

REPUBLIC OF KENYA
COUNTY ASSEMBLY OF MACHAKOS

OFFICIAL REPORT

Wednesday, 21st February, 2024

The House met at 11.25 a.m.

[The Speaker (Hon. (Mrs.) Kiusya) in the Chair]

PRAYERS

PAPER LAID

**INTERGOVERNMENTAL AGREEMENT ON ESTABLISHMENT
OF COUNTY AGGREGATION AND INDUSTRIAL PARKS**

Hon. Speaker: May I, at this point, invite Hon. Dominic Ndambuki, Chairperson, Budget and Appropriations Committee to come forward and lay some Papers.

Hon. Dominic Ndambuki (Kathiani Central, WDM-K): Thank you, Hon. Speaker. Hon. Speaker, pursuant to Standing Order 190(5), I beg to lay the following Paper on the floor of the House today, Wednesday, 21st February, 2024; the Report of the Budget and Appropriations Committee on the Intergovernmental Agreement on the establishment of County Aggregation and Industrial Parks. Thank you, Hon. Speaker.

Hon. Speaker: Thank you, Hon. Member.

(The Paper was laid on the Table)

NOTICE OF MOTION

**INTERGOVERNMENTAL AGREEMENT ON ESTABLISHMENT
OF COUNTY AGGREGATION AND INDUSTRIAL PARKS**

Hon. Speaker: May I, at this point, invite Hon. Dominic Ndambuki, once again to come forward and give a Notice of Motion.

Hon. Dominic Ndambuki (Kathiani Central, WDM-K): Thank you, Hon. Speaker.

Hon. Speaker, that aware that the National Government through the Ministry of Investment, Trade and Industry, State Department for Industry and County Governments in partnership with private sector, development partners and United Nation Industrial Development Organization has established County Aggregation and Industrial Parks (CAIP) in each County which will be developed and implemented jointly between the National Government and County Governments;

Noting that Article 6(2) of the Constitution of Kenya provides that the Governments at the National and County levels are distinct and inter-dependent and shall conduct their mutual relations on the basis of consultation and cooperation;

Further aware that Section 191(A)(3) of the Public Finance Management Act (PFMA), 2012 provides that where a County Government intends to enter into an agreement for conditional allocations, the County Executive Committee Member in-charge of Finance shall submit the agreement to the County Assembly for approval and aware that pursuant to Section 191(A)(4) of the PFMA, 2012, the Assembly shall within fourteen (14) days of the submission of an agreement approve or reject the agreement;

Acknowledging that the County Assembly is in receipt of a legal notice on Intergovernmental Agreement on the establishment of County Aggregation and Industrial Parks between the National Government through the Ministry of Investment, Trade and Industry, State Department of Industry and the County Government of Machakos;

Hon. Speaker, I wish to give notice of Motion THAT this House discusses and approves the report of the Budget and Appropriations Committee on the Intergovernmental Agreement on the establishment of County Aggregation and Industrial Parks.

I wish to call upon Hon. Ndawa to second the Motion.

Hon. Mbili Ndawa (Matuu, MCCC) seconded.

Hon. Speaker: Thank you, Hon. Ndambuki.

MOTIONS
MACHAKOS COUNTY BUDGET
REVIEW AND OUTLOOK PAPER 2023

Hon. Speaker: May I, at this point, invite Hon. Dominic Ndambuki, Chairperson, Budget and Appropriations Committee to come forward and take us through that Motion.

Hon. Dominic Ndambuki (Kathiani Central, WDM-K): Thank you, Hon. Speaker.

Hon. Speaker, that aware that Section 118 of the Public Finance Management (PFM) Act, 2012 requires that each County Treasury prepares County Budget Review and Outlook Paper (CBROP) in respect of their County for each financial year;

Aware that the CBROP presents the actual fiscal performance in the reporting period compared to the budget, updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper (CFSP), information on how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles or the financial objectives in the latest CFSP and the reasons for any deviation from the financial objectives together with proposals to address the deviation and the time estimated to do so;

Further aware that the CBROP aims to provide a review of the fiscal performance for the FY 2022/23 and how the outcomes impacted the County's financial objectives and fiscal responsibility principles as envisaged in the PFM Act, 2012;

Noting that the County Budget Review and Outlook Paper 2023 was submitted to the Assembly on 19th October, 2023 and tabled in the House on 7th November, 2023 and subsequently committed to the Budget and Appropriations Committee;

Hon. Speaker, I wish to move the motion THAT this House discusses and approves the report of the Budget and Appropriations Committee on the Machakos County Budget Review and Outlook Paper, 2023.

I wish to call upon Hon. Stephen Mwanthi to second.

Hon. Speaker: Thank you, Hon. Member. Hon. Stephen Mwanthi.

Hon. Stephen Mwanthi (Ekalakala, WDM-K) seconded.

Hon. Speaker: Thank you, Hon. DS.

(Question proposed)

Before I invite Members to debate this Motion, may I call upon the mover to come forward and give highlights of the report.

Hon. Dominic Ndambuki (Kathiani Central, WDM-K): Thank you, Hon. Speaker. I wish to inform the House that the report has been uploaded in the County Assembly social media platforms and Members can follow the report from there. Hon. Speaker, if you allow, I will give the abridged version of the report which summarizes the contents.

Hon. Speaker, Section 118 of the Public Finance Management (PFM) Act, 2012 requires that each County Treasury (CT) prepares the County Budget Review and Outlook Paper (CBROP) in respect of their County for each financial year---

Hon. Speaker: Hon. Ndambuki, let us agree on which areas you are going to touch on once you take us through. You are on preamble, then---

Hon. Dominic Ndambuki (Kathiani Central, WDM-K): Then I go to review of the fiscal performance which is about revenue performance. Then we look at Own Source Revenue which is on page 7, we touch a bit on conditional grants on page 9, expenditure performance and then we present before the House the analysis of County entities expenditure on page 10 and we look at the resource allocation framework and then we look at the Committee observations and recommendations.

Hon. Speaker: That is in order. Proceed.

Hon. Dominic Ndambuki (Kathiani Central, WDM-K): Thank you, Hon. Speaker. Hon. Speaker, Section 118 of the Public Finance Management (PFM) Act, 2012 requires that each County Treasury (CT) prepares the County Budget Review and Outlook Paper (CBROP) in respect of their County for each financial year.

The CBROP presents:

1. Actual fiscal performance in the reporting period compared to the budget;
2. Updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper (CFSP);
3. Information on how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles or the financial objectives in the latest CFSP;
4. The reasons for any deviation from the financial objectives together with proposals to address the deviation and the time estimated to do so.

The CBROP should be considered and approved by the County Executive Committee before it is submitted to the Assembly. Once approved by the County Executive Committee, the County Treasury should within seven days and by 21st October of every year submit the Paper to the Assembly and have it published and publicized.

The 2023 CBROP was submitted to the County Assembly on 19th October, 2023; within the legal timeline and was thereafter committed to the Budget and Appropriations Committee (BAC).

OBJECTIVES OF THE CBROP

Hon. Speaker, the CBROP aims to provide a review of the fiscal performance for the FY 2022/23 and how the outcomes impacted the County's financial objective and fiscal responsibility principles as envisaged in the PFM Act, 2012 and CFSP. It also relays the primary sector ceilings for the FY 2024/25 budget inclusive of indicative projections for the FY 2025/26 and 2026/27 Medium Term Expenditure Framework (MTEF) period. The ceilings will set off the budget preparation process for the next fiscal year.

