

EMBU COUNTY GOVERNMENT



COUNTY TREASURY

COUNTY FISCAL STRATEGY

PAPER

FY 2020/2021

***UNLOCKING THE POTENTIAL FOR EQUITABLE WEALTH AND
EMPLOYMENT CREATION***

FEBRUARY 2020

FOREWORD

This is the sixth Fiscal Strategy Paper since the operationalization of the County Governments. It sets out county policy goals and strategic priorities that will be the basis for formulation of County's Financial Year 2020/21 budget over the Medium Term. The Paper is prepared in accordance with the Public Finance Management Act, 2012.

The County priorities and goals outlined herein are based on the County Integrated Development Plan with emphasis on investment in: food security, Infrastructure development, domestic water connectivity, accessibility to affordable health care and early childhood development education. These priorities shall form the basis for formulation of FY 2020/21 budget. The paper therefore links county planning and budgeting which is the main objective of the Medium Term Expenditure Framework.

The paper covers the following broad areas: recent economic developments and the economic outlook; fiscal performance of FY 2018/19 and half year of FY 2019/20; highlights of the; broad strategic priorities and policies for the Medium Term and the Medium Term Fiscal Framework.

The fiscal framework presented in the paper ensures a sustainable financing while allowing continued spending on priority programmes. Achievement of the set objectives calls for greater transparency, effectiveness and efficiency in public financial management in order to ensure fiscal discipline.

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COUNTY EXECUTIVE COMMITTEE MEMBER
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ACKNOWLEDGEMENT

This County Fiscal Strategy Paper (CFSP) outlines the broad strategic macroeconomic issues and fiscal framework, together with a summary of County Government spending plans, as a basis of 2020/21 budget and the medium- term. We expect the document to improve the public’s understanding of the County’s public finances and guide public debate on economic and development matters.

The input for the CFSP 2020 was obtained from the County Budget Review and Outlook Paper (CBROP) 2019 as well as the County Annual Development Plan 2020/21. Further, public participation forums provided a major avenue for the community to highlight their needs which have been considered in the preparation of the paper.

A core team in the Finance and Economic Planning department spent a significant amount of time putting together this Paper. We are particularly grateful to the County Executive Committee member Finance, Planning and Economic Affairs, Dr. John Njagi for his able leadership and Director Planning and Economic Affairs, Mr. Lawrence M. Nzioka for coordinating the execution of this task.

Special thanks go to the following members of the team that met and worked tirelessly to prepare this document: Mr. Pius Mukundi, Mr. Edwin Rugendo, Mr. Boniface Muli Lova, Ms. Catherine Gatheo, Mr. Linus Mugambi, Mr. Erick Kinyua, Mr. Katana Ndune, Mr. Joshua Mwangi and Mr. Charles Njagi. Since it would not be possible to list everybody individually in this page, I would like to take this opportunity to thank the entire staff of the Finance, Planning and Economic Affairs docket for their dedication, sacrifice and commitment to public service.

RUTH NDIRANGU
CHIEF OFFICER
FINANCE, PLANNING & ECONOMIC AFFAIRS

Legal Basis for the Publication of the County Fiscal Strategy Paper

County Fiscal Strategy Paper (CFSP) is published in accordance with Section 117 of the Public Financial Management Act 2012 which provides that:

- 1) *The County Treasury shall prepare and submit to the County Executive Committee the County Fiscal Strategy Paper for approval and County Treasury shall Submit the approved Fiscal Strategy Paper to the county assembly by the 28th February of each year.*
- 2) *The County Treasury shall align its County Fiscal Strategy Paper with the national Objectives in the Budget Policy Statement.*
- 3) *In preparing the County Fiscal Strategy Paper the County Treasury shall specify the broad strategic priorities and policy goals that will guide the county government in preparing its budget for the coming financial year and over the medium term.*
- 4) *The County Treasury shall include in its County Fiscal Strategy Paper the financial outlook to County government revenues, expenditures and borrowing for the coming financial year and over the medium term.*
- 5) *In preparing the County Fiscal Strategy Paper, the County Treasury shall seek and take into account the views of:-*
 - (a) *The Commission on Revenue Allocation*
 - (b) *The Public*
 - (c) *Any interested persons or groups*
 - (d) *Any other forums that is established by legislation*
- 6) *Not later than fourteen days after submitting the County Fiscal Strategy Paper to the County Assembly, the County Assembly shall consider and may adopt it with or without amendments.*
- 7) *The County Treasury shall consider any recommendations made by the County Assembly when finalizing the budget proposal for the financial year concerned.*
- 8) *The County treasury shall publish and publicize the County Fiscal Strategy Paper within seven days after it has been submitted to the County Assembly.*

Fiscal Responsibility Principles in the Public Finance Management Law

The Public Finance Management (PFM) Act, 2012 section 107(2) sets out the following fiscal responsibility principles to ensure prudence 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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ABBREVIATION

AiA	Appropriation in Aid
BPS	Budget Policy Statement
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
CPSB	County Public Service Board
FY	Financial Year
IGAs	Income Generating Activities
MTEF	Medium Term Expenditure Framework
PFMA	Public Finance Management Act

I EFFECTIVE RESOURCE MOBILIZATION FOR WEALTH AND JOB CREATION

1. Overview

The Constitution of Kenya, 2010 created a two tier system of governance, a national and 47 devolved county governments. The constitution highly emphasized on devolution which would subsequently improve political and economic environment, and ensure enhanced accountability and more efficient public service to citizens. Key development challenges remain, though, including poverty, inequality, and climate change. The economy likely lost traction again in the final quarter of 2018 after expanding at a robust, albeit softening, pace in the third quarter on strong agricultural and hydro-powered electricity output.

Economic activity and growth of various economic sectors slowed down in the year 2008 due to global economic recession, however growth resumed in the last five years reaching 5.7% in 2019 placing Kenya as one of the fastest growing economies in Sub-Saharan Africa. The recent economic expansion has been boosted by a stable macroeconomic environment, positive investor confidence and a resilient services sector.

Looking ahead, medium-term gross domestic product growth (GDP) is expected to rise to 5.9% in 2020 and 6.0% in 2020 underpinned by private consumption, a pick-up in industrial activity and still strong performance in the services sector. Inflation is expected to remain within the government's target range while the current account deficit is projected to remain manageable. Growth will also be driven by ongoing key investment to support implementation of the Big 4 development agenda and improved business sentiment. Growth could have been stronger in the absence of interest rate caps that continue to derail recovery in private credit growth.

In addition to aligning fostering economic development through the country's development agenda to the long-term development plan; Vision 2030, the President in December outlined the "Big Four" development priority areas for his final term as President. The Big Four will prioritize manufacturing, universal healthcare, affordable housing and food security.

Kenya has met some Millennium Development Goals (MDGs) targets, including reduced child mortality, near universal primary school enrolment, almost 100% transition to secondary schools in 2020 and narrowed gender gaps in education. Interventions and increased spending on health and education are paying dividends. While the healthcare system has faced challenges

recently, devolved health care and free maternal health care at all public health facilities will improve health care outcomes and develop a more equitable health care system.

Kenya has the potential to be one of Africa's success stories from its growing youthful population, a dynamic private sector, highly skilled workforce, improved infrastructure, a new constitution, and its pivotal role in East Africa. Addressing the challenges of poverty, inequality, governance, the skills gap between market requirements and the education curriculum, climate change, low investment and low firm productivity to achieve rapid, sustained growth rates that will transform lives of ordinary citizens, will be a major goal for Kenya.

2. Need for Tough Decisions

The newly adopted policy measure by the national treasury to clear all the pending bills on or before inception of county government (devolution) will impact negatively on new projects in counties and subsequent development. To cushion this the county should put in place revenue raising measures that seek to increase the amount of revenue raised which would increase the overall development resources. The soaring wage bill should be controlled as it currently stands at 46.95% of the total revenue which is above the recommended limit of about 35%. The huge wage bill is a threat to development projects funding since large share of the scarce resources is directed towards financing personnel emoluments at the expense of development. The 30% minimum constitutional threshold for funds towards development projects must be adhered to.

This calls for an agreement to be made on a development agenda that will involve developing a priority list of programmes and projects to be implemented within the available resource basket. This should also be followed by a strict evaluation processes to ensure adherence to the plan and delivery of the same. The country could once again be headed in tough economic times as growing food prices and rising fuel costs takes a swipe at consumers spending abilities .In addition the current invasion of locust in the country and in particular the 16 counties already invaded will have negative effect on food security and livestock pastures. The above invasion in Embu County in particular will have effect on revenue available for capital development. Establishing and reviewing revenue laws including a robust taxation policy to support revenue collection, identifying new revenue streams, conducting regular/timely revenue assessment to give trends and review targets in revenue collection, training of revenue

staff on customer care and other skills to enhance their capacity and benchmarking with other counties to learn best practices are among the key interventions that the county should focus on.

The County Government will continue embracing public, private partnership to exploit all potential and sectors that leverage the private sector to generate the much-anticipated wealth and employment opportunities as well as create an enabling environment that has favorable incentives to attract more investors. The county Government will continue embracing a market-based economy with a liberalized internal and external trade system with other counties in order to stimulate economic growth and development hence creating more jobs for the youth. Major economic sectors to focus on include agriculture, forestry, fishing, mining, manufacturing, energy, tourism and financial services.

3. Recent Economic Developments and Outlook

The Kenyan economy indicated remarkable growth by an average of 5.5 Percent in the first three quarters of 2019, which was as a result of strong performance in the service sector. Growth momentum is expected to pick up to 5.6 percent in 2019, 6.1 percent in 2020 and further to 7.0 percent over the medium term being driven by a strong rebound in the agricultural output, steady recovery in industrial activities, robust performance in the service sector, and investments in strategic areas under the “Big Four” Plan.

The economy continues to record macroeconomic stability with low and stable interest rates and a competitive exchange rate to support exports. In December 2019, 5.8 percent was the overall inflation which remained stable and within the 5 (+/-2.5) percent target largely due to lower food prices as a result of favourable weather conditions. Inflation is expected to remain within target in 2020, largely due to lower energy prices and expected stability in food prices.

The narrowing of the current account deficit has supported foreign exchange market to remain stable. The current account deficit is estimated at 4.3 percent of GDP in 2019 down from 5.0 percent in 2018. The reduction deficit reflects strong growth in diaspora remittances and tourism receipts, higher tea and horticultural exports, slower growth in imports due to lower food imports and the decline in international oil prices.

