REPUBLIC OF KENYA

EMBU COUNTY GOVERNMENT

FINANCE & ECONOMIC PLANNING

COUNTY BUDGET REVIEW AND OUTLOOK PAPER

Vision

A prosperous County with Equal Opportunities for all

Mission

To ensure effective resource mobilization and optimization for Wealth and Job Creation

OCTOBER 2022

Foreword

The County Budget Review and Outlook Paper (CBROP) 2020 is prepared in accordance with the Public Financial Management Act, 2012 section 118. The CBROP has been prepared against a background of economic slowdown occasioned by the ongoing Russia-Ukraine conflict, effects of the COVID-19 containment measures, higher-than expected inflation worldwide triggered by higher global oil and food prices and the impact of the global monetary policy that has created tighter financial condition. As a result, the global economy is projected to slow down to 3.2 percent in 2022 from 6.1 percent 2021.

On the domestic scene, the Kenyan economy has demonstrated remarkable resilience and recovery to the COVID-19 shock due to the diversified nature of the economy and the proactive Government measures to support businesses. Consequently, the growth economy grew by 7.5 percent in 2021 following a modest 0.3 percent contraction in 2020. The growth momentum continued in the first quarter of 2022 with the economy expanding by a remarkable 6.8 percent compared with a growth of 2.7 percent in a similar quarter in 2021. This growth was supported by positive growths in all sectors of the economy except agricultural sector that contracted by 0.7 percent in the first quarter of 2022 compared to 0.4 percent growth in the first quarter of 2021. Economic growth is expected to remain resilient growing by an average of 5.5 percent in 2022 and above 6.0 percent over the medium term. This outlook will be reinforced by the ongoing implementation of the bottom up economic model and the Economic Recovery Strategy.

The fiscal performance of the FY 2021/22 budget was below set target on account of revenue shortfalls, prioritization of pending bills and rising expenditure pressures. As we prepare for the FY 2023/24 and the supplementary, emphasis will be on aggressive revenue mobilization including policy measures to whip in additional revenue and reign on expenditures to restrict its growth. This will reduce the fiscal deficit that will support reduction in the growth of pending bills to ensure debt sustainability

The paper covers the following broad areas in review of the fiscal performance of financial year 2021/22; highlights of the recent economic developments and the economic outlook; broad strategic priorities and policies for the Medium Term and the Medium Term Fiscal Framework. This paper details the actual fiscal performance in the financial year 2021/22 compared to the budget allocation for that year. The updated macroeconomic outlook therein also provides us with a basis to revise the 2022/23 budget in the context of the Supplementary Estimates, as well as setting out the broad fiscal parameters for the next budget and medium term.

In accordance with the responsibilities and promises we have made to the people of Embu County, we are dedicated to promoting development through the equal distribution of resources.

Prof. Joe Kamaria
COUNTY EXECUTIVE COMMITTEE MEMBER
FINANCE AND ECONOMIC PLANNING

Acknowledgement

The 2022 CBROP has been prepared in accordance with the Public Finance Management (PFM) Act, 2012 and its Regulations. The document provides the fiscal outturn for the FY 2021/22, the macro-economic projections and set sector ceiling for the FY 2023/24. The document also provides an overview of how the actual performance of the FY 2021/22 affected compliance in the fiscal responsibility principles and the financial objectives outlined in the PFM Act.

CBROP has been prepared at a time when, economy is operating under tight global financial condition as a result of the ongoing Russia-Ukraine conflict and higher than expected inflation worldwide. Therefore, there is need to strengthen multi-sectoral approach in development in order to enhance synergies between departments, entities and development partners to ensure delivery of envisaged socio-economic development agenda amidst the shrinking fiscal space. As we prepare for the FY 2022/23 budget, emphasis will be on cost cutting measures focusing on enhancing community driven development for enhanced prosperity. Therefore, county departments are expected to ensure that their budgets are aligned to the overall county Government priorities while taking into account the resource constraints.

The preparation of the 2022 CBROP was a collaborative effort among various Government Departments. We thank all the Government departments for the timely provision of useful data and information on their FY 2021/22 Budget execution. We are also grateful to the Economic Planning team that reviewed this document to ensure it satisfies the PFM Act, 2012 and set out the sector ceilings contained therein to guide the rest of the sectors in the preparation of their FY 2023/24 and Medium Term Budget. This document incorporated key inputs from various Directorates within the Finance and Planning. I wish to thank the core team from the Budget and Economic Planning Unit that coordinated the finalization of this document.

Finally, allow me to thank all departments and sectors that we consulted as well as the public for the useful comments and inputs. I wish to reiterate the importance of public participation in the FY2023/24 and the Medium Term Budget preparation process by calling on all departments to ensure engagement and open public and stakeholders’ participation and incorporation of the proposals received.

DAMIANO MUTHEE

CHIEF OFFICER, ECONOMIC AND PLANNING

Legal Basis for the Publication of the Budget Review and Outlook Paper

The Budget Review and Outlook Paper is prepared in accordance with Section 118 of the Public Financial Management Act, 2012. The law states that:

(1) A County Treasury shall:

(a) Prepare a County Budget Review and Outlook Paper in respect of the county for each financial year; and

(b) Submit the paper to the County Executive Committee by the 30th September of that year.

(2) In preparing its county Budget Review and Outlook Paper, the County Treasury shall specify:

(a) The details of the actual fiscal performance in the previous year compared to the budget appropriation for that year;

(b) The updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper;

(c) Information on:

(i) Any changes in the forecasts compared with the County Fiscal Strategy Paper; or

(ii) How actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the County Fiscal Strategy Paper for that financial year; and

(d) Reasons for any deviation from the financial objectives in the County Fiscal Strategy Paper together with proposals to address the deviation and the time estimated for doing so.

(3) The County Executive Committee shall consider the County Budget Review and Outlook Paper with a view to approving it, with or without amendments, within fourteen days after its submission.

(4) Not later than seven days after the County Budget Review and Outlook Paper is approved by the County Executive Committee, the County Treasury shall:

(a) Arrange for the Paper to be laid before the County Assembly; and

(b) As soon as practicable after having done so, publish and publicize the Paper.

Fiscal Responsibility Principles in the Public Finance Management Law

The Public Finance Management (PFM) Act, 2012 sets out the following fiscal responsibility principles to ensure prudency and transparency in the management of public resources;

1) The County Government’s recurrent expenditures shall not exceed the county government’s total revenue.

2) Over the Medium Term, a minimum of thirty percent of the county government’s budget shall be allocated to the development expenditures.

3) The County Governments' expenditures on wages and benefits for its public officers shall not exceed a percentage of the county government's total revenue as prescribed by the Executive Committee Member for Finance in regulations and approved by County Assembly.

4) Over the Medium Term the government's borrowing shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.

5) The county debt shall be maintained at sustainable level as approved by county assembly.

6) The fiscal risks shall be maintained prudently; and

7) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained taking into account any tax reforms that may be made in the future.

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Abbreviations

AiA	Appropriation in Aid
BROP	Budget Review and Outlook Paper
CBROP	County Budget Review and Outlook Paper
CIDP	County Integrated Development Plan
CPI	Consumer Price Index
FY	Financial Year
MTEF	Medium Term Expenditure Framework
PFMA	Public Finance Management Act
WEO	World Economic Outlook

INTRODUCTION

Objective of BROP

The objective of the BROP is to provide a review of the previous fiscal performance and how this impacts the financial objectives and fiscal responsibility principles set out in the last County Fiscal Strategy Paper (CFSP). This together with updated macroeconomic outlook provides a basis for revision of the current budget in the context of Supplementary Estimates and the broad fiscal parameters underpinning the next budget and the medium term.