FISCAL RESPONSIBILITY PRINCIPLES

Hon. Speaker, in line with Chapter 12 of the Constitution of Kenya as read together with Section 107 of the PFM Act, 2012, the County Government shall adhere to the fiscal responsibility principles which are:

- i. The County Government's recurrent expenditure shall not exceed the county Government's total revenue;
- ii. Over the medium term, a minimum of 30% of the county budget shall be allocated to development expenditure;
- iii. The County Government's expenditure on wages and benefits for public officers shall not exceed a percentage of the County Government revenue as prescribed by the regulations;
- iv. Over the medium term, the County Government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure;
- v. Public debt and obligations shall be maintained at a sustainable level as approved by County Government;
- vi. Fiscal risks shall be managed prudently, and;
- vii. A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, considering any tax reforms that may be made in the future.

REVIEW OF FISCAL PERFORMANCE IN FY 2022/2023

Hon. Speaker, in the FY 2022/2023, this Assembly approved a budget of Ksh. 11.6 Billion to be financed through Equitable Share (Ksh. 9.2 Billion), Conditional Grants (Ksh. 0.6 Billion), Hospital Revenues (Ksh. 0.1 Billion) and Own Source Revenue (Ksh. 1.7 Billion) representing 79 per cent, 5 per cent, 1 per cent and 15 per cent respectively. In the course of the budget implementation, the CT revised the budget estimates to Ksh. 12.5 Billion comprising of Equitable Share Ksh. 9.9 Billion, Conditional Grants Ksh. 0.8 Billion, Hospital Revenues Ksh. 0.1 Billion and Own Source Revenue of Ksh. 1.7 Billion. The increase in both equitable share and conditional grants was attributed to balances carried forward from the previous FY (2021/2022).

Fiscal performance

Revenue performance

During the year under review, the County realized a total revenue of Ksh. 11.97 Billion against a target of Ksh. 12.54 Billion, an increase of 11.9 per cent from the previous FY. The Table below gives the fiscal out-turn for the FY 2022/2023 and I would request the House to look at it and I will give the totals.

Table 1: Fiscal Out-turn for the FY 2022/2023 (Amounts in Ksh.)

	Actual FY 2021/2022	Printed Estimates FY 2022/2023	Revised Estimates FY 2022/2023	Actual FY 2022/2023	Budget Execution (%)
Total Revenue	10,699,255,588	11,596,315,959	12,544,591,439	11,969,212,702	95
Equitable Share	8,429,319,897	9,162,304,232	9,895,288,567	9,895,288,567	100
Conditional Grants	135,656,077	610,440,182	798,691,933	460,815,858	58
Own Source Revenue	1,118,461,753	1,690,079,199	1,717,118,593	1,309,473,301	76
Hospital Revenues	-	133,492,346	133,492,346	120,317,958	90
Returned CRF Issues	1,015,817,861	-	-	183,317,018	1
Total Expenditure	10,332,934,983	11,596,315,959	12,544,591,439	10,257,046,327	82
Recurrent	8,700,451,133	8,088,468,725	8,778,234,893	8,398,286,797	96
County Assembly	911,640,806	1,007,126,181	1,189,846,181	1,109,670,183	93
County Executive	7,788,810,327	7,081,342,544	7,588,388,712	7,288,616,614	96
Development	1,632,483,850	3,507,847,234	3,766,356,546	1,858,759,530	60
County Assembly	137,355,091	318,500,000	318,500,000	22,470,207	7
County Executive	1,495,128,759	3,189,347,234	3,447,856,546	1,836,289,323	53

Source: Machakos County Financial Statements FY 2022/2023

County Own Source Revenue (OSR)

Hon. Speaker, the County Government targeted to collect Ksh. 1.69 Billion at the beginning of the FY 2022/2023 which was later revised to Ksh. 1.72 Billion and managed to collect Ksh.1.43 Billion which translates to a performance of 83 per cent. The collection of Ksh. 1.43 Billion of OSR is inclusive of NHIF reimbursements of Ksh. 120 Million. Tables 2 and 3 below depict the amount of OSR raised per month and a summary per quarter during the year under review and a comparison with previous financial years.

The figure below illustrates the trend of the Own Source Revenue collection between financial years 2018/19 to 2022/23.

Conditional Grants

Hon. Speaker, the County expected to receive Ksh. 0.8 Billion as conditional grants while actual receipts amounted to Ksh. 0.46 Billion representing a 58 per cent performance.

Expenditure performance

Hon. Speaker, analysis of expenditure by economic classification shows that compensation of employees had the highest absorption rate at 44 per cent of the total budget followed by use of goods and services at 23 per cent and finally acquisition of assets and non-financial assets at 15 per cent giving an overall absorption rate of 82 per cent. This is tabulated below.

Table 4: Expenditure Performance by Economic Classification for FY 2021/2022 and FY 2022/2023

Economic Item	Actual Expenditure FY 2021/2022	Printed Estimates FY 2022/2023	Revised Estimates 2 FY 2022/2023	Actual Expenditure FY 2022/2023	Budget Execution (%)
Compensation of Employees	5,903,699,792	6,019,963,383	6,078,655,805	5,566,708,303	44
Use of goods and Services	2,796,751,341	1,989,340,552	2,683,771,146	2,831,578,494	23
Conditional Grants	-	610,440,182	785,190,228	460,815,858	58
Acquisition of Assets	1,632,483,851	2,976,571,842	2,996,974,260	1,858,759,530	15
Sub Total	10,332,934,984	11,596,315,959	12,544,591,439	10,257,046,327	82

Source: Machakos County Financial Statements FY 2022/2023

The committee is concerned by the low absorption of funds especially under the capital/development budget and recommends that procurement processes under the same should be initiated in good time to ensure the projects are completed and paid for before the end of the FY.

County Entities Expenditure Analysis

Hon. Speaker, all the County Government entities achieved an overall absorption rate of at least 65 per cent with the exception of Trade, Industrialization and Innovation. The highest rate of absorption of budgeted funds was recorded in the Department of Roads, Transport and Public Works at 95 per cent and the least in the Department of Trade, Industrialization and Innovation at 46 per cent. The absorption of development funds stood at 49 per cent. Table 5 below gives the detailed analysis of every County entity's recurrent and development expenditure.

Table 5: County Entity Expenditure Performance for the Period Ending 30th June, 2023

County Entity		Actual Expenditure FY 2021/2022	Printed Estimates FY 2022/2023	Revised Estimates FY 2022/2023	Actual Expenditure FY 2022/2023	Budget Execution (%)
Office of the Governor	Recurrent	483,535,953	552,144,648	592,144,648	466,629,103	79
	Development	2,996,800	14,334,385	19,334,385	13,638,038	71
	Total	486,532,753	566,479,033	611,479,033	480,267,141	79
County Public Service Board	Recurrent	34,202,221	50,736,706	58,718,706	39,691,446	68
	Development	-	41,112,751	20,112,751	-	-
	Total	34,202,221	91,849,457	78,831,457	39,691,446	50
Roads, Transport and Public Works.	Recurrent	195,815,377	197,914,081	255,285,089	246,490,779	97
	Development	584,232,787	942,342,159	634,490,071	599,261,197	94
	Total	780,048,164	1,140,256,240	889,775,160	845,751,976	95
Health and Emergency Services	Recurrent	4,065,419,607	3,715,790,836	3,921,205,706	3,867,858,032	99
	Development	132,306,109	452,528,294	725,101,281	209,589,012	29
	Total	4,197,725,716	4,168,319,130	4,646,306,987	4,077,447,044	88
Agriculture, Food Security and Co-operative	Recurrent	408,223,924	374,588,632	312,568,368	276,876,068	89
	Development	225,727,457	456,080,148	420,675,866	270,590,704	64
	Total	633,951,381	830,668,780	733,244,234	547,466,772	75

