EMBU COUNTY GOVERNMENT

COUNTY TREASURY

COUNTY FISCAL STRATEGY PAPER

FY 2026/2027

APRIL 2026

FOREWORD

The Embu County Fiscal Strategy Paper 2026/2027 introduces specific policy initiatives, signaling towards innovation and sustainable growth on sectoral priorities and modern frameworks designed to meet evolving market demands. The focus is on unlocking new opportunities, strengthening resilience and driving efficiency thus ensuring that 2026/2027 stands out as a transformative period.

The Embu County Fiscal Strategy Paper 2026 is a government policy document that sets out the broad strategic priorities and policy goals to guide the County Government in preparing the budgets for the subsequent financial year and over the medium term. It is prepared pursuant to section 117(1) and (6) of the Public Finance Management Act (PFMA), 2012 and provisions of Section 26 of the Public Finance Management (County Governments) Regulations, 2015. The paper provides sector ceilings and the fiscal policy direction towards the County Budget FY 2026/2027. It focuses on financing the budget priorities for Annual Development Plan 2026/2027 which is the fifth implementation year of the Embu County Integrated Development Plan 2023-2027.

In the financial year 2026/2027, assessment of both the global and Kenyan economic environment has been undertaken to guide fiscal decision-making. This analysis has explored potential county revenue streams, expenditure trends and evolving development priorities to ensure that strategies remain responsive to changing conditions. Fiscal responsibility principles and medium-term financial objectives continue to anchor planning, while specific fiscal risks have been carefully considered to safeguard stability and promote sustainable growth.

The fiscal strategy defines clear objectives and integrates the H.E. Governor's sectoral agenda alongside the aspirations of Embu residents, consistently gathered through citizen engagement fora. In line with these priorities, resources have been strategically allocated to transformative projects and programmes in agriculture, health, water and market development, among other key areas highlighted in the County Integrated Development Plan and the Annual Development Plan. This approach emphasizes impact-driven investments that translate community expectations into sustainable development outcomes.

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ACKNOWLEDGEMENT

The County Fiscal Strategy Paper 2026 has been prepared through an extensive, collaborative process that brought together a wide range of input. We wish to sincerely recognize and appreciate the efforts of all those who played a role in its successful development.

We extend our deepest gratitude to the County Leadership, H.E. Cecily Mbarire, EGH, and her Deputy Governor, H.E. Justus Kinywa Mugo, for their commitment in defining county priorities and programs. Special appreciation to Prof. Kinyua Nyaga, the CECM for Finance and Economic Planning, whose guidance was invaluable throughout the whole process.

We acknowledge the contributions of Chief Officer for Finance, Mr. Damiano Muthee, and the Chief Officer of Resource Mobilization and Partnerships Mr. Mbogo Kiondo. Particular recognition is given to the Economic Planning Team, coordinated by Mr. Boniface Muli Lova, Ag. Director of Economic Planning, together with Mr. Eric Kinyua, Ag. Director of Budget.

We further appreciate the dedication of staff from the planning and budgeting dockets, including Mr. John Mucira, Ms. Catherine Gathee, Mr. Linus Mugambi, Mr. Peter Njeru, Mr. Joshua Mwangi, Mr. Charles Njagi, Ms. Stella Nyaguthii, and Mr. Stephen Katana.

Finally, we express our gratitude to the entire staff of the Finance and Economic Planning Department, the public who shared their views during citizen participation and all stakeholders whose contributions made the preparation of this fiscal paper possible.

Ms. JANET GITHINJI
CHIEF OFFICER- ECONOMIC PLANNING AND BUDGETING

EXECUTIVE SUMMARY

The Embu County Fiscal Strategy Paper (CFSP) for FY 2026/2027 sets out the strategic priorities, fiscal policies, and expenditure framework that will guide the County Government's budget preparation and implementation as provided for in the Public Finance Management Act, 2012, and aligned with the National Treasury's 2026 Budget Policy Statement, the CFSP emphasizes prudent financial management, transparency, and sustainable development. The County will leverage regional integration to enhance trade, infrastructure and value chain development.

In the planned period we expect persistent challenges which includes; revenue mobilization shortfalls,

high wage bill at 49% of revenue exceeding the statutory 35% limit, pending bills amounting to Kshs 1.37 billion, constraining county cash flows, national transfer delays derailing project implementation and Climate Vulnerability threatening agriculture and household incomes.

The CFSP commits to ensuring recurrent expenditure does not exceed total revenue, allocating at least 30% of the budget to development, maintaining wage expenditure below 35% of revenue, and restricting borrowing to development projects.

The FY 2026/2027 fiscal strategy emphasizes ; Strengthening agricultural value chains and agro-processing , expanding infrastructure and renewable energy potential , enhancing access to quality health services , promoting trade, MSME development, and industrial growth and mainstreaming climate action to safeguard livelihoods.

In essence the CFSP 2026/2027 positions Embu County for inclusive growth, fiscal sustainability, and socio-economic transformation, while addressing structural challenges and safeguarding against fiscal and climate-related risks.

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.

Responsibility Principles in the Public Financial Management Law

In line with the Constitution, the Public Financial Management (PFM) Act, 2012, sets out the fiscal responsibility principles to ensure prudency and transparency in the management of public resources. The PFM law Section 107 provides that:

1. A County Treasury shall manage its public finances in accordance with the principles of fiscal responsibility set out in subsection (2), and shall not exceed the limits stated in the regulations.
2. In managing the county government's public finances, the County Treasury shall enforce the following fiscal responsibility principles: -
   a) The county government's recurrent expenditure shall not exceed the county government's total revenue.
   b) Over the medium term, a minimum of 30 percent of the County budget shall be allocated to development expenditure.
   c) The county government's expenditure on wages and benefits for public officers shall not exceed 35 percent of the county government revenue.
   d) Over the medium term, the county government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.
   e) Public debt and obligations shall be maintained at a sustainable level as prescribed by the executive and approved by the County Assembly.
   f) Fiscal risks shall be managed prudently.
   g) 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.
3. For the purposes of subsection (2) (d), short term borrowing shall be restricted to management of cash flows and shall not exceed five percent of the most recent audited county government revenue.
4. Every county government shall ensure that its level of debt at any particular time does not exceed a percentage of its annual revenue specified in respect of each financial year by a resolution of the county assembly.

Table of Contents

i

FOREWORD ..... **I**

ACKNOWLEDGEMENT ..... **II**

EXECUTIVE SUMMARY ..... **III**

ABBREVIATION ..... **VII**

I. RECENT ECONOMIC DEVELOPMENTS AND MEDIUM-TERM OUTLOOK **1**

1. Overview 1

2. Reform of the Global Financial Architecture and Implications for Embu County 1

3. Recent Economic Developments and Outlook 2

4. Domestic / County Economic Outlook 4

5. County-specific Risks and Mitigation Measures 6

II. REVIEW OF FISCAL PERFORMANCE **8**

6. FY 2023/2024 Fiscal Performance 8

7. Revenue Performance Report FY 2024/2025 10

III. FISCAL POLICY AND BUDGET FRAMEWORK **20**

8. Prudent Fiscal Policy 20

9. Observing Fiscal Responsibility Principles 20

10. Fiscal structural reforms 21

11. 2026/2027 Budget Framework 21

Source: County Treasury 23

12. Revenue Projections 23

13. Expenditure Forecasts 26

14. Recurrent Expenditure 27

15. Development 31

16. Overall Deficit Financing 37

IV. COUNTY MEDIUM TERM EXPENDITURE FRAMEWORK **38**

RISKS TO THE ECONOMIC OUTLOOK **50**

CONCLUSION **50**

ABBREVIATION

AiA	Appropriation in Aid
BPS	Budget Policy Statement
CFSP	County Fiscal Strategy Paper
CIDP	County Integrated Development Plan
CPSB	County Public Service Board
FY	Financial Year
GCP	Gross County Product
IGAs	Income Generating Activities
MTEF	Medium Term Expenditure Framework
PFMA	Public Finance Management Act
ADP	Annual Development Plan
FIF	Facility Improvement Fund
BETA	Bottom-up Economic Transformation Agenda
ECRA	Embu County Revenue Authority

I. RECENT ECONOMIC DEVELOPMENTS AND MEDIUM-TERM OUTLOOK

1. Overview

The Embu County Fiscal Strategy Paper 2026 is prepared against a backdrop of a gradually stabilizing macroeconomic environment, as outlined in the 2026 Budget Policy Statement (BPS). Kenya's economy is projected to sustain moderate growth over the medium term, supported by a resilient services sector, improving agricultural performance, recovery in manufacturing and continued household consumption.

Inflation is expected to remain within the target range over the medium term, reflecting easing food and energy prices, exchange rate stability and prudent monetary policy. In response to the improved inflation outlook, monetary policy has shifted towards a more accommodative stance, supporting credit growth and economic activity.

On the fiscal front, the National Government continues to implement a revenue-led fiscal consolidation strategy aimed at reducing the fiscal deficit and stabilizing public debt. This is expected to ease pressure on domestic borrowing, support macroeconomic stability and enhance predictability of intergovernmental fiscal transfers, which is critical for county budget planning and execution.

Despite the improved outlook, risks remain, including climate-related shocks, tight global financial conditions, geopolitical tensions and slower-than-expected global growth. In this context, Embu County's fiscal strategy for FY 2026/2027 emphasizes prudent fiscal management, prioritization of high-impact expenditures and enhancement of own-source revenue as well as strengthening of resilience to economic and climate-related shocks.

2. Reform of the Global Financial Architecture and Implications for Embu County

Kenya's economic growth averaged 4.6 percent between 2019 and 2023 which was below the Vision 2030 target. This reflected limited structural transformation and the low employment elasticity of growth. Structural transformation has contributed modestly to labor productivity growth, constraining poverty reduction and employment creation amid a growing labor force.

Accelerating structural transformation is critical to achieving higher and more inclusive growth. Sustained output growth above 5.8 percent is required to absorb new labor market entrants while faster transformation could raise growth further and significantly expand employment opportunities. Achieving this outcome will require strengthened governance,

improved infrastructure, enhanced human capital development, expanded access to finance and sustained macroeconomic stability.

The current global financial architecture continues to limit access to affordable and predictable development financing for developing economies, including Kenya. While domestic resource mobilization, financial market deepening, private sector participation and improved utilization of natural resource revenues remain priorities, external financing will continue to play a key role in bridging development financing gaps. Kenya continues to advocate for reforms in global debt architecture, expanded access to concessional financing and enhanced representation of developing countries in global financial institutions.

Within this context and in line with the Fourth Medium Term Plan (MTP IV) 2023–2027 and the Bottom-Up Economic Transformation Agenda (BETA), Embu County Integrated Development Plan (CIDP) 2023-2027 and County Annual Development (CADP), Embu County's fiscal strategy for FY 2026/2027 prioritizes investments that support inclusive growth and local economic transformation. The County will focus on strengthening agricultural value chains, expanding and maintaining infrastructure, improving access to quality health and education services, increasing water supply and environmental protection to mitigate effects of climate change, enhancing social protection for vulnerable groups and promoting trade, industrial development and investment.

3. Recent Economic Developments and Outlook

Global Economic Developments

The global economy stabilized in 2024, supported by easing inflation, improved supply chain conditions and resilient demand in major economies. Growth is projected to remain stable in 2025 and 2026, anchored by stronger-than-expected performance in the United States, gradual recovery in the Euro Area and continued expansion in selected emerging markets.

