

**REPUBLIC OF KENYA**

**EMBU COUNTY GOVERNMENT**



**COUNTY TREASURY**

**MEDIUM TERM**

**COUNTY FISCAL STRATEGY PAPER**

**A prosperous County with equal opportunities for all**

**MARCH 2024**

# County Vision and Mission

## Vision

*A prosperous County with Equal Opportunities for all*

## Mission

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

## **FOREWORD**

The County Fiscal Strategy Paper (CFSP) acknowledges the policy direction and strategies outlined in the 3rd generation County Integrated Development Plan (CIDP) for the period 2023-2027. The CFSP outlines the county government's resource allocation priorities for financing key programs which are aligned with the national priority goals of the Bottom-Up Economic Transformation Agenda (BETA) and the Fourth Medium Term Plan of Vision 2030

This document is prepared against the backdrop of an economy grappling with persistent shocks, driving it to its lowest vibrancy. These shocks encompass global disruptions in the supply chain due to conflicts in Eastern Europe and the Israeli-Palestinian war, elevated interest rates constraining credit access and escalating debt servicing costs, substantial losses from frequent extreme weather events, and soaring commodity prices, particularly in petroleum products which is attributed to geopolitical fragmentation and global oil supply cuts. The resulting impact is a surge in the cost of living.

The CFSP articulates the county's policy objectives and strategic priorities, serving as the foundation for the formulation of the County's budget for the Financial Year 2024/25 over the Medium Term. In adherence to the Public Finance Management Act, 2012, section 117(1), which mandates the County Treasury to prepare the Fiscal Strategy Paper, this document is prepared with a focus on creating an enabling environment for economic recovery to protect livelihoods, jobs and businesses in Embu County.

Embu county government commits to reinforcing the implementation of programs and measures that promote inclusive growth and economic stability. The outlined priorities and goals are contained in the County Integrated Development Plan 2023-2027 while incorporating input from stakeholders. The key areas of focus include access to quality and affordable healthcare, increased accessibility to safe and clean water, sustained food security, provision of inclusive quality education, gender empowerment, youth and sports development, streamlined waste management services, land management, affordable housing services, and on-site infrastructure development.

The pursuit of these priorities, coupled with the enhancement of the Governor's Economic Transformation Agenda, hinges on resource mobilization from both private and government

sectors. This involves revenue automation, investments in healthcare, expansion of road networks, water provision, agricultural productivity, among other strategic areas.

The CFSP covers recent economic developments, economic outlook, fiscal performance, strategic priorities, and policies for the Medium Term, as well as the Medium-Term Fiscal Framework. The fiscal framework aims to ensure sustainable financing while allowing continued expenditure on priority programs, emphasizing the need for transparency, effectiveness, and efficiency in public financial management to maintain fiscal discipline.

PROF. JOE KAMARIA

**COUNTY EXECUTIVE COMMITTEE MEMBER**

**FINANCE AND ECONOMIC PLANNING**

## **ACKNOWLEDGEMENT**

This document was prepared through an extensive and collaborative process that traversed several weeks. It is imperative to recognize the contributions of all those who played a crucial role in its successful preparation. Our sincere appreciation extends to the strategic leadership and guidance provided by Her Excellency the Governor, as well as her Deputy Governor, who dedicated a substantial amount of time to establish the priorities and programs outlined herein. Additionally, we wish to express our gratitude to Professor Joe Kamaria, the CECM Finance, for his invaluable guidance throughout the entire process.

A dedicated core team within the Finance and Economic Planning department invested significant effort in compiling this paper. Special acknowledgment goes to Mr. Damiano Muthee, Chief Officer Finance, and the coordination efforts of Mr. Lawrence M. Nzioka, Director Planning and Economic Affairs, and Mr. Eric Kinyua, Director Budget.

We extend our special thanks to the following team members who convened and worked tirelessly to prepare this document: Mr. Boniface Muli Lova, Miss Catherine Gathe, Mr. Linus Mugambi, Mr. Peter Njeru, Mr. Joshua Mwangi, Mr. Charles Njagi, Miss Stella Nyaguthii, and Mr. Stephen Katana. While it is not possible to individually list everyone on this page, we take this opportunity to express our gratitude to the entire staff of the Finance, Planning, and Economic Affairs docket for their unwavering dedication, sacrifices, and commitment to public service.

May God Bless you all.

MR. ERASTUS MACHARIA NJERU

**CHIEF OFFICER**

**PLANNING, ECONOMIC AFFAIRS AND BUDGETING**

### **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                     |
| BETA | Bottom-Up Economic Transformation Agenda |
| BPS  | Budget Policy Statement                  |
| CFSP | County Fiscal Strategy Paper             |
| CIDP | County Integrated Development Plan       |
| CPSB | County Public Service Board              |
| FY   | Financial Year                           |
| GCP  | Gross County Product                     |
| IGAs | Income Generating Activities             |
| MTEF | Medium Term Expenditure Framework        |
| MTP  | Medium Term Plan                         |
| PFMA | Public Finance Management Act            |

## **EXECUTIVE SUMMARY**

The County Fiscal Strategy Paper (CFSP) serves as a pivotal policy document for County governments, outlining overarching strategic priorities and policy objectives that will steer budgetary preparations for both the upcoming financial year and the medium term. It leverages insights from past and present circumstances to inform future fiscal decisions.

Emphasizing adherence to fiscal responsibility principles, prudent financial management, and transparency in public resource administration, the CFSP aligns closely with constitutional mandates and the Public Finance Management (PFM) Act of 2012.

According to Section 117 of the PFM Act, 2012, the County Treasury is tasked with drafting and submitting the CFSP for approval by the County Executive Committee. Following approval, the CFSP is then presented to the County Assembly annually by February 28th. Within 14 days of submission, the County Assembly reviews and deliberates on a report containing recommendations before passing a resolution to adopt the CFSP, potentially with amendments. The resolutions passed by the County Assembly guide the County Executive Committee Member for Finance in finalizing the budget for the fiscal year 2024/25.

The CFSP is organized into five chapters detailed as follows.

**Chapter 1:** It provides an overview of recent economic developments and medium-term outlook

**Chapter 2:** It provides an update of fiscal performance for the previous financial year.

**Chapter 3:** Outlines the fiscal policy and budget framework for the county.

**Chapter 4:** Gives an analysis of strategic priorities and interventions over the medium term.

**Chapter 5:** Provides a summarized Conclusion of the 2023 County Fiscal Strategy Paper.

## **I. RECENT ECONOMIC DEVELOPMENTS AND MEDIUM-TERM OUTLOOK**

### **Overview**

The Kenyan economy demonstrated resilience with growth performance well above the global and Sub Saharan Africa average. In the first three quarters of 2023, the economic growth averaged 5.6 percent (5.5 percent Q1, 5.5 percent Q2 and 5.9 percent Q3). This growth was primarily underpinned by a rebound in the agricultural activities, which grew by an average of 7.0 percent in the first three quarters of 2023 compared to a contraction of 1.8 percent during the same period in 2022.

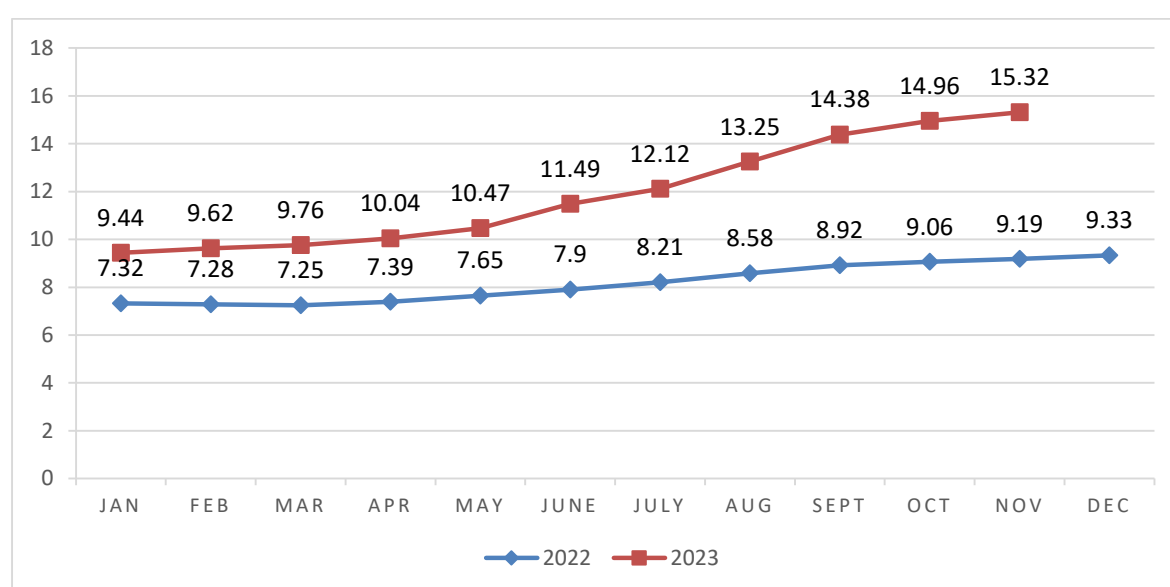
All economic sectors recorded growth rates in the first three quarters of 2023, though the magnitudes varied across activities. The agriculture sector is expected to continue growing in the current financial year due to expected bumper harvest due to elnino rains experienced in the months of October 2023 to December 2023. Fertilizer subsidies led to farming cost savings as well as increased crop yields boosting food security and nutrition and empowering small-scale farmers.

The current BETA economic model is geared towards providing impetus for the achievement of MTP IV objectives. All this is geared towards economic turnaround through a value chain approach for specific crops including Bananas, Green grams, Coffee, Tea, Macadamia among others and aggregation of various farm produce. BETA has targeted sectors and will continue targeting sectors with the most impact to drive economic recovery in Embu County. These include Agriculture, Tourism, Lands and Urban development, manufacturing, transport and infrastructure and information & communications technology.

The geopolitical fragmentation arising from the Israeli-Palestinian conflict, Houthi rebels attacks on Mediterranean shipment route elevated global oil prices on account of supply cuts by major oil exporters particularly Saudi Arabia and Russia could weigh on the global economic outlook. The adverse weather shocks of the last two years have been a major drag on economic growth. Besides, the impacts of tightening of domestic macroeconomic policies and challenging global financial conditions significantly hurt domestic economic activity, especially in the latter half of the year.

The exchange rate compared to other currencies performed dismally especially the dollar exchanging up-to a high of ksh160 to the US dollar. This has affected major imports like crude oil increasing inflation rate hence high cost of living. In the latest reports, Kenya's short term interest rate indicates the monthly average for 91 days treasury bills at 15.32 % p.a in November 2023. The long-term interest rate for treasury bonds rate for a 10 year bond was reported at 10.68 % p.a in January 2024. The period under review saw the Central Bank Rediscount Rate set at 9.5 % p.a in January 2024. **Figure 1** provides a graphical presentation of 91-day Treasury bill

**FIGURE 1: GRAPHICAL PRESENTATION OF 91- DAY TREASURY BILL**



The rise in interest rates on the 90-Day Treasury bill in the year 2023 compared to the year 2022 caused a general increase in overall interest rates. The long term bond rates have also risen while the required rate of return on equities rates rose even further. Mortgage rates are also at an all-time high with banks repricing their facilities. This has created the demand for other "safe" commodities which has caused contraction in the entire economy Embu included.

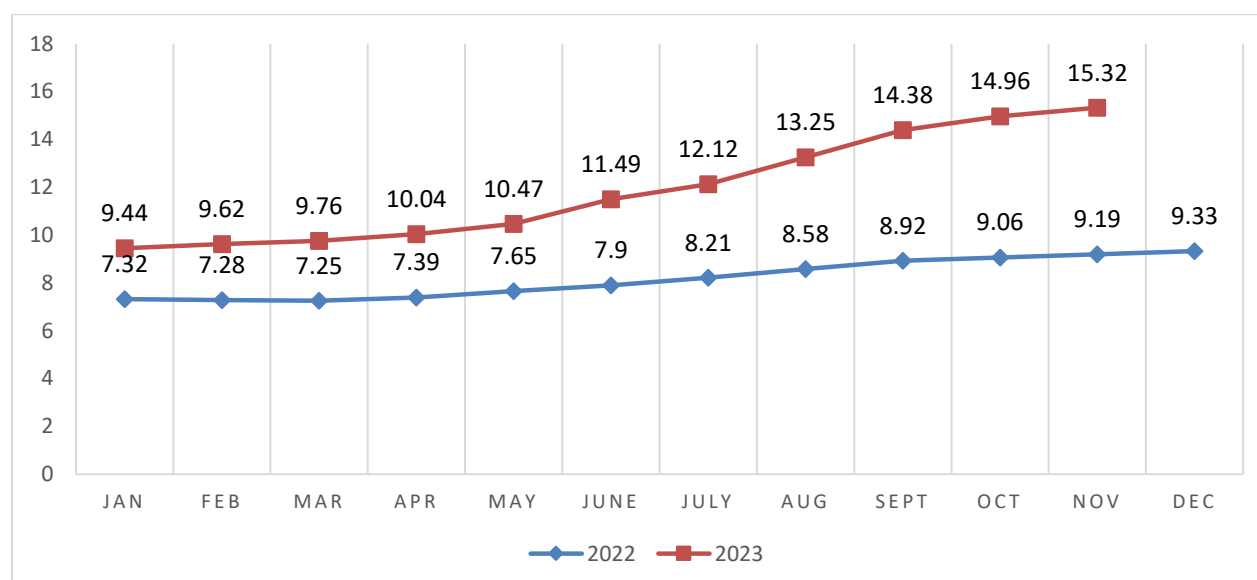
The country's annual inflation is expected to ease to 6.8 per cent in 2024 and the monetary policy rate to follow the trend. Inflation peaked at 9.2 per cent in March 2023. The Central Bank of Kenya increased the Central Bank rate by 175 basis point in the first half of 2023 to 10.5% which was the highest level for the past seven years. It's expected that Kenyan banks

will continue reporting strong pre-impairment operating profits in the higher interest-rate environment, sufficient to absorb a potential increase in the cost of risk.

