

# **EMBU COUNTY GOVERNMENT**



**COUNTY TREASURY**

## **COUNTY FISCAL STRATEGY**

**PAPER**

**FY 2019/2020**

**&**

**MEDIUM TERM**

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

**MAY 2019**

## **FOREWORD**

This Fiscal Strategy Paper, the fifth since the operationalization of the County Governments, sets out county policy goals and strategic priorities that will be the basis for formulation of County's Financial Year 2019/20 budget and the Medium Term. The Paper is prepared in accordance with the Public Finance Management Act, 2012.

The County priorities and goals outlined herein are based on the County Integrated Development Plan with emphasis on investment in: food security, Infrastructure development, domestic water connectivity, accessibility to affordable health care and early childhood development education. These priorities shall form the basis for formulation of FY 2019/20 budget and the Medium Term. The paper therefore links county planning and policies to Budget which is the main objective of the Medium Term Expenditure Framework.

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

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

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**FINANCE, PLANNING AND ECONOMIC AFFAIRS**

## **ACKNOWLEDGEMENT**

This is the fifth County Fiscal Strategy Paper (CFSP) to be tabled in the County Assembly under Section 117 of the Public Finance Management Act, 2012. It outlines the broad strategic macroeconomic issues and fiscal framework, together with a summary of County Government spending plans, as a basis of 2019/20 budget and the medium-term. We expect the document to improve the public's understanding of the County's public finances and guide public debate on economic and development matters.

As usual, the preparation of the 2019 CFSP continues to be a collaborative effort. Much of the information in this report was obtained from the 2018 County Budget Review and Outlook Paper (CBROP), which provided inputs to this 2019 CFSP, in addition to comments from several other stakeholders.

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

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

**MARY MERCY MUNENE**  
**CHIEF OFFICER**  
**PLANNING & ECONOMIC AFFAIRS**

## Legal Basis for the Publication of the County Fiscal Strategy Paper

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

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

## **Fiscal Responsibility Principles in the Public Finance Management Law**

The Public Finance Management (PFM) Act, 2012 section 107(2) sets out the following fiscal responsibility principles to ensure prudence and transparency in the management of public resources;

- 1) The County Government's recurrent expenditures shall not exceed the County government's total revenue.
- 2) Over the Medium Term, a minimum of thirty percent of the county Government's budget shall be allocated to the development expenditures.
- 3) The County Governments' expenditures on wages and benefits for its public officers shall not exceed a percentage of the county government's total revenue as prescribed by the Executive Committee Member for Finance in regulations and approved by County Assembly.
- 4) Over the Medium Term the government's borrowing shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.
- 5) The county debt shall be maintained at sustainable level as approved by county assembly.
- 6) The fiscal risks shall be maintained prudently; and
- 7) A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained taking into account any tax reforms that may be made in the future.

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## **ABBREVIATION**

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

# **I EFFECTIVE RESOURCE MOBILIZATION FOR WEALTH AND JOB CREATION**

## **1. Overview**

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

Rising inflation, a continued slowdown in remittance inflows and weaker credit growth likely weighed on private consumption in third quarter. Entering the fourth quarter, a pick-up in remittances and an acceleration in credit in October likely stimulated greater household spending. On the downside, gloomy corporate earnings and job cuts prompted the Kenya Revenue Authority to reduce its revenue target for the current fiscal year by 5.0%. In early January a hotel and office complex in the capital came under attack from Al-Shabaab militants; the latest in a wave of terrorist activity across the continent that threatens to undermine foreign investment and the tourism sector. Growth is expected to remain strong in 2019, due to continued solid domestic demand.

Private consumption should continue to expand at a healthy pace, buoyed by solid remittances inflows and a tight labor market, while upbeat business confidence should continue to support strong fixed investment growth. The continuation of the interest rate cap on commercial bank lending rates will likely curb the availability of credit, however, and hamper the government's ability to secure additional financing from the IMF. It is projected that GDP growth in 2019 will be at 5.9%, which is up 0.1 percentage points from last month's forecast, and 5.7% in 2020. In order to sustain the economic potential of the County, there is need to exercise strict fiscal discipline. As it has always been the case, this calls for support of the productive, private sector investment and wealth generating sectors of the economy while at the same time strengthening investment in economic infrastructure for sustainable long term growth. Priority areas in 2018/2019 include investment in agriculture, roads and water infrastructure, transport, trade, investment, tourism, youth and sports as well as social-economic sectors such as health, and

education. This will enable the county to focus on strengthening the potential it is endowed with to stimulate economic growth and development across all sectors.

## **2. Need for Tough Decisions**

The county should put in place revenue raising measures that seek to increase the amount of revenue raised which would increase the overall development resources. The soaring wage bill should be controlled as it currently stands at 46.95% of the total revenue which is above the recommended limit of about 35%. The huge wage bill is a threat to development projects funding since large share of the scarce resources is directed towards financing personnel emoluments at the expense of development. The 30% minimum constitutional threshold for funds towards development projects must be adhered to.

This calls for an agreement to be made on a development agenda that will involve developing a priority list of programmes and projects to be implemented within the available resource basket. This should also be followed by a strict evaluation processes to ensure adherence to the plan and delivery of the same. Developing a list of priority programmes and projects require trade-offs with implementation of priority programmes being postponed to allow the completion of all ongoing projects.

In addition to establishing strong mechanisms that form part of economic transformation under public finance management reforms the Embu County Government should also ensure that there a proper procedure to reinforce the same. Reinforcing the reforms will be geared towards improving efficiency and effectiveness in utilization and execution of county budget. The focus will entail continued rationalization of expenditures by removal of expenditure overlaps and waste, identification and development of cost benchmarks, exploring alternative implementation strategies, building on performance contracting as well as expenditure tracking.

Establishing and reviewing revenue laws including a robust taxation policy to support revenue collection, identifying new revenue streams, conducting regular/timely revenue assessment to give trends and review targets in revenue collection, training of revenue staff on customer care and other skills to enhance their capacity and benchmarking with other counties to learn best practices are among the key interventions that the county should focus on.

The County Government will continue to exploit areas that leverage the private sector to generate the much-anticipated wealth and employment opportunities as well as create an

enabling environment that has favorable incentives to attract more investors. New and emerging markets will be developed to create more avenues for employment and wealth creation.

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

The economic expansion has been boosted by a stable macroeconomic environment, low oil prices, rebound in tourism, strong remittance inflows, and a government-led infrastructure development initiative. The shilling has been stable exchanging at Ksh. 100 to a dollar. More so it has been buoyed by remittances which were more than what we get from tourism. The low oil prices helped stabilize the shilling because we still import oil despite its discovery in 2011.

The relative peace after tumultuous 2017 electioneering brought tourists back and economic confidence. The government-led infrastructure projects - from roads to ports, airports, and standard gauge railway created demand for goods and services and positively affected growth.

The interest rates remained stable in 2018 with the Monetary Policy Committee (MPC) leaving the Central Bank of Kenya (CBK) rate unchanged most of the year. The MPC statement also painted an optimistic view of Kenya economy in 2019.

It is also indicated that lower inflation because of lower food prices will offset the rise in fuel prices because of VAT, narrowing in the current account deficit due to increased exports of tea and horticulture, increased diaspora remittances, strong receipts from tourism, and lower imports of food and SGR-related equipment relative to 2018 and 2019.

MPC further cited improvement in the business environment, focus by the Government on the Big Four priority sectors, a stable macroeconomic environment and the expected increase in trade and tourist arrivals following the commencement of direct flights to the US.

The following sectors namely; Agriculture, Infrastructure, Trade, Investment Tourism remain key sectors in the county's economy and if upheld would translate to sustainable employment in addition to economic growth and subsequent development lifting living standards of the county residents.

#### **4. Risks to the Outlook**

The Kenyan economy is susceptible to various domestic and external shocks, such as droughts, volatility in commodity prices, as well as insecurity and terrorism threats. To this end, maintaining fiscal stability is critical for safeguarding against these adverse shocks and ensuring that growth is sustained despite challenging circumstances.

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

Overall, the statement highlights the following:

- i. Macroeconomic assumptions have been broadly accurate although failure to meet revenue collection targets remains a major concern;
- ii. Adverse weather conditions which negatively affect agricultural productivity within the County.
- iii. The Financial Sector remains sound and stable and is adequately capitalized in the supply of capital to SME within the County.
- iv. Precaution has been taken to ensure that the effects of rain are preempted to avoid major destruction of existing infrastructure.
- v. Political squabbles experienced in the past between the Executive and the County Assembly.

#### **5. Specific Risk Exposure**

##### **National Risks**

##### **a) Debts**

Kenya is weighed down by swelling public debt and faces the possibility of a debt crisis (where the government can't repay what it owes). Kenya's current public debt stands at approximately 5 trillion Kenyan shillings (USD\$49 billion) or 57% of the country's gross

domestic product.. This is up from 42.8% in 2008. In other words, the country owes more than half the value of its economic output (GDP).

The share of loans from non - concessional sources has also partly increased by the issue of euro bond by 2 billion dollars. The International Monetary Fund recommends that ratios of public debt to GDP should not be higher than 40% for developing countries.

To reduce its burgeoning public debt burden, Kenya must improve its production capabilities in the long term. This can be achieved in several ways that include investment in human capital to promote entrepreneurial activity through sustenance of vocational and technical training. Also the country should shift from exporting raw materials to value addition and manufacturing. Lastly, attention should be directed to developing local enterprise especially those that produce import substitutes.

#### **b) Corruption**

A lot of money have been stolen through corruption, billions of shillings. These money was to be invested in certain areas. Kenya scored 27 points out of 100 on the 2018 Corruption Perceptions Index reported by Transparency International. Corruption Index in Kenya averaged 22.82 Points from 1996 until 2018, reaching an all-time high of 28 Points in 2017 and a record low of 19 Points in 2002.