4. Risks to the County Fiscal Outlook

The Kenyan economy has over time been exposed to various risk factors in the form of internal and external economic shocks. These shocks are the risk factors that have over time affected the attainment of the objectives anticipated in budget implementation. Such factors include but are not limited to locust invasions, excessive rainfall alternating with prolonged droughts, volatility in commodity prices, occurrence of insecurity and terrorism threats among many others. The objective of the government is to ensure fiscal stability since it is critical towards safeguarding against these adverse shocks thereby guaranteeing that growth is attained and sustained despite the existence of challenging circumstances.

Risk management in Kenya is guided by The Public Finance Management Act, 2012. It captures the spirit on prudent management of risk. The Statement of Specific Fiscal Risks (SSFR) clearly outlines county's exposure to fiscal risks that are associated with assumptions used for fiscal projections, public debt dynamics, operations of county government organs, contingent liabilities, vulnerabilities of the financial sector, as well as risks associated with external forces beyond our control.

The statement broadly seeks to address the following:

- i. It guides towards ensuring that macroeconomic assumptions are broadly accurate. This is despite the fact that the failure to meet revenue collection targets remains a major concern;
- ii. Occurrence of adverse weather conditions continues to negatively affect agricultural productivity within the County.
- iii. There is need to factor in the effects of the ongoing prolonged rains. Key emphasis is placed on the mitigation measures against destructive tendencies to existing infrastructure.
- iv. The stability of the financial Sector remains paramount towards ensuring that the sector is adequately capitalized in the supply of capital to SME within the County.
- v. The county formation arises out of political processes. Political differences experienced in the past between the Executive and the County Assembly have posed a risk to the prevailing county economic environment.

5. Specific Risk Exposure

National Risks

a) Increased public debts

Our country has heavily relied on debt financing to roll out the various infrastructure projects. Much of the infrastructure envisaged in attainment of the 'Big Four Agenda' of the Jubilee government is also likely to be finance through debt.

The county's debt appetite is anticipated to increase with the recent passage by the national assembly legal clearance for treasury to borrow up to nine (9) trillion Kenya shillings. This is despite the fact that Kenya has continued to be weighed down by swelling public debt and faces the possibility of a debt crisis (where the government can't repay what it owes). The current public debt stands at approximately 5 trillion Kenyan shillings (USD\$49 billion) or 57% of the country's gross domestic product.. This is up from 42.8% in 2008. In other words, the country owes more than half the value of its economic output (GDP). The International Monetary Fund recommends that ratios of public debt to GDP should not be higher than 40% for developing countries.

The swelling debt levels have remained a risk factor and there is need that debt management be a priority for the country. To reduce its increasing public debt burden, Kenya must improve its production capabilities in the long term. This can be achieved in several ways that include investment in human capital to promote entrepreneurial activity through sustenance of vocational and technical training. Also the country should shift from exporting raw materials to value addition and manufacturing. Lastly, attention should be directed to developing local enterprise especially those that produce import substitutes.

b) Negative impacts of Corruption

Corruption is an evil that has continued to negatively affect our country both in the public and private sectors of the economy. Insurmountable amounts of public resources have been lost through corruption. This has left the economy reeling from underinvestment in the much needed infrastructure and human capital needed to propel economic prosperity in the country. The country has continued to score poorly in the various corruption surveys. Kenya scored 27 points out of 100 on the 2018 Corruption Perceptions Index reported by Transparency

International. Corruption Index in Kenya averaged 22.82 Points from 1996 until 2018, reaching an all-time high of 28 Points in 2017 and a record low of 19 Points in 2002.

c) Terrorism

Kenya has continued to witness a surge in terrorist attacks and violent extremism. This has largely been due to its geographical location next to politically unstable neighbors such as Somalia and South Sudan. The insurgence of Al-Shabaab militants in the formerly northern frontier region and the coastal areas of Kenya thanks to youth radicalization continue to pose a serious security concern. This threat has continued to negatively impact on the country's infrastructure, physical and human capital, productivity and economic growth. Terrorist attack and violent extremism have also continuously increased uncertainty in the investment climate, disrupted household spending and livelihood, dissuaded foreign direct investment (FDI) as well as causing reallocation of resources from growth-enhancing investment to spending designed to increase national security. The country has invested so much in military and police in order to keep the country safe from the Al-Shabaab terrorists.

d) Negative effects associated with climate change

The world is currently facing dangers to livelihood presented by the various changes in weather patterns across the world. Kenya as a country has continued to reel from the effects of these changes in climatic conditions.

Unprecedented heavy rains at intermittent periods have more often been a calamity to the country as opposed to the blessings usually associated with rains. The various effects of heavy rainfall cannot be overemphasized.

Drought in Kenya has always also been a problem. More than 2.6 million Kenyans were severely food insecure by 2017/2018. High levels of malnutrition are prevalent across the arid and semi-arid lands. Three sub-counties reported Global Acute Malnutrition rates of 30 per cent, double the emergency threshold. Severe drought has dried up water resources in half of Kenya's 47 counties in 2017 and an estimated 3 million people lack access to clean water. Recurrent droughts have destroyed livelihoods, triggered local conflicts over scarce resources and eroded the ability of communities to cope.

Families are on the move, which poses protection risks for women and children. More than 1.2 million children are in need of education assistance. Kenya is experiencing multiple disease

outbreaks including cholera/Acute Watery Diarrhea and measles. An estimated 2.9 million people require lifesaving medical interventions and community-based primary health outreach. The country therefore needs to further come up with measures to combat drought. Some of the solutions include Planting of trees, make pastoralism a sustainable economic activity, Irrigation for farmers, provision safe drinking water to drought infected areas, and food conservation amongst others

e) High incidence of Poverty

Poverty has continued to be a challenge in the country. The number of Kenyans living in poverty has continued to soar both in the urban and rural areas. The incidence of income inequalities also continues to persist despite the various policy interventions.

Kenyans still live in unhygienic places like slums and deplorable housing structure both in rural and urban areas. Rural Kenya lacks basic infrastructure such as motor able roads, health facilities, electricity etc. Despite the new country economic update showing that the proportion of Kenyans living on less than the international poverty line (US\$1.90 per day in 2011 PPP) has declined from 43.6% in 2005/06 to 35.6% in 2015/16 it's noted that poverty rates in Kenya remain relatively high compared to other lower middle-income countries

f) High cost of living

The cost of goods and services in the country keeps rising beyond the reach of the common Mwananchi. This has made it difficult for Kenyans to meet their basic day to day needs. The country is currently experiencing increasingly high taxation through the recent introductions of taxation such as VAT on previously exempt goods; exercise duty on increased number of goods and financial transactions; fuel levy; railway development levy; capital gains tax; rental income tax; among others raising the cost of living.

In July, the Kenya Revenue Authority (KRA) increased excise duty chargeable on a wide range of goods, including juice, water and beer, setting the stage for higher retail prices. Other items that are set to attract higher taxation include cigarettes, wines and spirits, which previously had a fixed excise rate. Excise tax on mobile money transactions went up to 12% from 10% while sugar confectionery and chocolate bars are attracting excise duty at the rate of Ksh. 20 per Kilogram.

6. Embu County specific Risks and Mitigation Measures

I. The country's economic performance

Success in then implementation of the 2020/2021 financial year budget will be determined by the country's prevailing economic environment. Occurrence of either internal or external economic shocks will have a negative impact to the performance of the County since it will affect allocation of the funds to the county from national government.

Mitigation measures: The County develop and implement innovative mechanisms to increase its local revenue while at the same time ensuring austerity in public spending. Already, an E-revenue platform (Embu Pay) is operational.

II. Underperformance in Local Revenue collection

Underperformance of revenue collection has continued to be a major challenge towards achieving the development agenda of the county. The revenue targets have continued to be quite ambitious though attaining desired levels of revenue collection has often proven elusive.

There is need to placed sound policies and strategies that will guarantee optimum revenue collection to meet the anticipated budgetary requirements. Revenue collection should not only be strengthened in the traditional revenue streams. There is need to explore new avenues for revenue collection. This will call for increased budgetary provision to invest in revenue collection channels and processes to enhance overall collection.

Mitigation measure: In the medium term, the County will continue to undertake measures aimed at expanding the revenue base and increasing tax compliance through integration of technology in revenue collection. The establishment of ECRA that is mandated with revenue collection and administration will significantly increase the local revenues collected.

III. Huge Wage Bill

Regulation 25 (1) (b) of the PFM (County Governments) requires that County wage bill shall not exceed 35% of the total revenue. However, the 2018/19 compensation to employees' allocation was 49 % of the total revenue. For 2018/19, the compensation to employees constitutes 51.3% an increase of 2.3 percent. The continued increase in the wage bill has arisen due to factors which are beyond the county government. The county is disadvantaged by the current revenue distribution formula, which takes no account of inherited non-discretionary

devolved costs, the county inherited staffs from the four local authorities and owing to the fact that Embu was the Headquarters of the former Eastern Province, it carries majority of the devolved staff. The ongoing nurse's strike in some counties including Embu by the healthcare workers to enforce their Collective Bargaining Agreements (CBAs) will definitely have an impact on the county's wage bill.

Mitigation measures: The county will put necessary measures in the attempt to curb wage bill through having an approved organization structure and staff establishment, stopping recruitment of non-essential staff and those not in the approved staff establishment and ensuring appropriate engagement of casuals and payment of salaries through IPPD to enhance efficiency in HR management

IV. Pending Bills

The county has continued to be plagued by the occurrence of pending bills. These Pending debts/bills present a serious economic policy challenge facing the County government of Embu owing to their disruptive nature as they consume current year resources at the expense of planned development programs and projects. From all the departments, the county's pending bills currently stand at Ksh. 1.4 billion. These bills have accrued over the financial years with existence of pending bills dating back to 2014/2015 financial year.

Mitigation measure: The county government should therefore ensure that both the level and rate of growth in debt is fundamentally sustainable as high debt will continue to impact negatively on the county operations. This will be done by increasing and revising the county's own source revenue targets to realistic and achievable targets. Unachieved revenue targets create budget gaps which at long run result to a number of unpaid expenditures (pending bills). In addition however, funds shall be allocated in the budget for debt servicing.

II. ECONOMIC PERFORMANCE OF THE DEPARTMENTS

Public Service, Administration and Devolution.

Key achievements in FY 2018/2019

- Internet connectivity in County Government Headquarters was connected to the national fibre optic cable.
- Rehabilitation of the office of the Governor.
- Upgrade of the Local Area Network at the Governors' Office

Challenges

- Low allocations to the Department.
- Reallocation of the few resources to the Department to other County Departments during the supplementary budget.