Consumer price inflation in Kenya averaged 6.3% in the ten years leading to 2023, which is below the Sub-Saharan Africa regional average of 9.4%. The current inflation rate stands at 6.8%.

| Central Bank Rate(Base lending rate) |      |      |
|--------------------------------------|------|------|
| MONTH                                | 2022 | 2023 |
| Jan                                  | 7    | 8.75 |
| Feb                                  | 7    | 8.75 |
| Mar                                  | 7    | 9.5  |
| Apr                                  | 7    | 9.5  |
| May                                  | 7.5  | 9.5  |
| June                                 | 7.5  | 10.5 |
| July                                 | 7.5  | 10.5 |
| Aug                                  | 7.5  | 10.5 |
| Sept                                 | 8.25 | 10.5 |
| Oct                                  | 8.25 | 10.5 |
| Nov                                  | 8.75 | 10.5 |
| Dec                                  | 8.75 |      |

**FIGURE 2: GRAPHICAL PRESENTATION OF CENTRAL BANK RATE**



The central bank rate has equally increased having the following effects in Embu County and the country in general:

- Higher borrowing costs on loans, such as business loans, mortgages and car loans due to expensive interest on loans
- It has reduced access to credit due to the rising Central Bank Rate (CBR). Individuals and businesses are finding it harder to qualify for new loans
- Decreased purchasing power on demand on goods and services
- Lower asset values due to high interest rates and
- Slowed economic growth in the county in major sectors in the county

### **Kenya inflation rate 2015-2024**

| <b>Kenya Inflation Rate - Historical Data</b> |                           |                      |
|---|---------------------------|----------------------|
| <b>Year</b>                                   | <b>Inflation Rate (%)</b> | <b>Annual Change</b> |
| 2024  | 6.8%                      | 0.2%                 |
| 2023  | 6.6%                      | 1.91%                |
| 2022  | 7.66%                     | 1.55%                |
| 2021  | 6.11%                     | 0.71%                |
| 2020  | 5.40%                     | 0.17%                |
| 2019  | 5.24%                     | 0.55%                |
| 2018  | 4.69%                     | -3.32%               |
| 2017  | 8.01%                     | 1.71%                |
| 2016  | 6.30%                     | -0.29%               |
| 2015  | 6.58%                     | -0.30%               |

The Gross County Product (GCP) increased by Ksh. 15 Billion in 2020 from Ksh. 138 Billion to Ksh. 153 billion as per latest KNBS latest Survey translating to 10.84 percent increase. Agriculture sector was the major contributor accounting for about a fifth of the GDP of the county and therefore significantly determines the performance of the Embu economy in general if value addition is emphasized along the value chains. Given that Embu is predominantly rural, agricultural activities are common in all the regions of the County.

### **EMBU Gross County Product (GCP) 2013-2020 in Current Prices (Ksh million)**

| EMBU | 2013   | 2014   | 2015   | 2016    | 2017    | 2018    | 2019    | 2020    |
|------|--------|--------|--------|---------|---------|---------|---------|---------|
| GCP  | 81,946 | 87,820 | 94,830 | 110,119 | 119,393 | 134,488 | 138,867 | 153,927 |

## **2. Recent Economic Developments and Outlook**

### **I. Global and Regional Economic Developments**

Globally the economic outlook has become more uncertain and unstable. For instance the impact of the ongoing Israel-Palestine conflict, Russia-Ukraine conflict, climate change, elevated global inflation, and persistent supply chain disruptions. Global growth was at 2.7% in 2023, and it's expected to have a modest improvement of 2.9% in 2024. This latest prediction for this year is the lowest rate of growth since the global financial crisis, with the exception of the pandemic. The USA economy appears poised for a period of resilient growth, defying previous expectations of a mild recession.

Recent data have bolstered optimism, indicating that the economy may navigate the uncertainties of the coming months with greater stability than anticipated. China's economy is set to grow 5.4% this year, having made a "strong" post-COVID recovery making an upward revision to its earlier forecast of 5% growth, while expecting slower growth next year.

Growth for Euro zone and Euro area is estimated at 3.5% in both Zones. GDP is projected to expand by 0.8% in 2023 and 1.6% in 2024 (0.9% and 1.5% in the euro area). Headline inflation is forecast to fall from 9.2% in 2022 to 6.4% in 2023 and 2.8% in 2024 in the EU.

### **II. Regional Outlook**

In the Sub-Saharan Africa, the economy is expected to slow to 2.5% in 2023, from 3.6% in 2022 as earlier predicted. The recovery in Sub-Saharan Africa has been very slow compared to other regions. The main reason is that the current Russia- Ukraine, Palestine-Israel crisis which has caused high world food inflation. This has affected negatively on Food Security and inflation in food prices remains high worldwide across low, middle, and high-income nations, according to available data.

### **III. Domestic/County Outlook**

The Kenyan economy demonstrated resilience with growth performance well above the global and Sub Saharan Africa average. In the first three quarters of 2023, the economic growth averaged 5.6 percent (5.5 percent Q1, 5.5 percent Q2 and 5.9 percent Q3). This growth was primarily underpinned by a rebound in the agricultural activities, which grew by an average of 7.0 percent in the first three quarters of 2023 compared to a contraction of 1.8 percent during the same period in 2022.



The county will scale up efforts on policy interventions and structural reforms under BETA so as to navigate the global turbulence, accelerate economic recovery, and address overarching development challenges namely creating jobs in the county for the high number of unemployed youths in the, eradicating poverty through value addition and aggregation centres and mitigating climate change. As part of the process, the County will accelerate investments in: human capital development; reforming markets some of which are in disarray and non-functional; boost own source revenue mobilization and application of the resources to development projects.

### **3. County Specific Risks and Mitigation Measures**

#### **I. 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 2023/2024 the wage stands at 48.99 % of the total revenue. 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. Majority of the devolved staff is one of the major causes of the bloated staff. .

#### **Mitigation measures:**

The county will put necessary measures in the attempt to curb huge 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

#### **II. Contingent Liabilities/Pending Bills**

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.2.2 Billion.

There was established a pending bills verification committee that sought to establish the eligible bills payable. The committee established eligible pending bills of Ksh. 775 Million out of which Ksh. 391 Million has since been paid leaving the current balance of eligible pending bills as Ksh. 384 Million. Embu County Government continues to face potential

litigation on the pending bills and/or due to lack of compliance on the various statutory requirements and deductions.

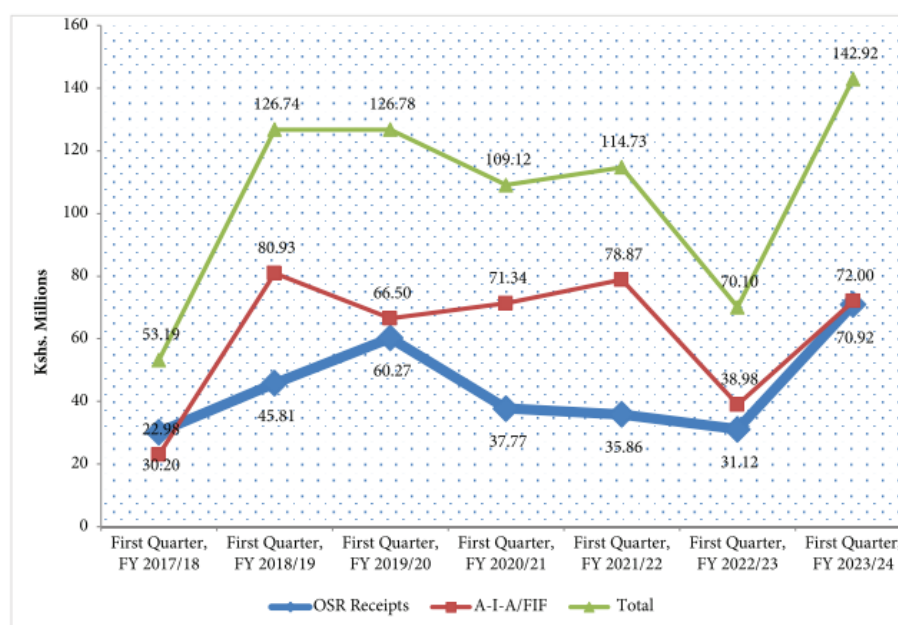
### **Mitigation measures:**

The county will be developing Debt management and strategy paper to cushion or prevent this trend. The County will continue to ensure full compliance with contractual agreements and with statutory requirements imposed by the various national agencies. Further, the county will seek to revamp its legal department to ensure that the implementing departments get the requisite legal advice when dealing with all contractual matters. The County will ensure that pending bills are settled within a payment plan framework.

### **III. Underperformance in Local Revenue collection**

There is need to place 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 but also 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.

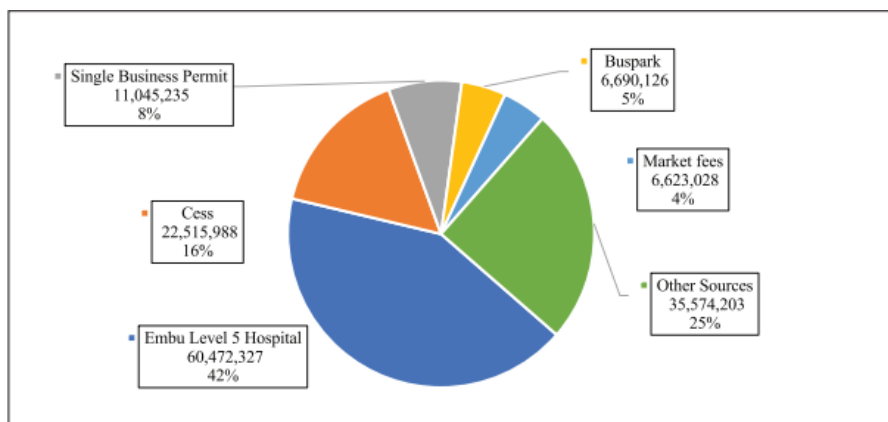
#### **Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)**



In the first quarter of FY 2023/24, the County generated a total of Kshs.142.92 million from its sources of revenue, inclusive of FIF and AIA. This amount represented an increase of 103.9 per cent compared to Kshs.70.1 million realized in FY 2022/23 and was 19.1 per cent of the annual target and 8.8 per cent of the equitable revenue share disbursed during the

period. The revenue streams contributed the highest OSR receipts. Strategies should be adopted to ensure all these departments generate more OSR.

#### Top Streams of Own Source Revenue in the First Quarter of FY 2023/24 (in Kshs)



#### Mitigation measures:

In the medium term, the County will continue to undertake measures aimed at expanding the revenue base and increasing tax compliance through integration of modern technology in revenue collection. The county government will seek to strengthen stakeholder engagement to mitigate against negative politicking that has previously affected revenue collection. There is need to adopt cashless technology and application which will help in tracking financial systems and internal controls. Further, the own source revenue projections need to be adjusted to a realizable amount.

#### IV. Global Climate Change

The latest UN flagship indicates that harmful carbon emissions from 2010-2019 have never been higher in human recorded history. This proves that the world is on a “fast track” to disaster, with scientists arguing that it’s ‘now or never’ to limit global warming to 1.5 degrees.

Climate change is posing an increasing threat to global socio-economic development and environmental sustainability. Developing countries with low adaptive capacity and high vulnerability to the phenomenon are disproportionately affected.

Climate change in Kenya is increasingly influencing the lives of Kenya's citizens and the environment.

Climate Change has led to more frequent extreme weather events like droughts, which last longer than usual, irregular and unpredictable rainfall, flooding and increasing temperatures.

The effects of these climatic changes have made already existing challenges with water security, food security and economic growth even more difficult. Harvests and agricultural production, which account for about 33 percent of total Gross Domestic Product (GDP), are also at risk. The increased temperatures, rainfall variability in arid and semi-arid areas, and strong winds associated with tropical cyclones have combined to create favorable conditions for the breeding and migration of pests. An increase in temperature of up to 2.5 °C by 2050 is predicted to increase the frequency of extreme events such as floods and droughts.

Hot and dry conditions in Arid and Semi-Arid Lands (ASALs) make droughts or flooding brought on by extreme weather changes even more dangerous. Coastal communities are already experiencing sea level rise and associated challenges such as saltwater intrusion. Lake Victoria, Lake Turkana and other lakes have significantly increased in size between 2010 and 2020 flooding lakeside communities. All these factors impact at-risk populations like marginalized communities, women and the youth.

**Mitigation measures:**

The government has tasked National Environmental Management Authority in the Ministry of Environment and Mineral Resources (MEMR), the National Climate Change Activities Coordinating Committee, and the Kenya Meteorological Department in the Ministry of Transport are the major components of the government's institutional framework tasked with the day to day building of climate resilience policies and legislation.

In 2010, the Kenyan government published the National Climate Change Response Strategy. The Climate Change Act 2016 establishes a National Climate Change Council, which is chaired by Kenya's president. It's tasked with the authority to oversee the development, management, implementation and regulation of mechanisms to enhance climate change resilience and low carbon development for the sustainable development of Kenya.

The National Adaptation Plan (NAP) was too implemented in 2015 to improve climate resilience. The NAP contains the Adaptation Technical Analysis Report (ATAR), which examines sectoral economic vulnerabilities, identifies adaptation needs, and suggests potential adaptation actions in different counties. The NAP supports the development of local County Integrated Development Plans (CIDPs), which includes the establishment of County Climate Change Funds (CCCFs).

