for the initial disbursement of the **equalization fund** set out by the Constitution.

Mr. Speaker, we have set out the **wards** to be our focus for development in order to begin equitable distribution of resources. This will facilitate local accountability and strengthen oversight of project to ensure that all allocated funds are used for the designated projects. The specific allocation for rural electrification, bursary funds, road maintenance, water projects are captured elsewhere in this budget.

9.0 Efficiency in public procurement

Mr. Speaker, a lot of public funds are always wasted through procurement, for example, while a pen may cost under Ks 15/- in a shop the government buys the same product at Ksh 30/-. In keeping in line with our austerity measures going forward, procurement of all items shall only be allowed within established price reference to cushion the Government from paying extremely inflated prices. We will also introduce strict ethical and integrity code for officers working on county financial management, procurement

officers, finance officers, accountants and internal auditors. This will further increase our saving measures and avail the so much needed resources for development.

10.0 Expanding economic and investment activities in all wards for employment creation

Mr. Speaker, in fulfilling our promises, we will take decisive steps towards equitable development. Our budget will focus on rural areas. In this regard we have proposed some local level initiatives.

Mr. Speaker, we will organize investment forums, create a trade enhancement centre (**one stop shop**), support entrepreneurship by providing incubation centers, conduct feasibility studies on the viability of specific factories in the various ward, **we** have provided funds for the construction of modern markets, kiosks and stalls and a further **Ksh 5 million** for a stone crushing machine. All these are aimed at value addition and processing our products for local and international markets.

Mr. Speaker, in addition to the foregoing, we have allocated a special fund to buy land for special economic zones to encourage economic partnerships in rural areas.

11.0 Investing in food security

Mr. Speaker, Machakos County is prone to incidences of extreme droughts, occasioning famine and malnutrition. Agriculture remains the main stay of our county economy. However our dependence on rain fed agriculture coupled with low levels of agricultural mechanization and low percentage of the cultivated agricultural area, has continued to expose our county to frequent famine. In order to increase agricultural productivity, our rural famers must be cushioned from the high cost of agricultural input through the provision of **subsidized farm inputs** .We must also add value to agricultural produce and link the farmers to markets for their produce.

Mr. Speaker, we shall institute a **post harvest farm management system** that involves construction of **silos** in every sub county over the next three years to ensure that the aflatoxin infections are eliminated.

Mr. Speaker, we are committed to implement all the above within our budget constraints in order to ensure a food secure Machakos County so that our people never die of hunger again. **Mwolyo** must become a thing of the past.

Mr. Speaker, in the meantime we have set aside funds to purchase emergency relief supplies to feed our people in targeted areas and especially school going children.

Mr. Speaker, through the coordination of the department of Agriculture, Livestock and Cooperative Development as well as the department of water, irrigation and sanitation we have worked out a food security implementation strategy to run over the next three years. This will focus on irrigation, use of certified seeds, water harvesting, provision of subsidized fertilizers, efficient harvesting of water and storage farm produce and marketing systems while applying scientific farming methods.

Mr. Speaker, as a first step to ensure that our county is secure, we have allocated substantial funds to the following sectors:

- a) Construction of silos
- b) Purchase, maintenance and fueling of tractors
- c) Provision of subsidized fertilizers
- d) Provision of subsidized certified seeds
- e) Provision of extension services including buying of two motorbikes for each ward for use by extension officers
- f) Provision of Artificial Insemination services for dairy farmers in the areas of Mua, Masii, Kathiani, Kangundo, Matungulu and all other climatically conducive areas.
- g) Buying farm produce from farmers to boost the counties strategic reserve and reduce post harvest losses.
- h) Construction and rehabilitation of cattle dips.
- i) Provision of green houses to organized women and youth farming groups
- j) Provision of modern beehives.

12.0 Providing water to all house holds

Mr. Speaker, the Governor promised to introduce a new paradigm in solving the water problem once and for all. The Government has come up with a program working with the existing water sector stakeholders, to provide clean drinking water in all our households within the next four years. This is informed by the realization that the provision of clean drinking water solves a myriad of other human problems including health, food insecurity as much as it does support our rural economies. **Honorable Members** you realize that our water agenda is extremely ambitious. To implement it we therefore require huge resources.

Mr. Speaker, the **Department of Water, Irrigation and Sanitation** has already initiated discussions with water sector donor groups in order to secure the much needed

additional funding for this sector. Already discussions to construct a new sewer system for Machakos town, Mavoko, Mlolongo, Tala, Kangundo, Masii and Matuu have been initiated and are in various stages of negotiations. The Government will be updating this house on the progress of the individual projects.

Mr. Speaker, within the available resources, the Government will undertake the following immediate programs;

- a) Rehabilitation of at least 3 boreholes and pumping systems for each ward
- b) Desilting, rehabilitation and construction of earth dams
- c) Construction of sand dams
- d) Construction of water pans.
- e) Undertaking reticulation (pumps, water tanks and piping)
- f) Construction of new water purification plants
- g) Purchase of borehole drilling rigs and pump testing units

Mr. Speaker, Machakos County has to optimize her irrigation potential. Before beginning new projects we have to bear in mind that the **Yatta Canal** has been the source of livelihoods in the neighboring communities since colonial times. It is therefore a priority for this Government to rehabilitate the canal to its full functional capacity in partnership with the **National Government** and other **Development Partners**.