The BROP is a key document in linking policy, planning and budgeting. This year's BROP is embedded on the priorities of the county government while taking on board emerging challenges while implementing the devolved system of government.

The PFM Act 2012 has set high standards for compliance with the MTEF budgeting process. Therefore, it is expected that the sector ceilings for the 2022/23 of the MTEF provided in the previous CFSP will form the indicative baseline sector ceilings for the next budget of 2023/24. However, following the fiscal outcome of 2021/22 and the updated macroeconomic framework these sector ceilings have been modified as indicated in the annex of this BROP.

The rest of the paper is organized as follows: the next section provides a review of the fiscal performance in FY 2021/22 and its implications on the financial objectives set out in the last CFSP submitted to the County Assembly. This is followed by brief highlights of the recent economic developments and updated macroeconomic outlook in Section III. Section IV provides the resources allocation framework, while Section V provides a conclusion.

II. REVIEW OF FISCAL PERFORMANCE IN 2021/22

A. Overview

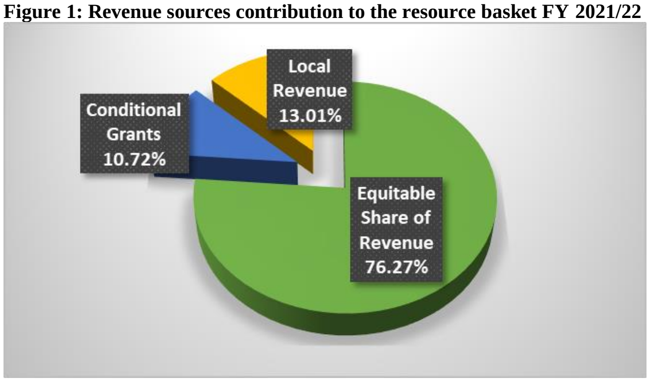
In FY 2021/22, the revenue basket was Ksh. 5,406,734,321 against a target of Ksh. 6,919,114,500 which translated to revenue receipts and collections standing at 78.14 percent. This was a major shortfall which affected budget implementation. This was The Equitable share from the national treasury had the highest contribution at Ksh. 4,715,224,263 against an initial target of Ksh. 5,277,406,103. The actual ordinary local revenue stood at Ksh. 193,700,296 against a set target of Ksh. 487,110,000. The Appropriation in Aid collection was Ksh. 200,840,432 against a target of 412,890,000. The Table 1 provides a breakdown of various revenue sources and performance.

Table 1: Revenue breakdown for FY 2021/22

Revenue	Target	Actual	Performance
Equitable Share of Revenue from the National Government	5,277,406,103	4,715,224,263	89.35%
Conditional Grant for Leasing of Medical Equipment	153,297,872	-	0.00%
Conditional Grant from Road Maintenance Fuel Levy Fund	7,575,816	-	0.00%
Conditional Allocation for Rehabilitation of Village Polytechnics	2,864,761	-	0.00%
Transforming Healthcare Systems for Universal Care Project (THSUCP)	58,168,023	5,233,263	9.00%
Conditional Grant for Compensation for User Fee Foregone Expenses	10,724,225	5,233,263	48.80%
Agriculture and Rural Inclusive Growth Project (NARIGP)	399,646,601	253,272,699	63.37%
Kenya Devolution Support Program(KDSP)-Level 1 Grant	1,818,730	-	0.00%
Sweden –Agriculture Sector Development Support Programme(ASDSP)	27,887,152	13,610,823	48.81%
Primary Health Care in Devolution –DANIDA Grant	9,537,000	4,768,500	50.00%
Emergency Locust Responses Projects (ELRP)	49,188,217	9,850,781	20.03%
Kenya Nutrition Support Grant	21,000,000	5,000,000	23.81%
Local sources	487,110,000	193,700,296	39.77%
Other local Revenue Sources– Ministerial	412,890,000	200,840,432	48.64%
Total	**6,919,114,500**	**5,406,734,321**	**78.14%**

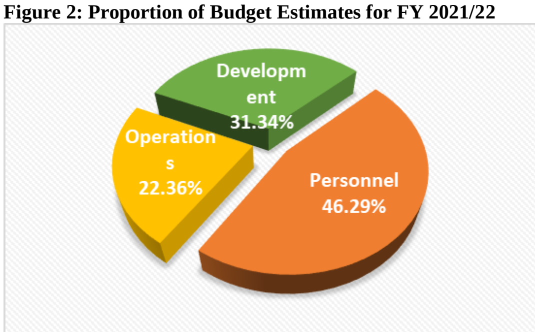
Further, it is evident that Equitable share of revenue from National Government contributed the highest proportion of revenue to the County Government accounting for 76.27 percent of the total revenue. Conditional grants accounted for 10.72 percent while local revenue that comprises both ordinary local revenue and Appropriation in Aid accounted for 13.01 percent of the total revenue. Figure 1 depicts a visual representation of the contribution of each revenue source to the revenue basket.

Figure 1: Revenue sources contribution to the resource basket FY 2021/22



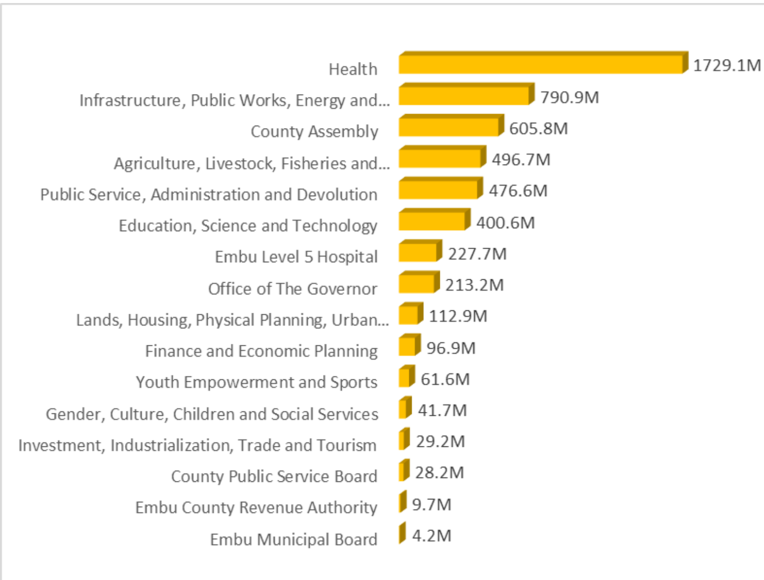
The Budget Estimates for FY 2021/22 was shared between personnel emoluments, operations and development expenditure. It is evident that personnel emoluments took the lion share at 46.29 percent with operational expenditure accounted for 22.36 percent. Further, development expenditure accounted for 31.34 percent which is within the minimum requirement of 30 percent. Figure 2 provides a visual representation of budget estimates proportions.

Figure 2: Proportion of Budget Estimates for FY 2021/22



The funds were allocated to the various departments with the health department taking the largest expenditure estimates at Ksh. 2,037,894,341. This is as a result of the huge wage bill emanating from the health personnel in the various health facilities including the Embu level 5 hospital. The Infrastructure, Public Works, Energy and Transport department had the second largest estimates at Ksh. 1,278,007,682 as a result of the high cost of infrastructural related projects. This is depicted in the visual provided in figure 3

Figure 3: Budget Estimates by department for FY 2021/22



It is notable that the health department personnel emoluments budget amounted to Ksh. 1,601,185,605 which is the highest. The Public Service, Administration and Devolution department had an allocation amounting to Ksh. 486,164,624 which largely includes emoluments from the former local authorities. Table 2 provides a breakdown of budget estimates by department.