Finance and Economic Planning

Key achievements in FY 2018/2019 and 2019/2020

- Implementation of the budget process implementation through; preparation of budget Estimates, preparation of budget review and outlook papers, preparation of Progress reports, preparation of Fiscal Strategy Papers, preparation of annual development Plans.
- Capacity building activities in the following key focal areas; Public Financial Management, Planning, Monitoring and Evaluation, human Resource and Performance Management, Devolution and Inter-governmental Relations and Civic Education and Public Participation.

Challenges

- Financial challenges including; delays in the release of funds by the National Government and Failure to meet revenue collection targets.
- Lack of enough capacity to effectively conduct Internal Monitoring and Evaluation by departments, inadequate funds allocated for internal monitoring, Lack of a reliable Monitoring and Evaluation framework.

Lessons Learnt and Recommendations

- Proper revenue collection-There exists many gaps and leakages in revenue collection, which consequently results to unfavorable performance and missed revenue targets. The County is in the process of automating revenue streams to address the issue of revenue leakages.
- Proper Monitoring and Evaluation framework-The County is putting in place an integrated Monitoring and Evaluation system to improve on accountability, performance and timely implementation of projects. Through the Kenya Devolution Support Program

(KDSP), the county has already trained Monitoring and Evaluation focal persons. There is need to allocate funds in departments for monitoring and evaluation of projects.

Health and Level 5 Hospital

Key achievements in FY 2018/2019

- Construction Of New Badea Ward Block B Phase 1 ongoing
- Completion Of Bio Medical Engineering Workshop
- Completion Of Staff Houses
- Completion Of Staff Houses external works
- Construction of oxygen generating plant house
- Installation Of Armored Cable To Badea ward
- Organizing and conducting medical camps with other partners
- Renovation and equipping of casualty wards and wards
- Completion of health facilities
- Equipping of health facilities

Challenges

- Huge unpaid bills
- Delay due of slow e-procurement process.
- Inadequate equipment for medical services.

Education, Science and Technology

Key achievements in FY 2018/2019

- Construction of 19 ECDE centres complete
- Renovation of 6 ECD centres complete
- Provision of equipment in ECD centres
- Success implementation of School Milk Program
- Successful implementation of bursary programme in 2018/2019
- Implementation of the new CBC Curriculum in Pre-Schools and provision of Teachers text books in all ECD centres
- Purchase of VTC equipment
- Construction of 12 VTC projects complete
- Vocational training NITA.

Challenges

- Delayed release of funds to department activities
- Human resource challenge- Inadequate ECD teachers to ensure quality delivery of new ECD Curriculum.

- Inadequate VTC instructors despite opening of new Vocational training Centers.
- Insufficient allocations for capacity building of staff ECDE/VTC
- No departmental vehicle (grounded) to monitor ECD/VTC and departmental projects.

Lessons Learnt

- Timely preparation of departmental work plans and work schedules.

Youth Empowerment and Sports, Gender, Children Culture and Social Services.

Key achievements in FY 2018/2019

- Implementation of the Youth trust fund
- Training program Entrepreneurship
- Ward youth empowerment and sports programs
- Talent Academy renovations
- Equipping Of Children Rescue Unit
- Construction of kitchen, ablution block, shades and footpaths at the cultural centre
- Promotion And Preservation Of Cultural Activities
- Gender (Men & Women Empowerment Programmes)
- Gender Protection Programmes
- Disability Programme
- Construction of social halls
- Groups empowerment program

Challenges

- The overwhelming demand to meet youth issues in the county against the low ceiling allocation to the department.
- Policy gaps and regulations as tools for implementations of programs and activities.
- Inadequate technical staff to implement programs e.g Talent academy

Infrastructure, Public Works, Housing and Energy.

Key achievements in FY 2018/2019.

- Upgrading of roads to bitumen standards
- Grading and Murraming of roads
- Opening of access roads
- Installation of Culverts
- Installation and maintenance of Floodlights
- Installation of transformers
- Construction of footbridges and bridges

Challenges

- Lack of vehicles to be used by officers for their supervision work
- Inadequate additional technical staff and administrative officers.
- Limited resources to support roads demands
- Heavy rains which lead to destruction of already done roads and other roads structures
- Rigorous procurement process
- Opening of development vote in the IFMIS has remained a continuous challenge
- Pending bills

Lesson Learnt

- If the procurement process is started early enough, completion and subsequent payment of projects can be done before the closure of financial year
- Supplementary budget delays occasioned implementation of the budget

Trade, Tourism, Investment and Industrialization

Key achievements in FY 2018/2019

- Completion of the 2 hawkers stall
- Construction of 7 modern markets
- Construction of 4 market toilets
- Construction of Boda Boda sheds eg Mavuria, Nthawa
- Trainings for One Village One Product for Small Medium Enterprises
- Participation in the Embu Agricultural Society of Kenya show
- Partnership with stakeholder eg KNCC, WINAS SACCO, BIMAS, KEBS, KWS
- Identification of tourism sites per ward across the County
- Re-branding of Mwea Game Reserve and Development of Brochures (Tourism marketing and Trade)
- Profiling of investment opportunities in Embu county
- Supporting ,Marketing and Exposure of local manufacturers eg.Kwetu Dairy Industries , Irangi Foods , Kikai Foods, Privamnuts
- Approval for establishment of Mt. Kenya South Eastern Route
- Training of Boda boda and motor vehicles drivers

Challenges

- Under staffing in the department
- Late Submission of supplementary budget leading to late approval of the same
- Bureaucracy in procurement process and Poor inter departmental co-ordination
- Lack of policy and legal framework
- Delay in release of funds and under funding of the projects

- Inadequate transport
- Delay in approvals from the Central Government Agents e.g. KFS, KWS

Lessons learnt

- That need to start projects on time
- need to be prepared with tools and equipment especially for weight and measures
- Preparation of policy documents
- The need to sensitize the citizens on their rights and responsibilities especially on liquor licensing
- The importance of preparing good budgets and lobbying for the same
- Need to create a fund to replace Joint Loans Board
- Need to construct mega markets

Office of Governor

Key achievements FY 2018/2019.

- Purchase of exchange and other communication equipment
- Purchase of Motor Vehicle for Governor
- Payment of medical insurance for the executive
- Facilitation of Leaders' summit
- Governor assented to two bills
- Embu Tourism Act 2018
- Embu Investment Corporation Act 2018
- Roll out WI-FI at the head office supplied by Communication authority of Kenya.
Organizing and implementation of Devolution conferences

Challenges

- Human resource insufficiency together with skills.

Lessons learnt

- Need to allocate enough funding for emergence response and disaster management
- Government to be pro-active in monitoring and evaluation of projects

Lands, Physical Planning, Urban Development, Environment and Natural Resources

a) Key achievements in FY 2018/2019

- Tarmacking Kenya School of Government (KSG) to Kamiu road – 700 meters
- Tarmacking of B6 junction to Kangaru amrket

- Rehabilitation Of Bus Parks, Parking Lots within CBD And Pedestrian Walkways Along Beekay-Kubukubu Road; Ruingazi River To Governor's Office; Installation Of CABRO Pavement On Mama Ngina Street.
- Developed an Integrated Urban Spatial Development Plan (IUSDP) for Embu Town.
- Established the Municipal Charter and Embu Municipality including appointing an Municipal Manager and inaugurated the board.
- Updated the approved Spatial Plans for Siakago, Runyenjes, Kiritiri and Ishiara.
- Discharged National Housing Corporation houses, planned and surveyed the land.
- Allocated land for milk processing plant Ugweri, snake park Makima, Miraa Markets in Evurore, Nthawa, Mbeti South, Kagaari South and Kirimari.
- Facilitated conflict resolutions and issuance of titles at Wachoro Adjudication section.
- Developed an integrated Forest management plan for Kianjiru.
- Cleaning of towns- Ensuring all the towns are cleaned, garbage managed and disposed of in the right manner
- Carried out Environmental Social Impact Assessment for proposed Decommissioning of Gatondo Dumpsite in Embu West
- Carried out Environmental Social Impact Assessment for the proposed Waste to Energy Project in Mbeere South

Challenges

- Inadequate budget for planning, survey and greening.
- Delayed execution of the budget due to delayed supplementary budget.
- System (IFMIS) related challenges posing threat to budget execution.
- Delayed payments to suppliers occasioned by delayed disbursements.
- Lack of personnel in the department especially Physical Planners, surveyors and values.
- Process of procuring land for public use has its own technicalities and thus do not follow the same process of procuring goods and services. The process could take several months /year(s).
- Lack of departmental vehicles as land services requires mobility.
- Reallocated funds during supplementary budget.

Water and Irrigation

a) Key achievements in FY 2018/2019

- 1) 11 water projects works undertaken
 - Acquisition and supply of pipes for: Kabachi Water Projects, Gachuriri Main Line, For Muthambiri and Kabachi Villages
 - Consultancy Services for Survey and Design for Mutuovare, Karura Water Supply System, Mathigira, Kenda Pipeline, Mbondoni , Kithecu Water Supply System,

Kamburu, Machanga Water Supply System and Kiageni, Mwanyani, Water Supply System

- Construction of Machanga Water Supply Project and Mbondoni Pipeline and Kindaruma, Mutuovare and Gitaru Mathigira Kenda Water Supply System
- EWASCO Extension Lines Of Ndutori,Rukuriri,Itiira Shopping Centre,Karambari And Kerie Kavairi Plus Water Kiosks
- Replacement of Vandalised Pipes
- Makima-Kiveli Water Supply(Phase 1)
- Construction of New Kithimu Irrigation Intake and Kiamurwa Water intake
- Construction of Muchonoke Earth Dam
- Construction Of Kambugi Well-Kagaari South

2) 5 dams constructed/ rehabilitated

- Mashamba Sand Dam, Minoori Water Project, Expansion and rehabilitation of Muchonoke Earthdam, Gwakarigu Earth Dam, Kaithungu and Wamikuyu Earth Dam, Mwea ward

Key Challenges

- Delay in submission of supplementary budget that delayed the preparation of Bills of Quantities.
- Introduction of new projects that were not there during budget preparations, creating confusion in the department - introduced through ward fund
- Reallocation of money in the supplementary Budget.