#### **c) Terrorism**

In recent years, the country has continued to witness a surge in terrorist attacks and violent extremism. Latest instance was the attack on a hotel and office complex in the capital which came under attack from Al-Shabaab militants. The impact of these have been most felt on infrastructure, physical and human capital, productivity and economic growth. Furthermore, terrorist attack and violent extremism have increased uncertainty in the investment climate, disrupted household spending and livelihood, dissuaded foreign direct investment (FDI) and led to a reallocation of resources from growth-enhancing investment to spending designed to increase national security. The country has invested so much in military and police in order to keep the country safe from the Al-Shabaab terrorists.

#### **d) Drought and famine**

Drought is defined as long periods without rain which leads to a shortage of water among other adverse effects on the earth. Drought in Kenya has always been a problem. More than 2.6 million Kenyans were severely food insecure by 2017/2018. High levels of malnutrition are prevalent across the arid and semi-arid lands. Three sub-counties reported Global Acute Malnutrition rates of 30 per cent, double the emergency threshold. Severe drought has dried up water resources in half of Kenya's 47 counties in 2017 and an estimated 3 million people lack access to clean water. Recurrent droughts have destroyed livelihoods, triggered local conflicts over scarce resources and eroded the ability of communities to cope. Families are on the move, which poses protection risks for women and children. More than 1.2 million children are in need of education assistance. Kenya is experiencing multiple disease outbreaks including cholera/Acute Watery Diarrhea and measles. An estimated 2.9 million people require lifesaving medical interventions and community-based primary health outreach. The country therefore needs to further come up with measures to combat drought. Some of the solutions include Planting of trees, make pastoralism a sustainable economic activity, Irrigation for farmers, provision safe drinking water to drought infected areas, and food conservation amongst others

#### **e) Poverty**

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

#### **f) High cost of living**

The country is currently experiencing increasingly high taxation through the recent introductions such as VAT on previously exempt goods; exercise duty on increased number of goods and financial transactions; fuel levy; railway development levy; capital gains tax; rental income tax; among others raising the cost of living.

In July, the Kenya Revenue Authority (KRA) increased excise duty chargeable on a wide range of goods, including juice, water and beer, setting the stage for higher retail prices.

Other items that are set to attract higher taxation include cigarettes, wines and spirits, which previously had a fixed excise rate. Excise tax on mobile money transactions went up to 12% from 10% while sugar confectionery and chocolate bars are attracting excise duty at the rate of Ksh. 20 per Kilogram.

## **County Risks and Mitigation Measures**

### **I. The country's economic performance**

The country's economic performance is likely to affect the implementation of 2018/19 financial year budget. If the economy performs poorly due to unpredictable external and internal shocks, this will have a negative impact to the performance of the County in terms of the funds that will be allocated to the county from national government.

**Mitigation measures:** The County shall put proper mechanisms to increase its local revenue and at the same time cutting public spending. Already, an E-payment platform (Embu Pay) is operational.

### **II. Shortfall in Local Revenue**

The main fiscal risk that is likely to be faced by the county government is the shortfall in local revenue flows. Own Sources Revenue generation has continued to face challenges that must be progressively mitigated in order to achieve county development goals. For instance revenue from land rates have continued to decline with other sources of revenue being collected being below per.

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

### **III. Huge Wage Bill**

Regulation 25 (1) (b) of the PFM (County Governments) requires that County wage bill shall not exceed 35% of the total revenue. However, the 2018/19 compensation to employees' allocation was 49 % of the total revenue. For 2018/19, the compensation to employees constitutes 51.3% an increase of 2.3 percent. The continued increase in the wage bill has arisen due to factors which are beyond the county government. The county is disadvantaged by the current revenue distribution formula, which takes no account of inherited non-discretionary devolved costs, the county inherited staffs from the four local authorities and owing to the fact that Embu was the Headquarters of the former Eastern Province, it carries majority of the devolved staff. The ongoing nurse's strike in some counties including Embu by the healthcare workers to enforce their Collective Bargaining Agreements (CBAs) will definitely have an impact on the county's wage bill.

**Mitigation measures:** The county will put necessary measures in the attempt to curb wage bill through; The county conducted a human resource towards the end of 2018, having an approved staff establishment, stop recruitment of non-essential staff and those not in the approved staff establishment; ensure appropriate engagement of casuals and payment of salaries through IPPD to enhance efficiency in HR management

### **IV. Pending Bills**

The issue of Pending debts/bills continues to be a major economic policy challenge facing the County government of Embu. From all the departments, the county's pending bills currently stand at Ksh. 1.4 billion. These bills that have accrued over the financial years with pending bills for as old as those of 2014/2015 financial year.

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

## **II. ECONOMIC PERFORMANCE OF THE DEPARTMENTS**

### **(a) Office of Governor**

#### **Key achievements FY 2017/2018 and 2018/2019.**

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

#### **Challenges**

- Human resource insufficiency together with skills.

#### **Lessons learnt**

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

### **(b) Public Service, Administration and Devolution.**

#### **Key achievements in FY 2017/2018 and 2018/2019**

- Internet connectivity in County Government Headquarters was connected to the national fibre optic cable.
- Procurement for the rehabilitation of the chambers and office of the Deputy Governor is at an advanced stage.
- Uniforms for the Enforcement Officers and the Sub County and Ward Administrators
- Drafting of the Embu County Government ICT Policy
- Upgrade of the Local Area Network at the Governors' Office

#### **Challenges**

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

### **(c) County Public Service Board**

#### **Key achievements in FY 2017/2018 and 2018/2019**

- Recruitment, promotion, confirmation of staff in various departments as per CHRMAC recommendations
- Customization of HR Policies including; Executive Draft Code of Conduct and Ethics, Public Sector HIV and AIDS, Public Service Delivery Innovation Strategy, Public

Service Substance Abuse and Workplace Strategy, Transformation Framework, Succession Management Policy

-Staff Audit.

-Preparation of quarterly, Half year and Annual reports and submission to the County Assembly.

### **Challenges**

-Delay in disbursement of funds from the Treasury

-Delay in uploading of the procurement plan by Treasury

### **(d) Finance and Economic Planning**

#### **Key achievements in FY 2017/2018 and 2018/2019**

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

### **Challenges**

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

### **Lessons Learnt and Recommendations**

- Proper revenue collection-There exists many gaps and leakages in revenue collection, which consequently results to unfavorable performance and missed revenue targets. The County is in the process of automating revenue streams to address the issue of revenue leakages.
- Proper Monitoring and Evaluation framework-The County is putting in place an integrated Monitoring and Evaluation system to improve on accountability, performance and timely implementation of projects. Through the Kenya Devolution Support Program (KDSP), the county has already trained Monitoring and Evaluation focal persons. There is need to allocate funds in departments for monitoring and evaluation of projects.

## **(e) Education, Science and Technology**

### **Key achievements in FY 2017/2018 and 2018/2019**

- Construction of 21 ECDE centres complete
- Renovation of 6 ECD centres complete
- Provision of equipment in ECD centres
- Success implementation of School Milk Program
- Successful implementation of bursary programme in 2017/2018
- Implementation of the new CBC Curriculum in Pre-Schools and provision of Teachers text books in all ECD centres
- Purchase of VTC equipment
- Construction of 9 VTC projects complete
- Vocational training NITA.

### **Challenges**

- Delayed release of funds to department activities
- Human resource challenge- Inadequate ECD teachers to ensure quality delivery of new ECD Curriculum.
- Inadequate VTC instructors despite opening of new Vocational training Centers.
- Insufficient allocations for capacity building of staff ECDE/VTC
- No departmental vehicle (grounded) to monitor ECD/VTC and departmental projects.

### **Lessons Learnt**

- Timely preparation of departmental work plans and work schedules.

## **(f) Health and Level 5 Hospital**

### **Key achievements in FY 2017/2018 and 2018/2019**

- Construction of Badea wards
- Renovation and extension of medical records
- Construction of microwave incinerator
- Construction of parking canopy
- Refurbishment and removal of asbestos roofing.
- Equipping of Badea wards
- Construction of molecular lab phase 1 and 2
- Organizing and conducting medical camps with other partners
- Available medical services through Linda Mama programs
- Renovation and equipping of casualty wards and wards
- Equipping of health facilities
- Construction of perimeter wall for health facilities.
- Cabros pavement constructed in Embu Level 5 hospital
- Laundry equipment procured
- Operation of neurosurgeon department.

- Establishment of casualty wing
- Improved safe record keeping
- Repair of the old oxygen plant
- A new ambulance procured

### **Challenges**

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

### **(g) Infrastructure, Public Works, Housing and Energy.**

#### **Key achievements in FY 2017/2018 and 2018/2019.**

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

### **Challenges**

- Lack of vehicles to be used by officers for their supervision work
- Inadequate additional technical staff and administrative officers.