The current National Climate Change Action Plan (NCCAP 2018–2022) follows the National Climate Change Action Plan 2013–2017. The plan focuses on adaptation and mitigation measures the country can take, with the aim of reducing carbon emission in the atmosphere.

## V. Global world crisis /war/ conflicts

From the external sources, uncertainties in the global economic outlook have also increased which have negatively impacted on the domestic economy. These risks include: the possible worsening of the Russia – Ukraine. Israel –Palestine conflicts which could heighten the risk of oil and commodity price volatility and raised the inflationary pressures and prolonged effects of COVID-19 (coronavirus)

## II. UPDATE ON FISCAL PERFORMANCE

### 4. Transfer from National Government

In FY 2022/23, the County had a revenue target amounting to Ksh. 7,301,073,051. The equitable share from the national treasury had the highest contribution at Ksh. 5,535,263,261 which included unspent balances for FY 2021/22. The targeted ordinary local revenue was Ksh. 514,140,000 while Appropriation in Aid collection target was Ksh. 435,860,000. Table 2 provides a breakdown of various revenue sources.

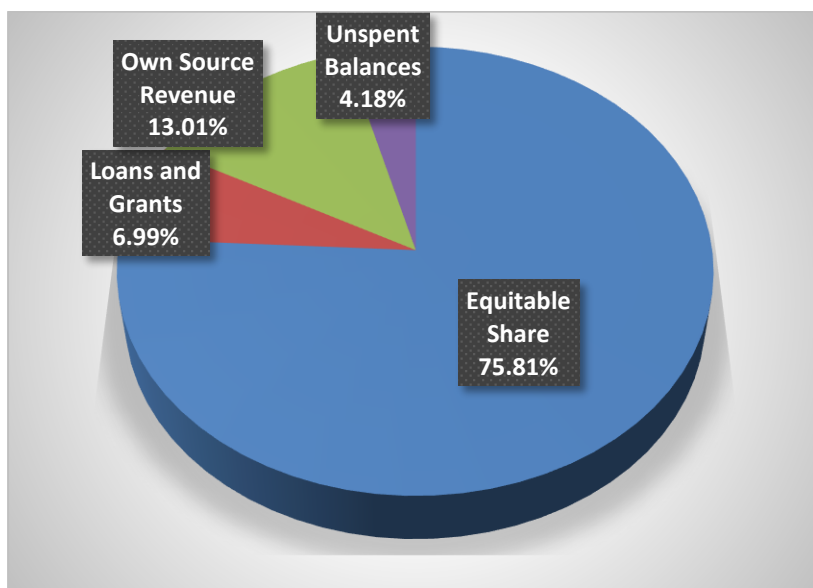
**TABLE 1: REVENUE BREAKDOWN FOR FY 2022/23**

| Revenue Stream  | Annual Targeted Revenue (Kshs.) | Actual Revenue (Kshs.) |
|---|---------------------------------|------------------------|
| <b>Equitable Share and Conditional Grants</b>                     |                                 |                        |
| Equitable Share of Revenue from National Government               | 5,535,263,263                   | 5,125,243,762.00       |
| Conditional Grant for Leasing of Medical Equipment                | 110,638,298                     | 110,638,298.00         |
| National Agricultural and Rural Inclusive Growth Project (NARIGP) | 260,577,564                     | 176,031,775            |
| Sweden- Agricultural Sector Development Support Programme (ASDSP) | 17,252,897                      | 4,806,902              |
| Primary Health Care in Devolved Context- DANIDA Grant             | 9,071,200                       | 13,846,500             |
| Emergency Locust Response Project (ELRP)                          | 67,688,700                      | 39,460,232             |
| Financing Locally Led Climate Action Program (FLLoCA)             | 22,000,000                      | 22,000,000             |
| Embu Municipality UDG   | 2,339,915                       | 2,339,915              |

|   |                         |                         |
|---|-------------------------|-------------------------|
| Kenya Nutrition Support Grant                                 | 21,000,000              | 12,500,000              |
| Other Balances (Unspent Balances)                             | 305,241,214             | 715,260,713             |
| National Agriculture Value Chain Development Project (NAVCDP) | -                       | 67,192,729              |
| <b>Sub-Total</b>  | <b>6,351,073,051</b>    | <b>6,289,320,826.00</b> |
| Own Source Revenue and AiA                                    |                         |                         |
| Local Sources   | 514,140,000             | 383,178,337             |
| Appropriations in Aid (Ministerial)                           | 435,860,000             | 295,464,077             |
| <b>Sub-Total</b>  | <b>950,000,000.00</b>   | <b>678,642,414.00</b>   |
| <b>Total Revenue</b>  | <b>7,301,073,051.00</b> | <b>6,967,963,240.00</b> |

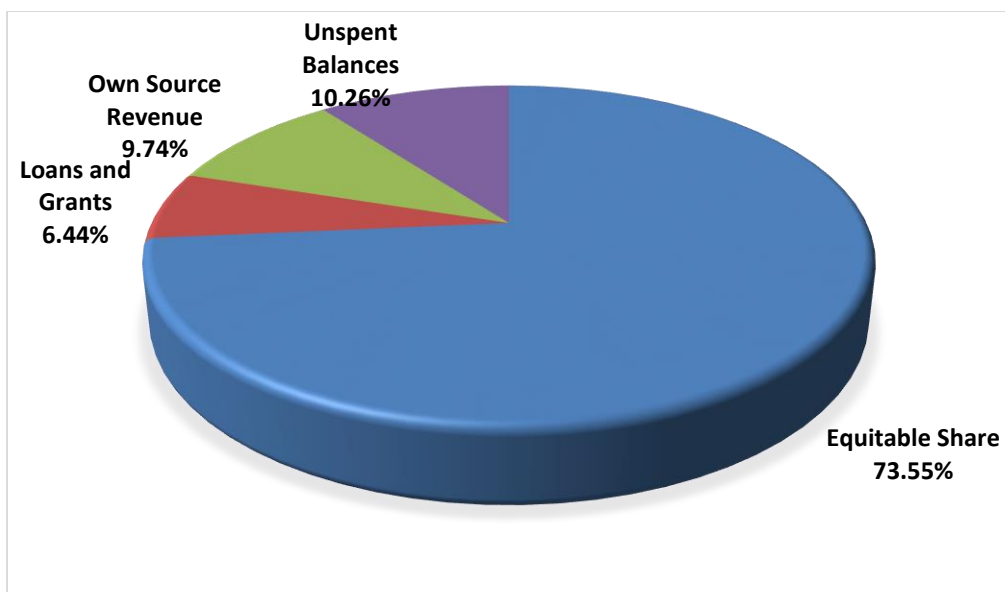
It is evident that Equitable share contributes the highest proportion of revenue to the County Government accounting for 75.8 percent of the total revenue. Local revenue accounted for 13.0 percent while Loans and Grants account for 6.99 percent of total revenue. Figure 3 depicts a visual representation of the contribution of each revenue source to the revenue basket.

**FIGURE 3: TARGETED REVENUE BASKET FY 2022/23**



## 5. Actual Revenue

The total revenue realised for the FY 2022/23 was Ksh. 6,967,963,240 compared to a target of Ksh. 7,301,073,051 reflecting a 95.4 percent revenue performance. A breakdown of the composition of revenue realized is provided in figure 4:



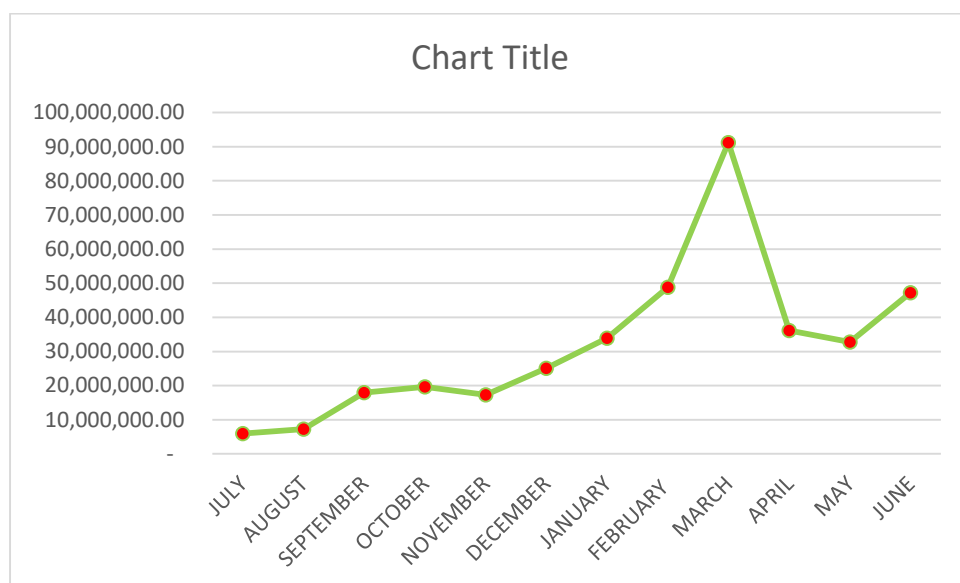
## 6. Local Revenue Collection

The actual local revenue collected for the FY 2022/23 amounted to Ksh. 678,642,413.81. This included ordinary local revenue at Ksh. 383,178,337 with Appropriation in Aid totaling Ksh. 295,464,077. Further analysis indicate that revenue starts to increase gradually at the month of December, January February and attains its peak in the month of March where we attained the highest collection of 45.3 Million.

**TABLE 2: ORDINARY LOCAL REVENUE COLLECTION PER MONTH**

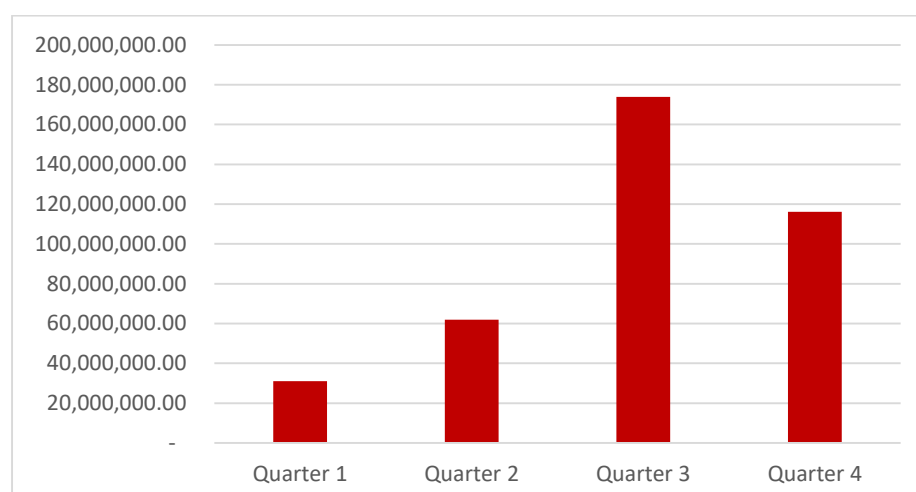
| Months (FY 2022/2023) | Totals        |
|-----------------------|---------------|
| JULY                  | 5,972,542.91  |
| AUGUST                | 7,217,020.00  |
| SEPTEMBER             | 17,934,814.19 |
| OCTOBER               | 19,619,099.00 |
| NOVEMBER              | 17,294,674.00 |
| DECEMBER              | 25,044,089.00 |
| JANUARY               | 33,922,304.00 |
| FEBRUARY              | 48,797,366.98 |
| MARCH                 | 91,187,111.37 |
| APRIL                 | 36,186,108.87 |
| MAY                   | 32,802,763.99 |
| JUNE                  | 47,200,442.50 |

**FIGURE 4: EMBU COUNTY LOCAL REVENUE FY 2022/23**



A deeper analysis of revenue collected during the FY 2022/23 shows that the third quarter had the largest share of local revenue collected at about Ksh. 173.91 Million while the second quarter had the lowest collection standing at about Ksh. 31.13 million. Figure 6 provides a breakdown of revenue collected by quarter.



**FIGURE 5: LOCAL REVENUE BY QUARTER FY 2022/23****Ordinary local revenue**

The total ordinary revenue collected amounted to Ksh. 383,178,337 against a target of Ksh. 514,140,000 Translating to 75 percent against the set target. Single business permits revenue stream had the highest collection of ordinary local revenues at Ksh. 125,823,950 followed closely by cess at Ksh. 81,931,346 while Land Rates and Plot Rents came third amounting to Ksh. 44,715,753. Table 4 presents a summary of ordinary local revenue.

**TABLE 3: A SUMMARY OF ORDINARY LOCAL REVENUE BY REVENUE STREAM**

| Revenue Stream                   | Annual Targets | Amount Collected | %Achievement |
|----------------------------------|----------------|------------------|--------------|
| Single Business                  | 152,435,111    | 125,823,950      | 82.50%       |
| House Stall                      | 17,752,387     | 9,716,721        | 54.70%       |
| Market fees                      | 26,628,581     | 17,619,678       | 66.20%       |
| Street Parking, Bus Parking Fees | 35,504,774     | 36,104,409       | 101.70%      |
| Technical planning Fees          | 13,314,290     | 11,032,636       | 82.90%       |
| Cess                             | 53,257,162     | 81,931,346       | 153.80%      |
| Land Rates and Plot Rents        | 182,849,588    | 44,715,753       | 24.50%       |
| Enforcement                      | 1,331,429      | 1,097,604        | 82.40%       |
| Administration Fees              | 887,619        | 290,282          | 32.70%       |
| Advert Fees                      | 22,190,484     | 38,817,097       | 174.90%      |
| Slaughter House fees             | 2,662,858      | 1,784,160        | 67.00%       |
| Other miscellaneous revenue      | 1,775,239      | 14,244,701       | 802.40%      |
| Stock fees                       | 2,662,858      | 0                | 0.00%        |
| Water Charges                    | 887,619        | 0                | 0.00%        |

|              |                    |                    |               |
|--------------|--------------------|--------------------|---------------|
| <b>Total</b> | <b>514,140,000</b> | <b>383,178,337</b> | <b>74.50%</b> |
|--------------|--------------------|--------------------|---------------|

### Appropriation in Aid

In the FY 2022/23, Level 5 hospital contributed the largest amount at about Ksh. 209,383,168 followed by Liquor Licensing at about Ksh. 46,177,579. Runyenjes hospital came in third with a collection of Ksh, 8,118,366. Table 5 shows the various departments/institutions contributions towards the county local revenue kitty.