Lessons Learnt

- Community participation is key to ownership and sustainability of projects
- That a Ward is the smallest planning unit and the MCA's should be involved in the project identification and implementation for proper oversight.
- Laws, regulations and guidelines should be followed to guide development to guard against competing interests
- Personal interests should not be allowed to influence development

Agriculture, Livestock, Fisheries and Cooperative development

a) Key achievements in FY 2018/2019

- Construction Of Wamikuyu Earth Dam and desilting of Gwakigumba, Gwakarigu and Matilamu Earth Dam
- Artificial insemination in the 4sub-counties and Animal vaccination programmes
- 3,500 Macadamia seedlings purchased and distributed
- One grain store operationalized

- Completion of Ishiara slaughter house

Challenges

- Inadequate budget allocation for the department which is key in the county
- Delayed disbursement of funds to implement activities
- Ageing staff in the department with no new recruitments
- Delayed budget approvals and reallocation of funds leading to pending bills
- Slow in the project implementation by the contractors
- Agricultural Training Centre ultimatum to relocate from the University of Embu land

Lesson learnt

- Proper planning of programs and projects is required
- Strong working relations with collaborators and stakeholders is desirable for optimal performance
- Refresher courses for staff and new employment to fill gap of retiring officers
- Proper identification of the projects through community participation
- Aggressive marketing of departmental projects programs should be undertaken.

III. UPDATE ON FISCAL PERFORMANCE

7. Transfer from National Government

The County received direct transfer totaling to Ksh 5.55 billion to the CRF account from the National Government in the FY 2018/19 as per the approved budget. The received amount constituted Ksh. 4.46 billion as equitable share, Ksh. 301.04 Million Conditional Grant for Embu Level 5 Hospital, Ksh. 10.72 Million Compensation by National Government for User fees foregone at levels II and III health facilities, Ksh. 117.39 Million Conditional Grant for Road Maintenance Fuel Levy Fund, Ksh. 38.57 Million Conditional Grant for Transforming Healthcare Systems for Universal Care Project (THSUCP), Ksh.13.77 Million Conditional Allocation financed by DANIDA for Universal Care in Devolved System Program, Ksh. 50.08 Million Conditional Allocation financed by World Bank to finance National Agricultural and Rural Inclusive Growth Project (NARGIP) and Ksh.161.09 Million Conditional Allocation financed by World Bank for Kenya Urban Support Project (KUSP). This is in addition to Ksh 386,686,388 carry forward and balances at the CRF account and the County's own source revenue amounting to Ksh. 950 million.

8. Revenue Collection

The County government approved Kshs 950,000,000 as local revenue in the FY 2018/2019. This target was not achieved. The total revenue realized stood at Kshs. 629,145,707. There was however a significant increase of the collected revenue in the financial year to that of the previous financial year. A total revenue of Ksh.437.38 Million was collected in 2017/2018 which represents a 44% increase of the revenue collected in the financial year 2018/2019. The county attributes the increase to a number factors and strategies. This include favorable political environment, adoption of a new E-Revenue system and public awareness through various placed advertisements.

In the first half of 2019/2020 and 2018/2019 financial years, a total revenue of Ksh. 259,859,083 and Ksh. 256,439,224 was collected respectively. This represents a 1.33% increment with Ksh. 3,419,859 more having been collected in the same period of the current financial year. A close look at the trend reveals that the county is still on track to realize the targeted revenue taking into account that the collection of revenue for various revenue streams (Single Business Permits and Liquor licensing) are at their peak during the

remaining period of the financial year.

Local Revenue for FY 2019/2020 and FY 2018/2019

Revenue Source	FY 2019/2020 (By 31 st December 2019)				FY 2018/2019 (By 31 st December 2018)			
	Annual Target	Half Year Target	Actual Achievement	Achievement (%)	Annual Target	Half Year Target	Actual Achievement	Achievement (%)
Single Business Permit	113,500,000	56,750,000	14,463,256	25.49%	110,000,000	55,000,000	8,705,341.00	15.83%
House Stall	20,000,000	10,000,000	2,781,105	27.81%	12,000,000	6,000,000	3,942,583.00	65.71%
Market fees	30,000,000	15,000,000	12,622,824	84.15%	25,000,000	12,500,000	12,909,320.00	103.27%
Street and Bus Parking Fees	40,000,000	20,000,000	13,582,890	67.91%	43,000,000	21,500,000	14,244,410.00	66.25%
Cess	60,000,000	30,000,000	40,389,234	134.63%	65,000,000	32,500,000	31,095,090.00	95.68%
Land Rates and Plot Rents	196,000,000	98,000,000	6,143,125	6.27%	369,770,000	184,885,000	5,990,868.00	3.24%
Enforcement	1,500,000	750,000	395,575	52.74%	2,500,000	1,250,000	305,450.00	24.44%
Technical planning Fees	15,000,000	7,500,000	2,472,652	32.97%	10,000,000	5,000,000	8,427,185.00	168.54%
Administration Fees	1,000,000	500,000	1,154,813	230.96%	0.0	0.0	0.00	0.00%
Advert Fees	25,000,000	12,500,000	2,435,771	19.49%	2,500,000	1,250,000	3,591,715.00	287.34%
Slaughter House fees	3,000,000	1,500,000	527,060	35.14%	3,600,000	1,800,000	498,400.00	27.69%
Miscellaneous revenue	2,000,000	1,000,000	766,477	76.65%	6,500,000	3,250,000	0.00	0.00%
Stock fees	3,000,000	1,500,000	0	0.00%	3,200,000	1,600,000	236,868.00	14.80%
Water Charges	1,000,000	500,000	0	0.00%	420,000	210,000	0.00	0.00%
TOTAL	511,000,000	255,500,000	97,734,782	19.13%	653,490,000	326,745,000	89,947,230	27.53%

Summary of AiA for FY 2019/2020 and FY 2018/2019

Name of Sector	FY 2019/2020 (By 31 st December 2019)				FY 2018/2019 (By 31 st December 2018)			
	Annual Target	Half Year Target	Actual Achievement	Achievement (%)	Annual Target	Half Year Target	Actual Achievement	Achievement (%)
Trade, Tourism, Investment and Industrialization	25,000,000	12,500,000	1,595,007	12.76%	32,000,000	16,000,000	7,223,953.94	45.15%
Land s, Environment, Water and Natural Resources	3,000,000	1,500,000	0	0.00%	6,195,457	3,097,729	520,250.00	16.79%
Agriculture, Livestock, Fisheries and Cooperative Development	10,000,000	5,000,000	1,036,525	20.73%	10,000,000	5,000,000	1,465,480.00	29.31%
Health	350,000,000	175,000,000	159,492,769	91.14%	244,314,543	122,157,272	157,282,310.00	128.75%
Youth Empowerment, Sports, Gender, Culture, Children and Social Services	1,000,000	500,000	0	0.00%	4,000,000	2,000,000	0.00	0.00%
TOTAL	389,000,000	194,500,000	162,124,301	83.35%	296,510,000	148,255,000	166,491,994	112.30%

Own Source Revenue Projections 2020/2021-2022/2023

Below is the breakdown of the Local revenue and AiA projections:-

Local Source of Revenue Projections 2020/2021 - 2022/2023

a) Local Revenue

Revenue Stream	2020/2021	2021/2022	2022/2023
Single Business Permit	114,635,000	115,781,350	116,939,164
House Stall	20,200,000	20,402,000	20,606,020
Market fees	30,300,000	30,603,000	30,909,030
Street and Bus Parking Fees	40,400,000	40,804,000	41,212,040
Cess	60,600,000	61,206,000	61,818,060
Land Rates and Plot Rents	197,960,000	199,939,600	201,938,996
Enforcement	1,515,000	1,530,150	1,545,452
Technical planning Fees	15,150,000	15,301,500	15,454,515
Administration Fees	1,010,000	1,020,100	1,030,301
Advert Fees	25,250,000	25,502,500	25,757,525
Slaughter House fees	3,030,000	3,060,300	3,090,903
Miscellaneous revenue	2,020,000	2,040,200	2,060,602
Stock fees	3,030,000	3,060,300	3,090,903
Water Charges	1,010,000	1,020,100	1,030,301
TOTAL	516,110,000	521,271,100	526,483,811

b) Appropriation in AiA by Departments

Revenue Stream	2020/2021	2021/2022	2022/2023
Trade, Tourism, Investment and Industrialization	25,250,000	25,502,500	25,757,525
Lands, Environment, Water and Natural Resources	3,030,000	3,060,300	3,090,903
Agriculture, Livestock, Fisheries and Cooperative Development	10,100,000	10,201,000	10,303,010
Health	353,500,000	357,035,000	360,605,350
Youth Empowerment, Sports, Gender, Culture, Children and Social Services	1,010,000	1,020,100	1,030,301
TOTAL	392,890,000	396,818,900	400,787,089

IV FISCAL POLICY AND BUDGET FRAMEWORK

The fiscal framework for the FY 2020/21 Budget is based on the County Government's policy priorities within the existing macroeconomic environment. The County Government is committed to implementing priority programmes contained in the County Integrated Development Plan (CIDP) 2018-2022 while taking into account the availability of resources during the period. Further, the framework prioritizes prudent fiscal policy as a commitment towards sound financial management practices as entrenched in the Public Finance Management Act, 2012.

Sustainability, affordability and prioritization will guide programme/project identification and implementation. This will be achieved through spending that is directed towards the most critical needs of the county and is well utilized. There will also be increased focus on improvement of both efficiency and productivity of recurrent expenditure. The focus for development expenditure will seek to ensure equitable development while making provisions for any marginalized groups in the county.

The large amount of expenditure required entails an equivalent revenue being generated. This has necessitated the need to refocus efforts on key streams, broadening the tax collection base in order to increase revenue collection through automation of more revenue streams while continually sealing any existing leakages.

9. Prudent Fiscal Policy

Fiscal policy will continue to support economic activity while undertaking the functions of county government within a context of sustainable public financing. Since the inception of the devolved government, the County Government has reoriented expenditure towards priority programs in Infrastructure, Health, Water, Wealth, Agriculture and Lands under the medium-term expenditure framework (MTEF).

The county will continue prioritizing expenditure towards those priority programs that are in line with the County Integrated Development Plan (2018-2022). The critical programmes to be implemented are expected to accelerate economic activities and socio-economic development.

10. Observing Fiscal Responsibility Principles

The fiscal decisions made in the present day by the County Government will have implications into the future. The Constitution 2010 and the Public Finance Management (PFM) Act, 2012 both stress on the need to make prudent policy decisions for both the present and future generations. Further, the PFM Act underscores the need to be guided by the public finance management principles that relate to transparency and accountability on financial matters. The County Government also undertakes to adhere to minimum ratio of development to recurrent expenditure of at least 30:70 over the medium term, as set out in the PFM Act.

The Constitution, 2010 underscores the importance of public participation in decision making at the county level. This requirement on public participation in relation to determining key priority programmes/projects for implementation as well as in their implementation will be adhered to. The County government shall also involve the various stakeholders in determining fees and levies for services offered which are expected to be fair with the overall goal being to promote equitable development of the county.

