

EMBU COUNTY GOVERNMENT



COUNTY TREASURY

COUNTY FISCAL STRATEGY **PAPER**

FY 2022/2023

***BUILDING BACK BETTER: STRATEGY FOR RESILIENT AND
SUSTAINABLE ECONOMIC RECOVERY***

MARCH 2022

FOREWORD

This is the seventh Fiscal Strategy Paper since the operationalization of the County Governments Kenya. It has been prepared against a background of contracting global economic occasioned by the outbreak and the rapid spread of covid-19 pandemic. The pandemic and the ensuing containment measures have devastated countries economy disrupting businesses and livelihoods. The pandemic and resultant containment measures have adversely affected businesses and economic activities in all the sectors. The CFSP sets out county policy goals and strategic priorities that will be the basis for formulation of County's Financial Year 2022/23 budget over the Medium Term. The Paper is prepared in accordance with the Public Finance Management Act, 2012.

The focus of policies is to continue enabling environment for economic recovery to safeguard the livelihoods, jobs, businesses and industrial recovery. In this respect, the county government of Embu will strengthen implementation of programmes and measures that ensure a more inclusive growth and foster macroeconomic stability.

The County priorities and goals outlined here are based on the County Integrated Development Plan (2018-2022) 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 2022/23 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 the first quarter FY 2021/22 and that of FY 2020/21; 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.

MARY MERCY MUNENE

COUNTY EXECUTIVE COMMITTEE MEMBER

FINANCE AND ECONOMIC PLANNING

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 2022/2023 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 2022 was obtained from the County Budget Review and Outlook Paper (CBROP) 2021 as well as the County Annual Development Plan 2022/23. Further, public participation platforms 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. Boniface Muli Lova, Ms. Catherine Gatheo, Mr. Linus Mugambi, Mr. Erick Kinyua, Mr. Peter Njeru, Mr. Joshua Mwangi, Mr. Charles Njagi and Mr. Katana Ndune. 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.

DAMIANO MUTHEE
CHIEF OFFICER
FINANCE AND ECONOMIC PLANNING

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

RECENT ECONOMIC DEVELOPMENTS AND MEDIUM-TERM OUTLOOK

1. Overview

In 2021, the Kenyan economy was adversely affected by the Covid-19 Pandemic. This was followed by job losses in the formal sector not necessarily being reinstated, leading to growing numbers of Kenyans shifting to informal and ‘gig’ economic activity and stringent Covid-19 containment measures which have not only disrupted the normal lives and livelihoods, but also to a greater extent businesses and economic activities. This has an adverse effect in our economy which contracted by 5.7 percent in the second quarter of 2020 from a growth of 4.9 percent in the first quarter in 2020. Economic growth is projected to recover to 5.9 percent in 2022 due to in part, the lower base effect in 2021. In terms of fiscal years, economic growth is projected to grow by 6.3 percent in FY 2021/22 and further to 6.1 percent over the medium term.

The economy continues to register macroeconomic stability with low and stable interest rates and a competitive exchange rate that support exports. Year-on-year overall inflation remained within the Government target range of 6 ± 2.5 percent in December 2021 at 6.0 percent from 5.17 percent in December 2020. This higher inflation was mainly supported by increasing demand for goods.

The foreign exchange market has largely remained stable but partly affected by a significant strengthening of the US Dollar in the global markets and uncertainty with regard to the Covid-19 pandemic. Despite this, the current account deficit is estimated to improve to 5.1 percent in 2021 from 5.8 percent in 2022 mainly supported by an improvement in the trade balance.

2. Need for austerity measures

Since the first case of COVID-19 was reported in Kenya on March 13, 2020, Embu County has been experiencing massive destruction of the economy in terms of GDP decline and job losses especially the service sectors. This was followed by total lockdown in Nairobi and Mombasa city which is our major entry of imported and exported goods. This affected the flow of goods from these cities to main lands, Embu happens to be among them.

The county is experiencing tough economic times as growing food prices and rising fuel costs takes a swipe at consumers spending abilities.

County Governments have the potential to make their economies recover and thrive by leveraging on the following five pillars: Boosting private sector activity; Policy, legislatives, and institutional reforms; Strengthening County Government's preparedness and response to pandemics and disasters; Enhancing Information Communication Technology (ICT) capacity for business continuity; and Investing in human resource development. It will also be critical to institutionalize monitoring, evaluation, regular reporting and communication of the strategies up to grassroots level and across all communities and institutions in the counties.

The county is focusing on this CFSP 2021 in order to reduce unemployment and under-employment, by spending sufficiently on social and economic overheads. These expenditures would help to create more employment opportunities and increase the productive efficiency of the economy and cushion further effects of Covid 19 in the county.

The county remains focused on encouraging investments that have long term impact on job creation and income generation for the vast majority of the people in the county, especially the youth. Specifically, the county will focus on five core areas which are aligned to the 'Big 4 Agenda' outlined below:

- ✓ Developing, expanding and maintaining the county infrastructure including opening of road networks and housing units;
- ✓ Achieving universal health care and improving county education;
- ✓ Increasing water reticulation and distribution as well as environmental protection and access to clean and safe water for all;
- ✓ Enhancing the protection and mainstreaming of the disadvantaged populations such the aged, youth, women and Differently Abled Persons; and
- ✓ Promotion of trade development, industrial growth and investment in the County.

In conclusion the county will embrace the fiscal policies which create macroeconomic conditions that will create aggregate demand for goods and services, employment and economic growth.

3. Recent Economic Developments and Outlook

I. Global Outlook

The global economy is set to expand 5.6 percent in 2021—its strongest post-recession pace in 80 years. This recovery is uneven and largely reflects sharp rebounds in some major economies—most notably the United States, owing to substantial fiscal support—amid highly unequal vaccine access. In many emerging market and developing economies (EMDEs), elevated COVID-19 caseloads, obstacles to vaccination, and a partial withdrawal of macroeconomic support are offsetting some of the benefits of strengthening external demand and elevated commodity prices. By 2022, global output will remain about 2 percent below pre-pandemic projections, and per capita income losses incurred last year will not be fully unwound in about two-thirds of EMDEs. The global outlook remains subject to significant downside risks, which include the possibility of large COVID-19 waves in the context of new virus variants and financial stress amid high EMDE debt levels. Controlling the pandemic at the global level will require more equitable vaccine distribution, especially for low-income countries. The legacies of the pandemic exacerbate the challenges facing policy makers as they balance the need to support the recovery while safeguarding price stability and fiscal sustainability. As the recovery becomes more entrenched, policy makers also need to continue efforts toward promoting growth-enhancing reforms and steering their economies onto a green, resilient, and inclusive development path.