Nevertheless, risks persist, including geopolitical tensions, commodity price volatility, tighter global financial conditions, slower growth in China and rising protectionist trade policies. Global stability supports demand for agricultural exports, remittance inflows, tourism activity and investor confidence, which are important for local economic activity and own-source revenue growth.

National Economic Performance

Kenya's economy remained resilient in 2024, recording an average growth of about 4.5 percent in the first three quarters, compared to 5.6 percent in 2023. Growth was driven by strong agricultural performance, a gradual recovery in manufacturing particularly food processing and sustained expansion in the services sector. The agriculture sector benefited from favorable weather conditions and government interventions. The services sector recorded robust growth, supported by tourism, ICT, financial services, real estate and wholesale and retail trade.

The industrial sector experienced subdued growth due to reduced electricity generation and a slowdown in construction activities, while mining and quarrying contracted following reduced mineral production. The performance of agriculture and services aligns with Embu County's economic structure, reinforcing prioritization of agricultural value chains, agro-processing, MSME development, trade and tourism.

Economic Outlook

In line with the Budget Policy Statement,2026, Kenya's economy is projected to grow by about 5.4 percent in 2025 and 5.3 percent in 2026, supported by improved agricultural productivity, recovery in manufacturing, strong services sector performance, export growth and implementation of reforms under the Bottom-Up Economic Transformation Agenda (BETA). Prudent fiscal and monetary policies are expected to sustain macroeconomic stability and support aggregate demand. The positive growth outlook provides a stable planning environment for FY 2026/2027, supporting county investments in agriculture, infrastructure, health, water, education and local economic development.

Inflation

Inflation declined significantly in 2024, remaining below the mid-point of the target band, supported by easing food and energy prices, exchange rate appreciation and the lagged effects of tight monetary policy. In response, the Central Bank of Kenya gradually eased monetary policy during the year to support economic activity. Private sector credit growth slowed during 2024 but is expected to recover over the medium term as lending rates decline. Lower inflation and easing interest rates are expected to improve household purchasing power, reduce the cost of doing business and enhance access to credit for MSMEs and cooperatives.

External Sector

Kenya's external position improved in 2024, supported by strong export performance, increased remittance inflows and a stable exchange rate. Foreign exchange reserves strengthened, providing adequate import cover and buffering the economy against short-term external shocks. The appreciation and stability of the Kenya Shilling contributed to reduced imported inflation and improved investor confidence. Exchange rate stability supports affordability of agricultural inputs, export competitiveness, diaspora remittance inflows and private investment within the County.

Fiscal Policy

Implementation of the FY 2025/2026 budget faced revenue and cash flow challenges; however, the Government remains committed to a growth-friendly fiscal consolidation path. The medium-term fiscal framework outlined in the 2026 BPS emphasizes enhanced domestic revenue mobilization, expenditure rationalization and increased development spending and strengthened public debt management to support sustainable growth. Improved fiscal discipline and macroeconomic stability are expected to enhance predictability of intergovernmental transfers and support effective budget execution during FY 2026/2027.

The stable macroeconomic outlook, declining inflation, improving external position and supportive fiscal and monetary policies provide a conducive environment for Embu County's FY2026/2027 Fiscal Strategy. The County will prioritize high-impact investments in agriculture, infrastructure, water, health, education, trade and social protection, while maintaining fiscal discipline and sustainability.

4. Domestic / County Economic Outlook

Embu County's economic performance over the recent period remained subdued, reflecting the combined effects of economic, fiscal and social shocks. County economic activity slowed due to a decline in domestic production, particularly in energy-related and allied activities that significantly influence county output. In addition, the 2024 and 2025 nationwide social unrest, including the Gen Z–led protests, disrupted economic activity and service delivery. The destruction of the County Headquarters necessitated the relocation of departments, adversely affecting operational efficiency and continuity of public services.

Further, the withdrawal of the Finance Bill, 2024 resulted in a significant national revenue shortfall, estimated at approximately Kshs. 200 billion, which constrained national fiscal space.

This development affected the level and predictability of equitable share allocations to counties, including Embu County, thereby exerting pressure on liquidity, slowing project implementation and contributing to the accumulation of pending bills.

Notwithstanding these challenges, the medium-term outlook for Embu County remains cautiously optimistic, supported by macroeconomic stabilization measures, recovery in agricultural production, easing inflationary pressures and improved intergovernmental fiscal coordination as articulated in the 2026 Budget Policy Statement (BPS).

Gross County Product (GCP)

Gross County Product (GCP) is a sub-national measure of economic output and represents a county's contribution to the national economy. It is conceptually equivalent to Gross Domestic Product (GDP) at the county level and is a critical input for evidence-based planning, policy formulation and evaluation.

According to the Kenya National Bureau of Statistics (KNBS) Gross County Product Report, 2023, Embu County's GCP was estimated at approximately Kshs. 187.9 billion, accounting for about 1.5 percent of national GDP in 2022. Over the five-year period to 2023, Embu County's economic structure was dominated by:

- Agriculture which recorded the largest contribution to county output
- Manufacturing, which accounted for a modest share of county output; and
- Other industry activities, including electricity, water supply, construction, mining and quarrying, sewerage and waste management
- These sectors continue to underpin employment, household incomes and enterprise development within the county. County fiscal policy will prioritize strengthening agricultural productivity, expanding agro-processing, improving rural infrastructure and supporting micro, small and medium enterprises (MSMEs) to enhance value addition and resilience.

Comparison with Central Regional Economic Bloc Counties

Embu County is a member of the Central Regional Economic Bloc (CEREB), which comprises Embu, Kiambu, Kirinyaga, Laikipia, Meru, Murang'a, Nakuru, Nyandarua, Nyeri and Tharaka Nithi counties. According to the KNBS GCP Report, 2023, growth in GCP across the bloc between 2018 and 2023 was driven largely by increased agricultural production, expansion in transport and logistics and strong performance in service-oriented activities. The average GCP for CEREB counties over the period was approximately Kshs. 296.5 billion. While Embu

County's GCP remains below the bloc average, the County demonstrates strong comparative advantages in agriculture, agro-processing, renewable energy potential and intra-regional trade linkages. The County will leverage regional integration under CREB to promote inter-county trade, coordinated infrastructure development, value chain integration and investment promotion, while addressing structural bottlenecks to competitiveness.

The domestic economic outlook for Embu County in FY 2026/2027 is anchored on gradual recovery in productive sectors, improved macroeconomic stability and enhanced intergovernmental fiscal coordination. Consistent with the 2026 BPS, the County will pursue prudent fiscal management, prioritize clearance of pending bills, restore damaged service delivery infrastructure and allocate resources toward high-impact investments that support inclusive growth, employment creation and sustainable economic transformation.

5. County-specific Risks and Mitigation Measures

The fiscal policy of Embu County for the 2026/2027 financial year is primarily geared toward inclusive growth and socio-economic transformation, yet it faces significant risks that could undermine its economic outlook. The primary threat to fiscal stability in 2026/2027 is the persistent shortfall in Own Source Revenue (OSR), which historically has struggled with gaps in collection and leakages. While the county achieved an impressive 99.5% of its local revenue target in the most recent review (raising Ksh 746.5 million), future performance remains vulnerable to macroeconomic shifts, high wage bills and significant pending bills. Specific risks and mitigation measures are;

- Revenue Mobilization Shortfalls: Although digitization and automation are improving collection, structural leakages and declining revenue from sources like land rates remain a concern. The risk will be mitigated by Revenue Automation which means integration of technology to expand the tax base and increase compliance.

- High Wage Bill: Embu's personnel costs have reached approximately 49% of realized revenue, far exceeding the statutory limit of 35%, which severely restricts the "fiscal space" available for development projects. The risk will be mitigated by Productivity-Linked Performance where Implementation of Performance Contracting for the 2026/2027 cycle will ensure that existing staff costs translate into measurable service delivery and economic value

- Pending Bills and Debts: The County faced a backlog of Ksh 1.37 billion in pending bills at the start of the medium term, posing a liquidity risk and potentially hindering the settlement of future obligations. The risk will be mitigated by prudent debt management strategies including prioritizing the reconciliation and settlement of existing pending bills to improve financial flexibility

- National Transfer Delays: A heavy reliance on the national government's equitable share means that any delays in disbursements—a common occurrence in recent cycles—can stall project implementation and service delivery. This risk will be mitigated by Prudent Cash Flow Forecasting through strengthening procurement systems and improving cash flow planning to ensure that critical operations continue even during delays in national funding.

- Climate and Agricultural Vulnerability: Since agriculture employs 70.1% of the population and contributes 27.1% to the Gross County Product (GCP), adverse weather patterns (droughts or floods) remain a critical risk to both household incomes and the county's tax base. The risk will be mitigated through climate adaptation strategies including mainstreaming climate action through the Embu County Climate Change Action Plan 2023–2027 to protect the agricultural sector.

II. REVIEW OF FISCAL PERFORMANCE

6. FY 2023/2024 Fiscal Performance

Comparison between CFSP 2024/2025 and Approved Supplementary Budget Estimates FY 2024/2025

The table below presents a comparative summary of the revenue framework for FY 2024/2025 as approved in the County Fiscal Strategy Paper (CFSP) and the subsequent Supplementary Estimates. It highlights the adjustments made across key revenue streams, showing the overall change in the County's resource envelope.

Table 1: Comparison between CFSP 2024/2025 and Approved Budget FY 2024/2025

Item	Approved CFSP 2024/2025	Approved Supplementary Estimates 2024/2025
Equitable Share of Revenue from National Government	5,421,731,176	5,797,241,692
Loans and Grants	731,713,599	1,001,511,303
Own Source Revenue and AiA	900,000,000	1,546,792,241
Unspent Exchequer Funds for FY 2023/2024	-	187,997,315
Total	**7,053,444,775**	**8,533,542,551**

The equitable revenue from national government showed a positive change due to unreleased funds in FY 2023/2024. The approved CFSP for FY 2024/2025 projected total revenue of Kshs. **7,053,444,775** against an annual target of Kshs. **8,533,542,551**, resulting in a shortfall of Kshs. **1,480,097,776**. The projection comprised an equitable share of Kshs. **5,421,731,176**, loans and grants amounting to Kshs. **731,713,599** and own-source revenue, including AiA of Kshs. **900,000,000**. Subsequent revisions reflected upward adjustments across the revenue components, notably an increase in own source revenue and AiA to Kshs. **1,546,792,241**, alongside the inclusion of Kshs. 187,997,315 in unspent exchequer balances carried forward from FY 2023/2024.

Revenue comparison between CFSP 2024/2025 and Approved Supplementary Estimates 2024/2025

Table 2 provides a detailed comparison of the revenue ceilings outlined in the FY 2024/2025 CFSP and the Approved Supplementary Estimates for the same financial year. It outlines adjustments across major revenue streams. The comparison highlights the changes that expanded the County's total revenue from KSh 7.05 billion to KSh 8.53 billion.

