

REPUBLIC OF KENYA

GOVERNMENT OF MAKUENI COUNTY



DEPARTMENT OF FINANCE AND SOCIO-ECONOMIC PLANNING

FY 2022/23 BUDGET NOTES

*Theme; “Building community resilience for sustainable development
and prosperity”*

CHAPTER ONE: INTRODUCTION: FY 2021/22 CONTEXT

1.1 Background

The FY 2022/23 Budget will be the fifth budget to implement the Second County Integrated Development Plan (CIDP 2018-22). The development theme for FY 2022/23 will be “building community resilience for sustainable development and prosperity”. The theme pushes for revitalizing economic development at the community level by engaging citizens while at the same time building the resilience and the adaptive capacity of the community members. This is in line with the Annual Development Plan, County Budget Review and Outlook Paper and the 2022 County Fiscal Strategy Paper

The FY 2022/23 budget has been prepared towards stimulating the growth of the local economy and has been guided by the following principles;

- i. Deepening Equitable Development.
- ii. Accelerating Community-Led Development.
- iii. Disaster Risk Management and Resilience Building.
- iv. Accelerating post-COVID-19 Pandemic Recovery.
- v. Enhanced Access to Universal Healthcare Services:
- vi. Universal Water Coverage:

1.2 Budget preparation process

The FY 2022/23 budget has been prepared through a participatory process that involved the participation of citizens from the Village levels, Village clusters, Sub wards, wards. Additionally we held specific thematic engagements targeting on the youth, PWDs, PLHIV, Diaspora, Development partners, Civil Society Organizations, Faith Based Organizations and All potential political leaders.

Table 1; No. of persons engaged in the process

No	Participation	No	Total	Male	Female	PWD
1	Village	3643	79,686	20,278	59,408	1041
2	Cluster	377	11,604	5,508	6,096	187
3	Subward	60	5,208	3,275	1,933	98
4	Ward	30	3,974	1,984	1,990	76
5	Thematic Groups	6	392	278	114	135
6	CSOs	1	128	56	72	4
7	Diaspora	1	47	25	22	
8	Political Leaders	1	198	105	93	5
	Total		101,237	31,509	69,728	1,546

CHAPTER TWO: STRATEGIC DIRECTION FOR THE FY 2022/23 BUDGET

2.1 Introduction

The FY 2022/23 budget will be geared towards stimulating the growth of the local economy following the negative effects of COVID 19 pandemic. The budget theme will **be enhancing community-driven development for building community resilience for sustainable development and prosperity**. The budget will be guided by six principles namely; deepening equitable development; accelerating community-led development; disaster risk management and resilience building; accelerating post Covid-19 pandemic recovery; enhanced access to universal healthcare services and universal water coverage.

2.2 Revenues summary

In the FY 2022/23, revenues have increased from Kshs 9,763,795,153.00 in FY 2021/22 to Kshs **9,832,783,562.00** representing a growth of 1 per cent. The revenues will be funded from three main sources namely equitable share 83%, Conditional Allocations, loans and Grants and Own Source revenue at 9% each. Going forward, into the medium term, the government will continue with its revenue mobilization and expenditure prioritization policy geared towards economic recovery. This strategic thrust is meant to support sustained rapid economic growth to build community resilience.

Table 2; Revenue projections

Revenue source	Revenue	Ration
Equitable share from National Government	8,132,783,562.00	83%
Conditional Allocation - other loans & grants	850,000,000.00	9%
County generated revenue	850,000,000.00	9%
Total Revenue 2022-2023	9,832,783,562.00	

The County Government is committed towards increasing the percentage contribution of OSR to the overall government resources to 10%. To achieve this, the county Government will;

- a. **Use the recently identified community revenue champions:** The department of finance has identified revenue champions across the county and it will enhance engagement of community revenue champions at each of the 377 village clusters. The champions will assist the Government in sensitizing communities on the importance of paying fees and charges.