II. Regional Outlook

The Sub-Saharan Africa's economy is set to expand by 3.7 percent in 2021 and 3.8 percent in 2022. This follows the sharp contraction in 2020 and is much welcome, but still represents the slowest recovery relative to other regions. The largest impact of the crisis on growth has been for tourism-dependent economies, while commodity-exporting countries have also been hit hard. According to estimates done in December 2020, the economic growth in East Africa was expected to return to the level pre-COVID 19 in 2022. For 2020, the GDP growth was estimated at 0.7 percent. Before the coronavirus outbreak, the region was expected to expand by 5.1 percent that year while the growth rate was at 5.3 percent in 2019. With the crisis caused

by the virus, East Africa was supposed to grow by three percent in 2021. An improvement was forecast for 2022, with the GDP growth projected at 5.6 percent.

III. Domestic/County Outlook

Prior to the outbreak of Covid-19 pandemic, county's economy was strong and resilient despite the challenging country environment. The broad-based economic growth for 2018 and 2019 averaged 5.9 percent outperforming the 5.5 percent for the previous 5 years (2013 to 2017) and the average growth rate of 4.7 percent in the period 2008 to 2012.

In 2020, the Embu economy was adversely affected by the outbreak of Covid-19 Pandemic and the swift containment measures, which have not only disrupted the normal lives and livelihoods, but also to a greater extent businesses and economic activities. As a result, our economy is estimated to slow down to around 0.6 percent in 2020 from a growth of 5.4 percent in 2019. Looking ahead, the economy is projected to recover and grow by about 6.4 percent in 2021 and above 6.2 percent over the medium term. The economy grew in the first quarter of the year but the remaining quarters of the year 2020 was affected by the pandemic.

4. Embu County specific Risks and Mitigation Measures

I. The country's economic performance

Success in then implementation of the 2021/2022 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 develops and implements 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. . A dedicated revenue inspectorate unit has been set up towards enhanced enforcement of revenue defaulting cases.

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 expansion of ECRA that is mandated with revenue collection and administration through employment of revenue managers and collectors will significantly increase the local revenues collected.

The coming financial year will experience heightened political temperatures being an election year. The county government will seek to strengthen stakeholder engagement to mitigate against negative politicking that has previously affected revenue collection.

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 2020/2021 compensation to employees' allocation was 42.75 % of the total revenue. For 2021/2022, the compensation to employees constitutes 45.23%. 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. 1.22 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 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.

5. Building Back Better: Strategy For Resilient And Sustainable Economic Recovery

The Covid-19 Pandemic has devastated global economies with Kenya not being spared. On the domestic front, the economic impact of the Pandemic is already being felt across all sectors of the economy. Thus, 2022 CFSP is premised on the need to urgently overcome the immediate socio-economic challenges that the country faces today. At the heart of the policies in this document, is the desire to foster a conducive environment critical to return the

economy back to our long term growth path, while at the same time, providing impetus for building a cohesive and prosperous Kenya.

The 2021 CFSP, therefore articulates priority economic policies and structural reforms as well as sectorial expenditure programs to be implemented under the Medium Term Expenditure Framework for FY 2021/2022– 2023/2024 in order to achieve the Government’s development goal of economic transformation for a shared prosperity.

To respond to the current challenges and cushion Kenyans and businesses from the adverse effects of the Pandemic, the government has instituted several economic measures to cushion workers and industries, including tax exemptions and reduction, and increased funding for cash transfers. Kenya already has several cash-transfer programmes for social protection, both governmental and non-governmental, targeting vulnerable segments of the population. Several have been instituted during the pandemic by the Kenyan government, as well as by Oxfam, UNICEF and the World Food Programme, among others.

Building on the gains made, the government on December 2020 rolled out a three-year post-COVID-19 socio-economic recovery strategy for county governments. The 132 billion shillings (1.19 billion U.S. dollars) recovery plan prioritizes agriculture, water and sanitization, urban development and housing, transport, tourism, health, education, social protection, and gender and youth as anchor sectors that will help counties to recover from the effects of COVID-19. The strategy is expected to drive real growth and economic rebound in the counties as the national government rolls out similar initiatives aimed at reviving the economy. Also, to reinforce Kenya’s resilient, inclusive and green economic recovery from the COVID-19 crisis, the World Bank approved \$750 million in development policy financing to support policy reforms that will strengthen transparency and accountability in public procurement and promote efficient public investment spending.

Further, the Government will accelerate implementation of the “Big Four” Agenda which has gained traction over the past three years. The Agenda is designed to help achieve the social and economic pillars of our Vision 2030 and the development aspirations espoused in the Kenyan Constitution. Actualization of policies and programs under each pillar is expected to

accelerate and sustain inclusive growth, create opportunities for decent jobs, reduce poverty and income inequality and ensure that we create a healthy and food secure society in which Kenyans have access to affordable and decent housing.

Priority Pro-Growth Policy Measures

As indicated above, the 2022 CFSP, articulates measures that will stimulate growth, promote job creation, reduce poverty, and protect the vulnerable groups and businesses. To achieve these, the Government will:

- ✓ harness the implementation of the “Big Four” Agenda for job creation;
- ✓ Develop credible, resourced and implementable plans for economic recovery based on engagement between the public and private sectors. These need to look at supplying local needs through local production (which will boost supply chains and local industries to sustain jobs, as well as attract private sector investment into targeted sectors).
- ✓ Fast track development of critical infrastructure in the country such as roads, rail, energy and water, among others, so as to reduce the cost of doing business as well as promote competitiveness and transform economic sectors for broad-based sustainable economic growth.
- ✓ Foster a secure and conducive business environment by maintaining macroeconomic stability and enhancing security.
- ✓ Transform economic sectors for broad based sustainable economic growth;
- ✓ Improve access to education, strengthen health care systems and enhance cash transfers to support the vulnerable members of our society;
- ✓ Support youth, women and persons with disability to enable them actively contribute to the economic recovery agenda; and
- ✓ Implement various structural reforms to enhance the efficiency of public service delivery while at the same time ensuring accountability for better macroeconomic and fiscal stability, sustained credit ratings, improved fiscal discipline and minimized corruption.

- ✓ Strengthen governance processes and invest on critical infrastructures such as health systems, social security and education, so that the country is better prepared to deal with future shocks and emergencies.
- ✓ Facilitate the County Governments in strengthening their systems to enhance service delivery, as well as implement various structural reforms to enhance the efficiency of public service delivery.