Table 2: Budget Expenditure Estimates by department

Portfolio	Personnel	Operations	Development	Total
Office of The Governor	133,085,796	102,860,101	-	235,945,897
Finance and Economic Planning	52,173,642	55,733,086	3,200,000	111,106,728
Education, Science and Technology	284,987,976	154,142,836	67,422,770	506,553,582
Health	1,601,185,605	271,302,300	165,406,436	2,037,894,341
Infrastructure, Public Works, Energy and Transport	26,570,996	29,832,313	1,221,604,373	1,278,007,682
Investment, Industrialization, Trade and Tourism	17,147,921	6,796,000	46,776,862	70,720,783

Agriculture, Livestock, Fisheries and Cooperative Development	211,685,350	196,704,984	309,746,241	718,136,575
Lands, Housing, Physical Planning, Urban Development, Water, Irrigation, Environment and Natural Resources	62,846,560	23,580,000	91,764,836	178,191,396
Youth Empowerment and Sports	4,060,309	35,312,920	36,238,918	75,612,147
Gender, Culture, Children and Social Services	4,600,378	5,770,000	58,578,357	68,948,735
Public Service, Administration and Devolution	486,164,624	14,795,000	22,500,000	523,459,624
County Public Service Board	25,639,903	7,751,000	-	33,390,903
County Assembly	292,848,848	406,220,925	58,000,000	757,069,773
Embu Level 5 Hospital	-	221,593,842	87,482,492	309,076,334
Embu County Revenue Authority	-	15,000,000	-	15,000,000
Total	**3,202,997,908**	**1,547,395,307**	**2,168,721,285**	**6,919,114,500**

B. 2021/22 Fiscal Performance

Expenditure

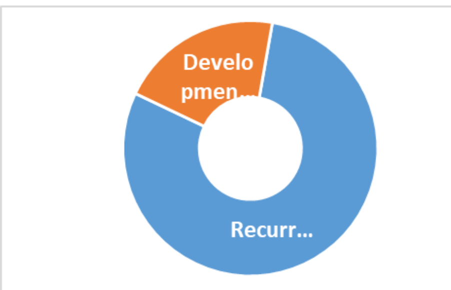
The total expenditure incurred is Ksh. **5,324,935,014** which represents 76.9 percent absorption rate. The expenditure comprises of recurrent expenditure at Ksh. **4,222,190,019** while development expenditure stood at Ksh. **1,102,744,995**.

Table 3: Expenditure incurred in FY 2021/22

Department	Recurrent	Development	Total
Office of The Governor	213,177,115	-	213,177,115
Finance and Economic Planning	93,743,656	3,200,000	96,943,656
Education, Science and Technology	375,288,827	25,342,722	400,631,549
Health	1,706,198,523	22,867,407	1,729,065,930
Infrastructure, Public Works, Energy and Transport	41,863,482	749,054,219	790,917,701
Investment, Industrialization, Trade and Tourism	19,372,393	9,780,012	29,152,405
Agriculture, Livestock, Fisheries and Cooperative Development	341,439,086	155,267,079	496,706,165

Lands, Housing, Physical Planning, Urban Development, Water, Irrigation, Environment and Natural Resources	70,530,883	42,321,752	112,852,635
Youth Empowerment and Sports	28,453,117	33,107,719	61,560,836
Gender, Culture, Children and Social Services	6,906,473	34,781,053	41,687,526
Public Service, Administration and Devolution	472,482,635	4,140,098	476,622,733
County Public Service Board	28,190,503	-	28,190,503
County Assembly	590,759,221	15,000,000	605,759,221
Embu Level 5 Hospital	219,827,104	7,882,934	227,710,038
Embu County Revenue Authority	9,736,790	-	9,736,790
Embu Municipal Board	4,220,211	-	4,220,211
Total	**4,222,190,019**	**1,102,744,995**	**5,324,935,014**

It is imperative to note that recurrent expenditure accounted for 79.3 percent of the overall expenditure while development expenditure stands at 20.7 percent.



Recurrent Expenditure

The Health department incurred the highest recurrent expenditure amounting to about Ksh. 1.7 Billion which is as a result of the huge wage bill for the health sector workers. The County Assembly was second with a total expenditure of about Ksh. 590.8 Million while Public Service, Administration and Devolution incurred a total expenditure amounting to Ksh. 472.5 Million. Embu Municipal Board incurred the lowest expenditure at Ksh. 4.2 Million. Table 4 provides a breakdown of recurrent expenditure by department and respective absorption rates.

Table 4: Absorption levels of recurrent expenditure by department

Department	2021/2022 Approved Sup II Budget	Expenditure	Absorption Rate
Office of The Governor	235,945,897	213,177,115	90.3%
Finance and Economic Planning	107,906,728	93,743,656	86.9%
Education, Science and Technology	439,130,812	375,288,827	85.5%
Health	1,872,487,905	1,706,198,523	91.1%
Infrastructure, Public Works, Energy and Transport	56,403,309	41,863,482	74.2%
Investment, Industrialization, Trade and Tourism	23,943,921	19,372,393	80.9%
Agriculture, Livestock, Fisheries and Cooperative Development	408,390,334	341,439,086	83.6%
Lands, Housing, Physical Planning, Urban Development, Water, Irrigation, Environment and Natural Resources	76,426,560	70,530,883	92.3%
Youth Empowerment and Sports	39,373,229	28,453,117	72.3%
Gender, Culture, Children and Social Services	10,370,378	6,906,473	66.6%
Public Service, Administration and Devolution	500,959,624	472,482,635	94.3%
County Public Service Board	33,390,903	28,190,503	84.4%
County Assembly	699,069,773	590,759,221	84.5%
Embu Level 5 Hospital	221,593,842	219,827,104	99.2%
Embu County Revenue Authority	15,000,000	9,736,790	64.9%
Embu Municipal Board	10,000,000	4,220,211	42.2%
Total	**4,750,393,215**	**4,222,190,019**	**88.9%**

Further, the overall absorption rate of recurrent expenditure stood at 88.9 percent. Embu Level 5 Hospital had the highest absorption rate at 99.2 percent followed by Public Service and Administration at 94.3 percent Lands, Housing, Physical Planning, Urban Development, Water, Irrigation, Environment and Natural Resources came third with an absorption rate of 92.3 percent. Embu Municipal Board had the lowest absorption rate at 42.2 percent.

Development Expenditure

The Infrastructure and Public Works department incurred the highest development expenditure amounting to about Ksh. 749.1 Million followed by

Agriculture, Livestock, Fisheries and Cooperative Development department which incurred a total expenditure of about Ksh. 155.3 Million while the Lands, Housing, Physical Planning, Urban Development, Water, Irrigation, Environment and Natural Resources department incurred a total expenditure of about Ksh. 42.3 Million. The Finance and Economic Planning department incurred the least expenditure at about Ksh. 3.2 Million. It is important to note that the amount of expenditure incurred was also dependent on the amount allocated to a department in the budget for FY 2021/22.