### **(h) Youth Empowerment and Sports, Gender, Children Culture and Social Services.**

#### **a) Key achievements in FY 2017/2018 and 2018/2019**

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

## Challenges

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

### (i) Water And Irrigation

#### a) Key achievements in FY 2017/2018 and 2018/2019

- Construction of Mukororia-Ngoce water project
- Distribution of water at Gachuriri and Kamunyange
- Construction of Runyenjes pipeline extension
- Feasibility study/ Environment Impact Assessment - Environmental audit for decommissioning of the Embu dumpsite
- Feasibility study/Environment Impact Assessment - waste to energy project, environment and social impact assessment
- Construction of Itabua - Muthatari water project
- Kikumini market water distribution supply
- Construction of Kagumori water scheme
- Gicherori - Kibugu pipeline extension
- Construction of Ena - Kawanjara - Ugweri - Karurumo pipeline
- Construction of Kabachi water project
- Expansion of Muchonoke Earth dam
- Integrated Embu County Master Plan

#### Key Challenges

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

#### Lessons Learnt

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

## **(j) Trade, Tourism, Investment and Industrialization**

### **a) Key achievements in FY 2017/2018 and 2018/2019**

- Enactment of Embu County Tourism Act and Embu County Investment Corporation Act
- Construction of Market sheds eg Mutuaovare, Ishiara, Kanyuambora, Kirimari Mtumba, Miandari, Ndatu
- Construction of Market Toilets-Toilets eg Kianjokoma, Mukuuri, karurumo
- Construction of Boda Boda sheds eg Mavuria, Nthawa
- Successfully held 2<sup>nd</sup> Embu Investors Conference
- Trainings for One Village One Product for Small Medium Enterprises
- Participation in the Embu Agricultural Society of Kenya show
- Partnership with stakeholder eg KNCC, WINAS SACCO, BIMAS, KEBS, KWS
- Identification of tourism sites per ward across the County
- Re- branding of Mwea Game Reserve and Development of Brochures (Tourism marketing and Trade)
- Profiling of investment opportunities in Embu county
- Supporting ,Marketing and Exposure of local manufacturers eg.Kwetu Dairy Industries , Irangi Foods , Kikai Foods, Privamnuts
- Approval for establishment of Mt. Kenya South Eastern Route
- Increased number of international tourists to our sites
- Training of Boda boda and motor vehicles drivers

### **Challenges**

- Under staffing in the department
- Late Submission of supplementary budget leading to late approval of the same
- Bureaucracy in procurement process and Poor inter departmental co-ordination
- Lack of policy and legal framework
- Delay in release of funds and under funding of the projects
- Inadequate transport
- Delay in approvals from the Central Government Agents eg KFS, KWS

### **Lessons Learnt**

- That need to start projects on time
- need to be prepared with tools and equipment especially for weight and measures
- Preparation of policy documents

- The need to sensitize the citizens on their rights and responsibilities especially on liquor licensing
- The importance of preparing good budgets and lobbying for the same
- Need to create a fund to replace Joint Loans Board
- Need to construct mega markets

## **(k) Lands, Physical Planning, Urban Development, Environment and Natural Resources**

### **a) Key achievements in FY 2017/2018 and 2018/2019**

- Developed an Integrated Urban Spatial Development Plan (IUSDP) for Embu Town.
- Established the Municipal Charter and Embu Municipality including appointing an acting Municipal Manager.
- Updated the approved Spatial Plans for Siakago, Runyenjes, Kiritiri and Ishiara.
- Discharged National Housing Corporation houses, planned and surveyed the land.
- Allocated land for milk processing plant Ugweri, snake park Makima, Miraa Markets in Evurore, Nthawa, Mbeti South, Kagaari South and Kirimari.
- Georeferencing and beaconing of 7232 parcels of the Mwea Settlement Scheme.
- Facilitated conflict resolutions and issuance of titles at Wachoro Adjudication section.
- Implementation of Kenya Urban Support Programme (KUSP).
- Developed an integrated Forest management plan for Kianjiru.
- Cleaning of towns- Ensuring all the towns are cleaned, garbage managed and disposed of in the right manner
- Beautification of Towns- Repainting of the monument and drainage repairs
- Clean ups- Facilitating various clean ups in Embu town and other smaller towns with partners.
- Carried out Environmental Social Impact Assessment for proposed Decommissioning of Gatondo Dumpsite in Embu West
- Carried out Environmental Social Impact Assessment for the proposed Waste to Energy Project in Mbeere South

### **Challenges**

- Inadequate budget for planning, survey and greening.
- Delayed execution of the budget due to delayed supplementary budget.
- System (IFMIS) related challenges posing threat to budget execution.
- Delayed payments to suppliers occasioned by delayed disbursements.
- Lack of personnel in the department especially Physical Planners, surveyors and valuers.

- Process of procuring land for public use has its own technicalities and thus do not follow the same process of procuring goods and services. The process could take several months /year(s).
- Lack of departmental vehicles as land services requires mobility.
- Reallocated funds during supplementary budget.
- Bureaucracy in processing of payments by the Finance department.

## **(I) Agriculture, Livestock, Fisheries and Cooperative development**

### **a) Key achievements in FY 2017/2018 and 2018/2019**

- Staff promotion- thirty staff promoted
- Trained 10,000 farmers
- Completed two grain stores-Bonzuki grain store in Mwea and Kithimu grain store
- Completion and operationalization of 2no. milk coolers in Kaagari north and Ruguru/Ngandori ward
- Installation and landscaping of Kavutiri coffee mill
- Successfully organized the Youth in Agribusiness Forum
- Development of the Coffee Bill, Cooperative Societies Bill and the cooperatives Societies policy.
- Ruringazi /ngerwe irrigation project
- Installation of pallets ,Terrazo works and perimeter fence, painting kavutiri coffee mill(warehouse)
- Terrazzo installation, painting main mill kavutiri and Landscaping and drainage works at the mill
- Desilting of earth dams matilamu, kanganangu ,Muthathara and other dam works like Wamikuyu, Gwakarigu and Gwakigumba earth dams
- Perimeter fence Embu slaughter house
- Completion of Kathande and kararitiri milk coolers and construction of milk processing plant at Kagaari
- Dairy cow improvement programme in Kirimari ward(Women group)
- Dairy goats improvement programme in Mavuria and Gaturi ward
- Rehabilitation of Embu and Kibugu slaughter houses
- Completion of slaughter house at Ishiara and it is almost operational
- Artificial insemination in the 4sub-counties and Animal vaccination programmes

### **Challenges**

- Inadequate budget allocation for the department which is key in the county
- Delayed disbursement of funds to implement activities

- Ageing staff in the department with no new recruitments
- Delayed budget approvals by the assembly leading pending bills
- Slow in the project implementation by the contractors
- Agricultural Training Centre ultimatum to relocate from the University of Embu land

#### **Lesson learnt**

- Proper planning of programs and projects is required
- Strong working relations with collaborators and stakeholders is desirable for optimal performance
- Refresher courses for staff and multitasking need to be encouraged
- Proper identification of the projects through community participation
- Aggressive marketing of departmental projects programs should be undertaken.

### **III. UPDATE ON FISCAL PERFORMANCE**

#### **Transfer from National Government**

The County received direct transfer of Ksh 6.176 billion to the CRF account from the National Government in the FY 2017/18 as per the approved budget. This amount constituted Ksh.4.1 billion as equitable share, Ksh. 10.72 million Compensation by National Government for User fees foregone at levels II and III health facilities, Ksh. 40.9 million Grant for Development of Youth Polytechnics, Ksh. 163.5 million roads maintenance levy and a total of Ksh. 521,573,489 in loans and grants. This is in addition to Ksh 432,068,538 carry forward and balances at the CRF account. The county government actual own source revenue amounted to Ksh. 900 million.

#### **Revenue Collection**

The County government approved Kshs 900,000,000 as local revenue in the FY 2017/2018, however, this target was not achieved. The total revenue realized stood at Kshs. 437,383,816M as a result of slow response from the revenue source over the financial year. In addition, the county attributes the non-attainment of the own source target to depressed revenue streams and uncertain political environment.

The County government introduced several measures to align the expenditures with the revised revenues. These include; prioritizing clearing of pending bills over establishment of new projects in all departments, enhanced revenue collection, curbing non-priority expenditures and freeing resources to more beneficial targets.

**Local Revenue for FY 2018/2019 and FY 2017/2018**

Source	FY 2018/19 (By 31 <sup>st</sup> March 2019)			FY 2017/18		
	Target	Actual	Achievement %	Target	Actual	Achievement %
Single Business Permit	110,000,000	63,131,272	57.39%	121,703,142	79,277,460	65.14%
House Stall	12,000,000	6,781,529	56.51%	13,867,680	18,880,855	136.15%
Market fees	25,000,000	19,366,890	77.47%	80,488,584	20,051,304	24.91%
Street and Bus Parking Fees	43,000,000	24,725,135	57.50%	82,726,575	29,831,400	36.06%
Cess	65,000,000	44,961,825	69.17%	92,937,560	49,365,334	53.12%
Land Rates and Plot Rents	369,770,000	9,824,195	2.66%	203,520,893	16,675,005	8.19%
Enforcement	2,500,000	452,150	18.09%	2,404,396	1,002,940	41.71%
Technical planning Fees	10,000,000	11,234,147	112.34%	9,956,539	4,687,350	47.08%
Advert Fees	2,500,000	19,517,769	780.71%	14,785,950	21,775,255	147.27%
Slaughter House fees	3,600,000	658,000	18.28%	1,507,523	913,800	60.62%
Miscellaneous revenue	6,500,000	506,992	7.80%	28,006,818	3,247,992	11.60%
Stock fees	3,200,000	-	0.00%	792,170	601,830	75.97%
Water Charges	420,000	-	0.00%	792,170	40,960	5.17%
<b>TOTAL</b>	<b>653,490,000</b>	<b>201,159,904</b>	<b>30.78%</b>	<b>653,490,000</b>	<b>246,351,485</b>	<b>37.70%</b>

**Summary of AiA for FY 2018/2019**

Name of Sector	FY 2018/19 (By 31 <sup>st</sup> March 2019)		
	Target Amount	Actual Amount	Achievement %
Education, Youth Empowerment & Sports	3,000,000.00	-	0.00%
Health	50,800,000.00	58,298,049.00	114.76%
Embu Level 5 Hospital	193,514,543.00	196,105,569.00	101.34%
Trade, Tourism, Investment and Industrialization,	32,000,000.00	22,405,052.94	70.02%