II. UPDATE ON FISCAL PERFORMANCE

6. Transfer from National Government

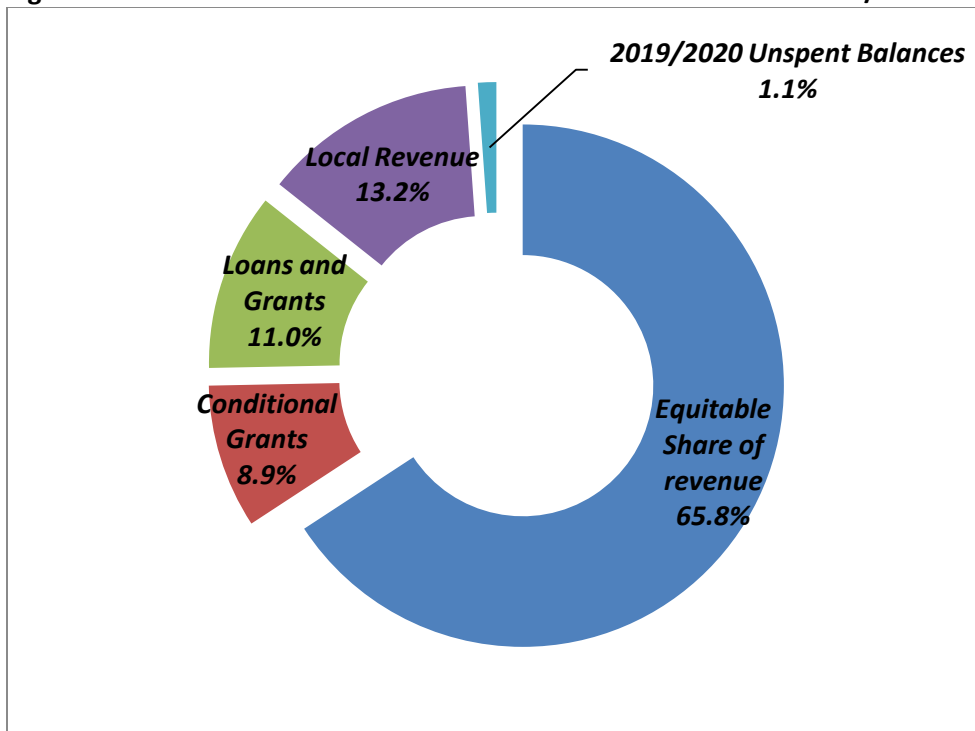
In FY 2020/21, the County had a total revenue basket amounting to Ksh. 7,107,016,880. The equitable share from the national treasury had the highest contribution at Ksh. 4,674,578,400. The targeted ordinary local revenue was Ksh. 544,892,533 while Appropriation in Aid collection target was Ksh. 392,890,000. Table 1 provides a breakdown of various revenue sources.

Table 1: Revenue breakdown for FY 2020/21

Description of the Revenue Sources	Revised Supplementary 2020/2021 (Kshs)
Equitable Share of revenue from National Government	4,674,578,400
Conditional Grant to the Level Five Hospital	301,040,462
Conditional Allocation for Development of Youth Polytechnics	41,166,787
Conditional Grant for Compensation for User Fees Forgone	10,724,225
Conditional Grant for Leasing of Medical Equipment	132,021,277
Conditional Grant from Road Maintenance Fuel Levy Fund	148,436,654
Transforming Healthcare Systems for Universal Care Project (THSUCP)	137,345,767
Agricultural and Rural Inclusive Growth Project (NARIGP)	337,471,587
Kenya Devolution Support Programme (KDSP)- level 1	75,000,000
Kenya Urban Support Project (KUSP)	94,551,486
Kenya Urban Support Project (KUSP)-Urban Institutional Grant (UIG)	14,951,457
Universal Healthcare in Devolved System Program (DANIDA)	12,240,000
Agri-Fose programme (Swedish Government) Agriculture Department	28,598,275
Embu County COVID-19 Grant	80,587,000
Local sources	544,892,533
Other local Revenue Sources – Ministerial	392,890,000
2019/2020 Unspent Balances (CRF recurrent and Development)	80,520,970
TOTAL	7,107,016,880

It is evident that Equitable share contributes the highest proportion of revenue to the County Government accounting for 65.8 percent of the total revenue. Loans and Grants account for 11.0 percent while Conditional Grants account for 8.9 percent of total revenue. Local revenue accounts for 13.6 percent with unspent balances from FY 2019/20 accounting for 1.1 percent of the overall revenue. Figure 1 depicts a visual representation of the contribution of each revenue source to the revenue basket.

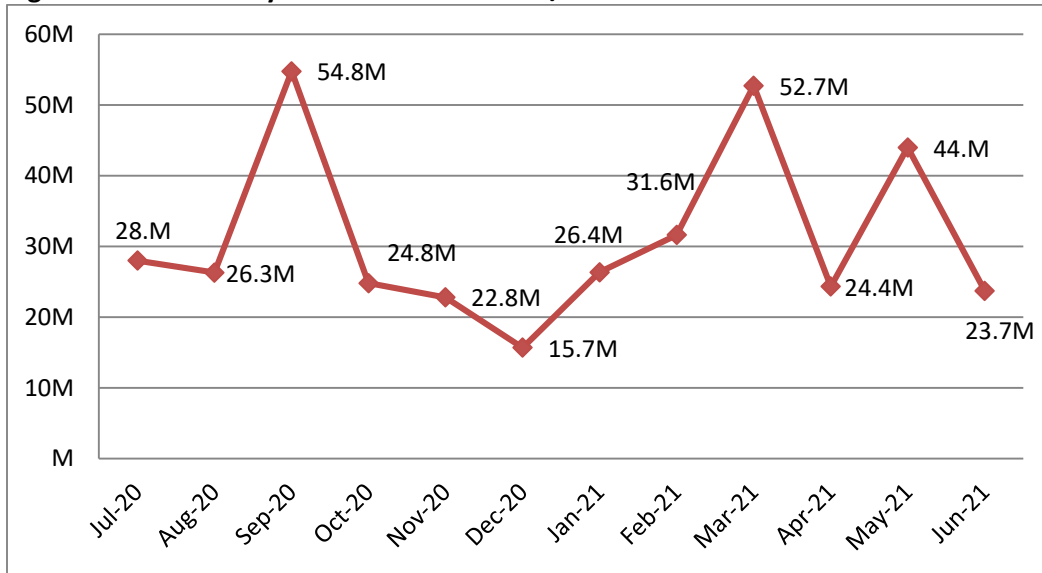
Figure 1: Revenue sources contribution to the resource basket FY 2020/21