The need for improved service delivery and implementation of development programmes results in increased expenditure demands. This will require a corresponding increase in revenue base. The county plans to meet this through efficient collection methods, widening of revenue base, and applying reasonable revenue rates. It is therefore imperative to reform and modernize the revenue regimes to ensure stability of revenue effort, while at the same time continuing to restructure expenditure systems to ensure efficiency and create fiscal space required to fund priority programmes on sustainable basis.

11. Fiscal structural reforms

Reforms in this area will focus on strengthening data collection/analysis and reviewing budget procedures to ensure budget formulation process is appropriately integrated with planning. The county will undertake a number of measures in improving revenue and expenditure performance. These include continued modernization of revenue administration infrastructure to help in effectively enforcing revenue collection in the County, continue with expenditure management reforms to improve efficiency and reduce wastage in line with the PFM Act (2012) and embracing the Integrated Financial Management Information System (IFMIS) fully including E-Procurement in expenditure management to ensure proper controls of public fund.

12. 2020/2021 Budget Framework

The 2020/2021 budget framework will target the County Government's strategic objectives as outlined in the Annual Development Plan 2019 and County Integrated Development Plan (2018-2022). Public Private Partnerships (PPPs) will be encouraged in order to create fiscal space, which is obviously important for infrastructure development, where large gaps already remain on the Medium term Expenditure Framework (MTEF) will ensure proper coordination of policy, planning and budgeting in accordance with county development priorities. The expected share of development funds of the total expenditure will be 30.05 percent. Recurrent expenditure takes the lion share of 69.95 percent largely due to the county wage bill totaling Ksh. 3,230,147,685.

Table 1: County Fiscal Projections 2020/21 -2022/23

	Printed Estimates (Approved Budget) 2019/20	CARA 2019	CFSP Ceilings 2020/2021	Projections	
				2021/2022	2022/2023
TOTAL REVENUE	6,610,962,424	6,385,859,024	6,464,658,318	6,751,531,234	7,052,384,196
Equitable Share Of Revenue From National Government	4,458,800,000	4,304,400,000	4,557,600,000	4,785,480,000	5,024,754,000
Conditional Grant To the Level Five Hospital	301,040,462	301,040,462	301,040,462	316,092,485	331,897,109
Conditional Allocation For Development Of Youth Polytechnics	33,603,298	33,603,298	34,249,894	35,962,389	37,760,508
Conditional Grant For Compensation For User Fees Forgone	10,724,225	10,724,225	10,724,225	11,260,436	11,823,458
Conditional Grant For Leasing Of Medical Equipment	131,914,894	131,914,894	132,021,277	138,622,341	145,553,458
Conditional Grant From Road Maintenance Fuel Levy Fund	122,183,250	122,183,250	135,839,025	142,630,976	149,762,525
Loans and Grants	652,696,295	581,992,895	384,183,435	403,392,607	423,562,237
<i>Transforming Healthcare Systems for Universal Care Project</i>	44,569,827	44,569,827	44,569,827	46,798,318	49,138,234
<i>Agricultural and Rural Inclusive Growth Project (NARIGP)</i>	420,703,400	350,000,000	152,190,540	159,800,067	167,790,070
<i>Kenya Devolution Support Programme (KDSP) - Level 1</i>	30,000,000	30,000,000	30,000,000	31,500,000	33,075,000
<i>Kenya Urban Support Project (KUSP)</i>	119,892,100	119,892,100	119,892,100	125,886,705	132,181,040
<i>Kenya Urban Support Project (KUSP-UIG)</i>	8,800,000	8,800,000	8,800,000	9,240,000	9,702,000
<i>Sweden- Agricultural Sector Development Support Programme (ASDSP)</i>	15,418,468	15,418,468	15,418,468	16,189,391	16,998,861

	Printed Estimates (Approved Budget) 2019/20	CARA 2019	CFSP Ceilings 2020/2021	Projections 2021/2022 2022/2023	
	<i>Universal Healthcare in Devolved System Program</i>	13,312,500	13,312,500	13,312,500	13,978,125
Local Sources	511,000,000	511,000,000	516,110,000	521,271,100	526,483,811
Appropriations In Aid (AiA)- Ministerial	389,000,000	389,000,000	392,890,000	396,818,900	400,787,089
Total Expenditure	6,610,962,424		6,464,658,318	6,751,531,234	7,052,384,196
Recurrent Expenditure	4,331,361,359		4,521,828,732	4,715,753,691	4,918,088,240
Personnel Emoluments	3,110,069,525		3,216,647,685	3,345,313,592	3,479,126,136
Operations & Maintenance	1,221,291,834		1,305,181,047	1,370,440,099	1,438,962,104
Development	2,279,601,065		1,942,829,586	2,035,777,542	2,134,295,956

13. Revenue Projections

The estimated equitable share of revenue from the National Government is Ksh 4,557,600,000 while Conditional grants from the national government amounting to Ksh. 613,874,883 based on the Budget Policy Statement, 2020. Loan and grants from development partners amount to Ksh. 384,183,435 which includes various programmes such as Transforming Healthcare Systems for Universal Care Project, National Agricultural and Rural Inclusive Growth Project (NARIGP), Kenya Devolution Support Programme (KDSP), Kenya Urban Support Project (KUSP), Kenya Urban Support Project (KUSP-UIG) Universal Healthcare in Devolved System Program (DANIDA), Agricultural Sector Development Support Programme (ASDSP).

The 2020/2021 budget target for revenue collection inclusive of Appropriation-in-Aid (AiA) is expected to be Ksh. 909,000,000, which is 14.06 percent of the total county revenue. County revenue from local sources will be raised through levies, permits, rents, service charge and rates. To supplement the available revenue from Local sources, AiA targets will be assigned to the Ministries. The AiA targets under each Ministry are based on the resources allocated respectively and the available opportunities under each Ministry.

14. 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. Planning is expected to be guided by the public consultative forums which also

provided a list of project priorities. In 2020/21; the recurrent expenditure is projected to be Ksh. 4,521,828,732 while development at Ksh. 1,942,829,586 accounting for 69.95 percent and 30.05 percent of total expenditure respectively.

The proportion of emoluments, operations and development expenditure as shown in Table 1.

15. Recurrent Expenditure

The total wage bill of Ksh. 3,216,647,685 accounts for 49.76 percent of the total budget while operations and maintenance costs amount to Ksh. 1,305,181,047 accounting for 20.19 percent. This indicates that the wage bill takes the big share of the total budget way above the recommended 35 percent in the PFM regulations (County Governments), 2015.

Table 2: Recommended Personnel Emolument ceilings for FY 2020/21

Portfolio	Budget Estimates 2019/20	CFSP Ceilings	% Share
Office of The Governor	124,968,377	129,967,112	4.04
Finance & Economic Planning	53,377,997	55,513,117	1.73
Embu County Revenue Authority	-	-	0.00
Education, Science & Technology	252,136,248	262,221,698	8.15
Health	1,608,623,479	1,659,468,418	51.59
Embu Level 5 Hospital	-	0	0.00
Infrastructure, Public Works, Housing & Energy	24,566,380	25,549,035	0.79
Trade, Tourism, Investment & Industrialization	15,854,217	16,488,386	0.51
Agriculture, Livestock, Fisheries & Co-operative Development	252,149,916	262,235,913	8.15
Lands, Physical Planning & Urban Development, Housing, Water and Irrigation, Environment and Natural Resources	70,605,178	73,429,385	2.28
Youth Empowerment, Gender, Children, Culture & Social Services	8,007,292	8,327,584	0.26
Public Service & Administration	380,283,318	395,494,651	12.30
County Public Service Board	27,863,821	24,653,753	0.77
County Assembly	291,633,302	303,298,634	9.43
Total	3,110,069,525	3,216,647,685	100

The Health department including Level 5 hospital takes the lion share of the personnel emoluments at Ksh. 1,659,468,418 which accounts for more than half of the emoluments at 51.59 percent. This amount is expected to increase in the near future as a result of construction/expansion of health facilities as well as new facilities at the level 5 hospital which require more staff.

Under operations and maintenance expenditure, the County Assembly takes the lion share accounting for 23.63 percent of the budget. The health docket and Embu level 5 hospital follow closely at 17.53 and 16.34 percent respectively. The Wards Equalization projects have been allocated Ksh. 100,000,000 towards Education Support Programme.

Table 3: Recommended Operations ceilings for FY 2020/21

Portfolio	Budget		CFSP 2020/21		
	Estimates 2019/20	County Revenue Less Grants	Grants	Total	% Share
Office of The Governor	87,662,492	95,545,617	-	95,545,617	7.32
Finance & Economic Planning	52,655,734	36,502,521	30,000,000	66,502,521	5.10
Embu County Revenue Authority	10,680,000	30,000,000	-	30,000,000	2.30
Education, Science & Technology	195,097,958	74,516,505	25,336,351	99,852,856	7.65
Health	220,755,802	160,187,040	68,606,552	228,793,592	17.53
Embu Level 5 Hospital	210,728,324	213,264,740	-	213,264,740	16.34
Infrastructure, Public Works, Housing & Energy	36,892,174	38,736,783	-	38,736,783	2.97
Trade, Tourism, Investment & Industrialization	10,477,672	11,001,556	-	11,001,556	0.84
Agriculture, Livestock, Fisheries & Co-operative Development	37,332,312	25,487,788	13,711,140	39,198,928	3.00
Lands, Physical Planning & Urban Development, Housing, Water and Irrigation, Environment and Natural Resources	24,838,946	22,280,893	8,800,000	31,080,893	2.38
Youth Empowerment, Gender, Children, Culture & Social Services	11,320,183	13,886,192	-	13,886,192	1.06
Public Service & Administration	9,758,379	11,167,514	-	11,167,514	0.86
County Public Service Board	4,667,536	17,725,534	-	17,725,534	1.36
County Assembly	308,424,322	308,424,322	-	308,424,322	23.63
Ward Equalization Projects		100,000,000	-	100,000,000	7.66
Total	1,221,291,834	1,158,727,004	146,454,043	1,305,181,047	100

16. Development

In line with the objective of allocating adequate resources towards development expenditure and the need to ensure completion of ongoing projects, the ceiling for development expenditure is Ksh. 1,942,829,586. Most of the funds are expected to support critical infrastructure as well as facilitate critical interventions to remove constraints hindering economic growth. The Wards Equalization projects have been allocated Ksh. 300,000,000 towards projects to be domiciled within various sectors. Adherence to Public Procurement and Disposal Act 2015 will help ensure value for money as well as transparency in all procurement.