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County Entity		Actual Expenditure FY 2021/2022	Printed Estimates FY 2022/2023	Revised Estimates FY 2022/2023	Actual Expenditure FY 2022/2023	Budget Execution (%)
Development.						
County Assembly	Recurrent	911,640,806	1,007,126,181	1,189,846,181	1,109,670,183	93
	Development	137,355,091	318,500,000	318,500,000	22,470,207	7
	Total	1,048,995,897	1,325,626,181	1,508,346,181	1,132,140,390	75
Water, Irrigation, Environment and Natural Resources	Recurrent	99,138,802	110,746,454	109,767,159	109,514,916	100
	Development	186,804,114	444,254,627	483,227,935	292,756,892	61
	Total	285,942,916	555,001,081	592,995,094	402,271,808	68
Finance and Economic Planning.	Recurrent	546,860,952	476,591,141	552,936,479	540,798,398	98
	Development	193,270,211	63,747,742	261,530,229	91,106,401	35
	Total	740,131,163	540,338,883	814,466,708	631,904,799	78
Public Service, Quality Management and ICT	Recurrent	732,360,166	324,279,672	365,479,624	347,995,636	95
	Development	1,197,580	36,187,652	53,187,652	42,192,977	79
	Total	733,557,746	360,467,324	418,667,276	390,188,613	93
Tourism, Youth, Sports and Culture.	Recurrent	101,728,182	112,617,593	131,930,592	131,897,352	100
	Development	40,111,142	125,990,460	126,990,460	68,635,219	54
	Total	141,839,324	238,608,053	258,921,052	200,532,571	77
Trade, Industrialization and Innovation.	Recurrent	113,990,530	99,344,709	147,292,138	145,457,672	99
	Development	57,663,119	180,556,594	177,960,907	5,707,822	3
	Total	171,653,649	279,901,303	325,253,045	151,165,494	46
Education , Skills Training and Social Welfare	Recurrent	385,378,986	428,971,858	454,161,358	432,856,655	95
	Development	22,593,487	153,460,588	236,460,588	46,271,516	20
	Total	407,972,473	582,432,446	690,621,946	479,128,171	69
Energy, Lands, Housing and Urban Development.	Recurrent	106,488,998	159,060,095	193,392,629	192,626,143	100
	Development	39,603,355	262,317,219	248,386,623	195,560,329	79
	Total	146,092,353	421,377,314	441,779,252	388,186,472	88
County Administration and Decentralized Units.	Recurrent	515,666,630	478,556,119	493,506,215	489,924,394	99
	Development	8,622,598	16,434,617	40,397,800	979,219	2
	Total	524,289,228	494,990,736	533,904,015	490,903,613	92
Total Recurrent		8,700,451,134	8,088,468,725	8,778,234,892	8,398,286,777	96
Total Development		1,632,483,850	3,507,847,236	3,766,356,548	1,858,759,533	49
Total Budget		10,332,934,984	11,596,315,961	12,544,591,440	10,257,046,310	82

Source: Machakos County Financial Statements FY 2022/2023

RESOURCE ALLOCATION FRAMEWORK*Implementation of the FY 2023/24 Budget*

Hon. Speaker, the implementation of the FY 2023/24 budget began well with indicators in the first months pointing to meeting the end year target in regards to absorption of funds and improved strategies in revenue collection. The Medium-Term Fiscal Framework (MTFF) for the FY 2024/2025 emphasizes on efficiency and effectiveness of public spending and improving revenue collection to stimulate and sustain economic activities.

To finance the FY 2023/2024, the County Treasury projects its revenues at Ksh. 14.7 billion. This will comprise of Equitable Share of Ksh. 9.5 billion, Conditional Grants of Ksh. 1.1 billion, Hospital Revenues of Ksh. 1.0 Billion, Own Source Revenue of Ksh. 3.0 billion and Disposal of Assets at Ksh. 0.1billion representing 65 per cent, 7 per cent, 7 per cent, 20 per cent and 1 per cent of the total revenue respectively.

Hon. Speaker, the County's proposed Resource Envelope in the Medium Term is as presented below.

Table 6: Resource Envelope in the Medium Term

Revenue Stream	Printed Revenues FY 2023/2024	Projected Revenues FY 2024/2025	Projected Revenues FY 2025/2026
Equitable Share	9,547,295,309	9,921,609,186	10,403,201,823
Aggregated Industrial Parks Programme	100,000,000	100,000,000	100,000,000
Fertilizer Subsidy Programme	195,350,986	195,350,986	195,350,986
Court Fines	14,436,324	14,436,324	14,436,324
Mineral Royalties	99,716	99,716	99,716
Universal Healthcare in Devolved System Program (DANIDA)	14,148,750	14,148,750	14,148,750
Agricultural Sector Development Support Program (ASDSPII)-SIDA	3,761,966	3,761,966	3,761,966
Kenya Climate Smart Agriculture Project (KCSAP)-World Bank	90,000,000	90,000,000	90,000,000
Aquaculture Business Development Programme (ABDP)-IFAD	15,401,768	15,401,768	15,401,768
Financing Locally Led Climate Change Action Programme (FLLoCA)-World Bank	133,000,000	133,000,000	133,000,000
FLLoCA County Climate Institutional Support Programme (CCISP)-World Bank	11,000,000	11,000,000	11,000,000
Livestock Value Chain Support Project-Poland	35,809,200	35,809,200	35,809,200
National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	250,000,000	250,000,000
Hospital Revenues	1,008,000,000	1,108,800,000	1,219,680,000
Asset Disposal	100,000,000	110,000,000	121,000,000
Leasing of medical equipment	124,723,404	124,723,404	124,723,404

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Revenue Stream	Printed Revenues FY 2023/2024	Projected Revenues FY 2024/2025	Projected Revenues FY 2025/2026
Emergency Locust Response Project (ELRP)	105,095,561	105,095,561	105,095,561
Own Source Revenue	2,998,879,462	3,148,823,435	3,306,264,607
Total	14,747,002,447	15,382,060,297	16,142,974,105

COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

Hon. Speaker, the Committee observes and recommends:

- 1) That the County Treasury adheres to the budget calendar for the FY 2023/24 budget making process. This will ensure that the process is within the set legal timelines and also give the Committee/House ample time to scrutinize, analyze and process each and every budget document.
- 2) That during the preparation of the Budget Estimates for FY 2024/25, the County Treasury should consider the matter of pending bills and ensure that they are adequately provided for as well as settle the pending bills budgeted for in the current FY.
- 3) That during the year under review, the County collected Own Source Revenue of Ksh. 1.43 billion against a target of Ksh. 1.7 Billion. The Committee observed that there was an underperformance thus recommends to the County Government as follows:
 - a. Ensure strict enforcement measures to minimize loss of revenue,
 - b. Strengthen internal controls,
 - c. Automate all the channels of revenue collection
 - d. Frequently conduct Rapid Results Initiative (RRI)
 - e. Set realistic/achievable revenue targets
 - f. Expand the revenue streams and;
 - g. Implement the County property valuation roll.
- 4) That the procurement processes under the development budget should be initiated in good time to facilitate timely completion and payment of the projects. This will also aid in addressing the issue of pending bills as projects will be executed and paid for in the FY in which they were initially budgeted for as well as increasing the absorption of the development budget.
- 5) That the County Government puts in place measures to sensitize farmers on agricultural produce storage and prevention of post-harvest losses.
- 6) That the County Government reduces the overall wage bill which stands at 44 per cent of the previous year's actual revenues against the set legal limit of 35 per cent of the County Government's total revenue as stipulated in Section 107 of PFMA 2012 and Section 25(b) of the PFM Regulations 2015.
- 7) That the performance of Conditional grants was way below the target and the Committee recommends that the County Government needs to establish the reasons behind the poor performance of the grants.
- 8) That all County Departments achieved overall absorption rate of at least 65% except the Department of Trade, Industrialization and Innovation. The Committee recommends that the departments ensure that they utilize their budgets as allocated to ensure service delivery.
- 9) That the Office of the Controller of Budget did a review of the CBROP, 2023 and provided a number of recommendations via a letter dated 31st November, 2023 (annexure) and the Committee urges the County Executive to consider the reviews in future.