- b. **Operationalize the valuation roll:** The county assembly has gazzetted rate struck of the land rated value in the Makueni Finance Act, 2020. In order to increase land based revenue, county will Operationalize the valuation roll and sensitize stakeholders on the valuation roll as well as capture all plots in the current revenue automation system to encourage more payments.
- c. **Intensify supervision and Institute Rapid Results Initiative (RRI) in collection of own source revenue:** This will be achieved through establishment of inspectorate and compliance unit which will be based at the directorate level. The unit will comprise of independent enforcement officers to supervise and perform random checks on revenue collection. This will also include the establishment of an oversight unit through the administration structures and monitoring and evaluation at sub-county levels
- d. **Implement of the revenue administration and enhancement policy:** The strategy is geared towards sealing gaps that have been bedeviling revenue collection in the past and enhance collections.
- e. **Establish a legal framework and prosecution system:** Revenue collection will be boosted with a prosecution system that will enhance compliance.
- f. **Institute change management:** Continued investment in training of staff to promote change management and integrity. Improved knowledge on Know Your Customer (KYC) will be developed to ensure staff enjoy the interaction with customers in the process of revenue collection.
- g. **Exploit and invest in sectors with high revenue potential in the county:**

The government will also look into possibilities of generating more revenue from the county's natural resources such as minerals, sand and soil. Through collaboration with the mining sub-sector, the county will enhance revenue collection from resource exploitation structures. The county will also invest in areas with high revenue potential such as designating parking slots
- h. **Review all revenue potential assessment for all streams (structured and unstructured):** The county will map and asses the revenue potential of all the streams and project the county revenue potential.
- i. **Fully automate revenue collection and establish one-stop-shop payment and approval for all licenses:** This is expected to ensure efficient revenue collection as well as curbing pilferages and leakages in the revenue collection structures. Automation of all streams is expected to tremendously improve Own Source Revenues in the county. Implementing cashless modes of payment and self-service portal to reduce leakages will improve own source revenue.
- j. **Establish a revenue education and fees payer's week:** within all levels of the devolved administration to sensitize the public on payment of fees and rates.
- k. **Interlink the departments in revenue collection.** This will be implemented through the establishment of a committee at the cabinet and directors level involving all the departments who collect revenue.

- l. **Establish a rewarding system to individuals,** markets and wards who have been consistently paying their revenue within set deadlines in each calendar year. This will be through initiatives like special funding for programs and projects in specific areas as well as recognizing large tax payers.
- m. **Undertake a feasibility study on establishment of a county revenue authority.** The county will initiate a study to inform on the viability of establishing a revenue authority. It is expected that in the long-run the authority will operate more efficiently and increase county revenues.
- n. **Enhance RRI on Revenue collection.** The county has initiated random RRIs on OSR collection which has portrayed positive results. This will be enhanced in the FY 2022/23.

2.3 Budget summary

Recurrent Budget. The FY 2022/23 Recurrent Budget is Kshs 6,660,769,154.00 representing 68 percent of the overall budget. The budget is comprised of personnel emoluments Kshs 4,351,577,966.98 and Operation and Maintenance of Kshs 2,309,191,187.02.

Development Budget. The FY 2022/23 Development budget is Kshs 3,172,014,408.00 representing 32% of the overall Budget. The development has been directed towards, stimulating the growth of the county economy and building community resilience for sustainable development and prosperity

Table 3; Budget by economic classification

Expenditure Classification	FY 2021/22 Budget	FY 2022/23 Budget	Projected Estimates FY 2023/24	Projected Estimates FY 2024/25
Current Expenditure	6,979,637,023.54	6,660,769,154.00	7,096,141,823.61	7,331,166,685.16
Compensation to Employees	4,357,277,085.00	4,351,577,966.98	4,510,260,645.19	4,629,616,774.56
Use of goods and services	2,037,006,061.18	1,871,344,890.18	2,103,610,761.73	2,193,589,548.26
Other Recurrent	585,353,877.36	437,846,296.84	482,270,416.68	507,960,362.34
Capital Expenditure	4,271,402,680.48	3,172,014,408.00	3,994,175,309.76	4,015,348,066.73
Other Development	4,271,402,680.48	3,172,014,408.00	3,982,075,309.76	4,002,038,066.73
Total Expenditure of Vote	11,251,039,703.87	9,832,783,562.00	11,090,317,133.37	11,346,514,751.89
Development Index	38%	32%	36%	35%
Personnel	39%	44%	41%	41%

The budget has been guided by the following principles;

1. Deepening Equitable Development.

The Government aims at ensuring equitable access to development funds across all village clusters and sub counties. To address this;

- i. All marginalized clusters have been allocated projects
- ii. We have allocated Kshs 211,600,000.00 to all the 377 clusters of the County towards community led development programmes
- iii. To enhance equity across sub counties, we have allocated funds towards the following;

Table 4; Sub County Flagships

Sub County	Project Name	Budgeted Amount
Kilome	Sultan Hamud Open Air Market - Construction and upgrading of access roads	40,000,000.00
Kibwezi East	Development/ Extension of water pipeline in Kibwezi East (Masongaleni)	40,000,000.00
Kaiti	Design and Construction of Water Supply to Nunguni Market	30,000,000.00

The allocation of the funds will address equity across the clusters and the sub counties.