A breakdown of county development expenditure is highlighted in Table 4:

Table 4: Development Sector Ceilings for the FY 2020/2021

Portfolio	Budget Estimates 2019/20	CFSP 2020/21			
		County Revenue Less Grants	Grants	Total	% Share
Office of The Governor	-	0		0	0.00
Finance & Economic Planning	46,000,000	29,616,351		29,616,351	1.52
Embu County Revenue Authority		10,000,000		10,000,000	0.51
Education, Science & Technology	78,971,324	57,963,830	8,913,543	66,877,373	3.44
Health	204,050,000	109,000,000	100,000,000	209,000,000	10.76
Embu Level 5 Hospital	138,514,894	89,563,830	32,021,277	121,585,107	6.26
Infrastructure, Public Works, Housing & Energy	688,938,250	372,160,975	135,839,025	508,000,000	26.15
Trade, Tourism, Investment & Industrialization	98,059,999	59,000,000		59,000,000	3.04
Agriculture, Livestock, Fisheries & Co-operative Development	452,484,111	66,302,132	153,897,868	220,200,000	11.33
Lands, Physical Planning & Urban Development, Housing, Water and Irrigation, Environment and Natural Resources	273,792,100	124,107,900	119,892,100	244,000,000	12.56
Youth Empowerment, Gender, Children, Culture & Social Services	120,726,822	72,000,000	0	72,000,000	3.71
Public Service & Administration	15,213,565	22,550,755	0	22,550,755	1.16
County Public Service Board	-	0	-	0	0.00
County Assembly	162,850,000	80,000,000	0	80,000,000	4.12
Ward Equalization Projects		300,000,000		300,000,000	15.44
Total	2,279,601,065	1,392,265,773	550,563,813	1,942,829,586	100

17. Overall Deficit Financing

It is in the interest of the government that county expenditure be limited to county estimates which should be commensurate with own source revenue, equitable share from the national government and conditional allocations from both the national government and development partners. Therefore, the county will not run into deficits while drawing budget because the budget is supported by prerequisite revenue.

V. MEDIUM TERM EXPENDITURE FRAMEWORK

18. Strategic priorities

The medium term strategic priorities are a statement of the organization's direction. They offer a clear roadmap of where the county wants to be. The 2020/2021 -2022/2023 MTEF budget will build on the gains made so far. The County Fiscal strategy paper will cover the following key Strategic Priorities

Strategic Priority I: To improve efficiency and effectiveness of infrastructure

Infrastructure development is one of the key strategic priorities for the County. In the medium term, the County Government will invest in infrastructural development which comprises of Roads transport; Energy; and Housing programmes. The overall goal of the priority is to have a well-developed and maintained physical infrastructure for rapid and sustainable economic growth.

The roads transport sub-sector is important for other economic activities to thrive. Roads development is closely linked with the environment thus due to heavy rains experienced in the county during the October - November rains destroyed a number of roads.

Over the medium-term, the sector's priorities include: improving efficiency and effectiveness of the infrastructure development process at all levels of planning, construction, expansion and opening of access roads as well as construction of parking slots. The county government will increase its road network coverage with bitumen, upgrade surface roads and consistently maintain all the roads especially those damaged by heavy rains. Continued roads improvement will ease transport and access to markets for locally available raw materials and produce thus creating more business and employment opportunities for the people of Embu County. It will enhance connectivity, trade and security.

The energy sub-sector intends to support and partner with other development agencies to ensure wider access to energy by households, institutions and business. This will attract investment and open up new opportunities for cottage industry and value addition, which will lead to increased employment and citizen participation in the County economy. In this sector the county will focus on installation of street lights/floodlights and conversion of existing streetlights/floodlights to LED, installation of transformers as well as construction of parking slots. It will also focus on renewable energy and increase efficiency of energy use

The housing sub-sector ultimate goal is to ensure that there is quality construction and maintenance of government buildings and other public works for sustainable socio-economic development. Through partnership with National Government and private sector, the County intends to provide decent and affordable housing

Strategic Priority II: To provide quality, affordable and accessible Healthcare

The sector's goal is to provide universal Health coverage and guaranteeing quality and affordable health care. As such, functions under this sector includes county health facilities and pharmacies, ambulance services, promotion of primary health care, licensing and control of undertakings that sell food to the public.

The county has made significant investments to construct new facilities, upgrade, renovate and equip existing facilities to provide comprehensive health care. The continued quest by the county government to reduce maternal mortality is being fast tracked through completion of maternities across the county. The completion of staff houses, patient wards as well as equipping existing health facilities is also a major priority. These facilities will need to be fully equipped and supplied with drugs to ensure that they are fully operational.

The operationalization of the BADEA project will also form a major flagship project for the level 5 hospital, OPD and Casualty block as well. Further, the level 5 hospital is expected to transit to being a referral and teaching hospital. The priority for the financial year 2020/21 will be on completion of ongoing projects that include health facilities, maternities, wards and staff houses.

Strategic Priority III: To improve household accessibility to adequate clean piped water, irrigation water and sanitation

The sector objective is to improve access to clean and safe drinking water. The water sub-sector has continuously rehabilitated the existing water infrastructure through frequent inspection of the existing water system. The key priorities are the expansion of existing water distribution networks for domestic and irrigation use, drilling & refurbishment of boreholes and construction of water treatment plant.

Irrigation is the application of controlled amounts of water to plants at needed intervals. It helps grow agricultural crops in dry areas and during periods of less than average rainfall. To achieve irrigation full potential in Embu county, Mbeere North and Mbeere South must be put into consideration because there is enough and extensive arable land.

All major projects and programmes which are being implemented under the county will undertake an Environmental Impact Assessment (EIA) before commencement. This is to ensure that there are no projects/programmes which have adverse effects on the environment. The sector faces a number of challenges including increase in population without equivalent increase in water coverage and sewer expansion.

Strategic Priority IV: To enhance food and nutrition security and transform subsistence agriculture to commercial oriented

The objectives of the sector are to ensure all citizens enjoy food security, improved nutrition and transform subsistence agriculture to commercially oriented venture. The sector contributes to County's economic production and contains multiple linkages with other key sectors such as manufacturing, wholesale and retail, transport and distribution and other service-related sectors. The strategy involves reduction of food insecurity by: Expanding irrigation schemes, Increasing access to agricultural inputs and Eliminating children malnutrition through milk programme for preschool children

Strategic Priority V: To improve ECDE and Polytechnics infrastructure

The sector goal is to increase access to early childhood education, reduce inequality in access to education, improve access to vocational training, and exploit knowledge and skills in science, technology and innovation to achieve global competitiveness of our county and the county abundant labor force. The sector plays a crucial role in developing skilled and competent workforce to drive socio- economic growth and development in the long-term.

The sector priority is to upgrade and improve tertiary institutions, increase access to early childhood education and management and development of sports and sport facilities. The sector will also focus on the feeding programme and aims to increase the capitation in the polytechnics. Significant investments will be made to upgrade and improve tertiary institutions especially vocational training centres. This will ensure that many students graduating from primary and secondary schools will have more opportunities to excel in both academic and technical capacities

Strategic Priority VI: Coordination of development, enhance revenue management and strengthening of Monitoring & Evaluation

The sector goal is to provide effective leadership and coordination in planning, policy formulation, budgeting, and financial management, providing services and tracking results

for a better county.

The county will enhance provision of a tool for monitoring progress in the implementation of CIDP and continuous maintenance of automated and real time system for management of county projects, sustaining and safeguarding of a transparent and accountable system for management of public finances and provide leadership in policy direction.

County also will focus on Strengthening of Embu County Revenue Authority and automation of more revenue streams. Infrastructure development of revenue collection points is also amongst the projects the county intends to prioritize in the FY 2020/2021.

Strategic Priority VII: Improve Land Management and Urban Development.

The sectors mission is to facilitate efficient land administration and management, social and physical infrastructure for sustainable County development. This is expected to be realized through the sectors key responsibility of ensuring efficient administration and sustainable management of the land resource in the county.

The keys objectives of the sector includes improving of land management for sustainable development, produce and maintain plans of property boundaries in support of land registration and to ensure guarantee and security of land tenure.

The county will prioritize to undertake the preparation of county spatial plan and Part Development Plan, installation and operationalization of the GIS system. Full operationalization of the Embu municipality Board which is also being supported by the World Bank under the KUSP is expected to also help address infrastructural challenges facing the municipal area.

Strategic Priority VIII: To Promote Youth Empowerment through Sports and Talents

The sector goal is to promote youth participation in democratic processes and ensuring that youth programmes engage the youth and are youth centred. To realize the goal, the sector intends to prioritize to empower the county youths through sports, identification and nurturing of talents. The county intends to improve and equip VTCs by developing SMEs & cottages within the centres

Strategic Priority IX: Trade and Tourism development

The goal of this sector is to create conducive trade friendly environment, create policies and regulations that enhance commerce, industry and facilitate intra and extra-county competitive

trading environment hence transforming Embu County into an investment destination and a regional industrial hub.

The construction of markets and industrial development sheds around the county will go a long way in improving trade in the county. The opening up of a tourism circuit in Mt. Kenya region (Mt. Kenya south eastern rout) and development of infrastructure in Mwea Game Reserve will provide an alternative tourist destination. The sector will pursue Public Private Partnership (PPP) in the investment in key tourism sites Tourist facilities will be established and proper marketing be done through elaborate and strategic signage across the county.

The County will contribute towards the achievement of the vision and mission by development of one village one product (OVOP) so as to enhance trade, providing training on entrepreneur and management skills to the already existing and potential traders.

Strategic Priority X: Enhance service delivery through Performance Management, Coordination of County Government Functions and Capacity Development for county personnel

The sector goal is to empower the county public service to be professional, productive, ethical, effective and efficient in service delivery. The sector's key objectives include ensuring effective and efficient running of the county affairs as per the constitution and provide a suitable working environment for sector's staff. Also the sector intends to enhance capacity for quality service delivery and improve the capacity of County citizens to enable them to actively participate in the County's socio-economic activities.

To achieve the objectives, the sector prioritizes to put up a robust performance management system aimed to improve service delivery. The portfolio intends to develop the capacity of staff through professional development and promotional training courses. Further, the sector will continue to offer support to sub-county offices as well as complete the construction of offices for sub-county.

Strategic Priority X: Promotion of Children Welfare, Preservation of cultural heritage and Gender Empowerment

The Sector goal is to promote socio-economic development in communities with emphasis on the disadvantaged members of society, and protect and safeguard the rights and welfare of children. The sector implements strategies that spur economic growth and addresses the social economic needs to the community. The foremost task will be to mobilize community resources

to promote participatory projects and programmes.