ACKNOWLEDGEMENT

Hon. Speaker, the Committee wishes to thank the Office of the Speaker and that of the Clerk for the support extended to the Committee by facilitating it to fulfill its mandate. I wish to acknowledge the Hon. Members of the Committee for their time as well as ideas in the meetings and in preparation of this report. Our sincere gratitude is extended to the County Treasury for being part of this critical process of preparing and reviewing the 2023 CBROP. It is therefore my pleasant undertaking, on behalf of the Budget and Appropriations Committee, to table this report and recommend it to the House for adoption. Thank you, Hon. Speaker.

Hon. Speaker: Thank you very much, Hon. Member. I now invite Members to debate this motion. Hon. Helen Ndeti.

Hon. Helen Ndeti (Nominated, WDM-K): Thank you, Madam Speaker. I stand to congratulate this Committee of Budget for a very lengthy report. On the highlights, I just want to talk about the low absorption rate of the total budget. In their observations, the report just says that the absorption rate for the total budget was low but we need to understand what caused this low absorption rate and if I heard well, in the report, the Chairman said that there were delays in procurement. I think it is important that we try and understand what exactly that means because if you do not absorb your budget then you know what that means; a lot development will be delayed.

The other thing I would like to comment on is the department of trade for being the lowest in their performance. I also think we need to understand why they were not able to absorb their budget fully. Just like roads did a very good job, 95 per cent and I think the rest of the departments performed very well apart from trade? Maybe there is need to understand what really caused this low absorption rate. Thank you.

Hon. Speaker: Thank you, Hon. Ndeti. Any more contributions from the floor? Hon. Ndawa.

Hon. Mbili Ndawa (Matuu, MCCC): Thank you, Madam Speaker. Hon. Speaker, I will start by applauding the Chair together with the Committee Members for burning the midnight oil to ensure that we have this report ready. Hon. Speaker, as you are aware without this document, the issue of budget-making will not start. This is the first document that we are supposed to approve in order to pave way for the other process. The committee did a commendable job Madam Speaker and there are some issues which are being raised and one has been raised by Hon. Helen of low absorption. Hon. Speaker, we also tried as Members to enquire why---

Hon. Speaker: Point of order taken. Hon. Ndawa you may have your seat.

Hon. Mbili Ndawa (Matuu, MCCC): Madam Speaker, before we get to the point of order, I know my good friend wants to extend time but looking into the business before the House we can conclude even before the appointed time so it is just a few minutes then we are through. So I think there is no need of extending time.

Hon. Stephen Mwanthi (Ekalakala, WDM-K): Madam Speaker, I think this is procedural so---

Hon. Speaker: Is there any harm if you extend time and we do not consume it? Or prejudice? Okay.

PROCEDURAL MOTION
EXTENSION OF SITTING TIME

Hon. Stephen Mwanthi (Ekalakala, WDM-K): Okay. Thank you, Madam Speaker.

Aware that the Standing Order 27 provides that the Speaker, shall interrupt business at 12.30 p.m. for the morning sitting;

Aware that Standing Order 27 provides that the House may resolve to extend its sitting;

Aware that Standing Order 27(4) requires motion to extend sitting time to be moved at least 30 minutes before the time appointed for adjournment;

Madam Speaker, I beg to move the motion that the House resolves to extend its sitting time until the business at hand is concluded.

I call upon Hon. Dominic Ndambuki to second the motion.

Hon. Dominic Ndambuki (Kathiani Central, WDM-K) seconded.

Hon. Speaker: Thank you, Hon. Members.

(Question put and agreed to)

Let us proceed Hon. Ndawa.

Hon. Mbili Ndawa (Matuu, MCCC): Thank you, Madam Speaker. I was saying that one of the issues that were also a challenge to us as Members of the committee has been raised by Hon. Helen and that is the issue of absorption. Hon. Speaker, we tried to enquire and we were meant to understand that we can only absorb what is available. So the reason why we have this low absorption is late disbursement of funds from the Controller of Budget. The fault is not within the County Executive or the County Assembly. It is beyond our control.

Again another thing I realized Hon. Speaker, as we are trying to push some of the departments to get higher allocations, we have witnessed one department which is not spending the money allocated to it and that is the department of trade and industrialization. Hon. Speaker, I would urge the Assembly and I will lead with the Assembly. As we prepare the budget, we chop the budget for trade and industrialization because they are not spending. There is no need of denying a department which is using its money to complete the allocated....and there are still pending works (.....inaudible). We better give the money to the department that is ready to use and for this matter I recommend that department of roads be given the highest allocation---

Hon. Speaker: Point of information taken.

Hon. Musyimi Maeke (Kalama, CCU): I happen to sit in the trade committee and as the Minority Leader has said the absorption rate for the trade committee, you are going to understand that there was the allocation of the Ksh. 250 million which was supposed to be for aggregation parks which really affected even the budget for the trade committee and the reason you were our absorption rate in that because we had also the same concern. It was because of the aggregation centers which have been put by the government---

Hon. Dominic Ndambuki: Point of information, Hon. Speaker.

Hon. Speaker: Point of information taken.

Hon. Dominic Ndambuki (Kathiani Central, WDM-K): Allow me to inform the Member who is on the floor that the review that we are making is for 2022/2023 and the county aggregated industrial parks program is for the current financial year.

Hon. Speaker: I believe you are well-guided, Hon. Member. Thank you. Hon. Ndawa proceed.

Hon. Mbili Ndawa (Matuu, MCCC): I want to conclude by saying that this time round we must thorough. Any department that is trying to underperform let that department not be given money. We give monies to departments which are ready to ensure that they do what is required. Again Hon. Speaker, from the observation the committee is recommending that those who are doing the procurement should be doing the procurement in good time to ensure that we do not cross over to another financial year before we do what is supposed to be done in the running financial year. Thank you, Hon. Speaker, I support the report.

Hon. Speaker: Thank you, Hon. Member. Perhaps Hon. Maeke I would.....now that you have informed us that you are actually a Member of that committee for trade; are you? We are worried why the absorption rate at the department of trade and industrialization is low and perhaps it is important that that committee brings a report to this House on why that is happening because everybody is worried why this particular department alone is the one that is not seen to be using its money.

Why should we give it money? The committee is here that is doing oversight that department and should be able to tell us where the problem is. More contributions? Hon. Ndeti you have contributed; you cannot contribute again. Hon. Felix Ngui then Hon. Johanna and Hon. Maeke in that order.