7. Revenue Collection

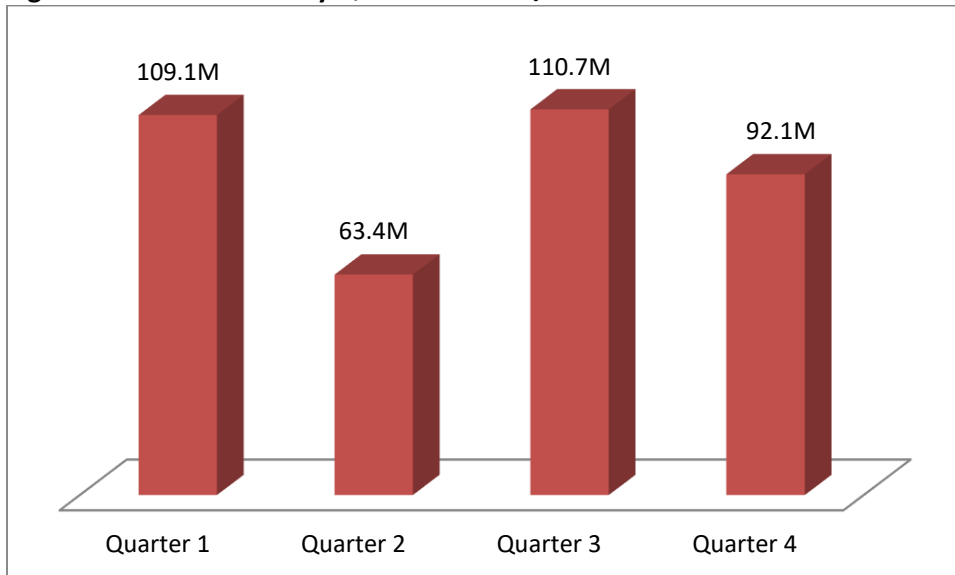
The actual local revenue collected for the FY 2020/21 amounted to Ksh. 375,326,291. This included ordinary local revenue at Ksh. 178,588,160 with Appropriation in Aid totaling Ksh. 196,738,131. Further analysis shows a high of 54.8 Million for the month of September 2020 with a noticeable increasing trend for the month of January through March 2021 to a high of 52.7 Million. Figure 3 shows the trend for the period between July 2020 and June 2021.

Figure 2: Embu county local revenue FY 2020/21



A deeper analysis of revenue collected during the FY 2020/21 shows that the third quarter had the largest share of local revenue collected at about Ksh. 110.7 million while the third quarter had the lowest collection standing at about Ksh. 63.4 million. Figure 4 provides a breakdown of revenue collected by quarter.

Figure 3: Local Revenue by Quarter FY 2020/21



Ordinary local revenue

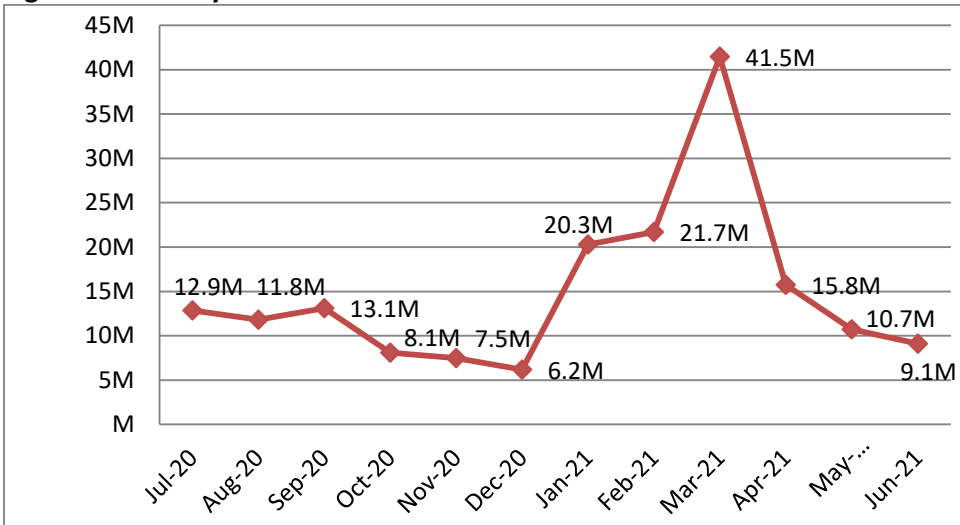
The total ordinary revenue collected amounted to Ksh. 178,588,160 against a target of Ksh. 516,110,000 accounting for 34.6 percent. Single business permits revenue stream had the highest collection of ordinary local revenues at Ksh. 71.2 million followed closely by cess at Ksh. 52.8 million while market fees amounted to Ksh. 14.5 million. Table 4 presents a summary of ordinary local revenue.

Table 2: A summary of ordinary local revenue by revenue stream

Revenue Sources	Target	Actual	% Actual
Single Business Permit	114,635,000	71,262,270	62.16%
House Stall	20,200,000	5,102,822	25.26%
Market fees	30,300,000	14,516,104	47.91%
Street and Bus Parking	40,400,000	12,579,097	31.14%
Cess	60,600,000	52,827,631	87.17%
Land Rates and Plot	197,960,000	8,409,587	4.25%
Enforcement	1,515,000	909,603	60.04%
Technical planning Fees	15,150,000	4,617,620	30.48%
Administration Fees	1,010,000	3,146,200	311.50%
Advert Fees	25,250,000	3,444,742	13.64%
Slaughter House fees	3,030,000	1,386,799	45.77%
Miscellaneous revenue	2,020,000	385,685	19.09%
Stock fees	3,030,000	-	0.00%
Water Charges	1,010,000	-	0.00%
Total	516,110,000	178,588,160	34.60%

Ordinary local revenue collected in FY 2020/21 shows a sharp increase of revenue collected in the month of January 2020 which stood at Ksh. 20.3 million increasing further in the month of February 2020 before peaking in March at about Ksh. 41.5 million. Figure 5 shows the trend of ordinary local revenue during the FY 2020/21.