**TABLE 4: A SUMMARY OF AIA BY DEPARTMENT**

| Department  | AiA                          | Target     | Actual      | % Achievement |
|---|------------------------------|------------|-------------|---------------|
| Trade, Tourism, Investment, Industrial Development and Marketing            | Weight And Measures          | -          | 791,640     | -             |
|   | Alcoholic                    | -          | 46,177,579  | -             |
|   | Sub-Total                    | 25,000,000 | 46,969,219  | 187.90%       |
| Youth Empowerment and Sports, Gender, Culture, Children and Social Services | Users Fees For Social Halls  | -          | 128,600     | -             |
|   | Stadium Users Fees           | -          | -           | -             |
|   | Sub-Total                    | 1,000,000  | 128,600     | 12.90%        |
| Health  | PGH Embu-Level 5.            | -          | 209,383,168 | -             |
|   | Siakago Hospital             | -          | 4,806,241   | -             |
|   | Runyenjes Hospital           | -          | 8,118,366   | -             |
|   | Ishiara Hospital             | -          | 8,060,556   | -             |
|   | P.H.O Embu West Manyatta     | -          | 5,459,660   | -             |
|   | P.H.O. Mbeere North.Mbeere   | -          | 2,705,300   | -             |
|   | P.H.O. Mbeere South Kiritiri | -          | 3,241,100   | -             |

| Department  | AiA                             | Target             | Actual             | % Achievement |
|---|---------------------------------|--------------------|--------------------|---------------|
|   | P.H O Embu<br>East<br>Runyenjes | -                  | 3,336,700          | -             |
|   | Sub-Total                       | 396,860,000        | 245,111,091        | 61.80%        |
| Agriculture, Livestock, Blue Economy<br>and Cooperative Development | Veterinary                      | -                  | 3,255,167          | -             |
|   | Sub-Total                       | 10,000,000         | 3,255,167          | 32.60%        |
| Lands, Physical Planning and Urban<br>Development                   | Survey Fees                     | -                  | -                  | -             |
|   | Physical<br>Planning            | -                  | -                  | -             |
|   | Sub-Total                       | 3,000,000          | -                  | 0.00%         |
| <b>TOTAL</b>  |                                 | <b>435,860,000</b> | <b>295,464,077</b> | <b>67.80%</b> |

**Figure 6: AiA by contributing entity**



It is imperative to note that the revenue collected has fallen short of the target revenue by 37 percent as per the set target. This is as a result of the effects of harsh economic conditions experienced across the country. Revenue collected in the first half of FY 2023/24 as compared to 2022/23 had an increment of Ksh. 37,026,339.06 representing a 39 percent

growth. This can be attributed to changes in management of revenue operations enacted and sealing of revenue leakages. Previously, there were serious revenue leakages in cess revenues and weak enforcement of land rates and rents that have since substantially improved revenue performance.

**TABLE 5: COMPARISON OF LOCAL REVENUE FOR FY 2023/2024 AND FY 2022/2023**

| Revenue Source            | FY 2022/23 (By 31 <sup>st</sup> December 2023) |                         |                    |                 | FY 2021/22 (By 31 <sup>st</sup> December 2022) |                           |                    |                 |
|---------------------------|--|-------------------------|--------------------|-----------------|--|---------------------------|--------------------|-----------------|
|                           | Annual Target                                  | Semi-Annual Year Target | Actual Achievement | Achievement (%) | Annual Target                                  | Semi - Annual Year Target | Actual Achievement | Achievement (%) |
| Single Business Permit    | 113,495,247                                    | 56,747,624              | 12,652,734         | 22%             | 159,193,708                                    | 79,596,854                | 12,659,326         | 24%             |
| House Stall               | 13,217,503                                     | 6,608,752               | 3,769,058          | 57%             | 19,064,971                                     | 9,532,485                 | 3,900,075          | 22%             |
| Market fees               | 19,826,255                                     | 9,913,127               | 13,168,110         | 133%            | 28,597,456                                     | 14,298,728                | 8,766,496          | 59%             |
| Bus-park                  | 19,761,136                                     | 9,880,568               | 13,062,846         | 133%            | 20,000,000                                     | 10,000,000                | 3,842,720          | 42%             |
| Street Parking            | 6,673,871                                      | 3,336,935               | 3,613,678          | 28%             | 18,129,941                                     | 9,064,971                 | 3,653,520          | 29%             |
| Cess                      | 39,652,510                                     | 19,826,255              | 37,193,088         | 188%            | 57,194,912                                     | 28,597,456                | 32,444,499         | 78%             |
| Land Rates and Plot Rents | 136,140,283                                    | 68,070,141              | 6,797,074          | 10%             | 186,836,712                                    | 93,418,356                | 9,325,351          | 3%              |
| Enforcement               | 991,313  | 495,656                 | 299,800            | 60%             | 1,429,873                                      | 714,936                   | 317,900            | 44%             |
| Technical planning Fees   | 9,913,127                                      | 4,956,564               | 3,837,015          | 77%             | 14,298,728                                     | 7,149,364                 | 4,481,503          | 24%             |
| Administration. Fees      | 660,875  | 330,438                 | 0                  | 0%              | 953,249  | 476,624                   | 290,282            | 312%            |
| Advert Fees               | 16,521,879                                     | 8,260,940               | 4,438,608          | 54%             | 23,831,213                                     | 11,915,607                | 1,415,267          | 4%              |
| Slaughter House fees      | 1,982,625                                      | 991,313                 | 802,900            | 81%             | 2,859,746                                      | 1,429,873                 | 883,600            | 55%             |
| Miscellaneous revenue     | 1,321,750                                      | 660,875                 | 22,733,617         | 3440%           | 1,906,497                                      | 953,249                   | 11,101,700         | 20%             |

| Revenue Source | FY 2022/23 (By 31 <sup>st</sup> December 2023) |                         |                       |                 | FY 2021/22 (By 31 <sup>st</sup> December 2022) |                           |                      |                 |
|----------------|--|-------------------------|-----------------------|-----------------|--|---------------------------|----------------------|-----------------|
|                | Annual Target                                  | Semi-Annual Year Target | Actual Achievement    | Achievement (%) | Annual Target                                  | Semi - Annual Year Target | Actual Achievement   | Achievement (%) |
| Stock fees     | 1,982,625                                      | 991,313                 | 0                     | 0%              | 2,859,746                                      | 1,429,873                 |                      | 0%              |
| Water Charges  | 660,875  | 330,438                 | 0                     | 0%              | 953,249  | 476,624                   |                      | 0%              |
| Plot Rent      | 0  | 0                       | 784,773               | 0%              | 0  | 0                         | 0                    | 0%              |
| Sub-division   | 0  | 0                       | 6,027,800             | 0%              | 0  | 0                         | 0                    | 0%              |
| Miraa Market   | 0  | 0                       | 927,477               | 0%              | 0  | 0                         | 0                    | 0%              |
| <b>TOTAL</b>   | <b>382,801,875.00</b>                          | <b>191,400,937.50</b>   | <b>130,108,578.16</b> | <b>63%</b>      | <b>538,110,000</b>                             | <b>269,055,000</b>        | <b>93,082,239.10</b> | <b>25%</b>      |

An analysis of AiA for the half year ending December 2023 for FY 2023/24 indicates an increase in liquor licensing fees and fees for health licensing under public health. This is attributed to late payment of liquor licences by bar operator in the county. Previously, such fees were paid in the third quarter of the financial year but unclear circumstances led to massive defaulting over this period. An intervention by the current regime eliminated this barrier leading to the notable increase in the aforesaid AiA revenues in the first quarter of this financial year 2023/24.

**TABLE 6: SUMMARY OF AIA FOR FY 2023/2024 AND FY 2022/2023**

| Revenue Source      | FY 2022/2024 (By 31 <sup>st</sup> December 2024) |                         |                    |                 | FY 2022/2023 (By 31 <sup>st</sup> December 2023) |                           |                    |                 |
|---------------------|--|-------------------------|--------------------|-----------------|--|---------------------------|--------------------|-----------------|
|                     | Annual Target                                    | Semi-Annual Year Target | Actual Achievement | Achievement (%) | Annual Target                                    | Semi - Annual Year Target | Actual Achievement | Achievement (%) |
| Weight and Measures | 20,461,701                                       | 10,230,851              | 132,200.00         |                 | 3,000,000  | 1,500,000                 | 440,040            | 29.30 %         |
| Alcoholic           | 600,000  | 300,000                 | 6,411,663          |                 | 22,000,000                                       | 11,000,000                | 9,568,425          | 87.00 %         |

| Revenue Source              | FY 2022/2024 (By 31 <sup>st</sup> December 2024) |                         |                       |                 | FY 2022/2023 (By 31 <sup>st</sup> December 2023) |                           |                    |                 |
|-----------------------------|--|-------------------------|-----------------------|-----------------|--|---------------------------|--------------------|-----------------|
|                             | Annual Target                                    | Semi-Annual Year Target | Actual Achievement    | Achievement (%) | Annual Target                                    | Semi - Annual Year Target | Actual Achievement | Achievement (%) |
| Survey Fees                 | 1,527,404  | 20<br>763,702           | 0                     |                 | 1,000,000  | 500,000                   | -                  | 0.00 %          |
| Physical Planning           | 1,000,000  | 500,000                 | 0                     |                 | 1,000,000  | 500,000                   | -                  | 0.00 %          |
| EWASCO                      | 0  | 0                       | 0                     |                 | 1,000,000  | 500,000                   | -                  | 0.00 %          |
| PGH Embu-Level 5.           | 334,341,871                                      | 167170935.5             | 110,567,064           |                 | 301,575,881                                      | 150,787,940               | 93,331,199         | 61.90 %         |
| Runyenjes Hospital          | 12,000,000                                       | 6000000                 | 5,099,298             |                 | 20,842,267                                       | 10,421,133                | 3,817,700          | 36.60 %         |
| Siakago Hospital            | 6,000,000  | 3000000                 | 2,915,699             |                 | 13,773,127                                       | 6,886,563                 | 1,780,966          | 25.90 %         |
| Ishiara Hospital            | 12,000,000                                       | 6000000                 | 5,642,309             |                 | 20,698,726                                       | 10,349,363                | 2,114,999          | 20.40 %         |
| Public Health               | 8,500,000  | 4,250,000.00            | 3,470,400.00          |                 | 17,000,000                                       | 8,500,000                 | 4,430,700          | 52.12 %         |
| Veterinary                  | 2,808,227.00                                     | 1,404,113.50            | 1,592,320             |                 | 3,000,000  | 1,500,000                 | 1,082,140          | 72.10 %         |
| AMS                         | 2,808,226.00                                     | 1,404,113.00            | 0                     |                 | 5,000,000  | 2,500,000                 | -                  | 0.00 %          |
| Fisheries                   | 2,808,226.00                                     | 1,404,113.00            | 0                     |                 | 1,000,000  | 500,000                   | -                  | 0.00 %          |
| Users Fees For Social Halls | 1,000,000  | 500,000.00              | 101,085.00            |                 | 1,000,000  | 500,000                   | 71,500             | 14.30 %         |
| <b>Totals</b>               |  |                         | <b>142,357,581.00</b> |                 | <b>411,890,000</b>                               | <b>205,945,000</b>        | <b>116,637,669</b> | <b>56.60 %</b>  |

### **III. FISCAL POLICY AND BUDGET FRAMEWORK**

The FY 2024/25 and the medium-term budget is based on the county government's policy priorities, previous fiscal performance and the existing macroeconomic environment. The policy direction will be geared towards allocation of expenditures towards critical priorities without compromising service delivery while enhancing revenue mobilization to finance county priorities. The County Government is steadfast in implementing the County Integrated Development Plan (CIDP) 2023-2027 that outlines key priorities for the county. The Government remains dedicated to enhancing revenue mobilization to help address the recurring problem of pending bills.

#### **7. Prudent Fiscal Policy**

The primary objectives of the budget implementation encompass a holistic approach to economic and social development within the confines of available resources. These objectives include the reduction of the cost of living, the promotion of employment, the facilitation of equitable income distribution, and the simultaneous expansion of the tax revenue base.

The main focus is on optimizing revenue mobilization and rationalizing non-priority expenditures, with a dedicated effort to safeguard capital expenditure. Given the limitations posed by scarce resources, the predetermined sector ceilings in the FY 2024/25 Budget and the Medium-Term framework will act as the groundwork for detailed budget allocations.

#### **8. Observing Fiscal Responsibility Principles**

The Constitution of 2010 and the Public Finance Management Act of 2012 both emphasize the necessity of making prudent policy decisions that consider the well-being of both present and future generations. Additionally, the Public Finance Management Act of 2012 highlights the importance of adhering to principles of transparency and accountability in financial matters.

The County Government is committed to upholding fiscal responsibility principles and maintaining financial discipline. According to Section 107(1) of the Public Finance Management Act, 2012, the County Treasury is mandated to manage public finances in line with the principles of fiscal responsibility.

Failure to meet the targeted revenue in Own Source Revenue Collections often leads to unfunded budget deficits, resulting in the accumulation of pending bills that adversely impact

service delivery to citizens. Revenue targeting will be based on past revenue performance to ensure realistic and achievable goals are met.