Hon. Felix Ngui (Katangi, WDM-K): Thank you, Madam Speaker. Madam Speaker, as I congratulate the Chair for budget for the report that he has just tabled my concern has just been drawn to three things and first, the report is talking about wage bill and I believe that we are guided by the law on the percentage that the County is supposed to use on the matters wage bill in its budget and also in the development budget.

My concern is that the recommendation is that the County should look at how to reduce the wage bill but I think this calls for the committee on public service at this County Assembly maybe to move with speed and bring a report to this County Assembly telling us the measures that the County Public Service Board is taking to make sure that we reduce the wage bill within our county. That is number one because the wage bill has been a thorny issue for this County for the longest time and we must come to an end of this matter by the committee doing its work and the department that is concerned doing the necessary measures to make sure that we reduce to wage bill.

Secondly, there is an issue of pending bills. The issue of pending bills has been also a thorny issue and our sons and daughters of Machakos are owed a lot of money and I know that there was a taskforce that was formed by the Governor to look on the matters of the pending bills. I also want to recommend that the relevant committee should also take up the matter and also give a report to this County Assembly on how far the County has dealt with the pending bills because our people are still suffering. They worked for this County and they have not been paid up to date. That is a very important issue that needs to be looked into.

The third one and that one has been discussed by Mheshimiwa Ndawa and Helen is the absorption rate. It is so worrying that we are talking about a low absorption rate and development budget when our people of Machakos County do not have enough clean water to drink, when our people do not have proper roads, when our ECDE children in some schools are still learning under trees and we are talking about low absorption rate. I think I want to put a challenge to the committee Chairs of this Assembly because the law stipulates very clearly that all departments are supposed to be tabling quarterly reports to the committees and I do not think that has been happening.

Every department of the County Executive should be tabling quarterly reports to the committees so that we can be able to monitor how they are absorbing the development budget. By so doing we will be putting checks so that when a department is showing a low absorption we can come in as committee and work with them and see how they can absorb money so that our people get services. We must realize that governments are services ministries; we give service to the people. I think there are some people in the offices who think that our departments are there to make profits. Our departments are there to spend money on our people to get development.

So this is a challenge I want to put to the Chairs, please make sure that we are getting these reports from departments so that we can put these people on checks. Otherwise I want to support the report and also support the recommendations that have been put by the committee on budget. Thank you, Madam Speaker.

Hon. Speaker: Thank you, Hon. Ngui. Hon. Johana, Hon. Maeke then Hon. Kavyu.

Hon. Johana Munyao (Mutituni/Ngelani, M CCP): Thank you Hon. Speaker, I stand to support the report of Budget and Appropriations Committee, County Budget Review and Outlook Paper 2023. Madam Speaker, the Paper has outlined very key financial issues and operations in the County. Members have pointed out very important omissions which have been highlighted in this report which I may not repeat but Madam Speaker as we appreciate this report, I would like to point out that as much as we appreciate that we have an upward trajectory on Own Source Revenue collection, we should have been given also a trend.

A trend has been given on page 5 on Own Source Revenue collection which shows from 2018/2021, we were going downward, then 2021/2023 it is going upwards yet in terms of spending the collections we are registering a drop. Madam Speaker, I have noted some inconsistency in the report because when you look at page 2, it is indicated that the absorption rate for development is 49 per cent. The absorption of development funds stood at 49 per cent but when you go to page 10, we are told the absorption rate is 65 per cent. Madam Speaker, it is very important that we dig deeper into our records so that we are true to ourselves because that is the only way we will be able to advise the Executive.

Hon. Stephen Mwanthi (Ekalakala, WDM-K): Point of information.

Hon. Speaker: Yes, point of information.

Hon. Stephen Mwanthi (Ekalakala, WDM-K): Thank you, Madam Speaker, according to what the Member is asking; the answer is the 49 per cent is based on the entire budget that is including the Assembly budget and now the one with 65 per cent is for the Executive departments and that is why the variance.

Hon. Speaker: Thank you, Hon. Member. Hon. Johana, are you guided?

Hon. Johana Munyao (Mutituni/Ngelani, M CCP): Yes, although that has not been indicated I was just following on what the report has said but if those are other nitty gritty then I stand informed. Madam Speaker, we have seen that in all the tables given here and also which is the correct format of giving report, the source is Machakos County Financial Statements which is very correct. Madam Speaker, going by those documents which are internal, we appear to be very safe because we are at 65 per cent absorption rate but we have also seen elsewhere especially from external documents like the County Government Budget Implementation Review reports where the County is indicated as having absorption rates of as low as 20 per cent.

Remember those are external documents which are being read all over the country so we must ask ourselves why the inconsistencies of such reports and as indicated by one of us, we have a duty to interrogate the quarterly reports from the Executive. Madam Speaker, we had a meeting as a department of Committee on Energy where the officers accepted that and the records were very clear that up to the third quarter, the absorption rate for that department is zero per cent development. That is in record and therefore that is why we are saying we must---

Hon. Stephen Mwanthi (Ekalakala, WDM-K): Point of information, Madam Speaker.

Hon. Speaker: I remember that the zero per cent we actually discussed it. Yes.

Hon. Stephen Mwanthi (Ekalakala, WDM-K): Thank you, Madam Speaker. I think it is important that we understand the document we are interrogating. The Member is so much on 2023/24 budget yet the document or the report we are dealing with was for 2022/23 and that that is where he thinks there is that difference. This is for full year 2022/23 and I am very sure the CoB report for the same time reads the same. He can get the CoB report; it indicates the same so the issue is the documents circulating are for the first quarter of 2023/24 second quarters and third quarters. So for the CBROP we are debating today is for 2022/23, Madam Speaker. Thank you.

Hon. Speaker: Thank you but allow the Member to just air his concerns.

Hon. Johana Munyao (Mutituni/Ngelani, MCCC): We are quoting what is currently happening because we are insisting we must be able to interrogate the various departments so that we are safe as a County. Madam Speaker, we have totally agreed that one of the reasons why the committee presented to us here of the low absorption rate was that we absorb what is available. I do not know whether I will be wrong to say that the department of trade absorbed what was available, so we must go deeper so that we can understand so that we do not make a general statement.

There are specific reasons for trade to get that. If there are general statements where we are absorbing what is available, we get to understand whether the departments are really absorbing what is available or what is the procedure; do we requisition for funds for work not done or do we commit the works and requisition for funds to pay for the works. So, Madam Speaker, as a House we must stand so that we can assist even the Head of the Executive to run the County by engaging the departments in a sober way so that we can make them work and we register higher absorption rates. Thank you, Madam Speaker.

Hon. Speaker: Thank you very much Hon. Johana and I had actually just pointed out that it is the work of the committees concerned to oversight and get the information from the departments that directly related. So when we come here and spend a whole day discussing low absorption rates and we know there is a particular committee that has a duty to give us this report, I mean it's just back and forth. We will never get out of this circus.

Do your duty as County Assembly committees please I urge you as your Speaker that please do your work. Let us not go back and forth because you have a mandate to oversight those departments. Isn't it? Given by the Constitution of Kenya, the Supreme Law of this land. Why don't you do your work? I think it is clear and straight to the point. Hon. Maeke then Hon. Kavyu.

Hon. Musyimi Maeke (Kalama, CCU): Thank you, Madam Speaker. I want to take this opportunity to congratulate the committee on budget for giving us an elaborate and informative report concerning the usage of the resources we are having as a County. Madam Speaker I have some three points but I will not repeat myself because previous Hon. Members have spoken about them.