The overall absorption rate of development expenditure stood at 50.8 percent. The Finance and Economic Planning department had the highest absorption rate at 100.0 percent followed by the Youth Empowerment and Sports department at 91.4 percent. Infrastructure, Public Works, Energy and Transport came third with an absorption rate of 61.3 percent. Embu Level 5 Hospital had the lowest absorption rate of development funds at 9.0 percent. Table 5 provides a breakdown of development expenditure by departments and respective absorption rates.

Table 5: Absorption rates of development expenditure by department

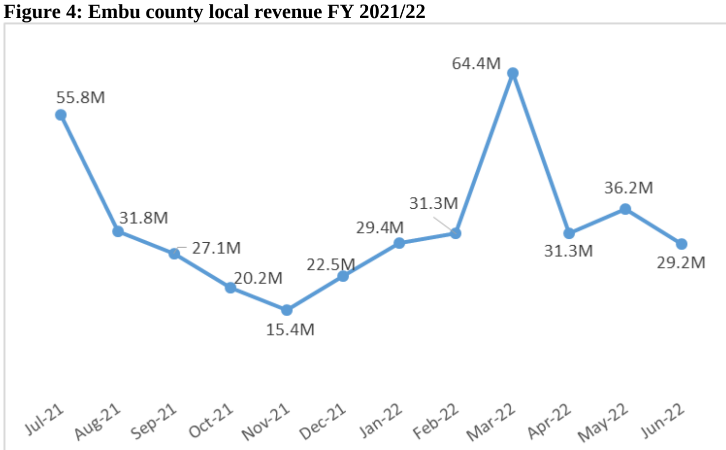
Department	2021/2022 Approved Sup II Budget	Expenditure	Absorption Rate
Finance and Economic Planning	3,200,000	3,200,000	**100.0%**
Education, Science and Technology	67,422,770	25,342,722	**37.6%**
Health	165,406,436	22,867,407	**13.8%**
Infrastructure, Public Works, Energy and Transport	1,221,604,373	749,054,219	**61.3%**
Investment, Industrialization, Trade and Tourism	46,776,862	9,780,012	**20.9%**
Agriculture, Livestock, Fisheries and Cooperative Development	309,746,241	155,267,079	**50.1%**
Lands, Housing, Physical Planning, Urban Development, Water, Irrigation, Environment and Natural Resources	91,764,836	42,321,752	**46.1%**
Youth Empowerment and Sports	36,238,918	33,107,719	**91.4%**
Gender, Culture, Children and Social Services	58,578,357	34,781,053	**59.4%**
Public Service, Administration and Devolution	22,500,000	4,140,098	**18.4%**

County Assembly	58,000,000	15,000,000	**25.9%**
Embu Level 5 Hospital	87,482,492	7,882,934	**9.0%**
Total	**2,168,721,285**	**1,102,744,995**	**50.8%**

Local Revenue Performance 2021/22

The actual local revenue collected for the FY 2021/22 amounted to Ksh. 394,540,728 which included ordinary local revenue at Ksh. 193,700,296 with Appropriation in Aid at Ksh. 200,840,432. Further analysis shows an increasing trend from the month of January 2022 to the month of March 2020 but declines in the month of April. This is a result of Business permits that are paid for within this particular period. Figure 4 shows the trend for the period between July 2021 and June 2022.

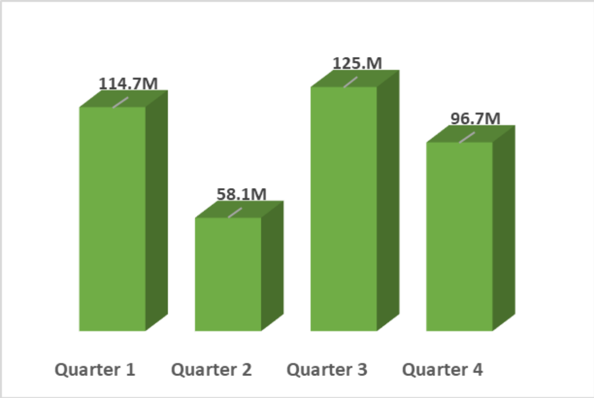
Figure 4: Embu county local revenue FY 2021/22



A deeper analysis of revenue collected during the FY 2021/22 shows that the third quarter had the largest share of local revenue collected at about Ksh. 125

million. The second quarter had the lowest collection standing at about Ksh. 58.1 million. Figure 5 provides a breakdown of revenue collected by quarter.

Figure 5: Local Revenue by Quarter FY 2021/22



Ordinary local revenue

The total revenue collected amounted to Ksh. 193,700,296 against a target of Ksh. 487,110,000 representing 39.8 percent performance. Single business permits revenue stream has the highest collection of ordinary local revenues at Ksh. 72.9 million followed closely by cess at about Ksh. 39.6 million. Table 6 presents a summary of ordinary local revenue and achievement levels of various revenue streams

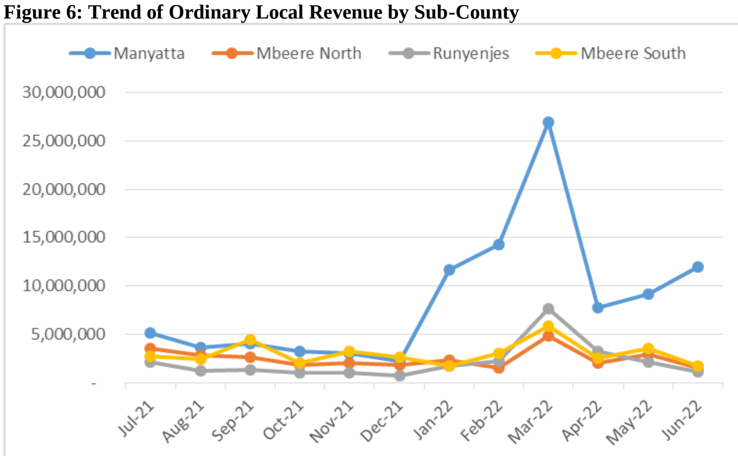
Table 6: A summary of ordinary local revenue by revenue stream

Months\ Source	Target	Actual	Achievement (%)
Single Business Permit	125,405,111	72,870,449	58.1%
House Stall	17,752,387	9,720,082	54.8%
Market fees	26,628,581	15,893,310	59.7%
Bus park and Street parking	35,504,774	17,203,100	48.5%

Cess	53,257,162	39,603,278	74.4%
Land Rates and Plot Rents	182,849,588	8,295,090	4.5%
Enforcement	1,331,429	656,439	49.3%
Technical planning Fees	13,314,291	4,151,906	31.2%
Administration Fees	887,619	5,890,998	663.7%
Advert Fees	22,190,484	17,296,569	77.9%
Slaughter House fees	2,662,858	1,371,300	51.5%
Miscellaneous revenue	1,775,239	747,775	42.1%
Stock fees	2,662,858		0.0%
Water Charges	887,619		0.0%
Total	**487,110,000**	**193,700,296**	**39.8%**

Ordinary local revenue collected for the four sub-counties shows that Manyatta had the highest collection with a notable sharp increase of revenue collected between the month of January 2022 and March 2022. This is a result of the business permits that are mostly issued at the beginning of a given calendar year. Manyatta sub-county hosts the county headquarter where most of the businesses are located hence the corresponding increase of revenue in the months of January, February and March 2022. Figure 6 shows the trend of ordinary local revenue by sub-county during the FY 2021/22.