Agriculture, Livestock, Fisheries and Co-operative Development	10,000,000.00	1,756,270.00	17.56%
Land s, Physical Planning and Urban Development	6,195,457.00	520,250.00	8.40%
Gender, Culture, Children and Social Services	1,000,000.00	-	0.00%
<b>TOTAL</b>	<b>296,510,000.00</b>	<b>279,085,190.94</b>	<b>94.12%</b>

### Appropriation in Aid by Stream FY 2017/2018

Name of Sector	FY 2017/18		
	Target Amount	Actual Amount	Achievement %
Trade, Tourism, Investment and Industrialization	24,484,953.00	20,548,068.00	83.92%
Land s, Environment, Water and Natural Resources	15,407,481.00	1,834,190.00	11.90%
Agriculture, Livestock, Fisheries and Cooperative Development	3,834,966.00	5,347,356.00	139.44%
Health	182,752,876.00	163,258,717.00	89.33%
Gender, Children, Culture and Social Services	770,374.00	44,000.00	5.71%
Youth and Empowerment and Sports	3,851,870.00	-	0.00%
Infrastructure, Public Works, Housing and Energy	15,407,481.00	-	0.00%
<b>TOTAL</b>	<b>246,510,001.00</b>	<b>191,032,331.00</b>	<b>77.49%</b>

### Own Source Revenue

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

#### Local Source of Revenue Projections 2019/20 - 2021/22

Revenue Streams	2019/2020	2020/2021	2021/2022
Single Business permit	102,877,778	113,165,556	124,482,111
House Stall	20,888,889	22,977,778	25,275,556
Market Fees	31,333,333	34,466,667	37,913,333
Street and Bus Parking Fees	41,777,778	45,955,556	50,551,111
Cess	62,666,667	68,933,333	75,826,667
Land rates and Plot rates	136,666,667	172,333,333	189,566,667
Enforcement	1,566,667	1,723,333	1,895,667
Technical Planning Fees	15,666,667	17,233,333	18,956,667

Administration Fees	1,044,444	1,148,889	1,263,778
Advert Fees	26,111,111	28,722,222	31,594,444
Slaughter Fees	3,133,333	3,446,667	3,791,333
Miscellaneous	2,088,889	2,297,778	2,527,556
Stock Auction Fees	3,133,333	3,446,667	3,791,333
Water Charges	1,044,444	1,148,889	1,263,778
<b>Total</b>	<b>450,000,000</b>	<b>517,000,000</b>	<b>568,700,000</b>

### Appropriation in Aid by Department for FY 2019/20-2021/22

Sector	2019/2020	2020/2021	2021/2022
Investment, Industrialization, Trade and Tourism	25,000,000	28,000,000	33,000,000
Youth Empowerment, Gender, Culture, Children and Social Services	1,000,000	1,000,000	1,000,000
Lands, Physical Planning and Urban Development	3,000,000	6,000,000	8,300,000
Health	311,000,000	318,000,000	337,000,000
Agriculture, Livestock, Fisheries and Cooperative	10,000,000	10,000,000	20,000,000
<b>Total</b>	<b>350,000,000</b>	<b>363,000,000</b>	<b>399,300,000</b>

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

### **6. Overview**

The 2019/20 - 2021/22 Medium-Term Fiscal Framework aims at stimulating economic growth while maintaining a balanced fiscal policy. It prioritizes prudent fiscal policy as a commitment towards sound financial management practices as entrenched in the Public Finance Management Act, 2012. The focus is also expected to shift from recurrent expenditure to increased development expenditure beyond the minimum requirement of 30 percent as per the PFM Act, 2012.

There will be increased focus on improvement of both efficiency and productivity of recurrent expenditure. The expenditure focus is towards equitable development while making provisions for any marginalized groups in the county. The County Government also takes into account the fiscal risks arising from contingent liabilities, impact of the Public Private Partnership and Financial Sector Stability.

The huge expenditure requirement entails an equivalent revenue being generated. This has necessitated the need to refocus efforts on key streams, broadening the base for collections increase revenue collection through automation of more revenue streams while continually sealing any leakages.

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

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

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

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

The fiscal decisions made in the present day by the County Government will have implications into the future. The Constitution 2010 and the Public Finance Management (PFM) Act, 2012 both stress on the need to make prudent policy decisions for both the present and future

generations. Further, the PFM Act underscores the need to be guided by the public finance management principles that relate to transparency and accountability on financial matters. The County Government also undertakes to adhere to minimum ratio of development to recurrent expenditure of at least 30:70 over the medium term, as set out in the PFM Act.

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

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

## **9. Fiscal structural reforms**

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

## **10. 2019/2020 Budget Framework**

The 2019/2020 budget framework will target the County Government's strategic objectives as

outlined in the Annual Development Plan 2018 and County Integrated Development Plan (2018-2022). Public Private Partnerships (PPPs) will be encouraged in order to create fiscal space, which is obviously important for infrastructure development, where large gaps already remain.

The total revenue expected in FY 2019/2020 is Ksh. 6,197,459,024 emphasizing on the Medium term Expenditure Framework (MTEF) will ensure proper coordination of policy, planning and budgeting in accordance with county development priorities. The expected share of development funds of the total expenditure will be 30.0 percent. Recurrent expenditure takes the lion share of 70.0 percent largely due to the county wage bill totaling Ksh. 3,156,309,525.

**Table 1: County Fiscal Projections 2019/20 -2021/22**

	Printed Estimates (Supplementary Estimates)	CFSP Ceilings	Projections	
	2018/2019	2019/2020	2020/2021	2021/2022
<b>Total Revenue</b>	<b>6,776,088,258</b>	<b>6,197,459,024</b>	<b>6,745,678,097</b>	<b>7,343,992,706</b>
Equitable Share Of Revenue From National Government	4,458,800,000	4,216,000,000	4,710,100,000	5,171,110,000
Conditional Grant To the Level Five Hospital	301,040,462	301,040,462	331,144,508	364,258,959
Conditional Allocation For Rehabilitation Of Village Polytechnics	37,900,000	33,603,298	37,900,000	37,900,000
Conditional Grant For Compensation For User Fees Forgone	10,724,225	10,724,225	10,724,225	10,724,225
Conditional Grant For Leasing Of Medical Equipment	200,000,000	131,914,894	131,914,894	131,914,894
Conditional Grant From Road Maintenance Fuel Levy	117,396,321	122,183,250	134,401,575	147,841,733
Transforming Health Systems for Universal Care Project	50,000,000	44,569,827	44,569,827	44,569,827
National Agricultural and Rural Inclusive Growth Project(NARIGP)	140,435,163	350,000,000	350,000,000	350,000,000
Kenya Devolution Support Project(KDSP)-Level 1 Grant	40,595,727	30,000,000	30,000,000	30,000,000
Kenya Urban Support Project(KUSP) Urban Development Grant(UDG)	119,892,100	119,892,100	119,892,100	119,892,100
Universal Health Care in Devolved System Program(DANIDA)	13,770,000	13,312,500	13,312,500	13,312,500

Agricultural Sector Development Support Programme(ASDSP) II	17,741,363	15,418,468	15,418,468	15,418,468
Kenya Urban Support Project(KUSP) Urban Institutional Grant (UIG)	41,200,000	8,800,000	8,800,000	8,800,000
Unspent Funds For FY 2017/2018	276,592,897	-	-	-
Local Sources	653,490,000	450,000,000	495,000,000	544,500,000
Appropriations In Aid (AiA)- Ministerial	296,510,000	350,000,000	385,000,000	423,500,000
<b>Total Expenditure</b>	<b>6,776,088,258</b>	<b>6,197,459,024</b>	<b>6,818,178,097</b>	<b>7,413,742,706</b>
<b>Recurrent Expenditure</b>	<b>4,681,243,393</b>	<b>4,338,221,316</b>	<b>4,721,974,668</b>	<b>5,140,794,895</b>
Personnel Emoluments	3,048,801,271	3,156,309,525	3,308,925,126	3,441,282,131
Operations and Maintenance	1,632,442,122	1,181,911,791	1,413,049,542	1,699,512,764
<b>Development</b>	<b>2,094,844,865</b>	<b>1,859,237,708</b>	<b>2,096,203,429</b>	<b>2,272,947,811</b>

## 11. Revenue Projections

The estimated equitable share of revenue from the National Government is Ksh 4,216,000,000 while Conditional grants from the national government amounting to Ksh. 599,466,129 based on the **Budget Policy Statement, 2019**. Loan and grants from development partners amount to Ksh. 581,992,895 which includes various programmes such as Transforming Healthcare Systems for Universal Care Project of Kshs.44,569,827,National Agricultural and Rural Inclusive Growth Project (NARIGP) of Kshs. 350,000,000,Kenya Devolution Support Programme (KDSP) of Kshs. 30,000,000, Kenya Urban Support Project (KUSP)Urban Development Grant Of Kshs.119,892,100,Universal Healthcare in Devolved System Program(DANIDA) of Kshs. 13,312,500,Agricultural Sector Development Support Programme (ASDSP) of Kshs. 15,418,468 and Kenya Urban Support Project (KUSP)Urban Institutional Grant Of Kshs.8,800,000.

The 2019/2020 budget target for revenue collection inclusive of Appropriation-in-Aid (AiA) is expected to be Ksh 800,000,000, which is 12.91 percent of the total county revenue. County revenue from local sources will be raised through levies, permits, rents, service charge and rates. To supplement the available revenue from Local sources, AiA targets will be assigned to the Ministries. The AiA targets under each Ministry are based on the resources allocated respectively and the available opportunities under each Ministry.