Table 2: Revenue comparison between CFSP 2024/2025 and Approved Supplementary Estimates 2024/2025

Revenue Stream	CFSP Ceilings 2024/2025	Approved Supplementary Estimates 2024/2025
Equitable Share Of Revenue From National Government	5,421,731,176	5,797,241,692
Conditional Allocation for National Agricultural Value Chain Development Project(NAVCDP)	151,515,152	151,515,152
DANIDA Grant To Finance Primary Health Care in Devolved Context	6,630,000	6,630,000
Conditional Additional Allocation for Community Health Promoters	37,603,527	37,603,527
Financing Locally Led Climate Action(FLLoCA)- County Climate Resilience Investment(CCRI) Grant	137,500,000	137,500,000
Financing Locally Led Climate Action(FLLoCA)- County Climate Institutional Support (CCIS) Grant	-	11,000,000
Emergency Locust Response Project (ELRP)	104,600,000	104,600,000
Aquaculture Business Development Project(ABDP)	10,237,551	10,237,551
Kenya Devolution Support Programme II	37,500,000	37,500,000
Kenya Urban Support Programme-Urban Institutional Grants	35,000,000	35,000,000
Kenya Urban Support Programme- Urban Development Grants	-	52,595,562
Kenya Nutrition Support Grant	-	5,000,000
Unconditional Allocations to County Governments from Court Fines and Mineral Royalties	-	2,142
Chinese Government Grant	-	2,700,000
KCB VTC Scholarship Grant	-	12,500,000
Conditional Grant for Aggregated Industrial Parks Programme	-	186,000,000
Conditional Additional Allocation For Maintenance of County Roads From the Road Maintenance Levy Fund(RMLF)	211,127,369	211,127,369

Revenue Stream	CFSP Ceilings 2024/2025	Approved Supplementary Estimates 2024/2025
FY 2023/24 Unspent Funds	-	187,997,315
Local Sources	459,362,250	827,376,039
Appropriations In Aid (AiA)- Ministerial-Other	440,637,750	243,367,303
Appropriations In Aid (AiA)-Health (FIF)	-	476,048,899
Total Revenue	**7,053,444,775**	**8,533,542,551**

There was a total variation of Kshs. 1,480,097,776 between the CFSP revenue ceilings for FY 2024/2025 and the targeted annual revenue. This variation was mainly attributable to increased allocations from new and enhanced funding sources, including the Aggregated Industrial Parks Programme (Kshs. 186 million), Appropriations in Aid from the Health FIF (Kshs. 476 million) and unspent exchequer balances carried forward from FY 2023/2024 amounting to Kshs. 188 million. In addition, own source revenue improved by Kshs. 368 million. These increases were partially offset by a reduction in ministerial Appropriations in Aid (Other) of Kshs. 197 million.

7. Revenue Performance Report FY 2024/2025

Table 3 presents a detailed analysis of revenue performance for the FY 2024/2025 comparing annual targeted revenue against actual receipts and highlighting the resulting variances. It categorizes revenue into Equitable Share and Conditional Grants, Own Source Revenue and Appropriations in Aid (AiA) and Health Facility Improvement Fund, thereby illustrating the extent of achievement across different revenue streams and the overall budget performance of 85 percent.

Table 3: Revenue Performance Report FY 2024/2025

Revenue Stream	Annual Targeted Revenue (Kshs.) A	Actual Revenue (Kshs.) B	Variance (Kshs.) C=B-A	
a) Equitable Share and Conditional Grants				
Equitable Share Of Revenue From National Government	5,369,896,832	5,369,897,176	344	100%
Equitable Share Of Revenue From National Government(FY 2023/2024 Unreleased June Exchequer allocation)	427,344,860	427,344,860	-	100%

Revenue Stream	Annual Targeted Revenue (Kshs.) A	Actual Revenue (Kshs.) B	Variance (Kshs.) C=B-A	
Conditional Allocation for National Agricultural Value Chain Development Project(NAVCDP)	151,515,152	39,281,206	(112,233,946)	26%
DANIDA Grant To Finance Primary Health Care in Devolved Context	6,630,000	5,635,500	(994,500)	85%
Conditional Additional Allocation for Community Health Promoters	37,603,527	-	(37,603,527)	0%
Financing Locally Led Climate Action(FLLoCA)- County Climate Resilience Investment(CCRI) Grant	137,500,000	9,804,145	(127,695,855)	7%
Financing Locally Led Climate Action(FLLoCA)- County Climate Institutional Support (CCIS) Grant	11,000,000	11,000,000	-	100%
Emergency Locust Response Project (ELRP)	104,600,000	-	(104,600,000)	0%
Aquaculture Business Development Project(ABDP)	10,237,551	-	(10,237,551)	0%
Kenya Devolution Support Programme II	37,500,000	-	(37,500,000)	0%
Kenya Urban Support Programme-Urban Institutional Grants	35,000,000	32,309,300	(2,690,700)	92%
Kenya Urban Support Programme- Urban Development Grants	52,595,562	-	(52,595,562)	0%
Kenya Nutrition Support Grant	5,000,000	-	(5,000,000)	0%
Unconditional Allocations to County Governments from Court Fines and Mineral Royalties	2,142	-	(2,142)	0%
Chinese Government Grant	2,700,000	-	(2,700,000)	0%
KCB VTC Scholarship Grant	12,500,000	-	(12,500,000)	0%
Conditional Grant for Aggregated Industrial Parks Programme	186,000,000	186,000,000	(0)	100%
Conditional Additional Allocation For Maintenance of County Roads From the Road Maintenance Levy Fund(RMLF)	211,127,369	73,706,112	(137,421,257)	35%
FY 2023/2024 Unspent Funds	187,997,315	187,997,315	-	100%
Sub-Total	6,986,750,310	6,342,975,614	(643,774,696)	91%
b) Own Source Revenue and AiA				
Local Sources	827,376,039	399,241,664	(428,134,375)	48%
Appropriations In Aid (AiA)- Ministerial-Other	243,367,303	985,050	(242,382,253)	0%

Revenue Stream	Annual Targeted Revenue (Kshs.) A	Actual Revenue (Kshs.) B	Variance (Kshs.) C=B-A	
Sub-Total	1,070,743,342	400,226,714	(670,516,628)	37%
c) Health FIF				
Appropriations In Aid (AiA)-Health (FIF)	476,048,899	517,750,696	41,701,797	109%
Sub-Total	476,048,899	517,750,696	41,701,797	109%
Total Own Source Revenue and AiA				
Total Revenue	**8,533,542,551**	**7,260,953,024**	**(1,272,589,527)**	**85%**

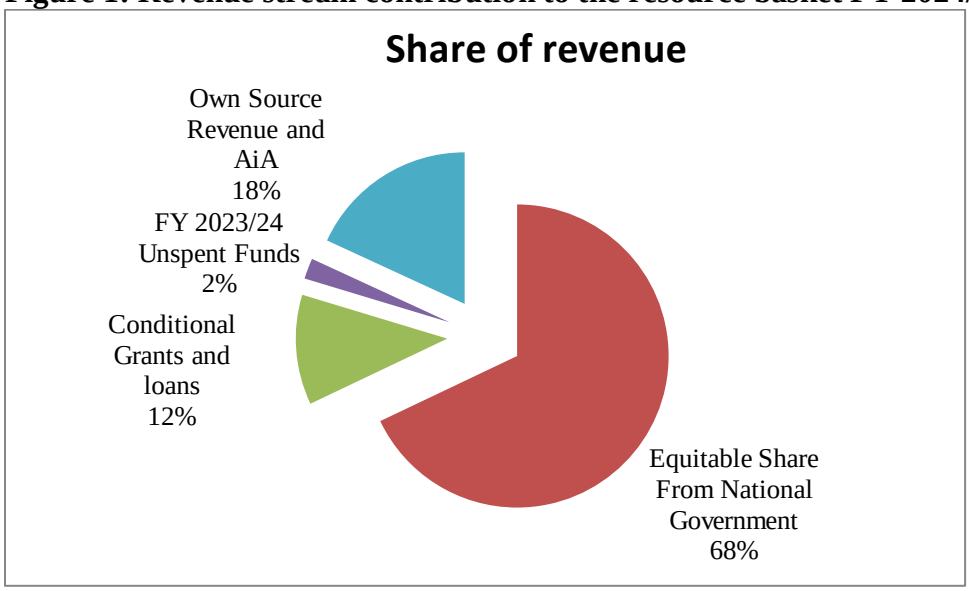
The total actual revenue realized amounted to Kshs. **7,260,953,024** against a target of Kshs. **8,533,542,551**, representing an overall performance of 85 percent. The Equitable Share received a total of Kshs. **5,369,897,176** therefore meeting the targeted amount representing 100 per cent achievement.

However, performance under conditional loans and grants was low, with only 36 percent of the projected funds realized, which significantly affected the overall absorption rate. The Conditional Additional Allocation for Community Health Promoters reflects zero actual revenue since these funds are disbursed and paid directly by the National Government to the health promoters rather than through the County Treasury.

Local revenue collection recorded Kshs. **400,226,714** against a target of Kshs. **1,070,743,342** representing a performance level of 37 percent. The shortfall is largely attributed to minimal realization under Appropriations in Aid (AiA) – Ministerial (Other), which achieved less than one percent of its target. In contrast, Appropriations in Aid (AiA) – Health (FIF) performed above target, surpassing projections by 9 percent after realizing Kshs. **517,750,696** against a target of Kshs. **476,048,899**.

Visual representation of revenue streams

Figure 1: Revenue stream contribution to the resource basket FY 2024/2025



Local Revenue Performance

Own Source revenue achievement against target

Table 4 provides a breakdown of local revenue performance for FY 2024/2025, comparing projected amounts against actual collections and indicating the level of achievement for each revenue stream.

Table 4: Local Revenue Performance

Revenue Source	Projection FY 2024/2025	Achievement FY 2024/2025	Achievement Against Target
Single business permit	218,551,360	119,974,512	55%
Stalls rent	20,173,972	7,723,111	38%
Market Fees	42,029,108	17,774,977	42%
Miraa Mkt. Fees	-	3,971,478	
Buspark	47,072,601	30,082,551	64%
Street Parking	33,623,286	19,249,565	57%
Cess	156,255,240	69,689,066	45%
Land Rates	50,434,929	14,995,910	30%
Subdivision	26,898,629	17,925,568	67%
Enforcement	8,405,822	681,020	8%
Building Plan	44,718,977	6,360,579	14%
Advert Fees	58,840,751	36,923,133	63%
Slaughter Hse Fees	3,026,096	1,243,880	41%

Revenue Source	Projection FY 2024/2025	Achievement FY 2024/2025	Achievement Against Target
Misc.	-	76,300	
Liqour	84,058,215	42,954,101	51%
Veterinary	10,086,986	3,131,189	31%
Weights	2,689,863	1,023,940	38%
Audit Fee	336,233	257,984	77%
House Rent	20,173,972	5,150,766	26%
Coffee Pulping	-	49,834	-
Cemetery	-	2,200	-
Local Rev. Total	**827,376,039**	**399,241,664**	**48%**

The total local revenue collection for FY 2024/2025 amounted to Kshs. 399.24 million against a target of Kshs. 827.38 million, representing an overall performance of 48 percent. Among the key revenue streams, Single Business Permits contributed the highest share at Kshs. 119.97 million 55% followed by Liquor Licenses at Kshs. 42.95 million 51% and Bus Park collections at Kshs. 30.08 million 64%. Particularly, Advert Fees and Subdivision recorded relatively stronger performances at 63 percent and 67 percent of their targets, respectively.

However, several streams significantly underperformed, including Building Plan Approvals 14%, Enforcement 8% and House Rent 26%. Land Rates, a traditionally strong source, also registered low performance at 30%, while Cess achieved only 45% of its target. New and minor revenue sources such as Miraa Market Fees, Coffee Pulping and Cemetery collections recorded minimal yields. Overall, the underperformance across most revenue lines highlights persistent challenges in revenue mobilization, enforcement and compliance, thereby constraining the county's capacity to meet its local revenue targets.