In addition, in enhancing inclusivity in development we have set aside funds to various thematic groups as follows;

Table 5; Thematic group allocations

Department	Programme	Amount
Health	Initiation of programme to support PLHIV	5,000,000.00
Gender	Makueni Child Protection centre	9,000,000.00
Devolution	Youth empowerment programme	30,000,000.00
Gender	Support to Children	1,000,000.00
Gender	Support to PWDs, OVCs, Senior Citizens	4,000,000.00
Gender	Internship, Mentoring & Volunteer Programme	10,000,000.00
Gender	Elderly Support Development Programme	5,000,000.00
Gender	Construction of Rehabilitation centre for drug and substance abuse addicts	10,000,000.00
	Total	74,000,000.00

2. Accelerating Community-Led Development.

The Community driven development programme aims at deepening citizens' participation in socio-economic transformation. It demonstrates the devolution of powers to communities to manage their wellbeing through community based action planning, designing, implementation of micro-projects that create assets in the villages while growing the rural economies.

The implementation of Community driven development projects is aimed at promoting livelihood guarantee to our citizens, empowering the communities against the Covid-19 pandemic and facilitating the localization of the sustainable development goals at the community level

In the FY 2022/23, we have budgeted an allocation of Kshs 211,600,000.00 to all the 377 clusters. The programmes have been categorized in the following departments;

Table 6; Categorization of CDD projects

No	Department	No. of Projects	Activities	Amount
1	Environment	3	community led town sanitation initiatives	2,500,000.00
2	Roads	332	Manual opening of rural roads, manual drifts, gabions, pothole backfilling, roads for water infrastructure and bush clearing activities	185,600,000.00
3	Water	42	manual desilting of dams, check dams and construction of sand dams	23,500,000.00
	Total	377		211,600,000.00

3. Community economic empowerment; Addressing Disaster Risk Management and Resilience Building and Accelerating post-COVID-19 Pandemic Recovery.

The Government aims at building community resilience from destructive effects of disasters and also institute strategies geared towards improving the local economy from the negative effects of COVID 19.

To address this, the Government has allocated the following;

Table 7; Allocations towards economic empowerment and disaster resilience

No	Department	Project Name/Description	FY 2022/23 Budget Estimates
1	Agriculture	Food Safety & Standardization programme	770,908.00
2	Agriculture	Youth in Agriculture development programme	900,000.00
3	Agriculture	Equipping and operationalizing of the Veterinary diagnostic laboratory at the county Agriculture HQs-MAP	2,000,000.00
4	Agriculture	Rabies elimination programme	5,000,000.00

5	Agriculture	Irrigation Development Programmes - Survey, identification, mapping and Designs	3,000,000.00
6	Agriculture	Agriculture Mechanization Services	4,000,000.00
7	Agriculture	Fruit development programme	4,000,000.00
8	Agriculture	Dairy development programme-HQ	4,400,000.00
9	Agriculture	Kasikeu Grain Milling Project	5,000,000.00
10	Agriculture	Artificial Insemination - Countywide	7,000,000.00
11	Agriculture	Livestock disease control	7,000,000.00
12	Agriculture	Food security initiatives - support to farm ponds programme	15,000,000.00
13	Agriculture	Makueni Agricultural Extension programme	15,000,000.00
14	Agriculture	Completion, equipping and operationalization of Kitise poultry slaughterhouse	22,658,720.00
15	Agriculture	Makueni Integrated Grain Value Chain Development Project	20,000,000.00
16	Agriculture	Makueni County Fruit Processing Plant Development and Marketing Authority - AIA	60,000,000.00
17	Devolution	Community led development and livelihood guarantee programme (procurement of goods to support community led development programme)	7,500,000.00
18	Sand Authority	Strengthening sand resources governance and sustainable utilization	10,000,000.00
19	Sand Authority	Sand Conservation Programmes	20,000,000.00
20	Agriculture	Community Economic empowerment programmes – Agriculture and livestock productivity - wards	28,750,000.00
21	Water	Enhancing water access programmes	432,880,000.00
		Total	674,859,628.00

In addition the government has allocated a total of Kshs **128.3 Million** towards the National Agricultural & Rural Inclusive Growth Project (NAGRIP) aimed at increasing agricultural productivity and profitability of targeted rural communities. A total of **Kshs 23.38M** has also been allocated towards Agricultural Sector Development Support Programme II (ASDSP II) for developing sustainable priority value chains for improved income and food and nutrition security.