The sector will continue to promote equal participation of both men and women in development issues through capacity development. Gender equality will be emphasized to ensure there is no marginalization of any group or individual. The sector will also continue to sensitize the community on the need for self-reliance. It will also ensure that all children of school going age are able to access education and other rights provided to them through the law through community sensitization.

19. Resource Envelope

The resource envelope available for allocation among the spending agencies is based on the medium term fiscal framework as outlined in section II.

	Printed Estimates (Approved Budget)	CFSP Ceilings 2020/2021	Contribution to Total Budget
Total Revenue	6,967,851,919	6,464,658,318	100.00%
Equitable Share Of Revenue From National Government	4,304,400,000	4,557,600,000	70.50%
Conditional Grant and loans	1,763,451,919	998,058,318	15.44%
Local Revenue (Local sources and AiA)	900,000,000	909,000,000	14.06%

Equitable share from the Consolidated Fund will finance 70.5 percent of the total budget for FY 2020/2021. These are funds allocated to the County on the basis of the allocation formula by the Commission on Revenue Allocation (CRA). The proportion of the equitable share from the consolidated fund to locally raised revenue underscores the need to focus on the own sources in the medium term to raise its proportion. In financing this budget, own revenue collection is projected to be 14.06 percent of the total budget. Conditional grants, loan and other allocations will contribute 15.44 percent of the total budget.

20. Spending Priorities

The approved County Integrated Development Plan (CIDP) for the period 2018-2022 took into account public input through the countywide CIDP consultative meetings, the Medium Term Plan (MTP) III of the Kenya’s vision 2030 and the “big four” agenda of the Jubilee Government. The county also held public participation forums at ward level whose input form

part of the priority programmes for implementation. Development expenditures are shared out on the basis of the Annual Development Plan 2019 which borrowed heavily on County Integrated Development Plan (CIDP).

The sector allocations is based on the following information:

- ✓ Pending bill
- ✓ Ongoing projects
- ✓ Stalled projects
- ✓ Ward priority projects

During scrutiny of 2020/21 budget proposals, more effective use of resources will be sought across the County portfolios and any identified savings will be redirected to deserving priority expenditures. Overall, given limited resources, the MTEF budgeting will focus on the following priority areas:

- I. Social sectors; these sectors include Health, Gender, Culture & Social Services, and Education, Youth Empowerment & sports will continue receiving fair share of available resources.
- II. Economic sectors: these include agriculture, trade and tourism sub-sectors. Agriculture will receive increased share of resources to boost agricultural productivity and value addition with a view to dealing with food security problems in the county and surplus to generate income for farmers. The trade & tourism sector will also receive substantial resources due to its potential to mobilize revenue for the county. This sector is expected to attract investment to create wealth and employment in the County
- III. Enablers: The County Government is committed to improving infrastructure countywide. The share of resources going to the physical infrastructure sector will target development of roads, water and irrigation systems. This will help the sector provide feeder roads for easy access to good and services, increased access to domestic water and development of irrigation projects for agricultural production. This sector will act as enabler of the other sectors.

21. Actual Performance FY 2018/19

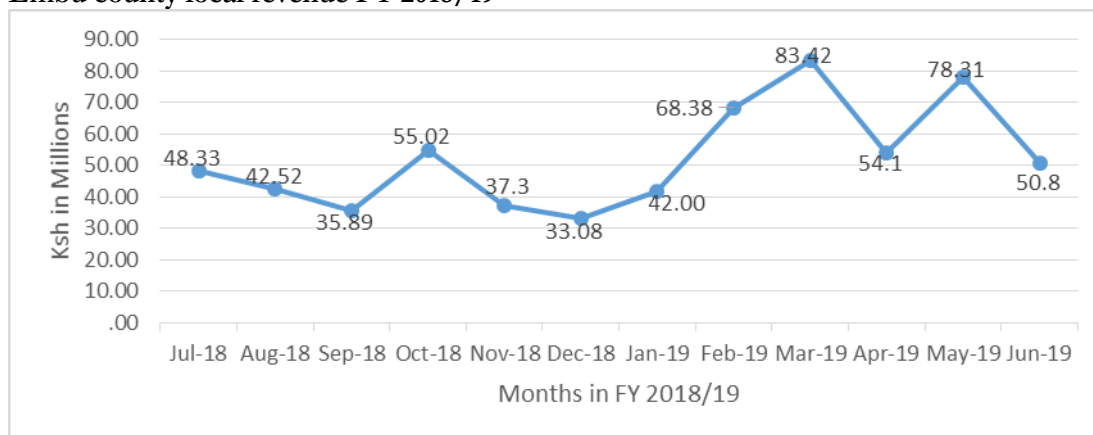
In FY 2018/19, the County had a total revenue basket amounting to Ksh. 6,499,495,361. The equitable share from the national treasury had the highest contribution at Ksh. 4,458,800,000. The targeted ordinary local revenue was Ksh. 653,490,000 while Appropriation in Aid collection target was Ksh 296,510,000.

The county incurred an expenditure totalling Ksh. 5,373,626,282.97 which represents 78.71 percent absorption rate. The expenditure comprises of recurrent expenditure at Ksh. 4,012,398,576.27 while development expenditure stands at Ksh. 1,361,227,706.70. The recurrent expenditure accounted for 74.67 percent of the overall expenditure while development expenditure is at 25.33 percent.

22. Revenue Performance 2018/19

The actual local revenue collected for the FY 2018/19 amounted to Ksh. 629,145,707 with ordinary local revenue collection amounting to Ksh. 280,077,212 and Appropriation in Aid at Ksh. 349,068,495. Further analysis shows an increasing trend from the month of January 2019, February 2019 and peaking in the month of March 2019 which stood at about Ksh. 83.42 million and but declined in the month of April to about 54.1 million. Figure below shows the trend for the period between July 2018 and June 2019.

Embu county local revenue FY 2018/19



A deeper analysis of revenue collected during the FY 2018/19 shows that the third quarter had the largest share of local revenue collected at about Ksh. 193.8 million while the second quarter had the lowest collection standing at about Ksh. 125.4 million.

The underperformance in local revenue collection was largely across all the revenue collection sites and revenue strings. Local revenue is anticipated to improve since business permit are expected to generate more revenue as business people take annual permits between January and March.

23. Ceilings

The 2019/2020 estimates has been used as baseline estimates to reflect current spending priorities. Health & level 5, Infrastructural and Education, Science and Technology sectors as well as the

County Assembly received the largest share of county funds. The proposed 2020/21 budget ceilings are balanced and fully funded by equitable share from the consolidated fund, conditional grants and locally generated revenue.

24. Details of Sector Priorities

The medium term spending estimates for 2020/21- 2022/23 ensures continuity in resource allocation based on prioritized programs aligned to the Annual Development Plan. The total expenditure ceilings as well as the sector ceilings for the MTEF period 2020/21-22/23 are stipulated in Annex I and II respectively.

Infrastructure, Public Works, Energy and housing

The goal of the sector is to facilitate provision, construction and maintenance of quality government buildings and other public works for sustainable socio-economic development. Infrastructural Sector is the enabler for sustained development of the county.

During the current MTEF period, the sector's priorities will include: improving efficiency and effectiveness of the infrastructure development process at all levels of planning, construction, expanding and opening access road. Priority will be given to tarmacking of various roads, opening new access roads as well as routine maintenance of the existing road infrastructure.

In the energy sub sector, power transformers will be installed to extend power to the villages and markets without power. The department plans to install solar street lights and flood lights in the various streets and markets across the county.

The housing sub-sector ultimate goal is to ensure that there is quality construction and maintenance of government buildings and other public works for sustainable socio-economic development. The County will seek to engage real estate development investors under PPP arrangement help construct more housing units. The use of Appropriate Building Technologies will also be emphasized in the County's' quest to ensure access to affordable housing for its residents.

Health

This sector plays a significant role in improvement of access and better health care for the citizens. The functions under this sector include county health facilities and pharmacies, ambulance services, promotion of primary health care, licensing and control of undertakings that sell food to the public. The county has made significant investments to construct new facilities, upgrade, renovate and equip existing facilities to provide comprehensive health care. The continued quest by the county

government to reduce maternal mortality is being fast tracked through completion of maternities across the county.

The Level 5 hospital is critical in provision of broad health care within the region. The continued expansion of the hospital will broaden the scope of services offered. This has positive ramifications not only towards accessibility but also will contribute to the county revenue basket. However, this also requires increased staffing levels to ensure that all the services are up and running. The key priorities within the level 5 facility include construction of OPD and Casualty unit and equipping of Bada wards block B.

It is paramount that there is a healthy and productive population that is capable to engage in productive activities which in turn translates to higher economic development and consequently better standards of living.

Agriculture, Livestock, Fisheries and Cooperative Development

This Sector is paramount towards ensuring food security, mobilizing domestic savings availing credit through cooperatives societies and revamping the livestock and fisheries sub-sector. Its key objective is to improve livelihoods of the citizens through promotion of sustainable management of land resource, competitive agriculture and value addition of agricultural produce.

The sector is the backbone of the County's economic growth, employment creation and poverty reduction. It contributes about 80 percent of the County's economic production and contains multiple linkages with other key sectors.

The key priorities within the sector includes; continuous farmer training, crop development and management, agribusiness & information management, research, livestock improvement and disease control.

Water and Irrigation

This sector plays a pivotal role in ensuring that every citizen lives in a clean and secure environment with adequate access to clean and safe water. Funding towards expanding water distribution networks continue being a priority so as to enable more households access clean water. Construction, rehabilitation and expansion of urban and rural water supply through drilling, rehabilitation and equipping of bore holes as well as de-silting of dams and water pans will continue being core in provision of domestic water.

The key priorities are the expansion of existing water distribution networks for domestic and irrigation use, drilling & refurbishment of boreholes and construction of water treatment plant.

Education, Science and Technology

The sector goal is to increase access to early childhood development education, reduce inequality in access to education, improve access to vocational training and exploit knowledge and skills in science, technology and innovation to achieve global competitiveness of our county and the county abundant labor force. The sector priority is to upgrade and improve tertiary institutions, increase access to early childhood education, provision of bursaries and employment of ECDE teachers. The sector will also focus on the feeding programme and also aim to increase the capitation in the polytechnics.

Trade, Tourism, Investment and Industrialization

The key objective of this sector is to provide a trade friendly environment. This is by embracing policies and programs that optimize the economic, environmental and socio-cultural benefits for the trade and tourism sector thus contributing to sustainable growth and development of the county.