Appropriation in Aid performance

Table 5 provides a breakdown of appropriation in Aid performance for FY 2024/2025, comparing projected amounts against actual collections and indicating the level of achievement for each revenue stream.

Table 5: Appropriation in Aid achievement against target

Revenue Source	Projection FY 2024/2025	Achievement FY 2024/2025	Achievement Against Target
Youth Empowerment	50,701,521	658,050	1%
Gender	12,675,380	326,000	3%
Mwea National Park	50,701,521	-	0%
AMS	25,350,761	1,000	0%
Fisheries	2,535,076	-	0%
ECDE Approvals/Inspection	25,350,761	-	0%
Water and Irrigation	25,350,761	-	0%
Borehole drilling charges	50,701,521	-	0%
Total	**243,367,303**	**985,050**	**0%**

The total Appropriations-in-Aid (AiA) collections for FY 2024/2025 amounted to Kshs. 917.98 million against a target of Kshs. 1.55 billion, representing an overall performance of 59 percent. Most revenue streams underperformed, with Youth Empowerment 1%, Gender 3% and several others such as Mwea National Park, AMS, Fisheries, ECDE approvals, Water and Irrigation and Borehole drilling charges registering no collections. AiA-Others also posted minimal performance at 0 percent, with only Kshs. 985,050 realized against a target of Kshs. 243.37 million.

FACILITY IMPROVEMENT FUND

Table 6 below outlines the performance of Health Facility Improvement Fund (FIF) and related health revenue streams for FY 2024/2025, comparing projected revenues against actual collections and indicating achievement levels for each facility.

Table 6: Performance of Facility Improvement Fund (FIF)

Revenue Source	Projections FY 2024/2025	Achievements FY 2024/2025	Achievements Against Targets
Embu-Level 5	341,375,508	391,836,643	115%
Runyenjes Hospital	13,730,852	18,043,353	131%
Siakago Hospital	6,594,267	12,901,423	196%
Ishiara Hospital	12,117,060	15,029,905	124%

Revenue Source	Projections FY 2024/2025	Achievements FY 2024/2025	Achievements Against Targets
Kianjokoma Hospital	6,415,400	7,451,088	116%
Gategi Hospital	1,394,903	2,710,750	194%
Kiritiri Health Centre	4,463,691	7,434,273	167%
Level 3 Hospitals	23,516,005	17,754,053	75%
Level 2 Hospitals	46,477,218	24,157,379	52%
Public Health	19,964,004	20,431,829	102%
AIA Health (FIF) TOTALS	**476,048,908**	**517,750,696**	**109%**
GRAND TOTAL	**1,546,792,250**	**917,977,410**	**59%**

The health sector recorded strong performance, with Siakago Hospital 196%, Gategi Hospital 194% and Kiritiri Health Centre 167% exceeding their targets significantly. Other facilities such as Runyenjes Hospital 131%, Ishiara Hospital 124%, Kianjokoma Hospital 116% and Embu Level 5 Hospital 115% also surpassed their targets. Public Health achieved 102%, while Level 3 and Level 2 Hospitals underperformed at 75% and 52%, respectively. Overall, the strong performance in health FIF collections 109% partly offset the weak results in other AiA categories, but the county still fell short of its aggregate target.

Comparison of Local Revenue for FY 2024/2025 and FY 2025/2026

The table presents the First Half Performance as at 31st December 2025 for FY 2025/2026, comparing revenue performance against the previous financial year and approved targets. Overall, the county recorded total revenue of Kshs. 420,124,506 in the first half of FY 2024/2025, compared to Kshs.321, 761,876 in the same period of FY 2025/2026, reflecting a growth of Kshs. 98,362,630. This represents 62% achievement against the full-year target of Kshs. 682,243,583.

First Half Performance of FY 2026/26 as at 31st December, 2025

Table 7 below presents a comparative analysis of revenue performance for the half year between FY 2024/2025 and FY 2025/2026, showing actual collections, variances, revised projections for FY 2025/2026 and achievement levels against set targets.

Table 7: First Half Performance

REVENUE SOURCE	FY 2024/2025	FY 2025/2026	VARIANCE	PROJECTION FY 2025/2026	ACHIEVEMENT AGAINST TARGET
Single Business Permit	15,331,104	10,026,737	-5,304,367	18,470,293	54%
Stalls Rent	2,776,814	2,577,650	-199,164	9,447,231	27%
Market Fees	8,851,628	8,439,781	-411,847	18,468,273	46%
Miraa Market Fees	1,965,386	1,615,031	-350,355	3,551,591	45%
Bus park	14,372,940	13,973,370	-399,570	28,539,304	49%
Street Parking	4,015,060	3,342,610	-672,450	8,906,840	38%
Cess	36,287,016	32,327,458	-3,959,558	45,000,002	72%
Land Rates	4,157,822	1,855,847	-2,301,975	35,164,704	5%
Subdivision	8,678,068	7,970,000	-708,068	32,234,136	25%
Enforcement	270,700	188,800	-81,900	6,281,350	3%
Building Plan	3,327,914	2,228,866	-1,099,048	18,810,723	12%
Advert Fees	2,955,064	2,488,785	-466,279	12,410,845	20%
Slaughter House Fees	722,850	458,800	-264,050	4,278,573	11%
Miscellaneous	76,300	0	-76,300	0	0%
Liquor	14,179,151	9,672,000	-4,507,151	33,016,754	29%
Veterinary	2,017,124	1,399,393	-617,731	10,551,591	13%
Weights	467,240	63,000	-404,240	7,565,477	1%
Audit Fee	44,352	31,226	-13,126	292,064	11%
House Rent	2,030,632	2,671,060	640,428	40,003,181	7%
Coffee Pulping	18,834	89,000	70,166	2,250,651	4%
Public Health	227,600	0	-227,600	0	0%
Local Rev. Total	**122,773,599**	**101,419,414**	**-21,354,185**	**335,243,583**	**30%**

REVENUE SOURCE	FY 2024/2025	FY 2025/2026	VARIANCE	PROJECTION FY 2025/2026	ACHIEVEMENT AGAINST TARGET
Youth Empowerment	369,000	469,000	100,000	17,500,000	3%
Gender	138,195	108,964	-29,231	1,500,000	7%
Mwea National Park	-	-	-	10,000,000	0%
AMS	-	1,000	1,000	1,500,000	0%
Fisheries	-	-	-	-	
ECDE Approvals / Inspection	-	-	-	12,500,000	0%
Water And Irrigation	-	-	-	-	0%
Borehole Drilling Charges	-	-	-	4,000,000	0%
Sub-totals	**507,195**	**578,964**	**71,769**	**47,000,000**	**1%**
Sub-totals	**123,280,794**	**101,998,378**	**-21,282,416**	**382,243,583**	**27%**
Other FIF Fees					
Health Facilities	195,674,182	311,866,301	116,192,119	289,300,000	108%
Public Health	2,806,900	6,259,827	3,452,927	10,700,000	59%
Sub-totals	**198,481,082**	**318,126,128**	**119,645,046**	**300,000,000**	**106%**
Totals	**321,761,876**	**420,124,506**	**98,362,630**	**682,243,583**	**62%**

Local Revenue Performance

In the first half of the FY2025/2026, the local revenue realized Kshs. 101,419,414 as compared to Kshs. 122,773,599 in the same period in the financial year 2024/2025 representing a shortfall of Kshs. 21,354,185. Key contributors under local revenue included Cess (72% achievement), Single Business Permits (54%), Bus Park fees (49%) and Market Fees (46%). However, several streams such as Land Rates (5%), Enforcement (3%), Weights (1%) and Public Health fees (0%) significantly underperformed, pulling down overall performance.

Ministerial and Departmental Revenues

Ministerial and departmental revenue streams which include; Youth Empowerment, Gender and other related fees registered low performance achieved 27 percent of the planned target. Several approved revenue lines, such as ECDE inspection fees, Borehole drilling charges and Mwea National Park fees, did not record any collections during the period under review.

Based on the revenue performance in the first half of the current financial year, the County is likely to experience a shortfall in own source revenue. This situation necessitates the following measures:

- Implementation of austerity measures, including rationalization and reduction of operational expenditures.
- Development and execution of mitigation strategies to prevent further revenue deterioration.
- Preparation of a supplementary budget to realign priorities in line with the revised resource envelope.

Health-Related Revenues

Health-related revenues performed exceptionally well. Health Facilities collected Kshs.311,866,301 against a target of Kshs. 289,300,000, achieving 108%, while Public Health recorded 59% achievement. Overall, the health sector generated Kshs. 318,126,128 surpassing its target by Kshs. 119,645,046 and achieving 106%.

In summary, while total revenue performance is strong at 62%, this was largely driven by over performance in the health sector. Local revenue streams and several departmental fees underperformed, indicating the need for strengthened enforcement, improved collection mechanisms and activation of dormant revenue sources to meet annual target.

III. FISCAL POLICY AND BUDGET FRAMEWORK

The FY 2026/2027 and medium-term budget is anchored on the Government's policy priorities and macroeconomic framework as outlined in Chapters I and II. Emphasis will be placed on prioritizing expenditure toward critical sectors, sustaining effective service delivery, and enhancing revenue mobilization to support county programmes and initiatives. The County Government remains committed to implementing the County Integrated Development Plan (CIDP) 2023-2027, which defines the county's strategic goals and development priorities. Furthermore, the Government is focused on strengthening own-source revenue generation to address the persistent challenge of pending bills.

8. Prudent Fiscal Policy

The overarching objective of budget implementation is to adopt a holistic approach to economic and social development within the limits of available resources. Key aims include lowering the cost of living, promoting employment creation, advancing equitable income distribution, and broadening the tax revenue base. Accordingly, emphasis will be placed on strengthening revenue mobilization and rationalizing non-priority expenditures, while safeguarding allocations for capital investment. Given prevailing resource constraints, the sector ceilings established in the FY 2026/2027 Budget and the Medium-Term framework will form the basis for detailed budgetary allocations.

9. Observing Fiscal Responsibility Principles

The Constitution of Kenya, 2010 and the Public Finance Management Act, 2012 underscore the importance of prudent policy decisions that safeguard the welfare of both present and future generations. The Public Finance Management Act further emphasizes transparency and accountability in the management of public resources. In this regard, the County Government is committed to upholding the principles of fiscal responsibility and maintaining sound financial discipline. Pursuant to Section 107(1) of the Public Finance Management Act, 2012, the County Treasury is mandated to manage public finances in accordance with established fiscal responsibility principles.

In line with the Public Finance Management Act, 2012, County Governments are required to allocate a minimum of thirty percent of their budgets to development expenditure over the medium term. Additionally, Regulation 25(1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 stipulates that expenditure on wages and benefits for public officers shall not exceed thirty-five percent (35%) of the County Government's total revenue. Compliance with this fiscal rule has remained inadequate, underscoring the need for

deliberate measures to ensure that the wage bill is maintained within the legally prescribed threshold.

The Constitution of Kenya, 2010 also emphasizes the importance of public participation in the identification and implementation of county priorities. Accordingly, the County Government remains committed to placing public participation at the centre of the planning, budgeting, and execution of county programmes and projects.

10. Fiscal structural reforms

The County Government is fully committed to the adoption and effective utilization of the Integrated Financial Management Information System (IFMIS), including the E-Procurement module, as a key tool for strengthening expenditure management and enforcing robust controls over the use of public resources. Full implementation of IFMIS is expected to enhance transparency, improve efficiency in financial transactions, reduce leakages, and promote value for money across all county operations.