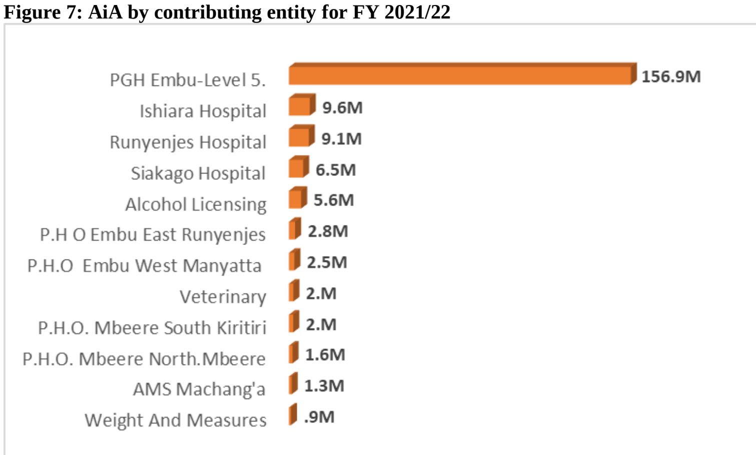
Figure 6: Trend of Ordinary Local Revenue by Sub-County



Appropriation in Aid

In the FY 2021/22, Level 5 hospital contributed the largest amount at about Ksh. 156.9 Million followed by Ishiara Hospital at about Ksh. 9.6M. Figure 6 shows the various departments/institutions contributions towards the county local revenue kitty.

Figure 7: AiA by contributing entity for FY 2021/22



Further analysis shows that various departments did not achieve their targets with Health department achieving 51.1 percent of their target followed by Agriculture, Livestock, Fisheries and Cooperative department at 33.2 percent. The two department of Lands, Physical Planning and Urban Development as well as Youth, Gender, Children, Culture and Social Services did not collect any revenue. Table 7 provides a breakdown of AiA for the various departments.

Table 7:AiA by contributing department

Revenue Source	Target	Actual	Achievement
Trade, Tourism, Investment and Industrialization	25,000,000	6,504,215	26.0%
Lands, Physical Planning and Urban Development	3,000,000	-	0.0%
Agriculture, Livestock, Fisheries and Cooperative	10,000,000	3,317,556	33.2%
Health	373,890,000	191,018,661	51.1%
Youth, Gender, Children, Culture and Social Services	1,000,000	-	0.0%
Total	**412,890,000**	**200,840,432**	**48.6%**

III. RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK

A. Overview

International overview

World real GDP projected to slow from an estimated 6.1 percent in 2021 to 3.6 percent in 2022 and 3.6 percent for 2023 a downward revision of 0.8% point for 2021 and 2022, and 0.2 for 2023. The global economy is projected to contract by 3.2% in 2022 to 2.7% in 2023. Near-term projections for global growth mask different contours in advanced economies is projected to slow to 5.7 percent this year and Emerging Markets and Developing Economies (EMDEs), growth is projected to slow down to 3.6 percent in 2022 from 6.8 percent in 2021 reflecting mainly the sharp slowdown of China's economy and the moderation in India's economic growth.. Growth in advanced economies and below previous projections, in part reflecting lingering weakness in manufacturing and improve slightly over the rest of the forecast horizon.

In contrast, after decelerating to below expected 3.5 percent last year, growth in EMDEs is projected to increase to 4.1 percent in 2020 which is 0.5 percentage point below previous forecasts, reflecting downgrades to half of EMDEs due in part to downward revisions to trade and investment growth. EMDE growth is projected to stabilize at an average of 4.4 percent in 2021-22, as trade and investment firm. In low-income countries, growth is expected to remain little changed at 5.4 percent in 2020 and edge up to an average of 5.7 percent later in the forecast horizon, boosted by increased investment in infrastructure and rebuilding efforts in some countries following extreme weather-related devastation.

This anticipated negative growth is due to unfavourable performance in both the advanced economies and the emerging market and developing economies (EMDEs), mainly resulting from the adverse impact of the COVID-19 pandemic and Russia-Ukraine conflict. On the contrary, robust growth in the advanced economies and the EMDEs is expected to spearhead global growth by 5.2% in 2022.

The decline in the growth of the EMDEs is expected to be cushioned by favourable growth in China. Among the advanced economies, the euro area is anticipated to register the sharpest downturn in comparison with the previous year. Advanced economies are projected to slow down to 2.5 percent in 2022 from 5.2 percent in 2021 reflecting weaker-than-expected growth in the United States and the Euro area. The GDP of the EMDEs is expected to decelerate markedly from 5.5 percent in 2021 to 4.1 percent in 2022 and 3.2 percent in 2023 as high fuel price dissipates and as fiscal and monetary support is unwound across the world. China is envisaged to lead the recovery in the region, with a sturdy growth of 8.2%.

Global inflation is forecast to rise from 4.7 percent in 2021 to 8.8 percent in 2022 but to decline to 6.5 percent in 2023 and to 4.1 percent by 2024, inflation in the EMDE's is forecast to be at 8.7%. Risks to the global outlook are mainly due to the impact and severity of the Russia- Ukraine conflict. A protracted economic slowdown may result in a vicious cycle, where financial distress may expose borrowers to vulnerabilities. Subsequently, this will drag economies into debt crises and decelerate activities even more. In addition, cross-border spillovers from weaker external demand could further magnify the impact of country or region-specific shocks on global growth. Strained relationships among the coalition of oil producers of the Organization of the Petroleum Exporting Countries Plus (OPEC+) 2 and widespread social unrest may pose additional headwinds to the global economy. Furthermore, uncertainties surrounding the Brexit outcomes, rising government debts and unemployment, as well as climate crisis, are among the major factors that could impede future growth.

The unemployment rate is expected to improve to 7.3%, while inflation is anticipated to rise to 2.8%. The services sector, which contributes approximately 80% to total GDP, plunged by 11.3%, primarily due to a decline of 48.3% in the accommodation and food services subsector. The economy is projected to continue declining by 9.8% in 2020, as the services sector continues to contract following prolonged COVID restrictions imposed by the Governments. Several schemes have been announced by various countries to stimulate demand in sectors affected by the pandemic, particularly in hospitality and tourism.

Regional overview

Economic activity in Africa was constrained in 2021 by an unprecedented global pandemic caused by COVID–19 and Russia-Ukraine conflict which escalated into war supported not only by NATO members but also allied forces. This has constrained further resources which could have been used into meaningful production. Real GDP in Africa is projected to slow down in 2022 sharply by more than 1 percentage point to 3.6 percent from a growth of 4.6 in 2021. This projected recovery from the worst recession in more than half a century will be supported by a resumption of tourism, a rebound in commodity prices, and the rollback of pandemic-induced restrictions. The outlook is, however, subject to great uncertainty from both external and domestic risks.

Its real GDP growth, estimated at 3.4 percent for 2019, was projected to accelerate to 3.9 percent in 2020 and to 4.1 percent in 2021. Leading the way are six economies among the world's 10 fastest growers; Rwanda, Ethiopia, Côte d'Ivoire, Ghana, Tanzania, and Benin. East Africa's economies are slowly transitioning from agriculture to services oriented. The contribution of agriculture to the region's GDP went down from an average of 33.4 percent at the turn of the millennium to 28.3 percent in 2018.This was against an increase in the contribution of services to GDP from 44.6 percent in the early 2000s to 53.8 percent in 2018.