Furthermore, the county government is committed to ensuring that recurrent expenditure does not surpass the total revenue, in accordance with Section 107(1). Over the medium term, a minimum of thirty percent of the county government's budget will be allocated to development expenditure. Adhering to the minimum ratio of development to recurrent expenditure, as stipulated in the Public Finance Management Act, 2012 (30:70), is a priority. Regulation 25(1) of the Public Finance Management Regulations, 2015, sets the limit of County Government's expenditure on wages and benefits at 35 percent of the County's total revenue.

Additionally, the Constitution of 2010 underscores the importance of public involvement in identifying and implementing county priorities. The county government is committed to ensuring that public participation is integral to both the identification and implementation of county programs and projects.

## **9. Fiscal structural reforms**

The county remains committed to fully embracing the Integrated Financial Management Information System (IFMIS), including E-Procurement, for effective expenditure management and ensuring proper controls over public funds. The Embu County Revenue Authority (ECRA) has demonstrated significant progress in revenue management and will be rolling out an effective revenue management system. Moreover, departments will receive suitable budgetary allocations to support their efforts in enhancing the county's revenue through Appropriation in Aid. This approach aims to optimize financial management, improve revenue collection, and contribute to the overall fiscal stability of the county.

## **10.2024/2025 Budget Framework**

During the Medium-Term Budget Framework spanning from the fiscal year 2024/25, the county Government intends to ensure that its proposed programs and projects align with the strategic objectives of the County Government, as outlined in the Annual Development Plan 2024 and the County Integrated Development Plan (2023-2027).

Despite a reduction in resource allocation for the fiscal year 2024/25, the county government plans to implement prioritized activities.



## County Fiscal Projections 2024/2025 -2026/2027

| Description Of Revenue Item   | CFSP Ceilings<br>2024/2025 | Projections          |                      |
|---|----------------------------|----------------------|----------------------|
|   |                            | 2025/2026            | 2026/2027            |
| Equitable Share Of Revenue From National Government   | 5,421,731,176              | 5,692,817,735        | 5,977,458,622        |
| Conditional Allocation for National Agricultural Value Chain Development Project(NAVCDP)                    | 151,515,152                | 159,090,910          | 167,045,455          |
| Conditional Allocation for Primary Health Care in Devolved Context-DANIDA Grant                             | 6,630,000                  | 6,961,500            | 7,309,575            |
| Conditional Additional Allocation for Community Health Promoters  | 37,603,527                 | 39,483,704           | 41,457,889           |
| Financing Locally Led Climate Action(FLLoCA)- County Climate Resilience Investment(CCRI) Grant              | 137,500,000                | 144,375,000          | 151,593,750          |
| Emergency Locust Response Project (ELRP)  | 104,600,000                | 109,830,000          | 115,321,500          |
| Aquaculture Business Development Project(ABDP)  | 10,237,551                 | 10,749,429           | 11,286,900           |
| Kenya Devolution Support Programme II   | 37,500,000                 | 39,375,000           | 41,343,750           |
| Kenya Urban Support Programme-Urban Institutional Grants  | 35,000,000                 | 36,750,000           | 38,587,500           |
| Conditional Additional Allocation For Maintenance of County Roads From the Road Maintenance Levy Fund(RMLF) | 211,127,369                | 221,683,737          | 232,767,924          |
| Local Sources   | 459,362,250                | 482,330,363          | 506,446,881          |
| Appropriations In Aid (AiA)- Ministerial  | 440,637,750                | 462,669,638          | 485,803,119          |
| <b>TOTAL REVENUE</b>  | <b>7,053,444,775</b>       | <b>7,406,117,014</b> | <b>7,776,422,865</b> |

### 11. Revenue Projections

The total projected revenue for Embu County Government for FY 2024/2025 is Ksh. 7,053,444,775. The equitable share of revenue from the National Government is Ksh. 5,421,731,176 as stipulated in the Budget Policy Statement 2024. The 2024/2025 budget target for local revenue collection comprising of ordinary local revenue and Appropriation-in-Aid (AiA) is expected to be Ksh. 900,000,000 accounting for 13.00 percent of the total county revenue. The County is also expected to receive grants amounting to Ksh.

731,713,599 with a counter fund of Ksh. 45,000,000 totaling to Ksh. 776,713,599 as provided in the detailed Table 7.

**TABLE 7: BREAKDOWN OF CONDITIONAL GRANTS AND COUNTY COUNTER FUNDING REQUIREMENTS**

| DESCRIPTION OF REVENUE ITEM   | OPERATIONS | DEVELOPMENT | TOTAL       | COUNTER FUND | GRAND TOTAL |
|---|------------|-------------|-------------|--------------|-------------|
| Conditional Allocation for National Agricultural Value Chain Development Project(NAVCDP)                    | 41,625,422 | 109,889,730 | 151,515,152 | 5,000,000    | 156,515,152 |
| Conditional Allocation for Primary Health Care in Devolved Context- DANIDA Grant                            | 6,630,000  | -           | 6,630,000   | -            | 6,630,000   |
| Conditional Additional Allocation for Community Health Promoters  | 37,603,527 | -           | 37,603,527  | -            | 37,603,527  |
| Financing Locally Led Climate Action(FLLoCA)- County Climate Resilience Investment(CCRI) Grant              | -          | 137,500,000 | 137,500,000 | 40,000,000   | 177,500,000 |
| Emergency Locust Response Project (ELRP)  | 19,368,000 | 85,232,000  | 104,600,000 | -            | 104,600,000 |
| Aquaculture Business Development Project(ABDP)  | 10,237,551 | -           | 10,237,551  | -            | 10,237,551  |
| Kenya Devolution Support Programme II   | 37,500,000 | -           | 37,500,000  | -            | 37,500,000  |
| Conditional Additional Allocation For Maintenance of County Roads From the Road Maintenance Levy Fund(RMLF) | 35,000,000 | -           | 35,000,000  | -            | 35,000,000  |
| Conditional Additional Allocation For Maintenance of County   | -          | 211,127,369 | 211,127,369 | -            | 211,127,369 |

| DESCRIPTION OF REVENUE ITEM                     | OPERATIONS         | DEVELOPMENT        | TOTAL              | COUNTER FUND      | GRAND TOTAL        |
|---|--------------------|--------------------|--------------------|-------------------|--------------------|
| Roads From the Road Maintenance Levy Fund(RMLF) |                    |                    |                    |                   |                    |
| <b>TOTAL</b>                                    | <b>187,964,500</b> | <b>543,749,099</b> | <b>731,713,599</b> | <b>45,000,000</b> | <b>776,713,599</b> |

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.

In the face of rising wage bill and other expenditure needs, there is need to enhance Own Source Revenue (OSR) to enable the county bridge the existing funding gaps occasioned by not meeting the set revenue targets. The increased OSR would greatly help improve fiscal autonomy thus provide greater ownership and control over the county development agenda.

The key strategies towards enhancing revenue mobilization include:

- Targeted implementation of innovative development projects/initiatives that results in increased revenue
- The health sector facilities should seek for reimbursements from insurance providers by making claims in a timely manner
- County departments should seek to fully exploit existing revenue generation streams while coming up with innovative revenue raising strategies

## 12. Expenditure Forecasts

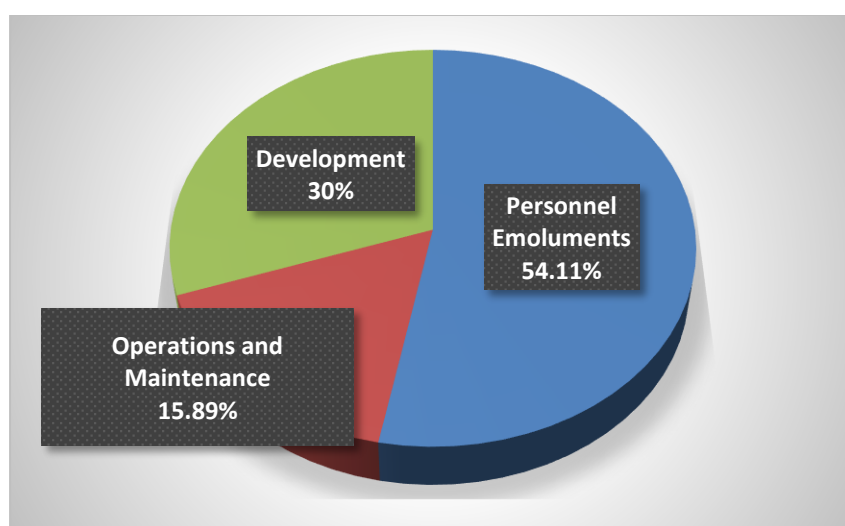
The key policy document guiding the County Government's funding allocation decisions is the County Integrated Development Plan 2023-2027. The document provides the key development priorities of the county with input through public consultative forums. The County is required by law to prepare a balanced budget which translates to Ksh.

**7,053,444,775.**

| Category                     | Amount               |
|------------------------------|----------------------|
| <b>Recurrent Expenditure</b> | <b>4,937,411,343</b> |
| Personnel Emoluments         | 3,816,708,005        |
| Operations and Maintenance   | 1,120,703,338        |
| <b>Development</b>           | <b>2,116,033,432</b> |
| <b>TOTAL</b>                 | <b>7,053,444,775</b> |

Recurrent expenditure takes the lion share at Ksh. **4,937,411,343** accounting for 70.00 percent of the total expenditure largely due to the huge wage bill. Development expenditure stands at Ksh. **2,116,033,432** accounting for 30.00 percent of the overall expenditure.

**FIGURE 7: SUMMARY EXPENDITURE ANALYSIS**



### 13. Recurrent Expenditure

The total wage bill stands at Kshs. 3,816,708,005 accounting for 54.11 percent of the total budget while operations and maintenance costs stands at Kshs. 1,120,703,338 accounting for 15.89 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. A breakdown of total emoluments is provided in Table 8.

**TABLE 8: PERSONNEL EMOLUMENT CEILINGS FOR FY 2024/2025**

| <b>PORTFOLIO</b>  | <b>PERSONNEL<br/>EMOLUMENT<br/>(PE)</b> |
|---|---|
| Office of The Governor  | 164,633,299                             |
| Finance and Economic Planning   | 130,249,428                             |
| Education, Vocational Training Centers                                      | 378,136,776                             |
| Health  | 1,702,374,460                           |
| Roads, Public Works, Energy and Transport                                   | 29,789,193                              |
| Trade, Tourism, Investment, Industrial Development and Marketing            | 17,584,522                              |
| Agriculture, Blue Economy Livestock and Co-operative Development            | 155,722,537                             |
| Lands, Mining, Housing, Physical Planning and Urban Development             | 67,060,061                              |
| Water, Irrigation, Environment ,Climate Change and Natural Resources        | 39,176,218                              |
| Youth Empowerment and Sports, Gender, Children, Culture and Social Services | 35,393,202                              |
| Administration ,Public Service , Devolution,Governance,ICT and GDU          | 607,006,490                             |
| County Public Service Board   | 27,550,883                              |
| County Assembly   | 356,680,162                             |
| Embu Municipal Board  | 15,350,774                              |
| <b>Total</b>  | <b>3,816,708,005</b>                    |

The health department including Level 5 hospital takes the lion share of the personnel emoluments at Ksh. 1,702,374,460 accounting for 45 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. The huge increase in the overall county wage bill can have unintended adverse implications for the fiscal balance requiring disruptive fiscal adjustment during implementation period of the budget estimates.

The Administration, Public Service, Devolution, Governance, ICT and GDU docket has the second highest wage bill totaling to Ksh. 607,006,490 comprising of Ksh. 264,750,734 for emoluments, Ksh. 342,255,756 for pensions and other levies.

There exists a risk to an escalating wage bill especially in the health sector on account of previous collective bargaining agreements that have continually pushed up the wage bill in account of promotions and recruitments that are taking a toll on the measures to have a lean, productive and value for money workforce. The incremental wages in health include a Ksh. 23M wage bill to cater for this. There is also the additional figures for County Health Promoters that was initially set at about Ksh. 47M with a similar counter wage from national government but the amount set in the BPS stands at about Ksh. 37M.

The attrition-based wage bill reduction measures can also help the county government tame the increasing wage bill while replacing only the required staff. The gaps that exist within the staff establishment can also be filled from the existing workforce through redeployment while being supported through re-skilling in a bid to create more savings.

Under Operations and maintenance expenditure, the largest amount has been allocated to the County Assembly at Ksh. 346,938,838. The health docket and Embu level 5 follow at Ksh. 139,233,527 and Ksh. 95,000,000 respectively. The Health docket ceiling includes grants for the Primary Health Care in Devolved Context (DANIDA) and County Health Promoters (CHPs). The statutory and third party deductions pending bills of Kshs. 90,000,000 have been factored under the Finance and Economic Planning portfolio. A breakdown of operations and maintenance expenditure ceilings is provided in Table 9.