My first area of concern was the recurrent versus the development and Madam Speaker the Hon. Member from Katangi has put it clearly that there is really need for us to look into the issue of the recurrent budgets versus the development. Madam Speaker, as we have seen, even the budget allocation is like is very low compared to whatever is supposed to be done there and that can be looked into by ensuring that we do not have duplication of roles. For example, you may go to the revenue collection and find in a small area there are a lot of people who are manning like it is a stage and you find the number of people who are collecting the revenue are more than the vehicles. That will not be realistic but it needs to be looked into so that by the end of the day we look into.

I was also looking into some of the recurrent bills we are having as a County for example electricity and you find we need to look into for example the electricity bill. You will find as a Member of County Assembly I may want my remotest village to be lit by a *mulika mwizi* and the *mulika mwizi* is coming to the same department and it is accruing a lot of expense at the expense of development.

Madam Speaker, the issue that has been alluded No. 4 is about procurement and the procurement issue as the committee has put is as if is a real problem because even when we are doing the interrogation of the current year, the issue of procurement is coming up very clearly and it high time we really and probably the Committee concerned, Madam Speaker through you directions, looks into how our procurement process is done because if it is a normal procurement process, it should not be a long process. It should be as simple as possible for the purposes of us doing the work on time.

Lastly, Madam Speaker, my other concern is when you look at our estimations, we estimate our Own Source Revenue at Ksh. 3.9 billion but we get Ksh. 1 billion. That means you have a big budget but now it cannot be realized. We do not project much it is better we have a low projection on our Own Source Revenue because it is 50 per cent. I am saying we are projecting Ksh. 4 million and we get Ksh. 1,5 million (??). What does that mean, Madam Speaker? It means that a project that was supposed to be done or when you are doing the budget probably you may think you are having a lot of money and eventually we do not realize that project to be done.

We should also look into our projection so that we do not project so much and it bulges our resource envelop. Thank you, Madam Speaker.

Hon. Speaker: Thank you, Hon. Member. Hon. Kavyu.

Hon. Francis Kavyu (Kinanie, MCCP): Thank you, Madam Speaker. I support the report but before I give my two points to Hon. Boniface Maeke, the implication that we are making as a County for the Own Source Revenue. I want you to also note that it has some implication and equitable share that we normally get from the National Government.

If your revenue projection is low there is a likelihood that is also going to affect. What we are setting as a County is not unrealistic. It is way below what was projected by World Bank in their report. It indicated that Machakos County has a potential to collect Ksh. 4 billion in a year.

The Ksh. 1.2 billion we are talking about today is way below. The discussion we need to have, Madam Speaker, is how are we going to enforce the revenue collection to ensure that we surpass the revenue targets that we are making. Madam Speaker, some of the recommendations that have been given by the Committee, on point No. 3, one of the measures that they are recommending is automation of all revenue channels. Madam Speaker, I remember this is a recommendation that we gave in the last financial year and we budgeted for automation.

We need to get a report to what extent that has been achieved because the key thing that we are not able to reach our target is cash leakage. I will not mention one of the companies but I will give a scenario. In my ward, there is an organization where the County loses close to Ksh. 15 million a month revenue collection because during the last regime, a waiver was given for a period of 10 years. What happens is that even individuals who have trucks operating within Lukenya quarries have also devised a method of evading tax collection.

For instance, if today I have a truck that operates within Lukenya quarries, I just need to get a sticker for that particular company and stick it on my vehicle. The revenue officers will not bother to check whether indeed what I am carrying will end at that particular company that is exempted. You find out of 500 or more trucks that normally ply that route from the quarries, only the small trucks that are transporting building materials like blocks and sand are the only people who stop to pay revenue.

You find an area that has a potential of almost collecting close to Ksh. 500,000 in a day we only collect less than Ksh. 100,000 in a day. It is something that we have gone there and found as a Committee. One of the things that we need to do is a review of all exemptions that were granted or any waivers that were given. We need money to operate as a County and the agenda that the government has can only be achieved if we have funds available.

The monies are there we only need better enforcement strategy so that we can ensure that because one of the reasons the waiver was given it was because this particular company will ensure that it is doing more Corporate Social Responsibility (CSR) within the community and also employ our people. None of which is happening even our people getting employment in those firms is a nightmare. They import people all the way from Western and Nairobi and to make the matter worse, when the people are imported from there they do not stay within Machakos County.

In the evening they go back to Nairobi so those are the things that we need to check in terms of CSR. We get the material from Machakos County and they are doing more CSR in Kajiado where they only sell their products and other counties more than in Machakos. We need to re-examine and review the terms of those waivers because if they pay what we are supposed to collect from them we will build our own classes, equip our hospitals with the medical requirements that are needed and we will also get water for our people.

Our people in Lukenya who live there are more disadvantaged because those trucks use the same roads that these members of the community are supposed to use. Ideally if it was not for the trucks they will be enjoying but they end up going at a loss because those trucks destroy the roads, there is no meaningful economic contribution they are making because of the waivers.

The other thing on automation; I will give an example of Machakos town. If you go to Nairobi, most of the public parking spaces you do not pay cash to anybody. There is normally a paying point when you pay you capture your vehicle registration number and when exiting the payment will be recorded. I think it is high time we also have it within Machakos town where there are public parking spaces. Reports have also shown we went around and we found out of 10 vehicles only one person pays. The other ones it is a local arrangement between the people collecting and others have also devised mechanisms.

The same trick that is been used at Lukenya out here we have a lot of County Assembly stickers on private vehicles; people who do not work here and do not have any connection with this Assembly and they use that as a way to escape payment of revenue and I think members of the Finance and Revenue Collection Committee can confirm that. We went out and out of the 50 vehicles that we sampled, nine of them had County Assembly stickers and others have other stickers that exempt them from paying.

These are things that we need to arrest and ones we implement that I want to ensure Hon. Maeke the Ksh. 1.8 billion that we are projecting to collect will just be a tip because Machakos has the potential; we just need to be serious in terms of enforcement in ensuring that even our shops we just need to get the exact number of shop operators and automate. Let them get automatic prompt and the revenue officers will be in a position to generate a report of who has not paid.

What we are having currently there is so many revenue collection officers and what they are doing is business. Let us say Majority Leader is running a shop in Kyumbi in the morning you get two revenue officers coming to check the same, around 10.00 a.m. another two. We have so much workforce but we are not realizing the dream. We need to utilize them in a proper manner and see how we can cut

that channel of our officers having to collect. We know the paybill number is there but we are still having challenges.

There are areas where people collect the revenue then in the evening they assure the shop owners because I am the same person who will come again tomorrow they do not need to pay via paybill they will go and deposit for them so that they do not incur the transaction charges which is a bait that our people are buying but most of the time 70 per cent of those finances never get to our coffers.

It is something that we need to look at. The absorption rate for trade, we have a Committee on trade if you find a department is sleeping, it is also sending a message on the composition of the Committee that is supposed to oversight them. If the Committee is not able to do then, the Majority Leader, the Selection Committee needs to seat down and review if we have the right composition.

If all other departments are doing their work properly, their departments are doing fairly well in terms of absorption rate then either the Committee resigns or they bring HANSARD reports and tell us what measures have they taken because by the time we close the year with a low absorption rate the Committee must have seen that before we get there. If the Committee is not able to deliver, I think we need to reshuffle and take me there you see some..... Thank you, Madam Speaker.

Hon. Speaker: Thank you, Hon. Member. On the issue of automation, yesterday we had a motion tabled before this House by Hon. Ndwiki and it was just the same issue of leakage and human interaction making sure that whatever is meant for the government comes to your pocket. The countries that have been able to develop have embraced technology; in places like Singapore and Dubai there is never anybody to wait for you and receipt. You pay and get a receipt using automation and there is never interaction because that is how corruption is enhanced when we have all these receipts flying around.