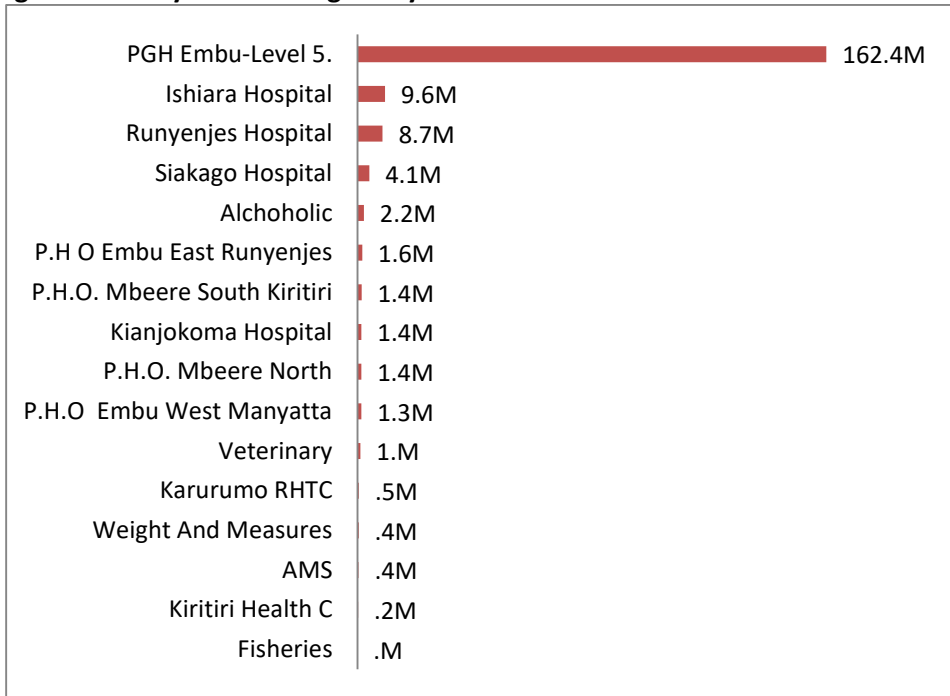
Figure 4: Ordinary Local Revenue



Appropriation in Aid

In the FY 2020/21, Level 5 hospital contributed the largest amount at about Ksh. 162.4 Million followed by Ishiara Hospital at about Ksh. 9.6M. Figure 5 shows the various departments/institutions contributions towards the county local revenue kitty.

Figure 5: AiA by contributing entity



It is imperative to note that the revenue collected has fallen short of the target revenue by a huge margin. This is as a result of the effects of Covid-19 which continue to be felt in the current FY 2021/22. A comparison of the local revenue collected in FY 2021/22 against FY 2020/21 shows a similar trend of 29.45% and 29.28% respectively.

Table 3: Comparison of Local Revenue for FY 2021/2022 and FY 2020/2021

Revenue Source	FY 2021/22 (By 30 th September 2021)				FY 2020/21 (By 30 th September 2020)			
	Annual Target	Quarter Year Target	Actual Achievement	Achievement (%)	Annual Target	Quarter Year Target	Actual Achievement	Achievement (%)
Single Business Permit	125,405,111	31,351,278	9,684,328	30.89%	114,635,000	28,658,750	9,346,369	32.61%
House Stall	17,752,387	4,438,097	1,414,988	31.88%	20,200,000	5,050,000	1,334,610	26.43%
Market fees	26,628,581	6,657,145	4,723,190	70.95%	30,300,000	7,575,000	4,552,665	60.10%
Street and Bus Parking Fees	35,504,774	8,876,194	3,466,450	39.05%	40,400,000	10,100,000	3,379,102	33.46%
Cess	53,257,162	13,314,290	11,687,560	87.78%	60,600,000	15,150,000	13,749,770	90.76%
Land Rates and Plot Rents	182,849,588	45,712,397	1,786,944	3.91%	197,960,000	49,490,000	2,042,021	4.13%
Enforcement	1,331,429	332,857	124,170	37.30%	1,515,000	378,750	263,600	69.60%
Technical planning Fees	13,314,290	3,328,573	1,152,900	34.64%	15,150,000	3,787,500	1,304,505	34.44%
Administration Fees	887,619	221,905	1,053,450	474.73%	1,010,000	252,500	902,400	357.39%
Advert Fees	22,190,484	5,547,621	224,740	4.05%	25,250,000	6,312,500	517,486	8.20%
Slaughter House fees	2,662,858	665,715	397,400	59.70%	3,030,000	757,500	325,400	42.96%
Miscellaneous revenue	1,775,239	443,810	145,817	32.86%	2,020,000	505,000	56,692	11.23%
Stock fees	2,662,858	665,715	-	0.00%	3,030,000	757,500	0	0.00%
Water Charges	887,619	221,905	-	0.00%	1,010,000	252,500	0	0.00%
TOTAL	487,110,000	121,777,500	35,861,937	29.45%	516,110,000	129,027,500	37,774,620	29.28%

Further, the Appropriation in Aid collected during the 1st quarter of FY 2021/22 and that of FY 2020/21 shows a slight difference. The AiA collected in FY 2021/22 stands at 76.4% against 72.6% in FY 2020/21.

Table 4: Summary of AiA for FY 2020/2021 and FY 2019/2020

Name of Sector	FY 2021/22 (By 30th September 2021)				FY 2020/21 (By 30th September 2020)			
	Annual Target	Quarter Year Target	Actual Achievement	Achievement (%)	Annual Target	Quarter Year Target	Actual Achievement	Achievement (%)
Trade, Tourism, Investment and Industrialization	25,000,000	6,250,000	3,997,490	64.0%	25,250,000	6,312,500	-	0.0%
Lands, Environment, Water and Natural Resources	3,000,000	750,000	-	0.0%	3,030,000	757,500	-	0.0%
Agriculture, Livestock, Fisheries and Cooperative Development	10,000,000	2,500,000	1,129,031	45.2%	10,100,000	2,525,000	-	0.0%
Health	373,890,000	93,472,500	73,744,540	78.9%	353,500,000	88,375,000	71,340,903	80.7%
Youth Empowerment, Sports, Gender, Culture, Children and Social Services	1,000,000	250,000	-	0.0%	1,010,000	252,500	-	0.0%
TOTAL	412,890,000	103,222,500	78,871,061	76.4%	392,890,000	98,222,500	71,340,903	72.6%

III. FISCAL POLICY AND BUDGET FRAMEWORK

The fiscal framework for the FY 2022/2023 Budget is based on the County Government's policy priorities. The County Government is committed to implementing priority programmes contained in the County Integrated Development Plan (CIDP) 2018-2022 while taking into account limited resources available. 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 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.

8. 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.

9. 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.

10. 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.

11. 2022/2023 Budget Framework

The 2022/2023 budget framework will target the County Government's strategic objectives as outlined in the Annual Development Plan 2022 and County Integrated Development Plan (2018-2022). The expected total revenue for FY 2022/23 is Ksh. 6,075,243,762.