This movement is more prominent in Seychelles, Eritrea, Kenya and Rwanda where services contribute 80, 67, 60 and 47 percent of GDP, respectively. However, services are not the higher value-added activities in the region to trigger the desired structural transformation. In line with this shift, the International Labour Organization (ILO) had estimated that the number of employment opportunities in the region's service sector would have more than doubled to 40.8 million while those in agriculture would have increased at a slower pace from 56.7 million to 97.6 million in 2020. These estimates are no longer tenable given the ongoing supply and demand shocks related to Russian's invasion on Ukraine disruptions have lowered production while the loss of income, fear of contagion and heightened uncertainty has made people to spend less, thus lowering aggregate demand with the trade sector being hit the hardest.

Domestic overview

Performance of Kenya's economy in 2023, like most economies all over the world, will largely be determined by how long life and economic activities are going to be disrupted by the Russian –Ukrainian war . Most of the economic activities have so far been slowed down by the increase fuel price, high cost of living, climate change and drought.

Weak global economy is also likely to negatively impact on Kenya's exports, more so horticultural products and the tourism sector. The global economy was projected to remain suppressed in 2020 due to slowdown in industrial output, weak business confidence and increased trade tensions, even before the rapid spread of the Coronavirus disease into a worldwide pandemic. The onset of the long rains was timely during the first quarter of 2021 while the rains were well spread across the country. Weather forecast points to a possibility of near normal long rains in most parts of the country while most of key agricultural zones are expected to receive slightly above normal rainfall in 2022. In the first

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may be the statement should have been updated with 3rd quarter of 2022 instead of 1st quarter

quarter of 2022, the economy expanded further by a remarkable 6.8 percent compared with a growth of 2.7 percent in a similar quarter in 2021. The strong performance was supported by continued recovery in manufacturing, transport and storage, accommodation and food services, wholesale and retail trade, Professional, administration and support services and financial and insurance.

However, growth of the horticulture sub-sector is expected to be constrained by impacts of the Russia-Ukraine conflict; primarily suppressed external demand and increased costs of production arising from operational challenges. Mid in the year, the country experienced drought and starvation, mostly in the arid and semi-arid areas, but the government has so far managed to mitigate their negative impact on the economy particularly in the agriculture sector.

The performance of the industry sector improved to a growth of 4.4 percent in first quarter of 2022 compared to a growth of 3.9 percent in the same quarter in 2021. This was mainly on account of improved performance of the manufacturing activities despite a slowdown in the electricity and water supply and construction sub-sectors. The industry sector accounted for 0.7 percentage points of growth in the first quarter of 2022 compared to 0.6 percentage point contribution to GDP in the first quarter of 2021. The performance of the industry sector improved to a growth of 4.4 percent in first quarter of 2022 compared to a growth of 3.9 percent in the same quarter in 2021. This was mainly on account of improved performance of the manufacturing activities despite a slowdown in the electricity and water supply and construction sub-sectors. The industry sector accounted for 0.7 percentage points of growth in the first quarter of 2022 compared to 0.6 percentage point contribution to GDP in the first quarter of 2021.

Also due to the presidential elections carried out this year significantly slowed performance of activities of trade, transport, education, accommodation and food services. Other sectors whose activities have been restrained, include manufacturing, construction, wholesale and retail trade, public administration, defence, Mining, demand for financial and insurance services, real estate and other services are also expected to be suppressed due to slowdown in economic activities and declining disposable incomes. However, increasing demand for health services is likely to boost the performance of the Human health and social work sector.

B. Medium Term Economic Outlook

Global growth outlook

A slowdown in global growth is forecast, from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. The global slowdown in 2022 is as projected in the July 2022 WEO Update, while the forecast for 2023 is lower than projected by 0.2 percentage point. This prognosis for the global economy is far below average: global economic growth averaged 3.6 percent during 2000–21 (and the same during 1970–2021). For most economies, the outlook is significantly weaker than projected six months ago, in the April 2022 WEO. Forecasts are weaker than expected for 143 economies (accounting for 92 percent of world GDP) for 2023. The forecast for 2023 is the weakest since the 2.5 percent growth rate seen during the global slowdown of 2001—with the exception of those during the global financial and COVID-19 crises. The world's three largest economies—China, the euro area, and the US—will slow significantly in 2022 and 2023, with downgrades compared with the predictions made in April and, in most cases, July. The negative revisions reflect the materialization of downside risks highlighted in the April 2022 WEO and July 2022 WEO Update and discussed at length in the previous section: tightening global financial conditions in most regions, associated with expectations of steeper interest rate hikes by major central banks to fight inflation (October 2022 Global Financial Stability Report); a sharper slowdown in China due to extended lockdowns and the worsening property market crisis; and spillover effects from the war in Ukraine with gas supplies from Russia to

Europe tightening. A decline in global GDP or in global GDP per capita—which often happens when there is a global recession—is not currently in the baseline forecast. However, a contraction in real GDP lasting for at least two consecutive quarters (which some economists refer to as a "technical recession") is seen at some point during 2022–23 in about 43 percent of economies with quarterly data forecasts (31 out of 72 economies), amounting to more than one-third of world GDP Moreover, projections for global growth on a fourth-quarter-over-fourth-quarter.

Domestic economic outlook

The growth outlook is positive. The economy is projected to grow by 5.9% in 2022. The rebound assumes that economic activity will normalize due to a full reopening of the economy, the Economic Recovery Strategy being successfully implemented, and Kenya capitalizing on an expected improvement in external liquidity and benefiting from initiatives to meet its external financing needs. The initiatives could include debt refinancing, restructuring and debt service relief, and additional concessional loans. Short-term interest rates remained fairly low and stable supported by ample liquidity in the money market. The Central Bank Rate was raised from 7.0 percent to 7.5 percent on 30th May 2022. The tightening of the monetary policy stance was to anchor inflation expectations due to the elevated risks to the inflation outlook as a result of increased global commodity prices and supply chain disruptions. The interbank rate increased to 5.4 percent in August 2022 compared 3.1 percent in August 2021. Downside risks to the outlook could emanate from delays in the full reopening of the economy, failure to secure external financing to execute the budget, a slowdown in global growth, drought and climate change.

External sector outlook

The overall balance of payments position improved to a surplus of USD 1,790.4 million (1.6 percent of GDP) in July 2022 from a surplus of USD 119.4 million (0.1 percent of GDP) in July 2021. This was mainly due to an improvement in the capital and financial account and increased receipts in net services and net secondary income despite a decline in the merchandise account and net primary income.

The current account deficit was at USD 5,876.6 million (5.2 percent of GDP) in July 2022 compared to USD 5,494.7 million (4.9 percent of GDP) in July 2021. The current account balance was supported by an improvement in the net receipts on the services account and the net secondary income balance despite a deterioration in the net primary income balance and merchandise account

The balance in the merchandise account widened by USD 2,572.1 million to a deficit of USD 12,403.2 million in July 2022 reflecting increased imports of petroleum products owing to high international crude oil prices in spite of an improvement in the export earnings. In the year to July 2022, exports grew by 11.3 percent primarily driven by improved receipts from tea and manufactured goods despite a decline in receipts from horticulture. Tea exports increased owing to improved tea prices reflecting increased demand from our traditional markets. On the other hand, imports of goods increased by 20.3 percent in the year to July 2022 mainly due to increases in imports of oil and other intermediate goods. 77. Net receipts on the services account improved by USD 1,627.8 million to USD 1,839.6 million in July 2022 compared to a similar period in 2021. This was mainly on account of an increase in receipts from transport and tourism as economies re-opened following the relaxation of COVID-19 containment measures. Net Secondary income remained resilient and increased by USD 882.4 million during the review period owing to an increase in remittances. The balance on the primary account widened by USD 320 million to a deficit of USD 1,701.8 million in July 2022, from a deficit of USD 1,381.8 million in the same period last year, reflecting higher outflows of direct and other investments. 78. The capital account balance improved by USD 40.8 million to register a surplus of USD 246.4 million in July 2022 compared to a surplus of USD 205.6 million in the same period in 2021. Net financial inflows improved to USD 5,745.5 million in July 2022 compared to USD 5,159.7 million in July 2021. The net financial inflows were mainly in the form of other investments, financial derivatives and direct investments. Portfolio investments registered a net outflow during the period.