In addition, the Embu County Revenue Authority (ECRA) has recorded notable progress in strengthening revenue administration and will proceed with the rollout of a comprehensive and effective revenue management system aimed at improving revenue assessment, collection, reporting, and compliance. This system will support real-time monitoring of revenue streams and enhance accountability in revenue handling.

Further, county departments will be provided with appropriate budgetary allocations to facilitate the implementation of revenue-generating initiatives through Appropriation in Aid (AiA). These allocations will enable departments to strengthen service delivery, expand revenue bases within their respective mandates, and enhance cost recovery mechanisms.

Collectively, these measures are intended to optimize public financial management, enhance own-source revenue mobilization, and reinforce the County's overall fiscal sustainability and resilience.

11. 2026/2027 Budget Framework

During the Medium-Term Budget Framework covering the period from FY 2026/2027, the County Government will ensure that all proposed programmes and projects are fully aligned with the County's strategic priorities and development objectives as articulated in the Annual Development Plan (ADP) 2026/2027 and the County Integrated Development Plan (CIDP) 2023-2027. This alignment will guide resource allocation, promote coherence between

planning and budgeting processes, and ensure that public resources are directed toward high-impact interventions that support sustainable economic growth and improved service delivery.

The County Government will further strengthen programme-based budgeting to ensure that funded initiatives are result oriented, address identified development gaps, and deliver measurable outcomes that advance the county's long-term development agenda.

Over the medium term, the projected revenue is Kshs. **8,349,653,463** for the financial year 2026/2027, Kshs. **8,725,908,233** for the financial year 2027/2028 and Kshs. **9,120,925,741** for the financial year 2028/2029 as outlined in table 11 below:

Table 11: County Fiscal Projections 2026/2027 -2028/2029

Item	County Fiscal Strategy Paper Projections for FY 2026/2027	Projections	
		2027/2028	2028/2029
Equitable Share Of Revenue From National Government	6,150,095,398	6,457,600,168	6,780,480,176
Conditional Allocation for National Agricultural Value Chain Development Project(NAVCDP)	105,000,000	105,000,000	105,000,000
Fred Hollows (Eye) Vision Impact Program (VIP)	4,000,000	5,000,000	6,000,000
Building resilience and responsive health system (BREHS)	44,907,958	44,907,958	44,907,958
Conditional Additional Allocation for Community Health Promoters	60,300,000	60,300,000	60,300,000
Financing Locally Led Climate Action(FLLoCA)-County Climate Resilience Investment(CCRI) Grant	137,500,000	137,500,000	137,500,000
Second Kenya Devolution Support Programme (KDSP II) - Level 1 Grant	37,500,000	37,500,000	37,500,000
Second Kenya Devolution Support Programme (KDSP II)- Level 2 Grant	352,500,000	352,500,000	352,500,000
Kenya Urban Support Programme-Urban Institutional Grants	35,000,000	35,000,000	35,000,000

Item	County Fiscal Strategy Paper Projections for FY 2026/2027	Projections	
		2027/2028	2028/2029
Kenya Urban Support Programme- Urban Development Grants	58,869,660	58,869,660	58,869,660
Conditional Allocation from 0.5% of Housing Levy Fund to the County Rural And Urban Affordable Housing Committees	7,787,057	7,787,057	7,787,057
Local Sources	698,500,000	733,425,000	770,096,250
Appropriations In Aid (AiA)- Ministerial-Other	6,500,000	6,825,000	7,166,250
Appropriations In Aid (AiA)-Health (FIF)	650,000,000	682,500,000	716,625,000
Unconditional Allocations To County Governments From Court Fines And Mineral Royalties	1,193,390	1,193,390	1,193,390
TOTAL REVENUE	**8,349,653,463**	**8,725,908,233**	**9,120,925,741**

Source: County Treasury

12. Revenue Projections

The total projected revenue for Embu County Government for FY 2026/2027 is Kshs. **8,349,653,463**. The equitable share of revenue from the National Government is Kshs. **6,150,095,398** as stipulated in the Budget Policy Statement, 2026. The budget estimates for financial year 2026/2027 has a targeted own source revenue amounting to Kshs.**1,355,000,000** comprising of ordinary local revenue and Appropriation-in-Aid from the departments which include the health Facility Improvement Fund(FIF).These internal revenue sources represent 16.2 percent of the total county revenue. The projection for ordinary local revenue is Kshs. **698,500,000**, Appropriations in Aid (AiA) for departments at Kshs. **6,500,000** while Appropriations in Aid under Facility Improvement Fund (FIF) is projected to be Kshs. **650,000,000**.

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 departments. The AiA targets under each department are based on the resources allocated respectively and the available opportunities under each department.

A breakdown of the Local sources and AiA from the departments is shown below in Table 12.

Table 12: Breakdown of Local sources for FY 2026/2027

Revenue Stream	Projections
LOCAL SOURCES	
Single Business Permit	167,000,000
House Stalls	17,078,240
House Rent	15,183,374
Market Fees	33,380,196
Miraa Market Fees	6,210,269
Bus park	51,234,719
Street Parking	31,051,345
Cess	103,989,976
Land Rates	70,366,748
Subdivision	35,946,210
Enforcement	6,986,553
Building Plan	30,315,403
Advert Fees	47,312,958
Slaughter House Fees	2,328,850
Liquor	68,312,958
Audit Fee	1,065,770
Coffee Pulping	455,257
Stadium Fees	5,000,000
Weights	5,281,174
TOTAL	**698,500,000**
APPROPRIATION IN AID	
Veterinary	3,196,252

Library Services	692,272
Youth Empowerment	1,798,361
Gender	813,115
TOTAL	**6,500,000**
GRAND TOTALS	**705,000,000**

The County is also expected to receive conditional allocations amounting to Kshs. **844,558,065** with a counter funding amounts of Kshs. **153,890,000** totaling to Kshs. **998,448,065.**This represents 12.1 percent of the total county revenue. A breakdown of conditional allocations is provided in Table 13.

Table 13: Breakdown of Conditional allocations and their respective County Counter Funding amounts

Description of Revenue Item	Operations	Development	Total	Counter Fund	Grand Total
Conditional Allocation for National Agricultural Value Chain Development Project (NAVCDP)	17,617,865	87,382,135	105,000,000	10,000,000	115,000,000
Fred Hollows (Eye) Vision Impact Program (VIP)	4,000,000	-	4,000,000	4,000,000	8,000,000
Conditional Grant for Building resilience and responsive health system (BREHS)	44,907,958	-	44,907,958	-	44,907,958
Conditional Allocation for Community Health Promoters	60,300,000	-	60,300,000	46,890,000	107,190,000
Financing Locally Led Climate Action (FLLoCA)- County Climate Resilience Investment (CCRI) Grant	-	137,500,000	137,500,000	40,000,000	177,500,000
Second Kenya Devolution Support Programme(KDSP II)-Level 1 Grant	37,500,000	-	37,500,000	-	37,500,000

Description of Revenue Item	Operations	Development	Total	Counter Fund	Grand Total
Second Kenya Devolution Support Programme(KDSPII)-Level 2 Grant	-	352,500,000	352,500,000	10,000,000	362,500,000
Conditional Allocation from 0.5% of Housing Levy Fund to the County Rural And Urban Affordable Housing Committees	7,787,057	-	7,787,057	-	7,787,057
Kenya Urban Support Programme-Urban Institutional Grant	35,000,000	-	35,000,000	-	35,000,000
Kenya Urban Support Programme- Urban Development Grant	-	58,869,660	58,869,660	10,000,000	68,869,660
Unconditional Allocations to County Governments from Court Fines and Mineral Royalties	-	1,193,390	1,193,390	-	1,193,390
Conditional Allocation for Kenya Nutrition Support Grant	-	-	-	3,000,000	3,000,000
TOTAL	**207,112,880**	**637,445,185**	**844,558,065**	**153,890,000**	**998,448,065**

Source: County Treasury

13. Expenditure Forecasts

The primary policy framework guiding the County Government's allocation of resources is the County Integrated Development Plan (CIDP) 2023-2027. This strategic document outlines the county's development priorities and serves as a roadmap for planning, budgeting, and implementation of programmes and projects over the medium term. The CIDP is formulated through an inclusive process that incorporates input from public consultative forums, stakeholder engagements, and sectoral assessments, ensuring that the county's development agenda reflects the needs and aspirations of its residents. By aligning funding decisions with the CIDP, the County Government aims to promote strategic investment, optimize resource utilization and deliver sustainable socio-economic benefits to the community. The County is required by law to prepare a balanced budget which translates to Kshs. **8,349,653,463**. The

table below outlines the summary of expenditure in both recurrent and development classifications.

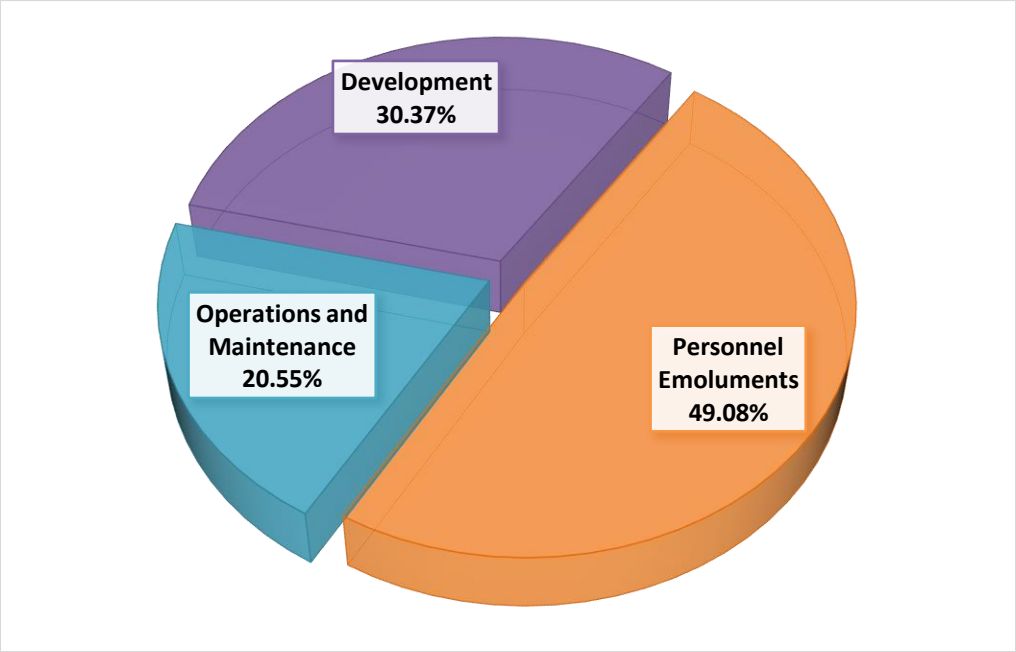
Table 14: Summary of Expenditure

Category	Amount	Percentage Share
Recurrent Expenditure	**5,813,481,412**	**69.63%**
Personnel Emoluments	4,097,732,362	49.08%
Operations and Maintenance	1,715,749,050	20.55%
Development	**2,536,172,051**	**30.37%**
TOTAL	**8,349,653,463**	**100.00%**

Source: County Treasury

Recurrent expenditure takes the lion share at Kshs. **5,813,481,412** accounting for 69.63 percent of the total expenditure largely due to the huge wage bill. Development expenditure stands at Kshs. **2,536,172,051** accounting for 30.37 percent of the overall expenditure

Figure 4: Summary Expenditure Analysis



Source: County Treasury

14. Recurrent Expenditure

The total wage bill stands at Kshs. 4,097,732,362 accounting for 49.08 percent of the total budget while operations and maintenance costs stands at Kshs. 1,715,749,050 accounting for

20.55 percent. This indicates that the wage bill takes the big share of the total budget which is above the recommended 35 percent as per the provisions on the fiscal responsibilities principles that are outlined in Section 107(2c) of PFMA, 2012. A breakdown of County personnel emoluments is provided in Table 15.