Table 5: County Fiscal Projections 2022/2023 -2024/2025

	Approved Supplementary Budget Estimates	CFSP Ceilings	Projections	
	2021/2022	2022/2023	2023/2024	2024/2025
TOTAL REVENUE	6,898,114,500	6,075,243,762	6,943,612,716	7,252,615,351
Equitable Share Of Revenue From National Government	5,277,406,103	5,125,243,762	5,381,505,950	5,650,581,248
Conditional Allocation For Development Of Youth Polytechnics	2,864,761	-	-	-
Conditional Grant For Compensation For User Fees Forgone	10,724,225	-	-	-
Conditional Grant For Leasing Of Medical Equipment	153,297,872	-	160,962,766	169,010,904
Conditional Grant From Road Maintenance Fuel Levy Fund	7,575,816	-	-	-
Loans and Grants	546,245,723	-	446,694,000	469,028,700
Transforming Healthcare Systems for Universal Care Project	58,168,023	-	6,000,364	6,300,382
Agricultural and Rural Inclusive Growth Project (NARIGP)	399,646,601	-	407,343,931	427,711,128
Kenya Devolution Support Programme (KDSP) - Level 1	1,818,730	-	0	0
Sweden –Agriculture Sector Development Support Programme(ASDSP)	27,887,152	-	23,335,855	24,502,648

	Approved Supplementary Budget Estimates	CFSP Ceilings	Projections	
	2021/2022	2022/2023	2023/2024	2024/2025
Primary Health Care in Devolution – DANIDA Grant	9,537,000	-	10,013,850	10,514,543
Emergency Locust Responses Projects (ELRP)	49,188,217	-		
Ordinary Local Sources	487,110,000	514,140,000	516,580,155	521,745,957
Appropriations In Aid (AiA)- Ministerial	412,890,000	435,860,000	437,869,845	442,248,543
Total Expenditure	6,898,114,500	6,075,243,762	6,943,612,716	7,252,615,351
Recurrent Expenditure	4,432,695,882	4,252,670,633	4,876,428,043	5,087,558,212
Personnel Emoluments	3,143,387,845	3,192,606,898	3,269,123,359	3,399,888,293
Operations and Maintenance	1,289,308,037	1,060,063,735	1,607,304,684	1,687,669,919
Development	2,465,418,618	1,822,573,129	2,067,184,672	2,165,057,140

12. Revenue Projections

The estimated equitable share of revenue from the National Government is Ksh **5,125,243,762** as stipulated in the Budget Policy Statement.

The 2022/2023 budget target for local revenue collection comprising of ordinary local revenue and Appropriation-in-Aid (AiA) is expected to be Ksh. **950,000,000**, which is 15.63 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.

13. Expenditure Forecasts

The key policy document guiding the County Government's funding allocation decisions is the County Integrated Development Plan. The document provides the key development priorities of the county with input through public consultative forums.

The County is required by law to prepare a balanced budget which translates to **Ksh.**

6,075,243,762. Recurrent expenditure takes the lion share of **Ksh. 4,252,670,633** accounting for 70.0 percent of the total expenditure largely due to the huge wage bill. Development expenditure stands at **Ksh. 1,822,573,129** accounting for 30.0 percent of the overall expenditure

14. Recurrent Expenditure

The total wage bill stands at **Kshs. 3,192,606,898** accounting for 52.55 percent of the total budget while operations and maintenance costs amount to **Kshs. 1,060,063,735** accounting for 17.45 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 6: Recommended Personnel Emolument ceilings for FY 2022/2023

PORTFOLIO	BUDGET ESTIMATES 2021/2022	CFSP CEILINGS 2022/2023
Office of The Governor	133,085,796	109,516,786
Finance and Economic Planning	52,173,642	105,627,600
Education, Science and Technology	305,147,976	322,955,340
Health	1,601,185,605	1,606,934,747
Infrastructure, Public Works, Energy and Transport	26,570,996	19,806,360
Trade, Tourism, Investment and Industrialization	17,147,921	22,342,560
Agriculture, Livestock, Fisheries and Co-operative Development	225,685,350	196,635,180
Lands, Physical Planning, Urban Development, Housing, Water , Irrigation, Environment and Natural Resources	62,846,560	96,463,140
Youth Empowerment and Sports	4,060,309	10,864,560
Gender, Children, Culture and Social Services	4,600,378	17,079,720
Public Service, Administration and Devolution	385,960,461	362,712,137
County Public Service Board	25,639,903	22,385,820
County Assembly	299,282,948	299,282,948
TOTAL	3,143,387,845	3,192,606,898

The Health department including Level 5 hospital takes the lion share of the personnel emoluments at **Ksh. 1,606,934,747** accounting for 50.33 percent of the total wage bill. 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 at 41.58 percent, followed by Embu level 5 and health docket at 11.88% and 7.92 % of the operations and maintenance expenditure respectively. The Ward Equalization projects have been allocated Ksh. 50,000,000 towards Education Support Programme (bursary) to be factored under the Education portfolio. A breakdown of operations and maintenance expenditure is provided in Table 7.

Table 7: Recommended Operations ceilings for FY 2022/2023

PORTFOLIO	APPROVED BUDGET 2021/2022	OPERATIONS AND MAINTENANCE CEILINGS 2022/2023	PROVISION FOR PENDING BILLS 2022/2023	CFSP CEILINGS 2022/2023
Office of Governor	100,760,101	40,000,000	-	40,000,000
Finance and Economic Planning	26,233,086	25,000,000	202,000,000	227,000,000
Embu County Revenue Authority	15,000,000	5,000,000	-	5,000,000
Health	185,027,390	84,000,000	-	84,000,000
Embu Level 5 Hospital	123,416,002	126,000,000	-	126,000,000
Education, Science and Technology	147,325,836	15,000,000	-	15,000,000
Infrastructure, Public Works, Energy and Transport	25,132,313	28,000,000	-	28,000,000
Trade, Tourism, Investment and Industrialization	5,350,000	7,000,000	-	7,000,000
Agriculture, Livestock, Fisheries and Co-operative Development	196,017,484	5,000,000	-	5,000,000
Lands, Physical Planning, Urban Development, Housing, Water ,Irrigation, Environment and Natural Resources	9,380,000	5,000,000	-	5,000,000
Youth Empowerment and Sports	28,043,000	4,000,000	-	4,000,000
Gender, Children, Culture and Social Services	5,650,000	5,000,000	-	5,000,000
Public Service, Administration and Devolution	14,495,000	10,000,000	-	10,000,000
County Public Service Board	7,691,000	8,289,059	-	8,289,059

PORTFOLIO	APPROVED BUDGET 2021/2022	OPERATIONS AND MAINTENANCE CEILINGS 2022/2023	PROVISION FOR PENDING BILLS 2022/2023	CFSP CEILINGS 2022/2023
County Assembly	399,786,825	440,774,676	-	440,774,676
Ward Equalization Projects	-	50,000,000	-	50,000,000
TOTAL	1,289,308,037	858,063,735	202,000,000	1,060,063,735