Fiscal policy outlook

The revenue projections over the medium term takes into account the consistent decline in the share of revenue to GDP in the last five years, the negative impact of the Covid-19 pandemic on revenue collection, Russia-Ukraine conflict and the impact of personal and corporate income tax relief extended to individuals and businesses to mitigate the impact of the pandemic. As such, the County Government will take a cautious and realistic revenue projections from local sources for FY 2021/22 and the medium term to manage expectations and improve budget credibility and avoid stalling of projects due to underfunding (pending bills). Fiscal policy over the medium-term aims at enhancing revenue mobilization, strengthen management and identifying more revenue streams in order to reduce risks of the portfolio.

County Growth Outlook

The County is organized in ten sectors with specific mandates to deliver services to the people. To spur development every sector will work aggressively in the FY 2021/2022 and the medium term to achieve the developmental objectives outlined in the CIDP 2022-2027.

Population Growth

The county had a population of six hundred and eight thousand five hundred and nighty nine people (608,599) as per (KNBS Census Report 2019). High population growth rate has and will continue to put a great deal of pressure on county government to increase current expenditures rapidly to create jobs for the unemployed. At the same time county government is faced with demands on its capital budgets to spend more for development purposes. In addition, increasing urban population in Runyenjes, Embu and Manyatta creates demands for social services: water, housing, education, sewerage, public lighting, roads, health, and fire protection among others. A large mass of unemployed or under-employed who live in these areas do not generate the output or tax revenues which are needed to provide these services. In the medium and long term, the county government will endeavour to create a balance in recurrent and development expenditure to address the issues of population pressure. In addressing labour demands, the government will make investment in labour intensive activities rather than those which are capital intensive. Further, increase in population growth experienced in the county has put pressure on food security more so in urban areas. The county government will invest some of its resources in food and nutrition programmes to address issues of malnutrition and food safety.

C. Risks to the Domestic Economic Outlook

There are always risks in the macroeconomic outlook. Risks from the global economies relates to uncertainties in the global financial markets particularly with regard to the U.S. economic and trade policies, normalization of monetary policy in the advanced economies and the Brexit outcome. The recent geopolitical tensions building around production and use of nuclear weapons if not addressed could weigh down global growth with negative impact on trade and financial flows.

Domestically, the economy will continue to be exposed to risks arising from adverse weather conditions until the mitigating measures of food security under “The Big Four” Plan are put in place. Additional risks could emanate from public expenditure pressures especially recurrent expenditures.

The main risk to the county outlook remains the challenges associated with the timely release of resources from the National Government to the Counties and the expected reduction of the county equitable by the national Government. The observed delays in effecting the transfer of funds to the County will definitely affect the performance and if the equitable is reduced the development budget will suffer adversely. However, the county shall engage the concerned institutions for timely release of funds.

Secondly, the county revenue projections are subject to a number of general risks that can affect collections. These include resistance that may arise from County Finance Bill, 2022, tax evasion and avoidance, weak revenue administrative structures and significant fluctuations in major revenue sources due to changes in the economic environment. Downside risks to the outlook could emanate from delays in the full reopening of the economy, failure to secure external financing to execute the budget, a slowdown in global growth, drought and climate change in the county.

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The County Government will monitor the above risks and take appropriate measures to safeguard macroeconomic stability.

There are down side risks to this macroeconomic outlook emanating from domestic as well as external sources. On the domestic front, the emergence of new Omicron COVID-19 variants may occasion restrictive measures. Other risks relate to lower agricultural output due to potential adverse weather conditions. Additionally, increased public expenditure pressures, particularly wage and other recurrent expenditures, would put a strain to the fiscal space.

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On the external front, the key downside risks include: uncertainty about the global outlook, reflecting adverse effects of the war in Ukraine, inflationary risks (from rising prices of food and oil), continuing COVID-19 pandemic related disruptions, and supply chain constraints as well as increased global financial markets volatility amid the tightening of monetary policy in advanced economies.

The Government has faced difficult policy trade-offs to secure economic recovery and navigate existing macroeconomic challenges amidst diminishing fiscal space. Among the fiscal measures implemented by Government to minimize the adverse impact of these emerging issues to the Kenyan economy include, among others

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IV. RESOURCE ALLOCATION FRAMEWORK

A. Adjustment to 2022/23 Budget

Implementation of the FY 2022/23 budget began at a slow pace due to the General elections, however, local revenue collection indicates a huge improvement due to automation and more emphases on cashless collection. This performance indicates the projections for FY 2022/23 are realistic and forms a strong base for supporting expenditure estimates in the FY 2023/24 and the Medium-Term Budget. Close monitoring of revenue streams and sealing of loopholes is essential in order to maximize revenue collection and minimize any leakages. Over the years there has been under performance in AiA collection and more effort should be redirected to enhance revenue.

The Medium Term Fiscal Framework (MTFF) for the FY 2022/23 accentuates on efficiency and effectiveness of public spending as well improving revenue collection to stimulate and sustain economic activities, boost the economy and reposition it on a steady and sustainable path. Adjustments to the 2022/23 budget will focus on implementing projects supporting inclusive economic growth, while focusing on the priority areas. The resources allocated for development purposes will be utilized in the priority areas which include provision of accessible and affordable health care services, promotion of Agricultural production and value addition to achieve food security and development of infrastructure among others.

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B. Medium-Term Expenditure Framework

Revenue Projections: In the FY 2022/23 the county projects to collect revenue amounting to Ksh 950 Million and is projected to increase to Ksh 997.5 Million in the FY 2023/24 amounting to 5.2% increase.

Expenditure Projections: In FY 2022/2023 budget, the overall expenditure amounts to Kenya Shillings Seven Billion one Hundred and Seventy Five Million One Hundred and Fifty Thousands and Three Hundred and Forty four

(7,175,154,344). These expenditures comprises of development of Ksh 2,574,298,029 (35.9 percent) and recurrent of Ksh 4,600,856,315 (64.1 percent). The recurrent expenditure comprises of remuneration of Ksh 3,389,352,652 (47.2 percent) and operations & maintenance of Ksh 1,211,503,663 (16.9 percent).

Health sector, Agriculture, livestock, Blue Economy & Cooperative Development sector, and Infrastructure, Public works, Energy and Transport sector received the highest share of the resources in the budget. With efficient use of resources, these sectors will drive the economic growth either directly or indirectly as drivers.