Table 15: Personnel Emolument Expenditure Sector Ceilings for Financial Year 2026/2027

Sector	Expenditure Ceilings
Executive Office of the Governor	199,941,980
Finance, Economic Planning,Budgeting,Revenue and Resource Mobilization	117,351,516
Education	473,752,196
Health	1,746,363,641
Roads, Public Works, Energy, Transport and Logistics	44,741,428
Trade, Investment, Tourism, Industrial Development And Marketing	20,883,827
Agriculture, Livestock, Blue Economy And Cooperative Development	182,488,347
Lands, Mining Housing, Physical Planning and Urban Development	46,541,568
Water, Irrigation, Environment, Climate Change And Natural Resources	34,697,119
Youth Empowerment, Gender, Children,Sports,Culture And Social Services	22,158,547
Devolution, County Administration, Public Service, Public Participation and Special Programmes	764,953,155
County Public Service Board	30,744,514
County Assembly	372,046,648
Embu Municipality	41,067,876
TOTAL	**4,097,732,362**

Source: County Treasury

The health department including Embu Level 5 hospital takes the lion share of the personnel emoluments at Kshs. 1,746,363,641 accounting for 42.6 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 workforce. 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 Devolution, County Administration, Public Service, Public Participation and Special Programmes docket has the second highest wage bill totaling to Kshs. 764,953,155 comprising of both emoluments and monies for pensions and other expenditures relating to personnel emoluments.

The County Government faces a potential risk of a rising wage bill, particularly within the health sector, driven by staff promotions and new recruitments. These ongoing increases place pressure on efforts to maintain a lean, efficient, and cost-effective workforce, potentially limiting the availability of resources for critical development projects.

To manage this challenge, the County Government can implement attrition-based strategies that allow for workforce optimization by replacing only essential positions, thereby containing unnecessary growth in the wage bill. In parallel, gaps in the staffing structure can be addressed through strategic redeployment of existing personnel, complemented by targeted re-skilling and capacity-building initiatives. Such measures are designed to enhance productivity, improve service delivery, and generate additional fiscal savings, while ensuring that the county maintains a competent and adequately staffed workforce aligned with its development priorities.

Under operations and maintenance expenditure, the largest amount has been allocated to the Embu Level 5 hospital at Kshs. **436,500,000** primarily raised through the Facility Improvement Fund (FIF) model. The health docket follows with an allocation of Kshs. **376,597,958** which includes allocation for the Level 4s, Level 3s and Level 2s Facility Improvement Fund (FIF) model, grants for the Fred Hollows (Eye) Vision Impact Program (VIP), conditional allocation for the Building resilience and responsive health system (BREHS) and Conditional allocation for the County Health Promoters (CHPs) while the County Assembly allocation is Kshs. **300,000,000**. A breakdown of operations and maintenance expenditure ceilings is provided in Table 16.

Table 16: Operations and Maintenance Expenditure Sector Ceilings for Financial Year 2026/2027

Sector	Ceilings Without Conditional Grants Allocation	Conditional Grants Allocation	Counter Fund	Total Conditional Grants Amount	Expenditure Ceilings
Executive Office of the Governor	112,400,000	-	-	-	112,400,000
Finance, Economic Planning,Budgeting,Revenue and Resource Mobilization	108,346,170	-	-	-	108,346,170
Education	8,500,000	-	-	-	8,500,000
Health	213,500,000	109,207,958	53,890,000	163,097,958	376,597,958
Roads, Public Works, Energy, Transport and Logistics	10,500,000	-	-	-	10,500,000
Trade, Investment, Tourism, Industrial Development And Marketing	7,500,000	-	-	-	7,500,000
Agriculture, Livestock, Blue Economy And Cooperative Development	8,500,000	17,617,865	-	17,617,865	26,117,865
Lands, Mining Housing, Physical Planning and Urban Development	7,500,000	7,787,057	-	7,787,057	15,287,057
Water, Irrigation, Environment, Climate Change And Natural Resources	7,500,000	-	-	-	7,500,000
Youth Empowerment, Gender, Children,Sports,Culture And Social Services	16,500,000	-	-	-	16,500,000
Devolution, County Administration, Public Service, Public Participation and Special Programmes	181,000,000	37,500,000	-	37,500,000	218,500,000
County Public Service Board	9,500,000	-	-	-	9,500,000
County Assembly	300,000,000	-	-	-	300,000,000

Sector	Ceilings Without Conditional Grants Allocation	Conditional Grants Allocation	Counter Fund	Total Conditional Grants Amount	Expenditure Ceilings
Embu Level 5 Hospital	436,500,000	-	-	-	436,500,000
Embu County Revenue Authority	8,000,000	-	-	-	8,000,000
Climate Change Unit	3,000,000	-	-	-	3,000,000
Embu Municipality	3,000,000	35,000,000	-	35,000,000	38,000,000
County Attorney	13,000,000	-	-	-	13,000,000
TOTAL	**1,454,746,170**	**207,112,880**	**53,890,000**	**261,002,880**	**1,715,749,050**

Source: County Treasury

The Youth Empowerment and Sports, Gender, Children, Culture and Social Services portfolio has an allocation of Kshs. 9,000,000 for the KICOSCA Games. The Devolution, County Administration, Public Service, Public Participation and Special Programmes portfolio has an allocation of Kshs. 170,000,000 for the medical insurance cover. Further, in the Finance portfolio an allocation of Kshs. 10,000,000 has been set aside for legal pending payment for the union technology firm.

15. Development

In line with the objective of allocating adequate resources towards development expenditure and the priority to complete ongoing and stalled projects, the allocation for the development expenditure is Kshs. **2,536,172,051**. 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 17:

Table 17: Development Expenditure Sector Ceilings for Financial Year 2026/2027

Sector	Ceilings Without Conditional Grants Allocation	Conditional Grants Allocation	Counter Fund	Total Conditional Grants Amount	Expenditure Ceilings
Finance, Economic Planning,Budgeting,Revenue and Resource Mobilization	405,726,866	-	-	-	405,726,866

Sector	Ceilings Without Conditional Grants Allocation	Conditional Grants Allocation	Counter Fund	Total Conditional Grants Amount	Expenditure Ceilings
Education	125,000,000	-	-	-	125,000,000
Health	78,000,000	-	-	-	78,000,000
Roads, Public Works, Energy, Transport and Logistics	200,000,000	-	-	-	200,000,000
Trade, Investment, Tourism, Industrial Development And Marketing	200,000,000	-	-	-	200,000,000
Agriculture, Livestock, Blue Economy And Cooperative Development	70,000,000	87,382,135	10,000,000	97,382,135	167,382,135
Lands, Mining Housing, Physical Planning and Urban Development	50,000,000	1,193,390	-	1,193,390	51,193,390
Water, Irrigation, Environment, Climate Change And Natural Resources	100,000,000	-	-	-	100,000,000
Youth Empowerment, Gender, Children,Sports,Culture And Social Services	90,000,000	-	-	-	90,000,000
Devolution, County Administration, Public Service, Public Participation and Special Programmes	-	352,500,000	10,000,000	362,500,000	362,500,000
County Assembly	30,000,000	-	-	-	30,000,000
Embu Level 5 Hospital	30,000,000	-	-	-	30,000,000
Climate Change Unit	-	137,500,000	40,000,000	177,500,000	177,500,000
Embu Municipality	-	58,869,660	10,000,000	68,869,660	68,869,660
Wards Equalization Projects	420,000,000	-	-	-	420,000,000
TOTAL	**1,798,726,866**	**637,445,185**	**100,000,000**	**737,445,185**	**2,536,172,051**

The Finance and Economic Planning portfolio has a provision of Kshs. 330,000,000 for pending bills from previous financial years and Kshs. 40,000,000 for Emergency fund kitty. The ward equalization projects has an allocation of Kshs. 420,000,000.

DETAILED SUMMARY OF THE COUNTY FISCAL STRATEGY PAPER SECTOR EXPENDITURE CEILINGS

SECTOR	EXPENDITU CEILINGS 2026/2027
EXECUTIVE OFFICE OF THE GOVERNOR	
Personnel Emoluments	199,941,980
Operations and Maintenance	
Executive Office Of Governor	95,400,000
Office Of Deputy Governor	10,000,000
Liaison Office	7,000,000
Total	**312,341,980**
FINANCE, ECONOMIC PLANNING,BUDGETING,REVENUE AND RESOURCE MOBILIZATION	
Personnel Emoluments	117,351,516
Operations and Maintenance	
Finance	98,346,170
Provision for legal pending bills	10,000,000
Development	
Finance	75,726,866
Provision for pending bills	330,000,000
Ward equalization projects	420,000,000
Total	**1,051,424,552**
EDUCATION	
Personnel Emoluments	
Education	464,479,160
Library Services	9,273,036
Operations and Maintenance	
Education	7,500,000
Library Services	1,000,000
Development	
Education	124,000,000
Library Services	1,000,000
Total	**607,252,196**
HEALTH	
Personnel Emoluments	1,746,363,641
Operations and Maintenance	
Facility Improvement Fund-Health Facilities	213,500,000
Fred Hollows (Eye) Vision Impact Program (VIP)	8,000,000
Conditional Grant For Building Resilience And Responsive Health System (BREHS)	44,907,958

SECTOR	EXPENDITU CEILINGS 2026/2027
Conditional Allocation For Community Health Promoters	107,190,000
Conditional Allocation For Kenya Nutrition Support Grant	3,000,000
Development	78,000,000
Total	**2,200,961,599**
ROADS, PUBLIC WORKS, ENERGY, TRANSPORT AND LOGISTICS	
Personnel Emoluments	44,741,428
Operations and Maintenance	10,500,000
Development	200,000,000
Total	**255,241,428**
TRADE, INVESTMENT, TOURISM, INDUSTRIAL DEVELOPMENT AND MARKETING	
Personnel Emoluments	20,883,827
Operations and Maintenance	7,500,000
Development	200,000,000
Total	**228,383,827**
AGRICULTURE, LIVESTOCK, BLUE ECONOMY AND COOPERATIVE DEVELOPMENT	
Personnel Emoluments	182,488,347
Operations and Maintenance	
Operations and Maintenance	8,500,000
Conditional Allocation for National Agricultural Value Chain Development Project (NAVCDP)	17,617,865
Development	
Development	70,000,000
Conditional Allocation for National Agricultural Value Chain Development Project (NAVCDP)	97,382,135
Total	**375,988,347**
LANDS, MINING HOUSING, PHYSICAL PLANNING AND URBAN DEVELOPMENT	
Personnel Emoluments	46,541,568
Operations and Maintenance	
Operations and Maintenance	7,500,000
Conditional Allocation from 0.5% of Housing Levy Fund to the County Rural And Urban Affordable Housing Committees	7,787,057
Development	
Development	50,000,000
Unconditional Allocations to County Governments from Court Fines and Mineral Royalties	1,193,390
Total	**113,022,015**
WATER, IRRIGATION, ENVIRONMENT, CLIMATE CHANGE AND NATURAL RESOURCES	
Personnel Emoluments	34,697,119
Operations and Maintenance	7,500,000
Development	100,000,000
Total	**142,197,119**
YOUTH EMPOWERMENT, GENDER, CHILDREN,SPORTS,CULTURE AND SOCIAL SERVICES	
Personnel Emoluments	22,158,547