Key priority will be the construction and improvement of markets around the county which will go a long way in improving trade in the county.

Tourism remains an under-utilised resource, which can generate substantial resources. The sub-sector will concentrate on establishment of tourism circuit linking the Mwea National Reserve and the Mt. Kenya region. An integrated Management Plan for Mwea National Reserve will pave way for investment in the reserve. The sector will pursue Public Private Partnership (PPP) in the investment in key tourism sites Tourist facilities will be established and proper marketing be done through elaborate and strategic signage across the county

Youth Empowerment, Gender, Children, Social Services and Culture

This sector seeks to implement strategies that spur economic growth and addresses the social economic needs to the community. The sector will also seek to empower youth through skills development, talent harnessing and developing and maintaining sporting facilities. The sector intends to prioritize on gender and social development plans to empower community and support programme to create awareness on income generating businesses. Completion and the operationalization of the gender resource centre is a priority as well as continuing with the men and women empowerment programmes with a key objective of training men and women on financial skills and investment. The sector also prioritizes establishment and management of children protection initiatives

In sports, the sector prioritizes empowerment of the county youths through sports, identification and nurturing of talents.

Finance and Economic Planning

This sector plays a paramount role in planning, mobilization of financial resources and budget implementation in the county. The overall goal of the sector is to enhance the capacity for planning and policy management and coordinate the implementation of the Kenya Vision 2030, sustainable development goals and the big four agenda so as to make the county a competitive and prosperous county. The sector's specific objectives include monitoring progress in implementation of CIDP and other key programmes, sustaining and safeguarding of a transparent and accountable system for management of public finances.

To enhance revenue, the sector will ensure proper maintenance Embu pay revenue management system. The Embu Revenue authority will be tasked with coming up with measures to address any revenue leakages while seeking to also increase the overall revenue collection.

Land, Physical Planning, Urban Development, Environment and Natural Resources

The sector's mission is to facilitate efficient land administration and management, access to adequate and affordable housing, social and physical infrastructure for sustainable County development. This is expected to be realized through the sector's key responsibility of ensuring efficient administration and sustainable management of the land resource in the county. The key objectives of the sector include improving land management for sustainable development, produce and maintain plans of property boundaries in support of land registration and to ensure guarantee and security of land tenure.

To achieve the objectives, the county will prioritize to undertake the preparation of county spatial plan and Part Development Plan, installation and operationalization of the GIS system. The establishment of the Embu municipality Board which is also being supported by the World Bank under the KUSP is expected to also help address infrastructural challenges facing the municipal area.

Office of the Governor

The office of the Governor through the Executive Committee gives policy direction for implementation based on County and National legislations to the extent that the legislation so requires and to manage the functions of the County Administration and its departments.

Funding over the 2020/21- 2022/2023 MTEF period will enable the office to provide key leadership and policy direction in the governance of the county; coordinate and supervise government affairs;

promote public service integrity, ensure efficient and effective resources management and development for improved public service delivery. The sector links with all the sectors to enable efficient and effective service delivery.

County Assembly

The County Assembly plays the critical role of strengthening the democratic space, ensuring good governance in the county, oversight role over the County Executive and developing new legislations. The MTEF budget proposals for County Assembly are expected to be submitted directly to the County Assembly in line with the Constitution, in line with the Commission for Revenue Allocation (CRA) guidelines and directives on ceiling for financing County Assemblies operations. The sector ensures there is legislation & policies in place to guide other sectors. Its main role is to oversee other sectors.

County Public Service Board

The County Public Service Board (CPSB) is an independent county board established by law and is in charge of handling all matters of human capital of the county. The sector goal is to empower the county public service to be professional, productive, ethical, effective and efficient in service delivery. The sector's key objectives include ensuring effective and efficient running of the county affairs as per to the constitution and provide a suitable working environment for sector's staff

The sector prioritizes to put up a robust performance management system aimed to improve service delivery. Capacity development of county staff continues to be a major problem that the public service and administration portfolio seeks to look into. The portfolio intends to develop the capacity of staff through professional development and promotional training courses. Further, the sector will continue to offer support to sub-county offices as well as complete the construction of offices for sub-county and ward administrators.

Public Service, Administration and Devolution

The Public Service and Administration is the administration processes of the County. The department will support the sub county services and construction of offices, facilitation of sub-county administrators and wards administrators.

CONCLUSION

The current economic environment calls for strict austerity measures and fiscal discipline in county expenditure. Macroeconomic stability will be critical to supporting growth in the medium term. Sound fiscal discipline will be key to the county's resilience to ensure economic growth while ensuring that the benefits of growth are shared by all.

Fiscal policy as shown here will support growth within a sustainable path of public spending. Recurrent expenditure as a proportion of total government expenditure will proportionately reduce while allowing development expenditure to rise. Austerity in county spending will help generate a pool of funds available for development initiatives in the county. Sound utilization of funds of county resources while improving on efficiency will also help to create room for critical interventions in the social sector.

Annex I: Total Expenditure Ceilings for the MTEF Period 2020/21 – 2022/23

Portfolio	2020/21	2021/22	2022/23
Office of The Governor	225,512,729	235,488,694	245,911,471
Finance & Economic Planning	151,631,989	158,594,531	165,897,067
Embu County Revenue Authority	40,000,000	41,978,415	44,060,503
Education, Science & Technology	428,951,927	447,632,954	467,174,918
Health	2,097,262,010	2,185,079,308	2,276,722,982
Embu Level 5 Hospital	334,849,847	351,329,903	368,691,727
Infrastructure, Public Works, Housing & Energy	572,285,818	599,548,120	628,404,674
Trade, Tourism, Investment & Industrialization	86,489,941	90,522,205	94,777,519
Agriculture, Livestock, Fisheries & Co-operative Development	521,634,840	544,618,930	568,751,949
Lands, Physical Planning & Urban Development, Housing, Water and Irrigation, Environment and Natural Resources	348,510,278	364,674,834	381,734,172
Youth Empowerment, Gender, Children, Culture & Social Services	94,213,776	98,685,780	103,412,260
Public Service & Administration	429,212,920	446,669,944	464,852,336
County Public Service Board	42,379,287	44,251,714	46,207,900
County Assembly	691,722,956	723,103,441	755,969,639
Ward Equalization Projects	400,000,000	419,373,308	439,858,647
Total	6,464,658,318	6,751,552,080	7,052,427,763

Annex II: Sector Ceilings for the MTEF Period 2020/21 – 2022/23

Sector	2020/21	2021/22	2022/23
Office of the Governor	225,512,729	235,488,694	245,911,471
Operations and Maintenance	95,545,617	100,322,897	105,339,042
Emoluments	129,967,112	135,165,797	140,572,428
Development	-	-	-
Finance and Economic Planning	151,631,989	158,594,531	165,897,067
Operations and Maintenance	66,502,521	69,827,647	73,319,029
Emoluments	55,513,117	57,733,642	60,042,987
Development	29,616,351	31,033,243	32,535,050
Embu Revenue Authority	40,000,000	41,978,415	44,060,503
Operations and Maintenance	30,000,000	31,500,000	33,075,000
Emoluments	-	-	-
Development	10,000,000	10,478,415	10,985,503
Education, Science & Technology	428,951,927	447,632,954	467,174,918
Operations and Maintenance	99,852,856	104,845,499	110,087,774
Emoluments	262,221,698	272,710,566	283,618,988
Development	66,877,373	70,076,889	73,468,156
Health	2,097,262,010	2,185,079,308	2,276,722,982
Operations and Maintenance	228,793,592	240,233,272	252,244,935
Emoluments	1,659,468,418	1,725,847,155	1,794,881,041
Development	209,000,000	218,998,882	229,597,005
Infrastructure, Public Works, Housing and Energy	572,285,818	599,548,120	628,404,674
Operations and Maintenance	38,736,783	40,673,622	42,707,303
Emoluments	25,549,035	26,570,997	27,633,836
Development	508,000,000	532,303,501	558,063,534
Trade, Tourism, Investment and Industrialization	86,489,941	90,522,205	94,777,519
Operations and Maintenance	11,001,556	11,551,633	12,129,215
Emoluments	16,488,386	17,147,921	17,833,838
Development	59,000,000	61,822,651	64,814,466
Agriculture, Livestock, Fisheries & Co-operative Development	521,634,840	544,618,930	568,751,949
Operations and Maintenance	39,198,928	41,158,874	43,216,818
Emoluments	262,235,913	272,725,349	283,634,363
Development	220,200,000	230,734,707	241,900,768
Lands, Physical Planning & Urban Development, Housing, Water and Irrigation, Environment and Natural Resources	348,510,278	364,674,834	381,734,172
Operations and Maintenance	31,080,893	32,634,938	34,266,685
Emoluments	73,429,385	76,366,561	79,421,223
Development	244,000,000	255,673,335	268,046,264
Youth Empowerment, Gender, Women, Children, Culture and Social Services	94,213,776	98,685,780	103,412,260
Operations and Maintenance	13,886,192	14,580,502	15,309,527
Emoluments	8,327,584	8,660,687	9,007,115

Sector	2020/21	2021/22	2022/23
Development	72,000,000	75,444,591	79,095,619
Public Service & Administration	429,212,920	446,669,944	464,852,336
Operations and Maintenance	11,167,514	11,725,890	12,312,184
Emoluments	395,494,651	411,314,437	427,767,014
Development	22,550,755	23,629,618	24,773,138
County Public Service Board	42,379,287	44,251,714	46,207,900
Operations and Maintenance	17,725,534	18,611,810	19,542,401
Emoluments	24,653,753	25,639,903	26,665,499
Development	-	-	-
County Assembly	691,722,956	723,103,441	755,969,639
Operations and Maintenance	308,424,322	323,845,538	340,037,815
Emoluments	303,298,634	315,430,579	328,047,803
Development	80,000,000	83,827,323	87,884,021
Level 5 Hospital	334,849,847	351,329,903	368,691,727
Operations and Maintenance	213,264,740	223,927,977	235,124,376
Emoluments	-	-	-
Development	121,585,107	127,401,926	133,567,351
Ward Equalization Projects	400,000,000	419,373,308	439,858,647
Operations and Maintenance	100,000,000	104,373,308	109,108,647
Emoluments	-	-	-
Development	300,000,000	315,000,000	330,750,000
TOTAL	6,464,658,318	6,751,552,080	7,052,427,763
Operations and Maintenance	1,305,181,047	1,369,813,407	1,437,820,751
Emoluments	3,216,647,685	3,345,313,593	3,479,126,136
Development	1,942,829,586	2,036,425,081	2,135,480,876