Table 8: Expenditure Projections

PORTFOLIO	Approved Budget	PROJECTIONS		
	2022/2023	2023/2024	2024/2025	2025/2026
Office of The Governor	157,516,786	165,392,625	173,662,257	182,345,369
Finance and Economic Planning	125,027,600	131,278,980	137,842,929	144,735,075
Education, Science and Technology	419,694,641	440,679,373	462,713,342	485,849,009
Health	2,053,460,524	2,156,133,550	2,263,940,228	2,377,137,239
Infrastructure, Public Works, Energy and Transport	1,123,531,427	1,179,707,998	1,238,693,398	1,300,628,068
Investment, Industrialization, Trade and Tourism	107,490,847	112,865,389	118,508,659	124,434,092
Agriculture, Livestock, Fisheries and Cooperative Development	664,351,617	697,569,198	732,447,658	769,070,041
Lands, Housing, Physical Planning, Urban Development, Water, Irrigation, Environment and Natural Resources	199,032,759	208,984,397	219,433,617	230,405,298
Youth Empowerment And Sports	60,661,359	63,694,427	66,879,148	70,223,106
Gender, Culture, Children and Social Services	74,852,892	78,595,537	82,525,313	86,651,579
Public Service, Administration and Devolution	633,537,525	665,214,401	698,475,121	733,398,877

County Public Service Board	30,674,879	32,208,623	33,819,054	35,510,007
County Assembly	1,087,449,416	1,141,821,887	1,198,912,981	1,258,858,630
Embu Level 5 Hospital	257,872,072	270,765,676	284,303,959	298,519,157
Embu County Revenue Authority	15,000,000	15,750,000	16,537,500	17,364,375
Climate Change Unit	165,000,000	173,250,000	181,912,500	191,008,125
Total	**7,175,154,344**	**7,533,912,061**	**7,910,607,664**	**8,306,138,047**

C. 2022/23 Budget Framework

The 2022/23 budget framework is set against the background of the updated medium-term macro-fiscal framework. The county's productivity is expected to slowly expand underpinned by hard economic status experienced across the country due high inflation rates and hence across all sectors of the county's economy.

The strategic priorities for the current budget are infrastructural development, access to health services, promotion of competitive agriculture through value addition and sustainable livestock sub-sectors and access to clean and safe drinking water.

Revenue projections

The County revenue from local sources will be raised through levies, permits, rents, service-charge and rates, and from its share of the National revenue as part of the devolved funds. The 2022/23 budget target for revenue collection is expected to be Ksh. 950,000,000.00and projected to increase to 997,500,000.00which represents a 5.2% increase. The table 6 below highlights the various revenue streams and their expected target over the medium term period.

Table 9: Revenue Projections 2022/23 – 2025/26

i) Local Sources

S/No	Specific Revenue Stream	Approved budget Targets (Kshs.)	Projections		
		2022/2023	**2023/2024**	**2024/2025**	**2025/2026**
1	Single Business	152,435,111	160,056,867	168,059,710	176,462,696
2	House Stall	17,752,387	18,640,007	19,572,007	20,550,607
3	Market fees	26,628,581	27,960,010	29,358,010	30,825,911
4	Street Parking, Bus Parking Fees	35,504,774	37,280,013	39,144,014	41,101,214
5	Technical planning Fees	13,314,290	13,980,005	14,679,005	15,412,955
6	Cess	53,257,162	55,920,020	58,716,021	61,651,822
7	Land Rates and Plot Rents	182,849,588	191,992,067	201,591,671	211,671,254
8	Enforcement	1,331,429	1,398,000	1,467,901	1,541,296
9	Administration Fees	887,619	932,000	978,600	1,027,530
10	Advert Fees	22,190,484	23,300,008	24,465,009	25,688,259
11	Slaughter Hse fees	2,662,858	2,796,001	2,935,801	3,082,591
12	Other Miscellenious revenue	1,775,239	1,864,001	1,957,201	2,055,061
13	Stock fees	2,662,858	2,796,001	2,935,801	3,082,591
14	Water Charges	887,619	932,000	978,600	1,027,530
Sub-Total		**514,140,000**	**539,847,000**	**566,839,350**	**595,181,318**
ii) Appropriations in Aid (Ministerial)			-	-	-
S/No	**Revenue Source**	**Approved budget Targets (Kshs) 2022/2023**	**2023/2024**	**2024/2025**	**2025/2026**
1.	**Trade, Tourism, Investment and Industrialization**	25,000,000	26,250,000.00	27,562,500.00	28,940,625.00
	Weights and Measures		-	-	-
	Alcoholic drinks licensing		-	-	-

2.	**Lands, Physical Planning and Urban Development**	3,000,000	3,150,000.00	3,307,500.00	3,472,875.00
	Survey Fees		-	-	-
	Physical Planning		-	-	-
3.	**Agriculture, Livestock, Fisheries and Cooperative**	10,000,000	10,500,000.00	11,025,000.00	11,576,250.00
	Veterinary		-	-	-
	AMS-Machang'a		-	-	-
	Fisheries		-	-	-
4.	**Health**	396,860,000	416,703,000.00	437,538,150.00	459,415,057.50
5.	**Youth, Gender, Children, Culture and Social Services**	1,000,000.00	1,050,000.00	1,102,500.00	1,157,625.00
	Users Fees For Social Halls		-	-	-
6.	Stadium Users Fees		-	-	-
Sub-Total		**435,860,000.00**	**457,653,000.00**	**480,535,650.00**	**504,562,432.50**
TOTAL		**950,000,000.00**	**997,500,000.00**	**1,047,375,000.00**	**1,099,743,750.00**

Table 10: Summary of Revenue Collection

REVENUE STREAMS	**Approved budget**	**Projections**		
	2022/2023	**2023/2024**	**2024/2025**	**2025/2026**
Local Revenue	514,140,000	539,847,000	566,839,350	595,181,318
Appropriation in Aid	435,860,000	457,653,000	480,535,650	504,562,432
Total Revenue Collection	**950,000,000**	**997,500,000**	**1,047,375,000**	**1,099,743,750**

Expenditure Forecasts

The key policy document guiding the County Government's funding allocation decisions is the County Integrated Development Plan, which provides the updated development priorities of the county. The County Government Act, 2012 requires that all county governments prepare and implement an integrated development plan. The Integrated County Development Plans are, according to the act, five year plans that are implemented through annual budgetary allocation by the county governments. In addition, all planning is expected to be inspired by the Kenya Vision 2030 and be aligned to the Third Medium Term Plan of Kenya Vision 2030.

In agriculture, the county government will prioritize on value addition by creation of county cooperative creameries and a state of the art fruit processing plant. In addition, the county government will enhance provision of AI services at reasonable prices. Moreover, the government will establish an animal feeds factory in collaboration with the national government, among other priorities.

In Infrastructure, the Government's will focus on improving accessibility through tarmacking and completion of County roads, routine maintenance of County Roads, scaling up of water distribution infrastructure, and establishment of waste management company.

In trade, tourism and investment sector, the county government will continue to establish proper marketing strategy aimed at opening up of some key tourist destinations. It will also establish an Embu county micro finance corporation to catalyze economic activities.

In the health sector, the county will prioritize on rolling out universal health care, upgrade the existing services to offer specialized/expanded services, improve welfare for health workers and ensure all families have access to health centers within five kilometers from their homes.

Education, Science and Technology priorities will include Employment of ECDE teachers, adequately equipping of VTCs and construction/ completion/ renovation of ECDE classes, provision of bursaries to enhance retention and completion rates for those in higher education facilities. Provision of funds for capitation of the ECDE children

In Finance and planning sector, the county continues to implement strategies to enhance revenue collections and strengthening of Monitoring & Evaluation.

V. CONCLUSION AND NEXT STEPS

In the FY 2022/2023 the county is focusing on Health, infrastructure, Agriculture, Trade and proper resource management to ensure inclusive sustainable growth and development. The county is also developing infrastructure to scale up distribution of clean water, improve education through capitation of ECDE children and employment of more teachers, build prototype TVET centres, improve collection of revenue through cashless payments and sealing of existing loopholes among others.