Members, it is our duty as an Assembly to make sure that we implement these decisions we make here. Automation of revenue collection is something we discussed last year, we should now be given information whether it has happened or why it has not happened. What are the challenges if any? So, Members I think we are not doing our work right. Hon. Mulinge, Hon. Majority Leader and then Hon. Irene. Hon. Mulinge, is there a technological challenge? They are not working, alright.

(The conferencing system experienced a technical hitch)

Hon. Joseph Mulinge (Muvuti/ Kiima Kimwe, MCCP): Thank you, Madam Speaker. In terms of technology, I am among the masters in that field. I would like to thank the committee for budget; their work is very good. At the same time, the report they have given us is supposed to be a wake-up call to the committee of trade. I will say the department of Finance and Revenue Collection has done excellent work. Understanding that our country has been operating on tough times, cost of living is high but under those harsh circumstances, they have increased the revenue collection.

Madam Speaker, one department is dependent on another and the report has shown the department of trade, their absorption rate is very poor and in chemistry we say; absorption is a process of taking something to substance. If the department of trade, being the engine of business because when we talk of trade, it is about money; business and empowering businesses and women. For the revenue to increase, the people who are doing business must have a conducive environment to do so. For example, we have a market in Kaseve, their toilets have not been in operation for almost six months. The same case with Makutano Junction and this means this department is killing the department of revenue because they are not investing to have more resources.

Hon. Speaker: Point of information taken Hon. Kavyu.

Hon. Francis Kavyu (Kinanie, MCCC): Madam Speaker, I think the Member is out of order because the toilet that he is referring to in my ward is functioning, if you pass by today it is working. So, he should stick to issues touching Muvuti/Kiima Kimwe ward. Thank you.

Hon. Speaker: Hon. Mulinge, stick to matters touching on Muvuti/ Kiima Kimwe.

Hon. Joseph Mulinge (Muvuti/ Kiima Kimwe, MCCC): Thank you, Madam Speaker. But I remember there is a time we were talking about the latrine in Makutano but I think the department concerned because the work has already been done. I was saying, with the low absorption and having described absorption as taking money to substance, like the department of roads, people in my ward are celebrating because they can see what the Governor is doing because she is using money to make projects. In the department of Trade, a very important department in the County which is supposed to create markets for our people to do business in conducive environment, it is supposed to build sheds for motor bikes, it is supposed to build latrines and County being a cosmopolitan area, they cannot absorb money.

Secondly, the motto of our Governor is *chakula mezani, pesa mfukoni* and the carrier of the vision is supposed to be the department of trade. Also, looking at the percentage (.....inaudible) we have said, the department of roads what they have done in my ward, our electorates can see. Madam Speaker, we have other departments with good percentage but in our wards, they are not visible. I will urge House, because our major role is oversight, to make sure what the department is absorbing is valuable and aligning to the manifesto of our Governor. Thank you, Madam Speaker.

Hon. Speaker: Thank you, Hon. Member. Hon. Majority Leader.

Hon. Nicholas Nzioka (Machakos Central, WDM-K): Thank you. I will be very brief Madam Speaker, because Hon. Members have ventilated on this matter very well and exhaustively. I want to inform the Member but he has walked out but for the records, all budgets are projections and we should not worry so much because the people who did the projections, they based them on revenue mapping that was done and money was spent to do the revenue mapping. So, the projections are quite in order.

Secondly, I want to say that failing to prepare is preparing to fail. The issue that I am keen on is procurement. The issues around procurement are procuring late. So, I am urging the people concerned in the department of finance to start preparing early on matters procurement so that by the time for execution of works comes, they can be able to execute early enough. We will put some departments to task as to why six months down the line they are not able to procure, yet we passed a budget and we have never asked them not to procure. In fact, we encourage them to procure.

On the issue of quarterly reports, Madam Speaker, I pray all the Hon. Members can remember that we are not working for ourselves but for the people who sent us in this House and improve; and I want to be put on record and improve on attendance of committees and the plenary because if we do not work at the committee level, we will subsequently kill the plenary. So that we stop saying they did not submit the quarterly reports. We have so many reports in this House but the committees have not done their work to bring their recommendations or findings the way the budget committee has done. Let us go back to our committees and work on the committee reports that are already there before we ask for more reports.

Lastly, I have been drawn to recommendation No. 5 and I am a Member of this Committee that the government puts in place measures to sensitize farmers on agricultural produce, storage and prevention of post-harvest losses. That is tied to so many people who are willing to help in the agricultural sector from fertilizer subsidies we have agricultural sector development smart program, we have climate-smart agriculture project, we have FLLoCA, we have agricultural value development

project. How I wish we cannot let this funds that people out there have seen well that they give us these funds to return to this people without utilizing this fund.

So, even as we train and sensitize our farmers, we would urge the department of agriculture they make good use of this donor funding and this grants to help our people especially on what we recommended storage and prevention of post-harvest losses. You must have noticed like those of us who do farming, we have started seeing lorries and pick-ups outside major roads in Ukambani buying produce even before it dries up at a very minimum cost and they are going to bring back the same grains to our people at a very exorbitant price.

This is a very important day, as Mheshimiwa Mulinge says; it is about *chakula mezani* and *pesa mfukoni* so that people do not start receiving *mwolyo* just three or four months after harvesting. Thank you, Madam Speaker.

Hon. Speaker: Thank you very much, Hon. Member. I wish call Hon. Ndambuki to reply.

Hon. Dominic Ndambuki (Kathiani, WDM-K): Thank you, Hon. Speaker. I wish to thank the House for their contributions into the report and in the manner in which they have shared their sentiments. It is my plea that the County Executive adheres to the recommendations that this House is shortly going to adopt. Thank you. Hon, Speaker.

Hon. Speaker: Thank you, Hon. Member.

(Question put and agreed to)

INTERGOVERNMENTAL AGREEMENT ON ESTABLISHMENT OF COUNTY AGGREGATION AND INDUSTRIAL PARKS

Hon. Speaker: May I invite Hon. Dominic Ndambuki, Chairperson, Budget and Appropriations Committee to come forward and take us through that Motion.

Hon. Dominic Ndambuki (Kathiani Central, WDM-K): Thank you, Hon. Speaker.

Hon. Speaker, that aware that the National Government through the Ministry of Investment, Trade and Industry, State Department for Industry and County Governments in partnership with private sector, development partners and United Nation Industrial Development Organization has established County Aggregation and Industrial Parks (CAIP) in each County which will be developed and implemented jointly between the National Government and County Governments;

Noting that Article 6(2) of the Constitution of Kenya provides that the Governments at the National and County levels are distinct and inter-dependent and shall conduct their mutual relations on the basis of consultation and cooperation;

Further aware that Section 191(A)(3) of the Public Finance Management Act (PFMA), 2012 provides that where a County Government intends to enter into an agreement for conditional allocations, the County Executive Committee Member in-charge of Finance shall submit the agreement to the County Assembly for approval and aware that pursuant to Section 191(A)(4) of the PFMA, 2012, the Assembly shall within fourteen (14) days of the submission of an agreement approve or reject the agreement;

Acknowledging that the County Assembly is in receipt of a legal notice on Intergovernmental Agreement on the establishment of County Aggregation and Industrial Parks between the National Government through the Ministry of Investment, Trade and Industry, State Department of Industry and the County Government of Machakos;

Hon. Speaker, I wish to move the Motion THAT this House discusses and approves the report of the Budget and Appropriations Committee on the Intergovernmental Agreement on the establishment of County Aggregation and Industrial Parks.
I wish to call upon Hon. Ndawa to second the Motion. Thank you, Hon. Speaker.