13.0 Making quality health care available to all

Mr. Speaker, as we strive to improve our county economy and create jobs, we must recognize that building a better Machakos requires a healthy population. We must overcome the current challenges where our mothers and sisters are taken to hospital on wheel barrows and donkey carts. We must immediately move towards World Health Organization (WHO) recommended standards of a **community hospital within every five (5) km radius**. Our response system to emergencies and disasters must be tied in to our health programs because such emergencies pose serious health implications.

Mr. Speaker, Machakos County must be able to attract and retain qualified health workers for our health care system to succeed. We intend to provide good working environment for the doctors, nurses, and other medical staff including the **construction of new medical staff housing quarters**. The County will focus on preventive health care through sensitization and training in order to cut spending on the curative programs. To achieve our health care program we will implement the following specific measures;

- a) Purchase of ambulances

- b) Upgrading of dispensaries to community hospitals
- c) Capacity building for community health workers
- d) Undertake disease preventive measures and control programs for malaria, drug/alcoholic substances and tropical diseases.
- e) Employment of health workers
- f) Construction and purchase of maternity and laboratory facilities
- g) Construction of staff housing.
- h) Quick response for health emergencies and disasters.
- i) Buying medical drugs and support materials for health centers and dispensaries

Mr. Speaker, in providing health care, drugs and other medical supplies will be key, we therefore intend to partner with the National Government to find efficient ways of KEMSA releasing essential medical supplies in time for our hospitals.

14.0 Promoting growth of tourism and culture.

Mr. Speaker, the tourism sector is very important in bringing revenue to our county. Our county prides itself of scenic sites and if properly marketed can bring tourists from major world markets. The county is the gateway to major tourist attractions like Amboseli and Tsavo.

However, the major impediment to the attraction of tourist to our county is lack of proper tourism infrastructure. Our county lacks an adequate number of hotels and other recreational facilities that can serve both local and international visitors. As part of our investment agenda, we have designed special Public Private Partnerships (PPP) packages to provide incentives that attract investment to this sector. In the meantime we have allocated funds for rehabilitation of Kyevaluki caves, construction of monuments of our Heroes and heroines, while vigorously marketing the existing tourism attractions.

Mr. Speaker, we also intend to initiate talks with the Kenya Tourism Development Cooperation (KTDC) in order to agree on a revenue sharing program for the facilities that fall within this county. We will also initiate similar discussions with National Authority for Campaign Against Alcohol and Drug (NACADA) for a revenue sharing agreement in its respective area of licensing. If successful, the revenues from the above government agencies will be ploughed back to the improvement and maintenance as well as financing local investors to put up tourism facilities. In addition, we shall create a special fund for lending investors to build tourist facilities.

Mr. Speaker, the policy of this government is to make Machakos County the centre of film making industry in Kenya. We intend therefore to create film making infrastructure so that we can tap into the film industry. **MACHAHOOD** is soon going to be a reality.

Mr. Speaker, our youth deserve proper social amenities, we have therefore allocated funds for rehabilitation and construction of sports stadiums, social/multi-purpose halls, talent academies and libraries amphitheatres across the counties.

15.0 Leveraging ICT and HR opportunities

Mr. Speaker, in order to implement our programmes our human resource capacity is essential. We shall form the **County Public Service Board** that together with the Department of Human Resource, Information, Communication and Technology and Labour will develop policies to ensure that we attract and maintain qualified personnel.

Mr. Speaker, we are in the process of undertaking a staff audit to establish the number of employees serving in the county and their qualifications which will enable us to match skill requirement with available staff competences.

Mr. Speaker, Machakos County must leverage on the global digital grid in order to enjoy faster fiber optic internet. This will enable the county to accelerate economic growth and expand wealth creation opportunities so as to reduce poverty among our people. Appropriate utilization of this new technology will yield savings as well as create efficiencies for a better and more productive economy by reducing the cost of doing business.

Mr. Speaker, the County seeks to reap benefits due to its proximity to the Konza ICT city. We therefore intend to start internet kiosks across the entire county to increase uptake of internet. We shall also establish an information technology supported application of all services provided by this Government in order to serve our people more efficiently.

16.0 Financing budget - 2013/2014

Mr. Speaker, the implementation of the above budget will require huge amount of resources. We intend to raise them as follows:-

- a) National Government transfers

Mr. Speaker, under the constitution of Kenya 2010, the counties will share a minimum of 14% of total government revenue. The commission on revenue allocation has proposed that Machakos County gets 6 billion.

b) Revenue

Mr. Speaker, judging from the revenue collected at Mavoko and Machakos municipalities, as well as Kangundo, Matuu and Machakos Councils that existed before the new system of devolution it is estimated that the county government upon streamlining county revenue collection can achieve a total of upto Ksh 2.5 billion.

c) Grants

Mr. Speaker, though we have not yet received commitments we expect to convince development partners to finance some of our development projects.

d) Overall deficit and financing

Mr. Speaker, after factoring in the transfers from the national government, the targeted revenue, the fiscal framework is fully financed and there is no financing gap.

We humbly request the Honorable Members of this County Assembly to interrogate the attached estimates and to pass them so that together, we can embark on our journey to change the lives of our suffering people as we make Machakos County the great County it is meant to be.

Thank you,

Government of Machakos

Dated THIS 30th Day of APRIL 2013