## 12. Expenditure Forecasts

The key policy document guiding the County Government's funding allocation decisions is the County Integrated Development Plan, which provides the updated development priorities of the county. Planning is expected to be guided by the public consultative forums which also provided a list of project priorities. In 2019/20; the recurrent expenditure is projected to be Ksh. 4,338,221,316 while development expenditure is expected to be Ksh. 1,859,237,708 accounting for 70.0 percent and 30.0 percent of total expenditure respectively. The proportion of emoluments, operations and development expenditure shown in Figure 1:

## 13. Recurrent Expenditure

The total wage bill of Ksh. **3,156,309,525** accounts for **50.93 percent** of the total budget while operations and maintenance costs total to Ksh. **1,181,911,791** accounting for **19.07 percent**. This indicates that the wage bill takes the big share of the total budget way above the recommended 35 percent in the PFM regulations (County Governments), 2015.

**Table 2: Recommended Personnel Emolument ceilings for FY 2019/20**

Portfolio	CFSP Ceilings	% Share
Office of The Governor	124,968,377	2.02
Finance and Economic Planning	63,377,997	1.02
Education, Science and Technology	252,136,248	4.07
Health	1,608,623,479	25.95
Infrastructure, Public Works, Housing and Energy	24,566,380	0.40
Trade, Tourism, Investment and Industrialization,	15,854,217	0.26
Agriculture, Livestock, Fisheries and Co-operative Development	252,149,916	4.07
Water And Irrigation	45,062,209	0.73
Lands, Physical Planning, Urban Development, Environment and Natural Resources	25,542,969	0.41
Youth Empowerment, Gender, Culture, Children and Social Services	8,007,292	0.13
Public Service ,Administration and Devolution	432,283,318	6.98
County Public Service Board	27,863,821	0.45
County Assembly	275,873,302	4.44
<b>TOTAL</b>	<b>3,156,309,252</b>	<b>50.93</b>

The Health department including Level 5 hospital takes the lion share of the personnel

emoluments at Ksh. 1,608,623,479 which accounts for almost half of the emoluments at 25.95 percent. This amount is expected to increase in the near future as a result of construction/expansion of health facilities as well as new facilities at the level 5 hospital which require more staff.

Under operations and maintenance expenditure, the County Assembly takes the lion share accounting for 30.66 percent of the budget. The health docket and Embu level 5 hospital follow closely at 16.43 and 14.36 percent respectively.

**Table 3: Recommended Operations ceilings for FY 2019/20**

<b>Portfolio</b>	<b>CFSP Ceilings</b>	<b>% Share</b>
Office of The Governor	53,662,492	0.87
Finance and Economic Planning	55,280,734	0.89
Education, Science and Technology	55,922,958	0.90
Health	145,955,802	2.36
Embu Level 5 Hospital	210,728,324	3.40
Infrastructure, Public Works, Housing and Energy	36,892,174	0.60
Trade, Tourism, Investment and Industrialization,	6,798,110	0.11
Agriculture, Livestock, Fisheries and Co-operative Development	156,260,457	2.52
Water And Irrigation	5,851,619	0.09
Lands, Physical Planning, Urban Development, Environment and Natural Resources	12,528,702	0.20
Youth Empowerment, Gender, Culture, Children and Social Services	6,820,183	0.11
Public Service ,Administration and Devolution	6,358,378	0.10
County Public Service Board	4,667,536	0.08
County Assembly	324,184,322	5.23
Ward Equalization Projects	100,000,000	1.61
<b>Total</b>	<b>1,181,911,791</b>	<b>19.07</b>

#### **14. Development**

In line with the objective of allocating adequate resources towards development expenditure and the need to ensure completion of ongoing projects, the ceiling for development expenditure is Kshs. **1,859,237,708**. Most of the funds are expected to support critical

infrastructure as well as facilitate critical interventions to remove constraints hindering economic growth. Adherence to Public Procurement and Disposal Act 2015 will help ensure value for money as well as transparency in all procurement. A breakdown of county development expenditure is highlighted in Table 4:

**Table 4: Development Sector Ceilings for the FY 2019/2020**

<b>Portfolio</b>	<b>CFSP Ceilings</b>	<b>% Share</b>
Office of The Governor	0	0.00
Finance and Economic Planning	130,000,000	2.10
Education, Science and Technology	49,452,525	0.80
Health	201,170,785	3.25
Embu Level 5 Hospital	90,312,138	1.46
Infrastructure, Public Works, Housing and Energy	290,473,982	4.67
Trade, Tourism, Investment and Industrialization,	40,837,033	0.66
Agriculture, Livestock, Fisheries and Co-operative Development	254,610,954	4.11
Water And Irrigation	100,258,625	1.62
Lands, Physical Planning, Urban Development, Environment and Natural Resources	163,733,915	2.64
Youth Empowerment, Gender, Culture, Children and Social Services	39,156,473	0.63
Public Service ,Administration and Devolution	15,381,278	0.25
County Public Service Board	0	0.00
County Assembly	162,850,000	2.63
Ward Equalization Projects	321,000,000	5.18
<b>Total</b>	<b>1,859,237,708</b>	<b>30.00</b>

Finance and Economic planning expenditure ceiling of Kshs.**130, 000,000** is inclusive of funds for pending bills in all portfolios of Kshs.**110, 000,000**.

### **15. Overall Deficit Financing**

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

## **V. MEDIUM TERM EXPENDITURE FRAMEWORK**

### **16. Strategic priorities**

The medium term strategic priorities are a statement of the organization's direction. They offer a clear roadmap of where the county wants to be. The 2019/2020 -2021/2022 MTEF budget will build on the gains made so far. It will incorporate the National Government "Big Four" Agenda initiated under FY 2018/2019. The County Fiscal strategy paper will cover the following key Strategic Priorities

#### **Strategic Priority I: To improve efficiency and effectiveness of infrastructure**

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

The roads transport sub-sector is important for other economic activities to thrive. Roads development is closely linked with the environment given that drainage affects the state of roads and cost of maintenance. Over the medium-term, the sector's priorities include: improving efficiency and effectiveness of the infrastructure development process at all levels of planning, construction, expansion and opening of access roads as well as construction of parking slots. The county government will increase its road network coverage with bitumen, upgrade surface roads and consistently maintain all the roads within the county to motorable levels. It will enhance connectivity, trade and security..

The energy sub-sector intends to support and partner with other development agencies to ensure wider access to energy by households, institutions and businesses. This will attract investment and open up new opportunities for cottage industry and value addition, which will lead to increased employment and citizen participation in the County economy. In this sector the county will focus on renewable energy and increase efficiency of energy use

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

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

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

Primary health care measures both at institutional and individual level will be prioritized. The County will prioritize provision of universal health care by providing 10,000 households with NHIF cards. The county has made significant investments to construct new facilities, upgrade, renovate and equip existing facilities to provide comprehensive health care. The continued quest by the county government to reduce maternal mortality is being fast tracked through completion of maternities across the county. The completion of staff houses, patient wards as well as equipping existing health facilities is also a major priority.

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

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

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

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

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

The Agricultural sector is the backbone of the County's economic growth, employment creation and poverty reduction. The sector contributes about 80% of the County's economic production and contains multiple linkages with other key sectors such as manufacturing, wholesale and retail, transport and distribution and other service-related sectors.

The objectives of the sector are to ensure all citizens enjoy food security, improved nutrition and transform subsistence agriculture to commercially oriented venture. The ultimate goal is to have effective and efficient service delivery so as to improve farming methods, improve market access and market linkages and facilitate farming as a-business.

The key priorities within the sector include; continuous provision of extension services, crop development and management, promotion of value addition, research, livestock improvement and disease control.

#### **Strategic Priority V: To improve ECDE and Polytechnics infrastructure**

The sector goal is to increase access to early childhood education, reduce inequality in access to education, improve access to vocational training, and exploit knowledge and skills in science, technology and innovation to achieve global competitiveness of our county and the county abundant labor force. The sector plays a crucial role in developing skilled and competent workforce to drive socio- economic growth and development in the long-term. The sector priority is to upgrade and improve tertiary institutions, increase access to early childhood education and management and development of sports and sport facilities. The sector will also focus on the feeding programme and aims to increase the capitation in the polytechnics.

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

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

The sector's specific objectives include establishing and provision of a tool for monitoring progress in the implementation of CIDP, provision of an automated and real time system for management of county projects, sustaining and safeguarding of a transparent and accountable system for management of public finances and provide leadership in policy

direction.

County also will focus on Strengthening of Embu County Revenue Authority and automation of more revenue streams. Infrastructure development of revenue collection points is also amongst the projects the county intends to prioritize in the FY 2019/2020.

**Strategic Priority VII: Improve Land Management and Urban Development.**

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

The keys objectives of the sector includes improving of land management for sustainable development, produce and maintain plans of property boundaries in support of land registration and to ensure guarantee and security of land tenure. Further, the sector will also be expected to install and operationalize the GIS system.

To achieve the objectives, the county will prioritize to undertake the preparation of County spatial plan, development plans and Part Development Plans.

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

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

The county will also continue to equip the Youth Talent Academy to support the youth and establish Talent promotion programmes at Sub County level as well as sports development programmes. The county will ensure funds are available through the Youth Fund which envisions increasing self-employment among the youth. To further empower the youths, the county intends to promote film (Valley hood), music production and construct an ICT hub. This will go a long way in harnessing the industry to enable it avail employment opportunities.

### **Strategic Priority IX: Trade and Tourism development**

The goal of this sector is to create conducive trade friendly environment, create policies and regulations that enhance commerce, industry and facilitate intra and extra-county competitive trading environment hence transforming Embu County into an investment destination and a regional industrial hub.

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

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

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

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

To achieve the objectives, the sector prioritizes to put up a robust performance management system aimed to improve service delivery. Capacity development of county staff continues to be a major problem that the public service and administration portfolio seeks to look into.