**TABLE 9: OPERATIONS AND MAINTENANCE SECTOR CEILINGS FOR FY 2024/2025**

| <b>PORTFOLIO</b>                       | <b>CEILINGS<br/>WITHOUT<br/>GRANTS</b> | <b>GRANTS<br/>ALLOCATION</b> | <b>TOTAL CFSP<br/>CEILINGS</b> |
|--|--|------------------------------|--------------------------------|
| Office of The Governor                 | 65,000,000                             | -                            | 75,000,000                     |
| Finance and Economic Planning          | 65,000,000                             | 37,500,000                   | 102,500,000                    |
| Education, Vocational Training Centers | 6,000,000                              | -                            | 6,000,000                      |
| Health                                 | 95,000,000                             | 44,233,527                   | 139,233,527                    |

| <b>PORTFOLIO</b>  | <b>CEILINGS<br/>WITHOUT<br/>GRANTS</b> | <b>GRANTS<br/>ALLOCATION</b> | <b>TOTAL CFSP<br/>CEILINGS</b> |
|---|--|------------------------------|--------------------------------|
| Embu Level 5 Hospital   | 95,000,000                             | -                            | 95,000,000                     |
| Roads, Public Works, Energy and Transport                                   | 8,000,000                              | -                            | 8,000,000                      |
| Trade, Tourism, Investment, Industrial Development and Marketing            | 15,000,000                             | -                            | 15,000,000                     |
| Agriculture, Blue Economy Livestock and Co-operative Development            | 4,000,000                              | 71,230,973                   | 75,230,973                     |
| Lands, Mining, Housing, Physical Planning and Urban Development             | 10,000,000                             | -                            | 10,000,000                     |
| Water, Irrigation, Environment ,Climate Change and Natural Resources        | 11,000,000                             | -                            | 11,000,000                     |
| Youth Empowerment and Sports, Gender, Children, Culture and Social Services | 22,000,000                             | -                            | 22,000,000                     |
| Administration ,Public Service , Devolution, Governance, ICT and GDU        | 165,000,000                            | -                            | 165,000,000                    |
| County Public Service Board   | 8,300,000                              | -                            | 8,300,000                      |
| County Assembly   | 346,938,838                            | -                            | 324,319,838                    |
| Embu County Revenue Authority   | 15,000,000                             | -                            | 15,000,000                     |
| Embu Municipal Board  | 1,500,000                              | 35,000,000                   | 36,500,000                     |
| <b>Total</b>  | <b>932,738,838</b>                     | <b>187,964,500</b>           | <b>1,120,703,338</b>           |

The Youth Empowerment and Sports, Gender, Children, Culture and Social Services portfolio has allocation of Kshs.5, 000,000 and Kshs.10, 000,000 for the Governor's Cup Tournament and KICOSCA Games respectively.

The Administration, Public Service, Devolution, Governance, ICT and GDU portfolio has an allocation of Kshs.150, 000,000 for the medical insurance cover.

#### 14. 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. 2,116,033,432**. Most of the funds are expected to support critical infrastructure as well as facilitate critical interventions to remove constraints hindering economic growth. A breakdown of county development expenditure ceilings is highlighted in Table 10:

**TABLE 10: DEVELOPMENT SECTOR CEILINGS FOR THE FY 2024/2025**

| PORTFOLIO  | CEILINGS<br>WITHOUT<br>GRANTS | GRANTS<br>ALLOCATION | COUNTER<br>FUNDING | TOTAL CFSP<br>CEILINGS |
|--|-------------------------------|----------------------|--------------------|------------------------|
| Office of The Governor   | 20,000,000                    | -                    | -                  | 20,000,000             |
| Finance and Economic Planning  | 110,000,000                   | -                    | -                  | 110,000,000            |
| Education, Vocational Training<br>Centers                                  | 153,500,000                   |                      |                    | 153,500,000            |
| Health   | 80,000,000                    | -                    | -                  | 80,000,000             |
| Embu Level 5 Hospital  | 82,784,333                    | -                    | -                  | 82,784,333             |
| Roads, Public Works, Energy and<br>Transport                               | 80,000,000                    | 211,127,369          | -                  | 291,127,369            |
| Trade, Tourism, Investment,<br>Industrial development and<br>Marketing     | 25,000,000                    | -                    | 140,000,000        | 165,000,000            |
| Agriculture, Blue Economy,<br>Livestock, Co-operative<br>Development       | 20,000,000                    | 195,121,730          | 5,000,000          | 220,121,730            |
| Lands, Mining, Housing, Physical<br>Planning and Urban Development         | 50,000,000                    | -                    | -                  | 50,000,000             |
| Water, Irrigation, Environment,<br>Climate Change and Natural<br>Resources | 52,000,000                    | -                    | -                  | 52,000,000             |



| <b>PORTFOLIO</b>  | <b>CEILINGS<br/>WITHOUT<br/>GRANTS</b> | <b>GRANTS<br/>ALLOCATION</b> | <b>COUNTER<br/>FUNDING</b> | <b>TOTAL CFSP<br/>CEILINGS</b> |
|---|--|------------------------------|----------------------------|--------------------------------|
| Youth Empowerment and Sports,<br>Gender, Children, Culture and<br>Social Services | 24,000,000                             | -                            | -                          | 24,000,000                     |
| Administration ,Public Service ,<br>Devolution,Governance,ICT and<br>GDU          | 10,000,000                             | -                            | -                          | 10,000,000                     |
| County Assembly   | 200,000,000                            | -                            | -                          | 200,000,000                    |
| Embu County Revenue Authority   | 50,000,000                             | -                            | -                          | 50,000,000                     |
| Climate Change Unit   | -                                      | 137,500,000                  | 40,000,000                 | 177,500,000                    |
| Embu Municipal Board  | 10,000,000                             | -                            | -                          | 10,000,000                     |
| Wards Equalization projects   | 420,000,000                            | -                            | -                          | 420,000,000                    |
| <b>Total</b>  | <b>1,387,284,333</b>                   | <b>543,749,099</b>           | <b>185,000,000</b>         | <b>2,116,033,432</b>           |

The Finance and Economic Planning portfolio has a provision of Kshs.100, 000,000 for pending bills for previous financial years; the ward equalization projects has a provision of Kshs.420, 000,000.The Trade, Tourism, Investment, Industrial development and Marketing department has an allocation of Ksh. 140,000,000 for County Aggregation and Industrial Park (CAIP) county contribution funds that were reallocated to crucial items in the approved Supplementary Budget estimates 2023/2024.

The Education and Vocational Training Centers portfolio includes funds towards Bursary, capitation and a matching allocation for scholarships by Kenya Commercial Bank (KCB) among other departmental priorities.

### **15. 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 Medium-Term Expenditure Framework (MTEF) is a three (3) year rolling Budget Framework. 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 2024/2025-2026/2027 MTEF budget will build on the gains made so far. The County Fiscal strategy paper will cover the following key sector Priorities as outlined below

##### **Details of Sector Priorities**

The medium-term spending estimates for 2024/2025 -2026/2027 ensures continuity in resource allocation based on prioritized programs aligned to the Annual Development Plan and CIDP 2023-2027. The total expenditure ceilings as well as the sector ceilings for the MTEF period 2024/2025 -2026/2027 are stipulated in Annex I.

##### **Office of the Governor**

###### **Vision**

A Prosperous, Wealthy and Secure County

###### **Mission**

To improve livelihoods through provision of suitable infrastructure, investment opportunities, legislation, and security, while maintaining sustainable environmental management practices.

The sector Comprises Office of Governor and the Office of the Deputy Governor.

##### **Priority Programmes to be implemented**

###### **Programme 1: General Administration, Planning and Support Services**

| <b>Sub Programme</b>       | <b>Projects</b>                          |
|----------------------------|--|
| Human Resource Development | Compensation of Employees                |
| Office Support Services    | Operations and Maintenance Cost          |
| Emergency fund             | Operationalization of The Emergency Fund |

To undertake these programs, the 2024/2025 MTEF estimates for the Office of Governor are Kshs. 249,633,299 comprising of Kshs. 164,633,299, Kshs. 65,000,000, Kshs. 20,000,000 for personnel emoluments, operations and maintenance and development respectively.

## **Finance and Economic Planning**

### **Introduction**

The Sector comprises of Finance and Accounts, Planning, Budgeting and Economic Affairs; Monitoring and Evaluation; Procurement and Resource Mobilization. The Sector's main role is coordinating planning, budgeting, financial control and reporting, resource mobilization, procurement, payments, revenue collection and management.

### **Vision**

A center of excellence in planning, financial management and resource mobilization for a competitive and prosperous county.

### **Mission**

To provide leadership and coordination in planning, policy formulation, resource mobilization, financial management and tracking results of county performance.

### **Priority Programmes to be implemented**

#### **Programme 1: General Administration, Planning and Support Services**

| <b>Sub Programme</b>       | <b>Projects</b>                 |
|----------------------------|---------------------------------|
| Human Resource Development | Compensation of Employees       |
| Office Support Services    | Operations and Maintenance Cost |

#### **Programme 2: Research and Statistics**

| <b>Sub Programme</b>    | <b>Projects</b>                                |
|-------------------------|--|
| Research and Statistics | Development of the County Knowledge Repository |

To undertake the programs, the 2024/2025 MTEF estimates for Finance and Economic Planning are Kshs.432,749,428 comprising of Kshs.220,249,428,Kshs.102,500,000 and Kshs.110,000,000 for personnel emoluments, operations and maintenance and development respectively.

## **Embu County Revenue Authority**

### **Priority Programmes to be implemented**

#### **Programme 1: General Administration, Planning and Support Services**

| <b>Sub Programme</b>    | <b>Projects</b>                 |
|-------------------------|---------------------------------|
| Office Support Services | Operations and Maintenance Cost |

#### **Programme 2: Revenue Management**

| <b>Sub Programme</b>       | <b>Projects</b>                 |
|----------------------------|---------------------------------|
| Revenue Automation         | Acquisition of Revenue System   |
| Infrastructure Development | Construction of Cess Structures |

To undertake the programs, the 2024/2025 MTEF estimates for Embu County Revenue Authority are Kshs.65,000,000 comprising of Kshs.15,000,000 and Kshs.50,000,000 for operations and maintenance and development respectively.

### **Education, Vocational Training Centers**

The sector comprises of Early Childhood Development Education and Vocational Training Development Sub-Sectors. The key roles of the sector include: to develop and manage Early Childhood Development Education centers; to develop and manage vocational training centers.

### **Vision**

To be a competitive sector in provision of quality Early Childhood Development Education, vocational skills development, innovation and entrepreneurship.

## **Mission**

To provide, promote and nurture quality Early Childhood Development Education, vocational skills development, innovation and entrepreneurship through provision of conducive teaching and learning environment.

## **Priority Programmes to be implemented**

### **Programme 1: General Administration, Planning and Support Services**

| <b>Sub Programme</b>       | <b>Projects</b>                 |
|----------------------------|---------------------------------|
| Human Resource Development | Compensation of Employees       |
| Office Support Services    | Operations and Maintenance Cost |

### **Programme 2: Access and Retention in ECDE Centers**

| <b>Sub Programme</b>            | <b>Projects</b>                          |
|---------------------------------|--|
| ECDE Centers                    | Construction of ECDE Classes             |
| County Bursary and Scholarships | Allocation of Bursaries and Scholarships |

### **Programme 3: Increase access and retention in Vocational training**

| <b>Sub Programme</b>        | <b>Projects</b>  |
|-----------------------------|--|
| Vocational Training Centers | Completion and Renovation of Vocational Training Centers |
| Capitation                  | Allocation of Capitation                                 |

To undertake the programs, the 2024/2025 MTEF estimates for Education, Vocational Training Centers are Kshs.537,636,776 comprising of Kshs.378,136,776, Kshs.6,000,000 and Kshs.153,500,000 for personnel emoluments, operations and maintenance and development respectively.

## Health

### Introduction

The main aim of the health sector is to create an enabling environment for the provision of sustainable quality health care that is affordable and accessible to the residents.

### Vision

A leading county in the provision of high-quality healthcare.

### Mission

To build a progressive, responsive, and sustainable healthcare system through provision of innovative, affordable and accessible healthcare.

### Priority Programmes to be implemented

#### Programme1: General Administration, Planning and Support Services

| Sub Programme                      | Projects  |
|------------------------------------|---|
| Human Resource Development         | Compensation of Employees   |
| Office Support Services            | Operations and Maintenance Cost   |
| Health Infrastructural development | 1) Upgrading of Health Centre<br>2) Completion Of Male and Female Wards<br>3) Construction Of Patients and Staff Toilets<br>4) Renovation and Completion Of OPD Blocks<br>5) Refurbishment Of Hospitals Buildings<br>6) Equipping Of Hospitals<br>7) Completion and Equipping Of<br>Dispensaries/Maternities<br>8) Completion of Staff Houses<br>9) Acquisition of Land for Health Facilities |

To undertake the programs, the 2024/2025 MTEF estimates for Health are Kshs.1,921,607,987 comprising of Kshs.1,702,374,460 ,Kshs.139,233,527 and Kshs.80,000,000 for personnel emoluments, operations and maintenance and development respectively.

## **Embu Level 5 Hospital**

### **Priority Programmes to be implemented**

#### **Programme 1: General Administration, Planning and Support Services**

| <b>Sub Programme</b>        | <b>Projects</b>                                       |
|-----------------------------|---|
| Human Resource Development  | Compensation of Employees                             |
| Office Support Services     | Operations and Maintenance Cost                       |
| Infrastructural development | Construction/Completion Works at the Level 5 Hospital |

To Undertake the Programs, the 2024/2025 MTEF Estimates For Embu Level 5 Hospital are Kshs.177,784,333 Comprising of Kshs.95, 000,000, Kshs.82,784,333 for operations and maintenance and development respectively.

### **Roads, Public Works, Energy and Transport**

#### **Introduction**

This sector is composed of Roads, public works, energy, transport, and logistics sub-sectors. The key role of the sector is to: improve roads status, develop road infrastructure and connectivity in the county; provide consultancy services in design, supervision, maintenance and project management to public entities and other works; and manage the county fleet.

#### **Vision**

Excellence in provision of roads, public works, energy, transport, and logistic services for socio-economic development.

#### **Mission**

To provide efficient, cost effective and reliable roads, public works, energy, transport and logistics for sustainable economic growth and development through construction, modernization, rehabilitation and effective management for all roads, public works, transport, energy and logistics facilities.