15. Development

In line with the objective of allocating adequate resources towards development expenditure and the priority to complete ongoing and stalled projects, the ceiling for development expenditure is **Ksh. 1,822,573,129**. 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. 520,000,000. A breakdown of county development expenditure is highlighted in Table 8:

Table 8: Development Sector Ceilings for the FY 2022/2023

PORTFOLIO	APPROVED BUDGET 2021/2022	DEVELOPMENT CEILINGS 2022/2023	PROVISION FOR PENDING BILLS 2022/2023	CFSP CEILINGS 2022/2023
Finance and Economic Planning	3,200,000	35,000,000	668,823,129	703,823,129
Embu County Revenue Authority	15,000,000	10,000,000	-	10,000,000
Health	74,372,770	80,000,000	-	80,000,000
Embu Level 5 Hospital	162,622,516	40,000,000	-	40,000,000
Education, Science and Technology	65,297,872	40,000,000	-	40,000,000
Infrastructure, Public Works, Energy and Transport	1,367,489,961	200,000,000	-	200,000,000
Trade, Tourism, Investment and Industrialization	64,543,173	20,000,000	-	20,000,000
Agriculture, Livestock, Fisheries and Co-operative Development	362,246,241	10,000,000	-	10,000,000

PORTFOLIO	APPROVED BUDGET 2021/2022	DEVELOPMENT CEILINGS 2022/2023	PROVISION FOR PENDING BILLS 2022/2023	CFSP CEILINGS 2022/2023
Lands, Physical Planning, Urban Development, Housing, Water ,Irrigation, Environment and Natural Resources	161,534,836	20,000,000	-	20,000,000
Youth Empowerment and Sports	43,431,199	20,000,000	-	20,000,000
Gender, Children, Culture and Social Services	40,680,050	10,000,000	-	10,000,000
Public Service, Administration and Devolution	5,000,000	5,750,000	-	5,750,000
County Assembly	100,000,000	143,000,000	-	143,000,000
Ward Equalization Projects	-	520,000,000	-	520,000,000
Total	2,465,418,618	1,153,750,000	668,823,129	1,822,573,129

16. 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.

IV. COUNTY MEDIUM TERM EXPENDITURE FRAMEWORK

The MTEF is annual, rolling three year-expenditure planning. It sets out the medium term expenditure priorities and budget constraints against which sector budget plans are developed and refined. 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 2022/2023 -2024/2025 MTEF budget will build on the gains made so far. The County Fiscal strategy paper will cover the following key sector Priorities

17. Details of Sector Priorities

The medium term spending estimates for 2022/2023 -2024/2025 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 2022/2023 - 2024/2025 are stipulated in Annex I and II respectively.

Infrastructure, Public Works, Energy and Transport

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: tarmacking of roads, murraming of roads, installation of street lights/floodlights and conversion of existing streetlights/floodlights to LED, installation of transformers as well as construction of parking slots. 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.

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. During the MTEF the sector priorities are: Completion and Equipping of Health facilities, Completion and Equipping of Maternities and Equipping of Physiotherapy

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. The key priorities within the level 5 facilities are: Equipping of new Badea block B (premium Centre) Installation of medical oxygen /vacuum piping in Badea block B premium Supply, Delivery & Commissioning Of Medical Equipment For Covid 19 Isolation Theatre, ICU/HDU at EL5H Purchase of medical & dental equipment's, and plants Purchase and installation of equipment for molecular laboratory, Upgrading of electrical power house equipment.

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. This will ensure increased production and productivity.

Education, Science and Technology

The sector objective is to enhance capacity for quality service delivery, ensure conducive learning environment, provide, promote and coordinate quality education, integration of science and technology, enhance access to quality education

The sector priority is to upgrade and improve tertiary institutions, increase access to early childhood education through and equipping of up to date ECDE centers, construction & equipping of Vocational training Centre. Significant investments will be made to upgrade and improve tertiary institutions especially vocational training centers. This will ensure that many students graduating from primary and secondary schools will have more opportunities to excel in both academic and technical capacities.

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.

The county Government will facilitate the provision of credit facilities to the small scale traders, providing training on entrepreneur and management skills to the already existing and potential traders. Tourist facilities will be established and proper marketing be done through elaborate and strategic signage across the county.

Youth Empowerment and Sports

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 deliverables in the MTEF period include: provision of credit facility to the youth, completion and equipping of youth empowerment Centre and completion and refurbishment of sports facilities.

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

Gender, Culture, Children and Social Services

This sector seeks to implement strategies that spur economic growth and addresses the social economic needs to the community. Its key objective is to promote socio-economic development in the community with emphasis on the disadvantaged members of society, protect and safeguard the rights and welfare of children, and promote County's cultural heritage. The sector strives to achieve Community empowerment through women empowerment and establishing a gender resource facility.

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 has been tasked with coming with measures to address any revenue leakages while seeking to also increase the overall revenue collection.

The MTEF priorities will be among other review of current CIDP and development of new 2023/2027 CIDP, preparation of policy documents and conducting monitoring and evaluation.

Lands, Housing, Physical Planning, Urban Development, Water, Irrigation, Environment and Natural Resources

The land department 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 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.

Water and Irrigation subsector 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. The Environment and Natural Resources has climate adaptation, coping and mitigation measures for climate change, irrigation and environment.

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 2022/2023 -2024/2025 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 and policies in place to guide other sectors. Its main role is legislation, representation and oversight.

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.

Public Service, Administration and Devolution

The public service, administration and devolution is the coordinating unit of the County Government programmes and activities. The department is made up of the following units;

General Administration, legal unit, Information Communication & Technology, Public Communication, Human Resources and Payroll management, Enforcement, Disaster Risk Reduction Management, Transport and Fleet Management. The department is an enabling entity which coordinates, monitors implementation of the functions of the county government

in all areas including at the grass root level, ensuring that the resources allocated are used prudently and to the benefit of the community. Further, the department coordinates public participation and engagement.

The Human Resource unit is charged with the responsibility of ensuring that the right staff are sourced and deployed according to needs and ability .Continuous staff development is undertaken so as to maximize on staff output while ensuring personal career growth.

The departmental liaison role, ensures proper engagement of partners and stakeholders across the board so as to strengthen partnerships and Inter-Governmental relationships especially during devolution conferences and other forums relevant to the County development. The department will also take lead role identification, mitigation and management of common and emerging incidences such as fires, floods, drowning, road traffic incidences and emerging pandemics.