The sector priority areas are construction and renovation of offices and development and automated county HRM Biometric system.

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

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

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

### **17. Resource Envelope**

The resource envelope available for allocation among the spending agencies is based on the medium term fiscal framework as outlined in section II. Equitable share from the Consolidated Fund will finance 68.03 percent of the total budget for FY 2019/2020. These are funds allocated to the County on the basis of the allocation formula by the Commission on Revenue Allocation (CRA). The proportion of the equitable share from the consolidated fund to locally raised revenue underscores the need to focus on the own sources in the medium term to raise its proportion. In financing this budget, own revenue collection is projected to be 12.91 percent of the total budget. Conditional grants, loan and other allocations will contribute 19.06 percent of the total budget.

### **18. Spending Priorities**

The County is awaiting the approval County Integrated Development Plan (CIDP) for the period 2018-2022 which has taken into account public input through the countywide CIDP consultative meetings, the Medium Term Plan (MTP) III of the Kenya's vision 2030 and the "big four" agenda of the Jubilee Government. The county also held public participation forums at ward level whose input form part of the priority programmes for implementation.

Development expenditures are shared out on the basis of the Annual Development Plan 2018 which borrowed heavily on County Integrated Development Plan (CIDP). Development expenditures are allocated based on these policy documents that provide information on:

- ✓ Ongoing projects
- ✓ County flagships
- ✓ County new project priorities
- ✓ Ward priority projects
- ✓ Strategic policy thrusts and interventions

The above projects and policy interventions have high impact on poverty reduction, investment, equity, employment and wealth creation. In addition, the Constitution and the PFM law require national and county governments to promote budgetary transparency, accountability and effective financial management of their respective jurisdictions. Therefore, inefficient and wasteful public expenditure will be eliminated at all costs in order to promote public trust in public spending.

In finalizing the preparation of the 2019 MTEF budget, the County Government will continue to pursue the policy of curtailing less productive expenditures and redirecting resultant savings to capital investment.

During scrutiny of 2019/20 budget proposals, more effective use of resources will be sought across the County portfolios and any identified savings will be redirected to deserving priority expenditures. Overall, given limited resources, the MTEF budgeting will focus on the following priority areas:

- I. Social sectors; these sectors include Health, Gender, Culture & Social Services, and Education, Youth Empowerment & sports will continue receiving fair share of available resources. However, these sectors will be required to utilize the allocated resources more efficiently to generate fiscal space to accommodate strategic interventions in their departments including affordable drugs, as well as modernizing Early Childhood Development Centre's (ECDEs), Local Polytechnics and empowering youth.

The sectors will receive a substantial amount from the ward fund to fund ward specific priorities

- II. Economic sectors: these include agriculture, trade and tourism sub-sectors.

Agriculture will receive increased share of resources to boost agricultural productivity and value addition with a view to dealing with food security problems in the county and surplus to generate income for farmers.

The trade & tourism sector will also receive substantial resources due to its potential to mobilize revenue for the county. This sector is expected to attract investment both foreign and local to create wealth and employment in the County

The County Government is committed to improving infrastructure countywide. The share of resources going to the physical infrastructure sector will target development of roads, water and irrigation systems. This will help the sector provide feeder roads for easy access to goods and services, increased access to domestic water and development of irrigation projects for agricultural production. This sector will act as enabler of the other sectors.

#### **19. Actual Performance FY 2018/19**

There was an improvement of fiscal performance in 2018/19. The County had an approved budget estimate of Ksh. 6,440,553,998 for the financial year. As on the 31<sup>st</sup> December 2018, the overall actual expenditure amounted to Ksh. 2,051,578,690.4 against an exchequer release of Ksh. 2,477,944,634.3. The half year absorption of recurrent and development expenditure was at 41% and 10% respectively. Despite the noted improvement in development expenditure, there is need for more focused efforts towards further increasing the percentage of development funds absorbed.

#### **20. Revenue Performance 2018/19**

The county had annual revenue targets of Ksh. 653,490,000 for local revenue and Ksh. 296,510,000 for Appropriation in Aid (AiA). This translates to half year revenue targets of Ksh. 326,745,000 for local revenue and Ksh. 148,255,000 for AiA. Total revenue collection for the half year of FY 2018/19 was Ksh. 89,947,230 for local revenue and Ksh. 166,491,994 for AiA. Revenue performance for this period indicates a shortfall of Ksh. 236,797,770 (-72.47%) in local revenue and a surplus of 18,236,994 (+12.30) for AiA. The underperformance in local revenue collection was largely across all the revenue collection sites and revenue strings. Local revenue is anticipated to improve since business permits are expected to generate more revenue as business people take annual permits between January and March.

## **21. Ceilings**

The 2018/2019 estimates has been used as baseline estimates to reflect current spending priorities. Health & level 5, Infrastructural and Education, Science and Technology sectors as well as the County Assembly received the largest share of county funds. The proposed 2019/20 budget ceilings are balanced and fully funded by equitable share from the consolidated fund, conditional grants and locally generated revenue.

## **22. Details of Sector Priorities**

The medium term spending estimates for 2019/20- 2021/22 ensures continuity in resource allocation based on prioritized programs aligned to the Annual Development Plan. The total expenditure ceilings as well as the sector ceilings for the MTEF period 2019/20-2021/22 are stipulated in Annex I and II respectively.

### **Infrastructure, Public Works, Energy and housing**

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

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

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

In the housing sub sector, the department will promote construction of affordable houses through public-private partnership (PPP). The department will also promote use of appropriate building technology.

## **Health**

This sector plays a significant role in improvement of access and better health care for the citizens. Its goal is to provide affordable and accessible health care to all citizens in the county of Embu. The sector will seek to complete and equip all the ongoing health facilities. It also aims at operationalizing the already developed health infrastructure.

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

## **Agriculture, Livestock, Fisheries and Cooperative Development**

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

The sector is the backbone of the County's economic growth, employment creation and poverty reduction. It contributes about 80 percent of the County's economic production and contains multiple linkages with other key sectors. During the 2019/20– 2021/22 MTEF period, the sector will focus on providing extension services to the farmers, promoting commercialization of agriculture, improving governance of agricultural institutions and encouraging other stakeholders to invest in value addition activities.

## **Water and Irrigation**

This sector plays a pivotal role in ensuring that every citizen lives in a clean and secure environment with adequate access to clean and safe water. Over the MTEF period the sector aims to achieve expansion of water (both domestic and for irrigation) coverage and sewerage facilities; scaling up water storage to improve water security; protection and conservation of catchment areas.

### **Education, Science and Technology**

The sector goal is to increase access to early childhood development education, reduce inequality in access to education, improve access to vocational training and exploit knowledge and skills. In the medium term, the county aims at enhancing early childhood development education and building capacity.

### **Trade, Tourism, Investment and Industrialization**

The key objective of this sector is to provide a trade friendly environment. This is by embracing policies and programs that optimize the economic, environmental and socio-cultural benefits for the trade and tourism sector thus contributing to sustainable growth and development of the county. Over the medium-term, the sector aims at improving the business environment for investment by undertaking policy, legal and institutional reforms for the development of this sector. It further seeks to support entrepreneurship, promote industrial development and trade.

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

This sector seeks to implement strategies that spur economic growth and addresses the social economic needs to the community. The sector will also seek to empower youth through skills development, talent harnessing and developing and maintaining sporting facilities. Its key objective is to promote socio-economic development in the community with emphasis on the disadvantaged members of society, protect and safeguard the rights and welfare of children, coordinate disaster management and promote County's cultural heritage. The sector strives to achieve Community empowerment through a women fund, establishing a gender resource facility and a drug addict rehabilitation facility.

### **Finance and Economic Planning**

This sector plays a paramount role in planning, mobilization of financial resources and budget implementation in the county. The overall goal of the sector is to enhance the capacity for planning and policy management and coordinate the implementation of the Kenya Vision 2030, sustainable development goals and the big four agenda so as to make the county a competitive and prosperous county. The department key priority areas are; monitoring and evaluation, research and statistics surveys, revenue mobilization, plan and coordinate public participation to identify the projects and track implementation of the County Integrated Development plan.

Funding over the 2019/2020-2021/2022 MTEF period will enable the sector; promote sound public financial and economic management for socio-economic development; plan and manage the budgetary process and put in place mechanisms to raise the County local revenues

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

The Lands, Physical planning and urban development sub-sector mainly focuses on acquisition of lands for county projects as well as coming up with land use plans as frameworks to propose the optimal physical infrastructure for settlements in the county, including infrastructure for public services, transport, economic activities, recreation, and environmental protection. Funding over the 2019/2020-2021/2022 MTEF period will enable the sector acquire lands for county projects.

### **Office of the Governor**

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

Funding over the 2019/20- 2021/2022 MTEF period will enable the office to provide key leadership and policy direction in the governance of the county; coordinate and supervise government affairs; promote public service integrity, ensure efficient and effective resources management and development for improved public service delivery. The sector links with all the sectors to enable efficient and effective service delivery.

### **County Assembly**

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

### **County Public Service Board**

The County Public Service Board (CPSB) is an independent county board established by law and is in charge of handling all matters of human capital of the county. It ensures that all the sectors have qualified and adequate staff.