## **Priority Programmes to be implemented**

### **Programme 1: General Administration, Planning and Support Services**

| <b>Sub Programme</b>       | <b>Projects</b>                 |
|----------------------------|---------------------------------|
| Human Resource Development | Compensation of Employees       |
| Office Support Services    | Operations and Maintenance Cost |

### **Programme 2: Improvement of County Road Network**

| <b>Sub Programme</b>                 | <b>Projects</b>  |
|--------------------------------------|--|
| Tarmacking of Roads                  | Upgrading of Earth and Gravel County Roads To Bitumen Standards    |
| Maintenance Of Existing Tarmac Roads | Maintenance Of Existing Tarmac Roads Upgraded To Bitumen Standards |
| Routine Maintenance Of Roads         | Routine Maintenance Of Existing Earth And Graveled Roads           |

### **Programme 3: Lighting of Public Places and Homesteads**

| <b>Sub Programme</b>                | <b>Projects</b>                                   |
|-------------------------------------|---|
| Installation of Modern Flood lights | Installation of Modern Solar Powered Flood lights |

To undertake the programs, the 2024/2025 MTEF estimates for Roads, Public Works, Energy and Transport are Kshs.328,916,562 comprising of Kshs.29,789,193 ,Kshs.8,000,000 and Kshs.291,127,369 for personnel emoluments, operations and maintenance and development respectively.

## **Trade, Investment, Tourism, Industrial Development and Marketing**

### **Introduction**

The sector consists of Trade, Investment, Tourism, Industrial development, marketing and Investment, The key roles of the sector include creating an enabling environment for traders,



investors and industrial development, promoting the county in order to attract tourists and building the Embu County Brand.

### **Vision**

To make Embu County the destination of choice for trade, tourism and investors as well as a Leading industrial hub in Kenya by 2030.

### **Mission**

To transform Embu County to a trade centre, an investment destination and a regional industrial hub and facilitate sustainable tourism for county development and for posterity.

### **Priority Programmes to be implemented**

#### **Programme 1: General Administration, Planning and Support Services**

| <b>Sub Programme</b>       | <b>Projects</b>                 |
|----------------------------|---------------------------------|
| Human Resource Development | Compensation of Employees       |
| Office Support Services    | Operations and Maintenance Cost |

#### **Programme 2: Trade development**

| <b>Sub Programme</b>              | <b>Projects</b>  |
|-----------------------------------|--|
| Market Infrastructure Development | 1) Completion Of Markets<br>2) Construction Of Livestock Markets |

#### **Programme 3: Tourism Development**

| <b>Sub Programme</b>               | <b>Projects</b>                             |
|------------------------------------|---|
| Tourism Infrastructure Development | Development Of Mt.Kenya South Eastern Route |

#### **Programme 4: Investment Development**

| <b>Sub Programme</b> | <b>Projects</b> |
|----------------------|-----------------|
|----------------------|-----------------|

|   |  |
|---|--|
| Industrial Development                            | Completion Of The County Aggregation Industrial Park |
| Promotion Of Value Addition Of Goods And Services | Building Embu County Brand                           |
| Marketing   | Branding Of Products And Services From The County    |

To undertake the programs, the 2024/2025 MTEF estimates for Trade, Investment, Tourism, Industrial Development and Marketing are Kshs.197,584,522 comprising of Kshs.17,584,522, Kshs.15,000,000 and Kshs.165,000,000 for personnel emoluments, operations and maintenance and development respectively.

### **Agriculture, Livestock, Blue Economy and Cooperative Development**

#### **Vision**

An innovative, commercially-oriented, modern Agriculture and Rural Development Sector.

#### **Mission**

To improve livelihoods of Kenyans through promotion of competitive agriculture, sustainable livestock and fisheries sub-sectors, growth of a viable cooperatives sub-sector, equitable distribution and sustainable management of land resources.

#### **Priority Programmes to be implemented**

##### **Programme 1: General Administration, Planning and Support Services**

| <b>Sub Programme</b>       | <b>Projects</b>                 |
|----------------------------|---------------------------------|
| Human Resource Development | Compensation of Employees       |
| Office Support Services    | Operations and Maintenance Cost |

##### **Programme 2: Animal Genetic Improvement (Breeding)**

| <b>Sub Programme</b>                  | <b>Projects</b>                |
|---------------------------------------|--------------------------------|
| Artificial Insemination (AI) services | Improvement of Animal Genetics |

### **Programme 3: Co-Operative Development**

| <b>Sub Programme</b>                                       | <b>Projects</b>                        |
|--|--|
| Capacity Building Of Cooperative Leadership And Management | Empowerment of Cooperatives Management |

### **Programme 4: Livestock Resource Management and Development**

| <b>Sub Programme</b>   | <b>Projects</b>                 |
|------------------------|---------------------------------|
| Livestock Productivity | Acquisition Of Diary/Gala Goats |

### **Programme 5: Agriculture and Information Management**

| <b>Sub Programme</b>         | <b>Projects</b>  |
|------------------------------|--|
| Marketing And Value Addition | Climate Smart Value Chain Ecosystem<br>Investment Apiculture, Dairy<br>Cow,Avocado,Coffee and Mangoes) |

### **Programme 6: Agricultural Development**

| <b>Sub Programme</b>           | <b>Projects</b>  |
|--------------------------------|--|
| Cereal Stores/Slaughter Houses | Construction And Operationalization Of Cereal<br>Stores and Slaughter Houses |

To undertake the programs, the 2024/2025 MTEF estimates for Agriculture, Livestock, Blue Economy and Cooperative Development are Kshs.451,075,240 comprising of Kshs.155,722,537 ,Kshs.75,230,973 and Kshs.220,121,730 for personnel emoluments, operations and maintenance and development respectively.

### **Lands, Mining, Housing, Physical Planning and Urban Development**

#### **Vision**

A leading institution in sustainable Land Management and Urban Development.

## **Mission**

To facilitate efficient land use and administration, provide adequate and affordable housing, ensure optimal exploration and exploitation of natural resources and achieve an integrated sustainable urbanization.

## **Priority Programmes to be implemented**

### **Programme 1: General Administration, Planning and Support Services**

| <b>Sub Programme</b>       | <b>Projects</b>                 |
|----------------------------|---------------------------------|
| Human Resource Development | Compensation of Employees       |
| Office Support Services    | Operations and Maintenance Cost |

### **Programme 2: Physical Planning**

| <b>Sub Programme</b>    | <b>Projects</b>                        |
|-------------------------|--|
| County Spatial Planning | Development of the County Spatial Plan |

### **Programme 3: Municipality of Embu**

| <b>Sub Programme</b>                | <b>Projects</b>            |
|-------------------------------------|----------------------------|
| Development of Urban Infrastructure | Upgrading of Urban Centres |

To undertake the programs, the 2024/2025 MTEF estimates for Lands, Mining, Housing, Physical Planning and Urban Development are Kshs.127,060,061 comprising of Kshs.67,060,061 ,Kshs.10,000,000 and Kshs.50,000,000 for personnel emoluments, operations and maintenance and development respectively.

## **Embu Municipal Board**

## **Priority Programmes to be implemented**

### **Programme 1: General Administration, Planning and Support Services**

| Sub Programme              | Projects                        |
|----------------------------|---------------------------------|
| Human Resource Development | Compensation of Employees       |
| Office Support Services    | Operations and Maintenance Cost |

## Programme 2: Municipality of Embu

| Sub Programme   | Projects  |
|---|---|
| Development of Urban Infrastructure                       | Landscaping and Greening of urban centers<br>Maintenance of existing Kenya Urban Support Programme Projects |
| Waste Collection, Transportation, Disposal And Management | Acquisition Of Waste Bins And Skips   |

To undertake the programs, the 2024/2025 MTEF estimates for Embu Municipal Board are Kshs.61,850,774 comprising of Kshs.15,350,774 ,Kshs.36,500,000 and Kshs.10,000,000 for personnel emoluments, operations and maintenance and development respectively.

## Water, Irrigation, Environment, Climate Change and Natural Resources

### Introduction

The sector comprises of subsectors namely; Water, Sanitation, Irrigation, environment, climate change and natural resources subsectors whose key functions are as follows: improve access to adequate, reliable and affordable quality water; conserve, control and protect the catchment areas; provide sewerage systems in the urban centres; provide improved sanitation facilities in the market centres; create awareness on importance of safe sanitation to households; implement environmental policies and practices; ensuring compliance with environmental legislation; rehabilitation of hills, water catchment, wetlands; protection of river line and riparian land; promotion of green energy; sustainable natural resources management and conservation; forestry extension services; increasing forests and tree cover; awareness creation on forest values and products; implementations of government and world related agenda on natural resources.

## **Vision**

To be the best provider of adequate quality water, safe sanitation, and irrigation services in a sustainable manner Kenya.

## **Mission**

To provide adequate quality water, safe sanitation and irrigation services through sustainable infrastructural development and management; and to promote, conserve and protect environment and natural resource for the benefit of present and future generations through sustainable utilization and management of county natural resources, waste management, climate change mitigation and adaptation.

## **Priority Programmes to be implemented**

### **Programme 1: General Administration, Planning and Support Services**

| <b>Sub Programme</b>       | <b>Projects</b>                 |
|----------------------------|---------------------------------|
| Human Resource Development | Compensation of Employees       |
| Office Support Services    | Operations and Maintenance Cost |

### **Programme 2: Water Service Delivery**

| <b>Sub Programme</b> | <b>Projects</b>   |
|----------------------|---|
| Water Services       | <ol style="list-style-type: none"><li>1) Construction Of Water Treatment Plant</li><li>2) Construction Of Water Storage Tanks, Pipeline and Re Routing</li><li>3) Construction Of Earth And Sand Dams</li><li>4) Rehabilitation And Upgrading Of Boreholes</li><li>5) Development Of Boreholes-Drilling Of New Boreholes,Equipping,Solarisation And Water Distribution</li><li>6) Augmentation Of Existing Water Schemes</li><li>7) Development of Water Projects</li></ol> |

### **Programme 3: Irrigation Development**

| <b>Sub Programme</b>   | <b>Projects</b>                       |
|------------------------|---------------------------------------|
| Irrigation Development | Expansion of Acreage Under Irrigation |

To undertake the programs, the 2024/2025 MTEF estimates for Water, Irrigation, Environment, Climate Change and Natural Resources are Kshs.102,176,218 comprising of Kshs.39,176,218, Kshs.11,000,000 and Kshs.52,000,000 for personnel emoluments, operations and maintenance and development respectively.

### **Climate Change Unit**

#### **Priority Programmes to be implemented**

### **Programme 1: Environmental Management and Conservation**

| <b>Sub Programme</b>   | <b>Projects</b>   |
|--|---|
| Rehabilitation of Water towers, riparian lands, and wetlands catchment | 1) Hills integrated Projects<br>2) Identification and Mapping of Hills and Wetlands             |
| Environmental Education And Advocacy Programme                         | 1) Environment and Energy Media Campaign<br>2) School and Youth Environment Programmes/Outreach |

### **Programme 2: Solid Waste Management**

| <b>Sub Programme</b>         | <b>Projects</b>  |
|------------------------------|--|
| Urban Solid Waste Management | 1) Development of Dumpsites<br>2) Acquisition of Waste Bins<br>3) Development of Waste Segregation Centres |

### Programme 3: Climate Change Mitigation and Adaptation

| Sub Programme                               | Projects   |
|---|--|
| Green Energy Projects                       | 1) Purchase of Cook Stoves<br>2) Development of Solarisation Project<br>3) Development of Clean Energy Project |
| Development Of Framework for Climate Change | Formulation Of Climate Change Bills  |

### Programme 4: Forestry and Landscapes Conservation

| Sub Programme | Projects                                   |
|---------------|--|
| Agro forestry | 1) Acquisition of the Fruit Tree Seedlings |

To undertake the programs, the 2024/2025 MTEF estimates for Climate Change Unit are Kshs.177, 500,000 for development.

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

#### Introduction

The sector comprises of Youth talent, Sports, Gender, Culture, Children and Social services sub-sectors. The key roles of the sector include promotion of sports, creative arts talent; promotion of inclusive social-economic development; capacity development with an emphasis on the vulnerable and marginalized groups.

#### Vision

An equitable, all-inclusive community that establishes strong socio-cultural foundations, upholds gender equity, safeguards human rights, develops sport and creative arts talent.

#### Mission

To promote sport, creative art talent promotion, gender mainstreaming, social and cultural empowerment, equitable access to development opportunities in a society responsive to the needs of vulnerable and marginalized groups through community empowerment initiatives.



## **Priority Programmes to be implemented**

### **Programme 1: General Administration, Planning and Support Services**

| <b>Sub Programme</b>       | <b>Projects</b>                 |
|----------------------------|---------------------------------|
| Human Resource Development | Compensation of Employees       |
| Office Support Services    | Operations and Maintenance Cost |

### **Programme 2: Development and Management of Sport Facilities**

| <b>Sub Programme</b>             | <b>Projects</b>   |
|----------------------------------|---|
| Sport Infrastructure Development | 1) Rehabilitation Of Sub County Stadium<br>2) Maintenance Of Moi Stadium<br>3) Completion of Works at the Moi Stadium |

### **Programme 3: Talent Development Programs**

| <b>Sub Programme</b> | <b>Projects</b>   |
|----------------------|---|
| Talent Management    | 1) Completion Works at the Talent Academy<br>2) Refurbishment Of Talent Academy |

### **Programme 4: Gender Empowerment and Development Program**

| <b>Sub Programme</b>               | <b>Projects</b>                        |
|------------------------------------|--|
| Rehabilitation Centres             | Establishment Of Rehabilitation Centre |
| Gender Infrastructural Development | Construction Of Social Halls           |
| Women Fund                         | Operationalization Of the Women Fund   |

To undertake the programs, the 2024/2025 MTEF estimates for Youth Empowerment and Sports, Gender, Children, Culture and Social Services are Kshs.81,393,202 comprising of Kshs.35,393,202, Kshs.22,000,000 and Kshs.24,000,000 for personnel emoluments, operations and maintenance and development respectively.