4. Enhanced Access to Universal Healthcare Services:

The County will continue to promote universal healthcare access with emphasis on expanding healthcare financing and access to specialized medical care.

In FY 2022/23, the Government aims at enhancing preventive and promotive health care through: strengthening of the community health strategy, promotion of reproductive, maternal neonatal child health services and enhance access to family planning services. The sector will continue upgrading and renovation of health facilities across the county.

Key programmes to support these include;

Table 8; Allocations to support UHC

No	Item	Amount
1	Community Health strategy	68,856,500.00
2	Psychosocial counselling and Well being	10,000,000.00
3	Family Planning	10,000,000.00
4	Medical Drugs, Dressings and other Non- Pharmaceutical Medical Items,hospital beddings and linen Laboratory Materials, Supplies and Small Equipment (Essential medicines and medical supplies)	225,000,000.00
5	Facility Improvement Hospitals	70,000,000.00
6	NHIF, Linda Mama reimbursements and EDU afya	90,000,000.00
7	Public Health	15,000,000.00
8	PLHIV Programmes	5,000,000.00
9	Recurrent Financing of Healthcare	45,000,000.00
10	Primary health care	10,750,000.00
11	County Ambulance Services/Maintenance	11,000,000.00
12	Universal health care programme	200,000,000.00
13	Nutrition Programme	12,000,000.00
14	Upgrading of health facilities across the Wards	140,300,000.00
	Total	912,906,500.00

5. Universal Water Coverage:

The Government will promote initiatives that will generate adequate water resources towards achieving universal water coverage. We have increased the proportion of population with access to improved water sources to 44.2 per cent and reduced the average distance to nearest water sources from 8kms in 2013 to 5 Kilometers (Kms).

To enhance water access, the Government has allocated funds towards the following;

Table 9; Allocations to support universal water access

NO	Project/Programme Name	Amount
1	Water ward Projects	312,880,000.00
	Key flagship water projects	
2	Development/ Extension of water pipeline in Kibwezi East (Masongaleni)	40,000,000.00
3	Installation of solar at Mwaani Booster	10,000,000.00
4	Athi Kalawa WASH programme	10,000,000.00
5	Athi Tunguni Water Project; Rehabilitation of existing water tanks at Tunguni and extension of water pipeline	15,000,000.00
6	Water Governance, compliance and Operationalization of MARUWAB	15,000,000.00
7	Design and Construction of Water Supply to Nunguni Market	30,000,000.00
	Total	432,880,000.00

CHAPTER 3; DEVIATIONS ON 2022 COUNTY FISCAL STRATEGY PAPER

The FY 2022/23 Budget has had deviations from the ceilings in the 2022 County Fiscal Strategy paper due to the following;

- i. Reduction of available revenues by Kshs 70,000,000.00
- ii. Alignment for the incomplete projects and amount allocated for re-voted projects under the department of Finance
- iii. Alignment of PE emoluments to consider pending gratuities
- iv. Alignment of ward budget in line with the final community prioritized projects

The deviations are as follows;

	DEPARTMENT	FY 2022/23 CFSP Budget Ceilings	FY 2022/23 Budget	Variance
1	County Attorneys Office	32,299,773.25	13,993,374.69	(18,306,398.56)
2	County Public Service Board	70,239,791.41	117,906,167.60	47,666,376.19
3	Department of Lands, Urban Development, Environment and Climate change	295,542,077.50	287,581,860.32	(7,960,217.18)
4	Governship	235,523,549.79	174,935,567.17	(60,587,982.62)
5	Department of Trade, Industry, Marketing, Tourism & Cooperatives Development	110,852,450.46	133,800,909.12	22,948,458.66
6	Department of Gender, Culture and Social Services	131,413,919.19	127,274,358.05	(4,139,561.14)
7	County Secretary	649,237,346.56	450,702,036.70	(198,535,309.86)
8	Department of Finance & Socio Economic Planning	1,708,677,990.32	1,354,545,827.77	(354,132,162.55)
9	Department of Education, sports & ICT	480,651,963.06	733,380,384.98	252,728,421.92
10	Department of Transport, Roads, Public Works and Energy	468,312,926.85	575,550,188.79	107,237,261.94
11	Department of Agriculture, Irrigation, Livestock & Fisheries development	653,220,017.71	687,230,429.25	34,010,411.54
12	Department of Water and Sanitation	494,654,333.30	557,017,031.22	62,362,697.92
13	Sand Authority	57,533,510.10	89,758,900.57	32,225,390.47
14	Department of Health Services	3,409,127,622.53	3,395,678,196.55	(13,449,425.98)
15	Department of Devolution, County Administration, Participatory Development, Youth & Public Service	377,104,662.98	390,036,702.23	12,932,039.25
16	County Assembly	728,391,627.00	743,391,627.00	15,000,000.00
	Sub Totals	9,902,783,562.00	9,832,783,562.00	(70,000,000.00)