### **Public Service, Administration and Devolution**

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

## **I. CONCLUSION**

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

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

## ANNEXES

### Annex I: Total Expenditure Ceilings for the MTEF Period 2019/20 – 2021/22

Sector	2019/20	2020/21	2021/22
Office of the Governor	178,630,869	184,559,540	210,725,316
Finance and Economic Planning	245,033,455	180,219,769	210,172,064
Embu County Revenue Authority	3,625,276	25,394,575	31,386,378
Education, Science and Technology	357,511,731	534,632,850	578,124,216
Health	1,955,750,066	2,089,593,267	2,229,052,327
Infrastructure, Public Works, Housing and Energy	351,932,536	447,034,156	494,399,956
Investment, Industrialization, Trade and Tourism,	63,489,360	63,687,995	71,481,688
Agriculture, Livestock, Fisheries and Co-operative Development	663,021,327	684,885,853	691,150,765
Water and Irrigation	151,172,453	165,991,864	181,187,171
Lands, Physical Planning, Urban Development Environment and Natural Resources	201,805,586	218,766,877	241,325,992
Youth Empowerment, Gender, Children, Culture and Social Services	53,983,948	85,270,678	96,526,735
Public Service , Administration and Devolution	454,022,974	521,612,253	546,717,879
County Public Service Board	32,531,357	32,877,306	36,998,168
County Assembly	762,907,624	803,122,659	913,256,706
Embu Level 5 Hospital	301,040,462	340,528,455	401,237,347
Ward Equalization Projects	421,000,000	440,000,000	480,000,000
<b>Total</b>	<b>6,197,459,024</b>	<b>6,818,178,097</b>	<b>7,413,742,706</b>

**Annex II: Sector Ceilings for the MTEF Period 2019/20 – 2021/22**

<b>SECTOR</b>	<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>
<b>OFFICE OF THE GOVERNOR</b>	<b>178,630,869</b>	<b>184,559,540</b>	<b>210,725,316</b>
Personnel Emoluments	124,968,377	88,700,543	92,248,565
Operations and Maintenance	53,662,492	95,858,997	118,476,751
Development	-	-	-
<b>FINANCE AND ECONOMIC PLANNING</b>	<b>245,033,455</b>	<b>180,219,769</b>	<b>210,172,064</b>
Personnel Emoluments	63,377,997	52,816,211	54,928,859
Operations and Maintenance	51,655,458	81,643,558	100,907,205
Development	130,000,000	45,760,000	54,336,000
<b>EMBU COUNTY REVENUE AUTHORITY</b>	<b>3,625,276</b>	<b>25,394,575</b>	<b>31,386,378</b>
Personnel Emoluments	-	-	-
Operations and Maintenance	3,625,276	25,394,575	31,386,378
Development	-	-	-
<b>EDUCATION, SCIENCE AND TECHNOLOGY</b>	<b>357,511,731</b>	<b>534,632,850</b>	<b>578,124,216</b>
Personnel Emoluments	252,136,248	367,806,913	382,519,190
Operations and Maintenance	55,922,958	88,978,744	109,973,114
Development	49,452,525	77,847,193	85,631,912
<b>HEALTH</b>	<b>1,955,750,066</b>	<b>2,089,593,267</b>	<b>2,229,052,327</b>
Personnel Emoluments	1,608,623,479	1,666,426,818	1,733,083,891
Operations and Maintenance	145,955,802	224,242,406	277,151,989
Development	201,170,785	198,924,043	218,816,447
<b>INFRASTRUCTURE, PUBLIC WORKS, HOUSING AND ENERGY</b>	<b>351,932,536</b>	<b>447,034,156</b>	<b>494,399,956</b>
Personnel Emoluments	24,566,380	33,167,649	34,494,355
Operations and Maintenance	36,892,174	34,222,186	42,296,848
Development	290,473,982	379,644,321	417,608,753

<b>SECTOR</b>	<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>
<b>INVESTMENT, INDUSTRIALIZATION, TRADE AND TOURISM</b>	<b>63,489,360</b>	<b>63,687,995</b>	<b>71,481,688</b>
Personnel Emoluments	15,854,217	8,431,350	8,768,604
Operations and Maintenance	6,798,110	14,202,285	17,553,288
Development	40,837,033	41,054,360	45,159,795
<b>AGRICULTURE, LIVESTOCK, FISHERIES AND CO-OPERATIVE DEVELOPMENT</b>	<b>663,021,327</b>	<b>684,885,853</b>	<b>691,150,765</b>
Personnel Emoluments	252,149,916	285,309,381	296,721,757
Operations and Maintenance	156,260,457	96,317,419	86,824,830
Development	254,610,954	303,259,053	307,604,178
<b>WATER AND IRRIGATION</b>	<b>151,172,453</b>	<b>165,991,864</b>	<b>181,187,170</b>
Personnel Emoluments	45,062,209	52,631,446	54,736,703
Operations and Maintenance	5,851,619	12,902,025	15,946,234
Development	100,258,625	100,458,393	110,504,233
<b>LANDS, PHYSICAL PLANNING, URBAN DEVELOPMENT, ENVIRONMENT AND NATURAL RESOURCES</b>	<b>201,805,586</b>	<b>218,766,877</b>	<b>241,325,992</b>
Personnel Emoluments	25,542,969	31,791,895	33,063,571
Operations and Maintenance	12,528,702	19,050,948	23,545,984
Development	163,733,915	167,924,034	184,716,438
<b>YOUTH EMPOWERMENT, GENDER, CHILDREN, CULTURE AND SOCIAL SERVICES</b>	<b>53,983,948</b>	<b>85,270,678</b>	<b>96,526,735</b>
Personnel Emoluments	8,007,292	15,120,899	15,725,735
Operations and Maintenance	6,820,183	26,747,275	33,058,245
Development	39,156,473	43,402,504	47,742,755
<b>PUBLIC SERVICE, ADMINISTRATION AND DEVOLUTION</b>	<b>454,022,974</b>	<b>521,612,253</b>	<b>546,717,879</b>
Personnel Emoluments	432,283,318	488,357,448	507,891,746
Operations and Maintenance	6,358,378	16,519,883	20,417,719
Development	15,381,278	16,734,922	18,408,414
<b>COUNTY PUBLIC SERVICE BOARD</b>	<b>32,531,357</b>	<b>32,877,306</b>	<b>36,998,168</b>

<b>SECTOR</b>	<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>
Personnel Emoluments	27,863,821	18,558,366	19,300,700
Operations and Maintenance	4,667,536	14,318,940	17,697,468
Development	-	-	-
<b>COUNTY ASSEMBLY</b>	<b>762,907,624</b>	<b>803,122,659</b>	<b>913,256,706</b>
Personnel Emoluments	275,873,302	284,597,975	295,981,894
Operations and Maintenance	324,184,322	418,524,684	517,274,812
Development	162,850,000	100,000,000	100,000,000
<b>EMBU LEVEL 5 HOSPITAL</b>	<b>301,040,462</b>	<b>340,528,455</b>	<b>401,237,346</b>
Personnel Emoluments	-	-	-
Operations and Maintenance	210,728,324	196,075,089	242,338,644
Development	90,312,138	144,453,366	158,898,702
<b>WARD EQUALIZATION PROJECTS</b>	<b>421,000,000</b>	<b>440,000,000</b>	<b>480,000,000</b>
Operations and Maintenance	100,000,000	110,000,000	120,000,000
Development	321,000,000	330,000,000	360,000,000
<b>TOTAL</b>	<b>6,197,459,024</b>	<b>6,818,178,097</b>	<b>7,413,742,706</b>
Personnel Emoluments	3,156,309,525	1,413,049,542	1,699,512,764
Operations and Maintenance	1,181,911,791	3,308,925,126	3,441,282,131
Development	1,859,237,708	2,096,203,429	2,272,947,811

## Annex III: Key Development Priority Programmes for Financial year 2019/2020

### 1) FINANCE AND ECONOMIC PLANNING

PROGRAMME	DESCRIPTION OF ACTIVITIES
Financial Management Services	Preparation of Budget Estimates;
	Preparation of Progress reports;
	Preparation of County Fiscal Strategy Paper;
Planning and Economic Affairs	Indicator hand book development;
	Preparation of Annual Development Plan;
	Preparation of Budget Review and Outlook Paper;
	Development of sectoral plan
Research and Statistics	Development of an integrated, accurate and timely county statistics database;
Monitoring and Evaluation	A monitoring and evaluation tool fully operationalized
	M&E reports prepared & disseminated

### 2) EDUCATION, SCIENCE AND TECHNOLOGY

PROGRAMME	DESCRIPTION OF ACTIVITIES
Early childhood development	Construction of ECD Centers.
	Renovation of ECDE Centres
	Improving sanitation facilities in ECDE centers

Vocational Centres	Training	Construction of VTC and expansion
		Construction of V.T.C. classes, workshops, dorms etc.
		Improving sanitation facilities in VTC centers

### 3) HEALTH

PROGRAMME	DESCRIPTION OF ACTIVITIES
Curative health	Face-lifting health facilities
	Renovation of equipping health facilities
Curative Health services	Renovation and equipping of wards
Development of hospital master plan	1 master plan and two microwave sheds
Preventive services	Management of health services
Preventive services	Non-communicable diseases

### 4) INFRASTRUCTURE,PUBLIC WORKS,HOUSING AND ENERGY

PROGRAMME	DESCRIPTION OF ACTIVITIES
Tarmacking of roads	Tarmacking of 15kms roads
Construction of bridges and drifts	2 bridges and 10 drifts
Murraming of roads	375 Kms of roads
Energy diversification and promotion of green energy	10 transformers, 10 flood lights to cover 5kms.
Housing	20 persons per ward and 1 demonstration per sub county

## 5) INVESTMENT,INDUSTRIALIZATION,TRADE AND TOURISM

PROGRAMME	DESCRIPTION OF ACTIVITIES
Trade Development	Tarmacking/Murraming/Cabro Paving of the bus parks; Drainage construction and gates.
	Murraming of Other Small Markets
	Construction of Market sheds
	Construction of shiners sheds
	Construction of Trade stalls
	Construction/Improvement of toilets
	Improvements of existing markets: Flooring , drainage and Construction of cubicles
Investment and Industrial Development	Technical training needs assessment for value addition and curriculum development

## 6) WATER AND IRRIGATION

PROGRAMME	DESCRIPTION OF ACTIVITIES
Boreholes for Ground Water Abstraction	Drilling and refurbishment of boreholes
Expansion Of Irrigated Area and Provision of Irrigation Water	Conduct profile survey Installation of pipes to expand existing water distribution networks
	Survey, design, conduct ESIA Construct intakes
Water Resource Management and Service Delivery	Construction/Refurbishment of water Storage tanks

<b>PROGRAMME</b>	<b>DESCRIPTION OF ACTIVITIES</b>
	Conduct a study and prepare Embu County Water Master plan
	Construct earth dams and pans( including Survey, design, conduct ESIA)
	Development of treatment works

### **7) AGRICULTURE,LIVESTOCK,FISHERIES AND COOPERATIVE DEVELOPMENT**

<b>PROGRAMME</b>	<b>DESCRIPTION OF ACTIVITIES</b>
Agribusiness and Information Management	Cottage industries and other constructions
	Promotion of market linkages (linking the farmers to the market)
	Purchase of bee hives.
	Construct a honey refinery.
	Polishing and Packing of Green Grams;
	Subsidized machinery use farmer subsidy
Crop Development and Management	Do field surveillance on pest
	Conduct training on pest control and management
	Conduct plant clinics
Aquaculture Development and Management	Construction of 20 tonne capacity facility for fish preservation.
	Construction of low grade staff housing
Livestock Resource Management and Development	Purchase of fodder harvester.