Hon. Speaker: Thank you, Hon. Ndambuki.

Hon. Mbili Ndawa (Matuu, MCCC): Thank you, Hon. Speaker. I do second and as I do so I request my colleagues to agree to that Motion because it talks of County Governments bringing resources together to address that issue of industrial parks. Hon. Speaker, I am aware that the monies are in form of conditional grants and in anything that is conditional, there are no alterations so we just approve as the Chair requested so that we move on. Thank you, Hon. Speaker.

Hon. Speaker: Thank you, Hon. Ndawa. I now invite Members to debate this Motion. Sorry.

(Question proposed)

Before I invite Members to debate this Motion, I would like to ask the mover to come forward and give us the highlights of the report.

Hon. Dominic Ndambuki (Kathiani Central, WDM-K): Thank you, Hon. Speaker. As Hon. Ndawa put it clearly, this is a guideline on how the County Government is going to enter into an agreement with the National Government on matters conditional grants. If you allow me, Hon. Speaker, I will give the main objective of CAIP and then go straight to Committee recommendations.

Hon. Speaker: Proceed.

Hon. Dominic Ndambuki (Kathiani Central, WDM-K):

MAIN OBJECTIVE OF THE COUNTY AGGREGATION AND INDUSTRIAL PARKS (CAIP)

Hon. Speaker, the main objective of CAIP is to grow manufacturing and agro-industrial investments and enhance competitiveness of agriculture sector in a sustainable manner hence creating inclusive decent jobs, promote productivity at the farm level, increase farmers' income; increase export, increase foreign exchange, grow the economy and provide platform for stakeholders' engagement in promoting industrialization in the country.

The County Aggregation and Industrial Parks will house an Aggregation Centre that will have the section for collection, sorting, grading, cleaning, packaging and cold storage facilities. The Industrial Park section will have the value addition, processing equipment and common user facilities. The CAIP will be linked to online warehouses management system to promote market access.

Funding of the CAIPs

In 2023/2024 FY, the National Government through the State Department for Industry has allocated Ksh. 4.7 Billion towards the establishment of the CAIPs. The benefiting Counties will receive Ksh. 250 Million from the National Government and the respective County Governments will allocate a matching amount of Ksh. 250 Million. The County Government of Machakos has already factored the Ksh. 250 Million in the current financial year's budget.

COMMITTEE RECOMMENDATIONS

Hon. Speaker, the Committee recommends that:

1. The County complies with the financing conditions and deposits Ksh. 250 Million to the Special Purpose Account (SPA) for the construction of the County Aggregation and Industrial Park (CAIP).
2. The County Government ensures that the Industrial Park has a minimum area of ten (10) hectares in an appropriate location with basic infrastructure facilities and develop a master plan for the land.
3. The County Government develops governance and management structure for the County Aggregation and Industrial Park (CAIP).
4. The National and the County Government ensure timely release of the funds and facilitate timely disbursement of the grant funds to the contractors and other service providers.
5. The County Government monitors and evaluates performance of the conditional grants' allocation.
6. The County Government puts in place measures to ensure sustainability of the CAIP after withdrawal of the donor grants.
7. The County Government ensures that the grant funds are included in the Budget Estimates for the particular financial years.
8. The County Government ensures that all the activities funded by the grant are captured in the County Annual Work Plan and the Procurement Plan.
9. The National Government in the current FY 2023/2024 has allocated Ksh. 100 Million for the grant to Machakos County and needs to enhance the amount to Ksh. 250 Million as per the Intergovernmental Agreement. After receipt of the Ksh. 150 Million deficit the CECM Finance should submit a revised budget to the Assembly for approval.
10. The County Executive adheres to all the conditions set for the establishment of the County Aggregation and Industrial Parks (CAIP) to ensure that the County gets full access to the grant.
11. The Accounting Officers responsible, Chief Officers of Trade and Finance, safeguard the grant funds and ensure that value for money is realized.
12. The County Government should fast-track the construction of the Industrial Park, since this will attract investment and in return create business and employment.
13. The County Government to conduct public participation for all intergovernmental agreements pursuant to Section 191B of the PFM Act, 2012 which states that the County Executive Committee Member shall facilitate public participation on any agreement made pursuant to Section 191A.
14. The CECM Finance to submit to the County Assembly all the other conditional grants agreements for approval in accordance to Section 191A(3) of the PFM Act, 2012 which states that where a County Government intends to enter into an agreement under Sub-section (1), the County Executive Committee Member shall submit the agreement to the respective County Assembly for approval.

ACKNOWLEDGEMENT

Hon. Speaker, the Committee wishes to thank the office of the Speaker and the office of the Clerk of the County Assembly, for the support extended to the Committee in fulfilling its mandate. I wish to acknowledge the Hon. Members of the committee for their sacrifice and commitment in preparation of this report.

It is therefore, my pleasure on behalf of the Committee on Budget and Appropriations to recommend that the House approves the Intergovernmental Agreement on the establishment of County Aggregation and Industrial Parks (CAIP) between the National Government through the Ministry of

Investment, Trade and Industry and the County Government of Machakos. Thank you, Hon. Speaker.

Hon. Speaker: Thank you very much. May I now invite Members to debate the Motion? Hon. Ndeti.

Hon. Helen Ndeti (Nominated, WDM-K): Thank you, Madam Speaker. I stand again to congratulate the Committee on Budget for this report they have brought to us. As my colleague Hon. Ndawa has said, this is a self-explanatory report. When you listen to the terms of reference, the County of Machakos has what it takes. I think this is a very good project that we should collaborate with the National Government because it is going to bring investments to our County, create employment and bring to us more resources in terms of revenue collection in our Own Source Revenue. So it is a wonderful idea and I request that as an Assembly we pass it without much ado. Thank you.

Hon. Speaker: Thank you, Hon. Member. Hon. Mulinge.

Hon. Joseph Mulinge (Muvuti/Kiima Kimwe, MCCC): Thank you, Madam Speaker. I will start by supporting the report. In actual fact, the move will be a big blessing to Machakos County because as the theme of the County is to create of employment, availability of resources, empowering farmers and we know that one role of industrial parks is to promote availability of goods and services and for goods that we had to travel all the way to Nairobi to access, now industries will come together and people in Machakos will be in a position to get those goods at their doorsteps.

Also Madam Speaker, aggregation parts are business premises and people will start paying taxes and licenses and this means that it going to increase our level of revenue. So, Madam Speaker, I support.

Hon. Speaker: Thank you, Hon. Member. I now call the Committee Chair to come forward and reply.

Hon. Dominic Ndambuki (Kathiani Central, WDM-K): Thank you, Madam Speaker. It is my belief that the House is going to approve the Committee recommendations which will pave way for funds to be released to the County government of Machakos so that they start construction of the industrial parks. Thank you, Hon. Speaker.

Hon. Speaker:

(Question put and agreed to)

(Applause)

We are through with this sitting.

ADJOURNMENT

Hon. Speaker: The House now adjourns to Wednesday, 21st February, 2024 at 2.30 p.m. I hope to see you again Members at 2.30 p.m. and please when we say we meet at 2.30 p.m. let us meet all of us. We have had hitches of quorum in the last few days and I urge you to come forward and let us do our work. Thank you, Members.

The House rose at 1.12 p.m.