Annexure 1; Own source revenues

No	SOURCES	FY 2021/22 Projections	FY 2022/23 Projections	FY 2023/24 Projections	FY 2024/25 Projections
	A) OWN SOURCES	KSHS			
1	Agriculture- Mechanization	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00
2	ASK Show	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00
3	BMT (Market Entrance)	35,000,000.00	35,000,000.00	35,000,000.00	35,000,000.00
4	Single Business Permits /Application/Conservancy fees	135,000,000.00	135,000,000.00	135,000,000.00	135,000,000.00
5	Application & conservancy		10,000,000.00	12,000,000.00	15,000,000.00
6	Parking	34,500,000.00	30,500,000.00	32,500,000.00	34,500,000.00
7	Stock Market	15,000,000.00	15,000,000.00	15,000,000.00	15,000,000.00
8	Stock Movement	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00
9	Renewal Fee(Kiosks)	6,000,000.00	6,000,000.00	6,000,000.00	6,000,000.00
10	Agricultural Cess	22,000,000.00	22,000,000.00	22,000,000.00	22,000,000.00
11	Liquor License	65,000,000.00	40,000,000.00	50,000,000.00	60,000,000.00
12	Building Materials cess	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00
13	Communication masts	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00
14	Advertisement & Wall Branding	15,000,000.00	15,000,000.00	15,000,000.00	15,000,000.00
15	Fines and Penalties	5,100,000.00	5,100,000.00	5,100,000.00	5,100,000.00
16	Stall Rent	3,200,000.00	3,200,000.00	3,200,000.00	3,200,000.00
17	Motor Veh/Cycle Reg	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00
18	Fire certificate	200,000.00	200,000.00	200,000.00	200,000.00
19	Development Approvals(all lands development fees	26,156,710.00	25,000,000.00	26,000,000.00	27,000,000.00
20	Plot Rates/Rent & other dues	100,000,000.00	60,000,000.00	78,000,000.00	85,000,000.00
21	Water & Environment- Consent, Nema, mining, penalties	7,000,000.00	7,000,000.00	7,000,000.00	7,000,000.00
22	Gym services	200,000.00	200,000.00	200,000.00	200,000.00
23	Coop Audit services	300,000.00	300,000.00	300,000.00	300,000.00
24	Weights & Measures	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00
	Sub Total	495,156,710.00	435,000,000.00	468,000,000.00	491,000,000.00
	AIA				

1	Agriculture- Agricultural Training Conference	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00
2	Public health	70,000,000.00	70,000,000.00	70,000,000.00	70,000,000.00
3	Health FIF	90,000,000.00	80,000,000.00	85,000,000.00	90,000,000.00
4	NHIF and Linda Mama Reimbursement	155,000,000.00	90,000,000.00	86,350,000.00	73,350,000.00
5	Health UHC Registration	35,000,000.00	24,350,000.00	35,000,000.00	35,000,000.00
6	Makueni Fruit Processing Plant AIA	150,000,000.00	100,000,000.00	120,000,000.00	150,000,000.00
7	Sand Authority AIA	67,500,000.00	30,000,000.00	65,000,000.00	70,000,000.00
8	Veterinary Health AIA	15,000,000.00	15,000,000.00	15,000,000.00	15,000,000.00
9	Community Information Centres AIA	650,000.00	650,000.00	650,000.00	650,000.00
10	Sand Authority FY 2020/2021 Funds	8,000,000.00			
	Sub Total	596,150,000.00	415,000,000.00	482,000,000.00	509,000,000.00
	TOTAL OWN SOURCE REVENUE	1,091,306,710.00	850,000,000.00	950,000,000.00	1,000,000,000.00