SECTOR	EXPENDITU CEILINGS 2026/2027
Operations and Maintenance	
Operations and Maintenance- Youth Empowerment and Sports	14,200,000
Operations and Maintenance- Gender, Children, Culture And Social Services	2,300,000
Development	
Development- Youth Empowerment and Sports	55,000,000
Development- Gender, Children, Culture And Social Services	35,000,000
Total	**128,658,547**
DEVOLUTION, COUNTY ADMINISTRATION, PUBLIC SERVICE, PUBLIC PARTICIPATION AND SPECIAL PROGRAMMES	
Personnel Emoluments	
Personnel Emoluments	666,453,155
Provision of the Work Injury Benefit Act,2007 (WIBA)	15,000,000
Provision for pending Third Party payroll deductions	83,500,000
Operations and Maintenance	
Operations and Maintenance-Administration	177,000,000
Operations and Maintenance-Disaster Management	2,000,000
Operations and Maintenance-County Secretary's Office	2,000,000
Second Kenya Devolution Support Programme (KDSP II) - Level 1 Grant	37,500,000
Development	
Second Kenya Devolution Support Programme(KDSP II)- Level 2 Grant	362,500,000
Total	**1,345,953,155**
COUNTY PUBLIC SERVICE BOARD	
Personnel Emoluments	30,744,514
Operations and Maintenance	9,500,000
Total	**40,244,514**
COUNTY ASSEMBLY	
Personnel Emoluments	372,046,648
Operations and Maintenance	300,000,000
Development	30,000,000
	702,046,648
EMBU LEVEL 5 HOSPITAL	
Operations and Maintenance- Facility Improvement Fund	436,500,000
Development	30,000,000
Total	**466,500,000**
EMBU COUNTY REVENUE AUTHORITY	
Operations and Maintenance	8,000,000
Total	**8,000,000**
CLIMATE CHANGE UNIT	
Operations and Maintenance	3,000,000
Development	
Financing Locally Led Climate Action (FLLoCA)- County Climate Resilience Investment (CCRI) Grant	177,500,000

SECTOR	EXPENDITU CEILINGS 2026/2027
Total	**180,500,000**
EMBU MUNICIPALITY	
Personnel Emoluments	41,067,876
Operations and Maintenance	
Kenya Urban Support Programme-Urban Institutional Grant	38,000,000
Development	
Kenya Urban Support Programme- Urban Development Grant	68,869,660
Total	**147,937,536**
COUNTY ATTORNEY	
Operations and Maintenance	13,000,000
Total	**13,000,000**
TOTAL	**8,349,653,463**
Personnel Emoluments	4,097,732,362
Operations and Maintenance	1,715,749,050
Development	2,536,172,051

16. Overall Deficit Financing

It is in the County Government's strategic interest to ensure that expenditure remains within the limits set by the County Budget Estimates, which should be aligned with projected own-source revenue, the equitable share from the National Government, and conditional allocations from both the National Government and development partners. Adhering to these fiscal limits ensures that the County avoids budgetary deficits and that all planned programmes and projects are fully supported by available financial resources.

Strengthening Own Source Revenue (OSR) is critical to bridging funding gaps that arise when revenue targets are not fully achieved. Enhancing OSR not only improves fiscal sustainability but also increases the County's financial autonomy, giving it greater control and ownership over its development priorities. The county departments will be encouraged to fully leverage existing revenue streams, including the effective use of the valuation roll, while also exploring new and innovative revenue-generating mechanisms. These measures are aimed at broadening the revenue base, reducing dependency on external transfers, and ensuring sustainable funding for the county's development agenda.

IV. COUNTY MEDIUM TERM EXPENDITURE FRAMEWORK
SECTOR PRIORITIES FOR FY 2026/2027 AND IN THE MEDIUM TERM

Overview

This section presents sector priorities, sub-programmes and projects as articulated in the County Integrated Development Plan (CIDP 2023-2027), County Annual Development Plan for Financial Year 2026/27 and the Bottom Up Transformation Agenda. The priorities that were identified by the various County departments and other stakeholders during public participation forums.

Executive Office of the Governor

The Office of the Governor is responsible for exercising the executive authority and functions conferred by the Constitution and relevant legislation. The office provides strategic leadership and policy direction aimed at accelerating inclusive and sustainable development in the county. Its mandate includes representing the county at national and intergovernmental forums; appointing members of the County Executive Committee; providing leadership in policy formulation; submitting plans and policies for approval; and considering and assenting to county legislation, among other functions.

During the Financial Year 2026/2027 and the medium term, the office will prioritize the following interventions:

- Strengthening governance systems, including performance management and staff appraisal frameworks.
- Enhancing policy coordination and implementation across county departments.
- Promoting good governance and accountability, including corruption risk reduction and control measures.
- Strengthening public participation, civic education and complaints redress mechanisms.
- Deepening Results-Based Management in the Service Delivery Unit.
- Digitization of records and processes to improve efficiency, transparency and accountability.
- Strengthening intergovernmental relations and coordination.
- Improving county communication frameworks for effective information dissemination.

Finance, Economic Planning, Budgeting, Revenue and Resource Mobilization

The overall mandate of the Department is to spearhead county economic planning and policy management, strengthen resource mobilization and financial management, coordinate monitoring and evaluation, and oversee the effective implementation of the County Integrated Development Plan (CIDP). The Department is also responsible for developing and managing county statistics to support evidence-based planning and decision-making.

Through these core functions, the Department seeks to promote sustainable socio-economic transformation, enhance service delivery, strengthen fiscal sustainability, and position the County as prosperous, competitive, and investment-friendly.

In the FY 2026/27 County Fiscal Strategy Paper (CFSP), the following are the priorities:

1. Preparation of Statutory Planning and Budget Documents - Ensure timely preparation and submission of all statutory county economic and financial planning documents in full compliance with legal and regulatory requirements.
2. Strengthening Policy Development and Management - Develop, review, and operationalize county policies to enhance governance, service delivery, and institutional efficiency.
3. Enhanced Resource Mobilization - Strengthen own-source revenue strategies, explore innovative financing mechanisms, and enhance coordination with development partners to expand the county's resource envelope.
4. Prudent Financial Management and Fiscal Discipline - Promote sound financial management practices, strengthen internal controls, enhance expenditure management, and minimize pending bills.
5. Coordination of CIDP Implementation - Provide strategic leadership in coordinating, tracking, and reporting on the implementation of the County Integrated Development Plan to ensure alignment with development priorities.
6. Monitoring, Evaluation, and Reporting - Strengthen the County Monitoring and Evaluation (M&E) framework to track performance, assess outcomes and impact, and support evidence-based decision-making through timely and comprehensive reporting.

7. Development and Management of County Statistics - Establish and operationalize a robust County Statistics System to generate reliable, timely, and disaggregated data for planning, budgeting, policy formulation, and performance measurement.
8. Digitization and Systems Strengthening - Enhance transparency, accountability, and efficiency through digitization of planning, financial management, revenue, and reporting systems.
9. Capacity Building and Institutional Strengthening - Strengthen technical capacity of staff to improve planning, financial analysis, monitoring, evaluation, data management, and overall service delivery.

Education

Education and training remain central to the development of a skilled, knowledgeable and productive society that drives socio-economic growth. To enhance learning outcomes, the County Government will continue to invest in pre-primary education and vocational training, with the aim of equipping youth with relevant skills, competencies and knowledge for sustainable livelihoods.

In the FY 2026/27 County Fiscal Strategy Paper (CFSP), the Education and Training Sector will focus on the following priority interventions:

- Construction of 15 ECDE centres across the county.
- Renovation and upgrading of existing ECDE centres.
- Construction of appropriate and child-friendly sanitation facilities in ECDE centres.
- Implementation of school feeding and nutrition programmes targeting ECDE learners, in collaboration with development partners.
- Provision of play equipment and learning materials and equipping ECDE centres to improve the learning environment.
- Enhancement of capitation for Vocational Training Centres (VTCs) to improve access, equity and quality of training.
- Integration of ICT in ECDE centres and VTCs to support digital learning and skills development.

- Recruitment of ECDE interns to address teacher shortages and improve the pupil-to-teacher ratio.
- Rehabilitation and equipping of VTCs with relevant instructional materials, tools and equipment.
- Completion of ongoing education infrastructure projects in VTCs.
- Continued support to continuing beneficiary students under the Governor's Scholarship Programme, in partnership with the KCB Foundation**.**
- Promotion of performing arts in learning institutions to support holistic child development and talent nurturing.

Health

The Health Sector is a critical contributor to human capital development by ensuring a healthy and productive population. The CIDP 2023–2027, the Fourth Medium-Term Plan (MTP IV) and the Bottom-Up Economic Transformation Agenda recognize the provision of quality, affordable and accessible healthcare of the highest attainable standard as a key priority.

During the Financial Year 2026/27 and the medium term, the sector will endeavor to build a progressive, responsive and sustainable healthcare system to accelerate the achievement of Universal Health Coverage (UHC) and the highest possible standard of health for all. To consolidate the gains made, the County Government will focus on the following priority interventions:

- Health workforce development, including improved training, remuneration, recruitment and deployment of health personnel in line with Human Resources for Health (HRH) norms and standards.
- Completion and equipping of ongoing health infrastructure, including maternities, theatres and other related facilities that were under construction in the current financial year.
- Strengthening the Facility Improvement Fund (FIF) to ensure health facilities operate independently and efficiently, while enhancing the effectiveness of the county referral system.
- Strengthening policy and institutional capacities to improve governance and enhance the delivery of quality healthcare services.

- Revitalization of health infrastructure capacity to improve access to and demand for quality healthcare, with emphasis on completion and equipping of ongoing projects.
- Improving healthcare financing, with a focus on increasing the number of households enrolled in health insurance under the Social Health Insurance Fund (SHIF).
- Enhancing access to health information and services through digitization and ensuring sustainable access to affordable, quality health products and technologies (HPTs) in support of UHC.
- Strengthening community health high-impact interventions by scaling up primary healthcare programmes and promoting health education, prevention and wellness.

Roads, Public Works, Energy, Transport and Logistics

The sector is a critical enabler in the implementation of strategic interventions outlined in the County Integrated Development Plan (CIDP) 2023–2027 and the Medium-Term Plan (MTP IV) 2023–2027 of Kenya Vision 2030. The sector plays a central role in the provision of cost-effective public and essential services aimed at promoting sustainable socio-economic development across the county.

During the Financial Year 2026/27 and the medium-term period, the sector will prioritize the following interventions:

- Strengthening the sector's policy, legal and institutional framework.
- Maintenance of approximately 320 kilometres of county roads through grading, bush clearing and gravelling.
- Routine and periodic maintenance of existing county tarmac roads.
- Construction of bridges, box culverts and drifts to improve connectivity and access.
- Opening up new roads across the county to enhance accessibility.
- Installation of solar-powered streetlights and floodlights to promote twenty-four-hour economy.
- Solarization of existing streetlights and floodlights to promote renewable energy use and reduce operational costs.
- Maintenance and management of the county vehicle and equipment fleet.
- Development of new roads and river-crossing structures to improve interconnectivity of the county road network.