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

ANNEXES

Annex I: Total Expenditure Ceilings for the MTEF Period 2022/2023 - 2024/2025

PORTFOLIO	2022/2023	2023/2024	2024/2025
Office of Governor	149,516,786	244,313,132	255,144,696
Finance and Economic Planning	1,036,450,729	122,756,415	128,298,677
Embu County Revenue Authority	15,000,000	33,566,657	35,197,742
Health	1,770,934,747	624,334,293	652,270,011
Embu Level 5 Hospital	166,000,000	2,226,150,313	2,320,168,217
Education, Science and Technology	377,955,340	216,929,295	227,320,555
Infrastructure, Public Works, Energy and Transport	247,806,360	573,621,323	600,653,817
Trade, Tourism, Investment and Industrialization	49,342,560	84,174,369	88,085,311
Agriculture, Livestock, Fisheries and Co-operative Development	211,635,180	812,069,660	849,354,187
Lands, Physical Planning, Urban Development, Housing, Water ,Irrigation, Environment and Natural Resources	121,463,140	172,435,957	180,146,116
Youth Empowerment and Sports	34,864,560	99,544,780	104,264,286
Gender, Children, Culture and Social Services	32,079,720	61,949,557	64,867,528
Public Service, Administration and Devolution	378,462,137	425,044,149	442,260,045
County Public Service Board	30,674,879	34,749,125	36,219,926
County Assembly	883,057,624	797,392,705	833,875,898
Ward Equalization Projects	570,000,000	414,580,986	434,488,339
TOTAL	6,075,243,762	6,943,612,715	7,252,615,351

Annex II: Sector Ceilings for the MTEF Period 2022/2023 – 2024/2025

SECTOR	2022/2023	2023/2024	2024/2025
Office of the Governor	149,516,786	244,313,132	255,144,696
Operations and Maintenance	40,000,000	105,903,904	111,199,099
Personnel Emoluments	109,516,786	138,409,228	143,945,597
Development	-	-	-
Finance and Economic Planning	1,436,450,729	122,756,415	128,298,677
Operations and Maintenance	25,000,000	48,545,392	50,972,662
Pending Bills	202,000,000	-	-
Personnel Emoluments	105,627,600	54,260,588	56,431,011
Development	35,000,000	19,950,435	20,895,003.68
Ward Development Projects	400,000,000	-	-
Pending Bills(Development)	668,823,129	-	-
Embu County Revenue Authority	15,000,000	33,566,657	35,197,742
Operations and Maintenance	5,000,000	15,765,750	16,554,038
Development	10,000,000	17,800,907	18,643,704
Education, Science And Technology	427,955,340	624,334,293	652,270,011
Operations and Maintenance	15,000,000	266,494,893	279,819,638
Education Scholarships (Bursary)	50,000,000	-	-
Personnel Emoluments	322,955,340	317,353,895	330,048,051
Development	40,000,000	40,485,505	42,402,323
Health	1,770,934,747	2,226,150,313	2,320,168,217
Operations and Maintenance	84,000,000	320,816,389	336,857,208
Personnel Emoluments	1,606,934,747	1,665,233,029	1,731,842,350
Development	80,000,000	240,100,895	251,468,659
Infrastructure, Public Works, Energy And Transport	367,806,360	573,621,323	600,653,817
Operations and Maintenance	28,000,000	28,987,240	30,436,602
Personnel Emoluments	19,806,360	27,633,836	28,739,189
Development	200,000,000	517,000,247	541,478,026
Ward Development Projects(KRB)	120,000,000	-	-
Trade, Tourism, Investment and Industrialization	49,342,560	84,174,369	88,085,311
Operations and Maintenance	7,000,000	21,341,264	22,408,327
Personnel Emoluments	22,342,560	17,833,838	18,547,191
Development	20,000,000	44,999,267	47,129,792
Agriculture, Livestock, Fisheries & Co-operative Development	211,635,180	812,069,660	849,354,187
Operations and Maintenance	5,000,000	211,212,156	221,772,763
Personnel Emoluments	196,635,180	234,712,764	244,101,275
Development	10,000,000	366,144,741	383,480,148
Lands, Physical Planning ,Urban Development, Housing, Water, Irrigation, Environment and Natural Resources	121,463,140	172,435,957	180,146,116

SECTOR	2022/2023	2023/2024	2024/2025
Operations and Maintenance	5,000,000	9,858,849	10,351,791
Personnel Emoluments	96,463,140	65,360,422	67,974,839
Development	20,000,000	97,216,685	101,819,485
Youth Empowerment and Sports	34,864,560	99,544,780	104,264,286
Operations and Maintenance	4,000,000	14,128,462	14,834,885
Personnel Emoluments	10,864,560	4,222,721	4,391,630
Development	20,000,000	81,193,597	85,037,771
Gender, Culture, Children, and Social Services	32,079,720	61,949,557	64,867,528
Operations and Maintenance	5,000,000	7,559,971	7,937,969
Personnel Emoluments	17,079,720	4,784,393	4,975,769
Development	10,000,000	49,605,193	51,953,790
Public Service, Administration And Devolution	378,462,137	425,044,149	442,260,045
Operations and Maintenance	10,000,000	15,234,970	15,996,718
Personnel Emoluments	362,712,137	401,398,879	417,454,835
Development	5,750,000	8,410,300	8,808,492
County Public Service Board	30,674,879	34,749,125	36,219,926
Operations and Maintenance	8,289,059	8,083,626	8,487,807
Personnel Emoluments	22,385,820	26,665,499	27,732,119
County Assembly	883,057,624	797,392,705	833,875,898
Operations and Maintenance	440,774,676	382,944,777	402,092,015
Personnel Emoluments	299,282,948	311,254,266	323,704,437
Development	143,000,000	103,193,662	108,079,446
Embu Level 5 Hospital	166,000,000	216,929,295	227,320,555
Operations and Maintenance	126,000,000	45,427,043	47,698,395
Development	40,000,000	171,502,252	179,622,160
Ward Equalization Projects	-	414,580,986	434,488,339
Operations and Maintenance	-	100,000,000	100,000,000
Emoluments	-	-	-
Development	-	314,580,986	334,488,339
TOTAL	6,075,243,762	6,943,612,715	7,252,615,351
Operations and Maintenance	1,060,063,735	1,602,304,684	1,677,419,918
Personnel Emoluments	3,192,606,898	3,269,123,359	3,399,888,293
Development	1,822,573,129	2,072,184,672	2,175,307,140

*Annexed is the Summary Schedule for the Sector Ceilings for the Financial year 2022/2023