## **Administration, Devolution, Public Service, Governance, ICT and GDU**

### **Vision**

To be a Champion of Excellence in offering quality and transformative leadership in service delivery

### **Mission**

To provide Policy guidelines, regulated framework, compliance and human resource capacity for exemplary customer satisfaction whilst leveraging technology, based on quality and transformative leadership.

### **Priority Programmes to be implemented**

#### **Programme 1: General Administration, Planning and Support Services**

| <b>Sub Programme</b>       | <b>Projects</b>                 |
|----------------------------|---------------------------------|
| Human Resource Development | Compensation of Employees       |
| Office Support Services    | Operations and Maintenance Cost |

#### **Programme 2: Improvement in working environment for the staff**

| <b>Sub Programme</b>       | <b>Projects</b>  |
|----------------------------|--|
| Infrastructure development | 1) Construction Of Perimeter Fence at the County Headquarters<br>2) External Improvement To the Headquarters |

To undertake the programs, the 2024/2025 MTEF estimates for Administration, Devolution, Public Service, Governance, ICT and GDU are Kshs.782,006,490 comprising of Kshs.607,006,490, Kshs.165,000,000 and Kshs.10,000,000 for personnel emoluments, operations and maintenance and development respectively.

### **County Public Service Board**

#### **Vision**

A leading Board in Human Resource Management in the County.

## **Mission**

To empower the County Public Service to be Professional, Productive, Ethical, Effective and Efficient for Service delivery.

## **Priority Programmes to be implemented**

### **Programme 1: General Administration, Planning and Support Services**

| <b>Sub Programme</b>       | <b>Projects</b>                 |
|----------------------------|---------------------------------|
| Human Resource Development | Compensation of Employees       |
| Office Support Services    | Operations and Maintenance Cost |

To undertake the programs, the 2024/2025 MTEF estimates for County Public Service Board are Kshs.35, 850,883 comprising of Kshs.27, 550,883, Kshs.8, 300,000 for personnel emoluments, operations and maintenance respectively.

## **County Assembly**

### **Introduction**

The County Assembly is an arm of the County government responsible for legislation, representation and oversight over the executive. It enacts county laws and superintends over all the affairs of the county including receiving and approving development plans and policies of the county and is also responsible for approval of the county budgets and expenditures.

The estimates for the County Assembly programs may change in the course of MTEF budgeting once the Commission on Revenue Allocation gives the ceilings for the budget for financial year 2024/2025.

## **Priority Programmes to be implemented**

### **Programme 1: General Administration, Planning and Support Services**

| <b>Sub Programme</b>       | <b>Projects</b>                   |
|----------------------------|-----------------------------------|
| Human Resource Development | Compensation of Employees         |
| Office Support Services    | Office Operations and Maintenance |

## Programme 2: Infrastructure Improvement

| Sub Programme              | Projects   |
|----------------------------|--|
| Infrastructure Improvement | <ol style="list-style-type: none"><li>1) Completion of the County Assembly Office Complex</li><li>2) Construction of Ward Offices</li><li>3) Construction of the Perimeter Fence and Gate</li><li>4) Acquisition of Land for the Speaker's Residence</li><li>5) Acquisition of Hansard Equipment</li></ol> |

To undertake the programs, the 2024/2025 MTEF estimates for County Assembly are Kshs.903,619,000 comprising of Kshs.356,680,162, Kshs.346,938,838 and Kshs.200,000,000 for personnel emoluments, operations and maintenance and development respectively.

## 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.

## ANNEXURES

### Annex I: Total Expenditure Ceilings for the MTEF Period 2024/2025– 2026/2027

| PORTFOLIO   | 2024/2025            | 2025/2026            | 2026/2027            |
|---|----------------------|----------------------|----------------------|
| Office of The Governor  | 249,633,299          | 274,660,584          | 290,468,370          |
| Finance and Economic Planning   | 432,749,428          | 443,037,200          | 475,069,065          |
| Education, Vocational Training Centers                                      | 537,636,776          | 508,532,604          | 530,329,567          |
| Health  | 1,921,607,987        | 2,041,542,317        | 2,132,709,761        |
| Embu Level 5 Hospital   | 177,784,333          | 254,051,474          | 271,550,843          |
| Roads, Public Works, Energy and Transport                                   | 328,916,562          | 429,458,307          | 451,025,355          |
| Trade, Tourism, Investment, Industrial Development and Marketing            | 197,584,522          | 218,772,424          | 230,538,018          |
| Agriculture, Blue Economy Livestock and Co-operative Development            | 451,075,240          | 475,990,402          | 502,190,267          |
| Lands, Mining, Housing, Physical Planning and Urban Development             | 127,060,061          | 197,957,835          | 209,430,259          |
| Water, Irrigation, Environment ,Climate Change and Natural Resources        | 102,176,218          | 137,884,753          | 144,926,976          |
| Youth Empowerment and Sports, Gender, Children, Culture and Social Services | 81,393,202           | 86,795,762           | 91,120,909           |
| Administration ,Public Service , Devolution, Governance, ICT and GDU        | 782,006,490          | 864,902,613          | 910,179,111          |
| County Public Service Board   | 35,850,883           | 31,400,983           | 32,810,735           |
| County Assembly   | 903,619,000          | 719,631,070          | 766,722,180          |
| Embu County Revenue Authority   | 65,000,000           | 68,988,391           | 73,195,199           |
| Climate Change Unit   | 177,500,000          | 196,875,000          | 206,718,750          |
| Embu Municipal Board  | 61,850,774           | 35,635,295           | 37,437,498           |
| Wards Equalization projects   | 420,000,000          | 420,000,000          | 420,000,000          |
| <b>Total</b>  | <b>7,053,444,775</b> | <b>7,406,117,014</b> | <b>7,776,422,865</b> |

## Annex II: Own Source Revenue Projections for Financial Year 2024/2025

| REVENUE STREAM                       |  | PROJECTIONS |
|--------------------------------------|--|-------------|
| LOCAL SOURCES                        |  |             |
| Single Business                      |  | 130,000,000 |
| Stall Rent                           |  | 12,000,000  |
| House Rent                           |  | 12,000,000  |
| Market Fees                          |  | 25,000,000  |
| Bus Park                             |  | 28,000,000  |
| Street Parking                       |  | 20,000,000  |
| Cess                                 |  | 86,000,000  |
| Promotion                            |  | 35,000,000  |
| Slaughter House Fees                 |  | 2,000,000   |
| Land Rates/Plot Rents                |  | 26,000,000  |
| Subdivision                          |  | 17,000,000  |
| Enforcement                          |  | 5,000,000   |
| Building Plan Inspection/Approvals   |  | 15,000,000  |
| P.H.O Embu West Manyatta             |  | 5,000,000   |
| P.H.O. Mbeere North.Mbeere           |  | 3,000,000   |
| P.H.O. Mbeere South Kiritiri         |  | 3,600,000   |
| P.H.O. Mwea                          |  | 1,000,000   |
| P.H O Embu East Runyenjes            |  | 2,000,000   |
| ECDE Approvals                       |  | 1,000,000   |
| Veterinary                           |  | 6,000,000   |
| AMS                                  |  | 1,000,000   |
| Fisheries                            |  | 100,000     |
| Environment And Waste Management     |  | 2,000,000   |
| Water And Irrigation                 |  | 1,000,000   |
| Weights And Measures                 |  | 1,600,000   |
| Mwea National Park                   |  | 2,000,000   |
| Liquor                               |  | 50,000,000  |
| Stadium Users Fees/Social Halls Hire |  | 2,000,000   |

|                                   |                    |
|-----------------------------------|--------------------|
| National Library                  | 500,000            |
| <b>TOTAL</b>                      | <b>494,800,000</b> |
| <b>APPROPRIATION IN AID (AIA)</b> |                    |
| Embu-Level 5                      | 340,000,000        |
| Runyenjes Hospital                | 14,000,000         |
| Siakago Hospital                  | 8,000,000          |
| Ishiara Hospital                  | 12,000,000         |
| Kiritiri Health Centre            | 4,000,000          |
| Kianjokoma Hospital               | 4,000,000          |
| Karurumo RHTC                     | 2,200,000          |
| Gategi Health Centre              | 1,500,000          |
| Kairuri Health Centre             | 1,500,000          |
| Kanja Health Centre               | 1,500,000          |
| Kigumo Health Centre              | 1,500,000          |
| Kithimu Health Centre             | 1,500,000          |
| Nembure Health Centre             | 1,500,000          |
| Kibugu Health Centre              | 1,500,000          |
| Dallas Health Centre              | 1,800,000          |
| Kiambere Health Centre            | 1,500,000          |
| Karaba Health Centre              | 1,000,000          |
| Ugweri Health Centre              | 1,200,000          |
| Other Hospitals (Level 2s)        | 5,000,000          |
| <b>TOTAL</b>                      | <b>405,200,000</b> |
| <b>GRAND TOTAL</b>                | <b>900,000,000</b> |

### Annex III: Summary of the Sector Ceilings for the financial year 2024/2025

| PORTFOLIO  | RECURRENT EXPENDITURE |               |                 | DEVELOPMENT EXPENDITURE |       |                   | TOTAL         | PERCENTAGE OF TOTAL EXP. |
|--|-----------------------|---------------|-----------------|-------------------------|-------|-------------------|---------------|--------------------------|
|  | PERSONNEL             | OPERATIONS    | TOTAL RECURRENT | C.E DEVT                |       | TOTAL DEVELOPMENT |               |                          |
| OFFICE OF THE GOVERNOR   | 164,633,299           | 65,000,000    | 229,633,299     | 20,000,000              | -     | 20,000,000        | 249,633,299   | 3.54%                    |
| FINANCE AND ECONOMIC PLANNING  | 220,249,428           | 102,500,000   | 322,749,428     | 530,000,000             | -     | 530,000,000       | 852,749,428   | 12.09%                   |
| EDUCATION,VOCATIONAL TRAINING CENTERS                                    | 378,136,776           | 6,000,000     | 384,136,776     | 153,500,000             | -     | 153,500,000       | 537,636,776   | 7.62%                    |
| HEALTH   | 1,702,374,460         | 139,233,527   | 1,841,607,987   | 80,000,000              | -     | 80,000,000        | 1,921,607,987 | 27.24%                   |
| ROADS,PUBLIC WORKS, ENERGY AND TRANSPORT                                 | 29,789,193            | 8,000,000     | 37,789,193      | 291,127,369             | -     | 291,127,369       | 368,916,562   | 4.66%                    |
| TRADE,TOURISM,INVESTMENT,INDUSTRIAL DEVELOPMENT AND MARKETING            | 17,584,522            | 15,000,000    | 32,584,522      | 165,000,000             | -     | 165,000,000       | 197,584,522   | 2.80%                    |
| AGRICULTURE,LIVESTOCK,BLUE ECONOMY AND COOPREATIVE DEVELOPMENT           | 155,722,537           | 75,230,973    | 230,953,510     | 220,121,730             | -     | 220,121,730       | 451,075,240   | 6.40%                    |
| LANDS,MINING HOUSING,PHYSICAL PLANNING,AND URBAN DEVELOPMENT             | 67,060,061            | 10,000,000    | 77,060,061      | 50,000,000              | -     | 50,000,000        | 147,060,061   | 1.80%                    |
| WATER,IRRIGATION,ENVIRONMENT,CLIMATE CHANGE AND NATURAL RESOURCES        | 39,176,218            | 11,000,000    | 50,176,218      | 52,000,000              | -     | 52,000,000        | 122,176,218   | 1.45%                    |
| YOUTH EMPOWERMENT AND SPORTS,GENDER,CULTURE,CHILDREN AND SOCIAL SERVICES | 35,393,202            | 22,000,000    | 57,393,202      | 24,000,000              | -     | 24,000,000        | 92,177,535    | 1.15%                    |
| ADMINISTRATION,PUBLIC SERVICE,DEVOLUTION,GOVERNANCE,ICT AND GDU          | 607,006,490           | 165,000,000   | 772,006,490     | 10,000,000              | -     | 10,000,000        | 782,006,490   | 11.09%                   |
| COUNTY PUBLIC SERVICE BOARD  | 27,550,883            | 8,300,000     | 35,850,883      | -                       | -     | -                 | 35,850,883    | 0.51%                    |
| COUNTY ASSEMBLY  | 356,680,162           | 346,938,838   | 703,619,000     | 200,000,000             | -     | 200,000,000       | 795,691,000   | 12.81 %                  |
| EMBU LEVEL 5 HOSPITAL  | -                     | 95,000,000    | 95,000,000      | 82,784,333              | -     | 82,784,333        | 195,000,000   | 2.52%                    |
| EMBU COUNTY REVENUE AUTHORITY  | -                     | 15,000,000    | 15,000,000      | 50,000,000              | -     | 50,000,000        | 65,000,000    | 0.92%                    |
| CLIMATE CHANGE UNIT  | -                     | -             | -               | 177,500,000             | -     | 177,500,000       | 177,500,000   | 2.52%                    |
| EMBU MUNICIPAL BOARD   | 15,350,774            | 36,500,000    | 51,850,774      | 10,000,000              | -     | 10,000,000        | 61,850,774    | 0.88%                    |
| <b>TOTAL</b>   | 3,816,708,005         | 1,120,703,338 | 4,937,411,343   | 2,116,033,432           | -     | 2,116,033,432     | 7,053,444,775 |                          |
| <b>PERCENTAGE OF TOTAL</b>   | <b>54.11%</b>         | <b>15.89%</b> | <b>70.00%</b>   | <b>30.00%</b>           | 0.00% | <b>30.00%</b>     |               | <b>100.00%</b>           |