- Operationalization of the mechanical unit and emergency rescue services.
- Installation and maintenance of street lighting to enhance security and extend business operating hours.
- Road maintenance and opening through the hiring of machinery to improve efficiency and ensure continuous road maintenance.

Trade, Investment, Tourism, Industrial Development and Marketing

The sector plays a critical role in job and wealth creation, market infrastructure development, promotion of industrial and investments development as well as tourism development and mobilization of savings.

During the financial year 2026/2027, the sector will prioritize the following;

- Development of policies and strategies to guide sector operations,
- Promote industrialization focusing on the ongoing CAIP project at Machanga,
- Construction of a modern market in the County in collaboration with State Department of Housing and Urban Development and KDSP II,
- Rehabilitation of sanitation facilities in market centres ,
- Support MSMEs sustainable growth focusing on the youth through linkages to credit facilities and leveraging on digital platforms,
- Hold investment conference and trade exhibitions,
- Market Embu County as a tourist destination centre,
- Support development of tourism sites,
- Support cooperatives growth and development through capacity building, cooperative bulking, value addition, market access, saving and credit management and enhancing good governance practices.

Agriculture, Blue Economy, Livestock and Co-operative Development

The sector is a major driver in the delivery of the county development agenda and food security. In the Fiscal Year 2026/27, the sector will prioritize on transformation and inclusive growth in line with Bottom-Up Transformation Agenda pillars in the Agriculture sector through key values chains; input financing and extension services through cooperatives; transiting from subsistence agriculture to commercialization of agriculture; shifting from rain-fed agriculture to irrigation

farming, adoption of appropriate farming technologies while mitigating post-harvest losses to achieve the food and nutrition security. Specially, emphasis will be on;

- Increasing agricultural productivity through adoption of advanced Agricultural Technologies, Innovations and Management Practices (ATIMPs).
- Capacity building for farmers and producer organizations focusing on improving productivity, value addition and market access. This will be supported by other stakeholder and projects such as the National Agricultural and Rural Inclusive Growth Project (NAVCDP).
- Upscale innovative farmer extension services by modernizing farmer extension services and promote youth participation as agripreneurs.
- Promotion of smart agriculture practices including adoption of irrigation farming; climate-smart investments and agro-ecological practices, including agroforestry, crop diversification and biological pest control which will be essential in building resilience against climate change and ensuring sustainable food systems.
- On-farm demonstrations, an agricultural mechanization unit, curing facilities, a satellite livestock laboratory and a chicken slaughterhouse are among the infrastructure projects planned to support these efforts.
- Operationalizing the fish farm and promotion of fish farming across the county
- Establishing new facilities for livestock and poultry processing to diversify agricultural activities and add value to the county's produce.
- Promotion of Youth Empowerment and Agri-Nutrition Initiatives by developing the capacities of youth in agriculture, promoting entrepreneurship and supporting agri-nutrition initiatives.

Lands, Mining, Housing, Physical Planning and Urban Development

The sector is responsible for sustainable land use planning and management provision of physical and urban planning services, prudent land administration and promotion of decent and affordable housing to support sustainable development in Embu County.

During the Financial Year 2026/27 and the medium-term period, the sector will implement the following priority interventions:

- Implementation of the Land Information Management System (LIMS).

- Finalization of the County Spatial Plan.
- Preparation of Part Development Plans (PDPs) for all public institutions, including schools, health facilities and market centres.
- Support to the National Affordable Housing Programme through provision of land and creation of an enabling environment.
- Support of rural settlements through provision of basic infrastructure and promotion of climate-resilient housing designs for inclusive green growth.
- Establishment of Runyenjes and Siakago Municipalities and prioritization of maintenance of government and residential buildings.
- Support to Slum Upgrading and Urban Development Programmes, including KISIP and KUSP II.
- Maintenance of completed KUSP projects to ensure sustainability and optimal service delivery.
- Strengthening of Embu Municipality by operationalizing all transferred functions and ensuring effective service delivery.

Water, Irrigation, Environment, Climate Change and Natural Resources

The Sector plays a critical role in the county's sustainable development. The sector is responsible for ensuring access to clean and safe water, improved sanitation services, environmental and natural resource conservation, effective waste management and the implementation of climate change mitigation and adaptation strategies.

During the Financial Year 2026/27 and the medium term, the sector will focus on the following priority areas:

- Expansion of water supply infrastructure, including construction of water treatment plants, storage tanks and extension of distribution networks to increase access to safe drinking water.
- Development of groundwater resources through drilling and equipping of boreholes, installation of solar-powered pumping systems and construction of water kiosks.
- Protection and conservation of water sources and catchment areas, including wetlands, marshlands and riparian reserves.
- Expansion of irrigation schemes to increase the area of arable land under irrigation and enhance food security.

- Forest conservation and restoration, including tree growing campaigns in hills, community forests, wetlands and other degraded ecosystems.
- Rehabilitation of degraded lands, including abandoned quarries and post-mining sites.
- Climate change mitigation, adaptation and disaster risk management, including strengthening climate governance and implementation of community-prioritized climate resilience projects under the FLLoCA Programme.
- Promotion of environmentally friendly practices and clean technologies to enhance environmental sustainability.
- Promotion of rainwater harvesting and protection of selected water springs.

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

The sector plays a critical role in promoting social equity, preserving and promoting cultural heritage, empowering youth, women, persons with disabilities and other vulnerable groups to achieve inclusive growth and sustainable development within the county.

During the Financial Year 2026/27 and the medium-term period, the sector intends to implement the following priority programmes and interventions:

- Upgrading and Completion of County Stadiums; Complete ongoing construction of county stadiums, upgrade existing facilities and equip them with additional sports infrastructure beyond football, including basketball, netball, athletics tracks and other outdoor sports facilities.
- Promotion of Sports among County Staff; Promote sports and wellness among county staff by effectively supporting organized sporting activities, including KICOSA games and the Governor's Cup Season Three, to enhance teamwork, health and productivity.
- Sports Empowerment Programme; Implement sports empowerment initiatives aimed at identifying, nurturing and supporting talented athletes at grassroots and county levels.
- Sports Coaching Programme; Strengthen sports coaching programmes through training, certification and capacity building of coaches to improve the quality of sports development and performance.
- Youth Empowerment and Digitization Programme; Promote youth empowerment through skills development, entrepreneurship support and digital inclusion initiatives to enhance employability and innovation.

- Youth Creative Arts Programmes; Support youth participation in creative arts, including music, film, drama, visual arts and performing arts, as a means of talent development and income generation.
- Provision of Creative Arts and Media Equipment; Procure and provide equipment for creative arts production, including video and audio recording, editing and content creation tools.
- Children Support Programme; Implement targeted interventions to support children, especially those from vulnerable backgrounds, to enhance their welfare, protection and development.
- Disability Support Programme; Strengthen support programmes for persons with disabilities through empowerment initiatives, accessibility improvements and social inclusion measures.
- Support of Vulnerable Groups Programme; Implement social protection and empowerment programmes for vulnerable and at-risk populations to improve their livelihoods and social well-being.
- Promotion of Culture Programme; Promote and celebrate the county's cultural diversity through cultural festivals, exhibitions and community-based cultural activities.
- Construction and Equipping of Social Halls; Complete ongoing construction of social halls, construct new facilities where necessary and equip and operationalize completed social halls for community use.
- Preservation and Promotion of Cultural Heritage; Preserve, protect and promote the county's diverse cultures and heritage through documentation, cultural education and promotion of traditional practices.

Devolution, County Administration, Public Service, Public Participation and Special Programmes

The sector provides strategic leadership, policy direction and oversight of county public service administration to enhance efficiency, accountability and quality service delivery.

During the Financial Year 2026/27 and the medium-term period, the sector plans to implement the following priority interventions:

- Formulation and Implementation of Policies and Institutional Frameworks; Develop, review and implement enabling policies, laws and institutional frameworks to strengthen public service administration and governance.
- Strengthening County Human Resource Capacity; Enhance human resource capacity through targeted recruitment, continuous professional development and structured training programmes aligned with county service delivery needs.
- Enforcement of Staff Discipline and Ethical Standards; Enforce staff discipline, codes of ethics and integrity standards to promote professionalism, accountability and effective service delivery across the county public service.
- Integration of Information and Communication Technology (ICT); Mainstream ICT solutions in public service operations to improve efficiency, transparency, data management and access to services.
- Strengthening Enforcement and Inspectorate Services; Improve county enforcement and inspectorate functions through the establishment of a Directorate in charge of enforcement.
- Licensing and Regulation of Liquor Outlets; Strengthen licensing, regulation and compliance monitoring of all liquor outlets and distributors within the county to ensure adherence to legal and regulatory requirements.
- Completion of Administrative Infrastructure; Complete ongoing construction and upgrading of administrative offices to improve the working environment and enhance service delivery.
- Enhancing Public Participation and Civic Engagement; Strengthen public participation, civic education, grievance redress mechanisms and feedback systems to promote inclusive governance and responsive service delivery.
- Strengthening Institutional Capacity for Devolved Governance; Enhance county institutional capacity in implementing the devolved system of government through support under the Second Kenya Devolution Support Programme (KDSP II).
- Investment in Capital Projects under KDSP II Level II Grants; Invest in priority capital projects financed through KDSP II Level II grants to improve infrastructure and institutional performance.

County Public Service Board

The Board is mandated to establish and promote an efficient, effective and professional county public service.

During the Financial Year 2026/27 and the medium term, the CPSB will prioritize the following interventions to effectively deliver its mandate:

- Strengthening the Board's policy, legal and institutional framework.
- Appointment, confirmation and promotion of public officers in accordance with approved policies and procedures.
- Benchmarking and adoption of best practices in human resource management.
- Automation and digitization of CPSB services to enhance efficiency, transparency and accountability.
- Sensitization of public officers on Article 10 values and principles of governance.
- Development and implementation of CPSB Human Resource Management performance framework.

County Assembly

In line with the principle of separation of powers, the County Assembly exercises oversight over the County Executive and other county organs. It also considers, approves or rejects policies, plans and legislation originating from the Executive.

During the Financial year 2026/2027 and the medium term, the County Assembly will prioritize the following:

- Strengthening institutional capacity to effectively perform legislative, representation and oversight functions.
- Enhancing members' and staff capacity through training to support effective legislation, oversight and approval of county policies, plans, budgets, expenditures and borrowing, in accordance with the Constitution.
- Undertaking independent public participation on Executive bills, policies, planning documents and budgets.
- Completion and equipping of the new County Assembly office block to support effective legislative operations.
- Acquiring a robust Hansard equipment for use in the County Assembly chambers.

RISKS TO THE ECONOMIC OUTLOOK

The outlook is susceptible to risks that can disrupt its implementation. These risks include the following:

a) Delayed disbursement of equitable share that has the potential of raising county's pending Bills.

b) Unresolved pending bills claims, which could affect the implementation of programmes.

c) The persistent drought being experienced may cause change in County priorities

d) The unstable macroeconomic conditions of high inflation, declining and volatile currency, and rising interest rates have the potential to run countercyclical to the objectives of the County Government of ensuring economic empowerment of its citizenry.

e) Reduced financial support from development partners has the risk of triggering reprioritization of projects and programmes

The County will remain alert to any of these risks and put adequate mitigation measures.

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.