<b>PROGRAMME</b>	<b>DESCRIPTION OF ACTIVITIES</b>
	Purchase of silage making machines.
	Build hay storage barns.
	Hay production improvement.
	Subsidized A.I services
	Annual vaccination. Purchase of cold chain equipment
	Construction of livestock sale yards
	Improvement of livestock sale yard
	Demonstrate a local feed formulation
	Poultry vaccinations
	Embryo transfer and sexed semen programme
	Purchase of breeding animals
	Construction of water pans
	Purchase of breeding pigs

**8) LANDS,PHYSICAL PLANNING,URBAN DEVELOPMENT,ENVIRONMENT AND NATURAL RESOURCES**

<b>PROGRAMME</b>	<b>DESCRIPTION OF ACTIVITIES</b>
Spatial Planning	Preparation of county spatial plan, IUSDPs of selected urban areas and ,gazettement Part Development Plans
Land management, Policy and Planning	Land Management system
Land Compensation	Compensating Communities whose land was acquired for development
Digitization of land records	Establishing of digital land records in all sub-county
Governor's, Deputy Governor's residence	Procurement of land for development of Governors residence
Urban Development	Pavements and parking Markets and bus park

<b>PROGRAMME</b>	<b>DESCRIPTION OF ACTIVITIES</b>
	Storm water drainage Urban roads and sewerage plants
Boundaring, Fencing and Beaconing of public utilities	Identify all Public Utilities and start the process of establishing the boundaries
Survey and Mapping – GIS	Installation and operationalization of the GIS system

<b>PROJECT NAME</b>	<b>DESCRIPTION OF ACTIVITIES</b>	<b>AREA OF ACTIVITY</b>
Beautification of towns - Embu - Runyenjes - Siakago - Kiritiri - Manyatta	-Planting of Trees	Embu HQ
	-Ornamental flowers	Runyenjes
	-Fountain of opportunity	Mbeere North
	-Landscaping works	Mbeere South
	-	Manyatta
	Stone pitching	Embu town
	Drainage repairs	5 Major towns
Increase forest and vegetation cover on hills	planting trees, Gazettement of hills, forests Springs, swamps	Runyenjes
		Mbeere North
		Mbeere South
		Manyatta
Increase on farm tree cover	Planting trees on farms	Runyenjes
		Mbeere North
		Mbeere South
		Manyatta
Establishment of trees nurseries for Bamboo Growing	Setup of tree nursery	Runyenjes
		Mbeere North
		Mbeere South
		Manyatta
Establishment of Woodlots in schools;	Setup of woodlots and planting trees in the woodlots	Runyenjes
		Mbeere North
		Mbeere South
		Manyatta
		Mbeere North
		Mbeere South
		Manyatta
Supply of Energy Saving Cookstoves in Households	Setup of Kilns in community	Runyenjes
		Mbeere North

	-Procurement of cookstoves -Supply of cookstoves	Mbeere South Manyatta
Supply of Solar Lamps in Households in Embu County	- Procurement of solar lamps for families - Setup of a PPP industry to assemble solar lamps in the county	Runyenjes
		Mbeere North
		Mbeere South Manyatta
Media campaign on Environmental management/ tree planting/ energy saving	-Media campaigns in local stations/television -Posters and banners	Countywide
Embu Solar Energy Farm as a PPP	-Undertake ESIA for the Embu Solar Energy Project	Mbeere North
Embu Mining SEA	Undertake SEA for Mining Sector	County wide
Passing of laws and regulations on solid waste management	Drafting the laws -Public participation Stakeholders forums	Countywide
Waste to Energy Project completion	-Completion of Environmental assessment for decommissioning - Additional public participation as per NEMA	Mbeere South
	-Fencing of old dumpsite -	Mbeere South
Erecting of Street waste disposal Bins	-Procuring bins -Erecting the bins in strategic locations	Runyenjes
		Mbeere North
		Mbeere South
		Manyatta HQ
Sensitization on waste management	-Media campaigns in local stations/television -Posters and banners	Countywide
Mapping of minerals and other natural resources in Embu	-Procurement of mapping consultants -Production of maps	Mbeere North
		Mbeere South

	-Stakeholder participation	
Survey, boundary, fencing and gazettelement of County Forests	Surveying and mapping, beaconing and fencing, gazettelement	Kiang'ombe Kianjiru Kirimiri Maranga Karwe

### PROGRAMMES TO BE FINANCED THROUGH CONDITIONAL GRANTS AND LOANS

PROJECT NAME	DESCRIPTION OF ACTIVITIES	KEY PERFORMANCE INDICATORS (KPIs)	AREA OF ACTIVITY
Urban Development	Pavements and parking Markets and bus park Storm water drainage Urban roads and sewerage plants	Pavements and parking Markets and bus park Storm water drainage Urban roads and sewerage plants	Embu, Siakago, Runyenjes, Kiritiri, Ishiara Makutano

### 9) PUBLIC SERVICE, ADMINISTRATION AND DEVOLUTION

PROGRAMME	DESCRIPTION OF ACTIVITIES
General Administration Planning and Support Services	Proposed Construction of Offices for Sub-County Administrators
	Proposed Construction of Ward service Centres
	Connecting of Local Area Network to County Departments which are not connected,
	Expansion of County Headquarters
Human Resource Management	Rolling out of Performance Management, Contracting and Appraisal Systems

### 10) YOUTH EMPOWERMENT, SPORTS, GENDER, CHILDREN, CULTURE AND SOCIAL SERVICES

PROGRAMME	DESCRIPTION OF ACTIVITIES
Management and development of Sport and Sport facilities	Construct of Pavilion and fencing
	County Sports Bus

<b>PROGRAMME</b>	<b>DESCRIPTION OF ACTIVITIES</b>
	Construction of modern synthetic training grounds
	Improvement of Sports Grounds
	County/Ward League sponsorship
	Sports Scholarship and Placement
Youth Development and Empowerment Services	Talent Academy – Lawn Tennis, Volleyball pitch, Artificial football pitch and equipment
	Installation of a Data and software centre
	Capacity Building under the Youth Fund
Talent Identification, Development and Placement	Talent Identification/Search among the youth
Gender, Empowerment and Development Program	Gender Empowerment Programmes
	Establish Talents enhancement programmes
	County Gender Fund
	Completion/Rehabilitation of Social Halls
	Equipping of Social Halls
	Women Empowerment Activities(Tents and Chairs)
Social Services and Community Development	Drug Abuse and Substance Control
	Social Protection Programmes
	Facilitation on Social Protection to other vulnerable groups
	Construct and equip one Rehabilitation Centre
Children Support Programme	Children with disabilities Support

<b>PROGRAMME</b>	<b>DESCRIPTION OF ACTIVITIES</b>
	Establish and manage Child protection initiatives
Culture Development Programs	Construction of Cultural / Resource Centres
	Embu Cultural Exhibition Program
	Promotion and preservation of cultural activities
	Promotion of herbal practices

### 11) EMBU LEVEL 5 HOSPITAL

<b>PROGRAMME</b>	<b>DESCRIPTION OF ACTIVITIES</b>
Curative and Rehabilitative health	Completion of CSSD building
	Roofing of hospital walkways
	Renovation of ward 4
	Renovation of Nyayo wards 9
	Equipping of hospital boardroom
	Installation of functional biometric system
	Purchase of haematology Analyzer Machine
	Purchase of Endoscopy/colonoscopy Machine
	Purchase of Multipurpose Biochemistry Analyzer Machine
	Purchase and installation of equipment for molecular laboratory
	Upgrading of electrical power house equipment
	Purchase and installation of medical oxygen gas piping Nyayo ward 9 and 8
	Installation of Oncology Biosafety cabinet
	Purchase and installation of gymnasium, physiotherapy and occupational equipment
	Purchase and installation of dental equipment
Purchase of cold room equipment for mortuary funeral home	
Equipping of biomedical engineering workshop	

## 12) COUNTY ASSEMBLY

<b>PROGRAMME</b>	<b>DESCRIPTION OF ACTIVITIES</b>	<b>COSTING ESTIMATES (KES)</b>
Infrastructure Development	Construction of the County Assembly Complex	98,000,000
	County Assembly Speaker's residence	35,000,000
	Acquisition of Land for the Speaker's residence	10,000,000
	Renovation of the County Assembly Chambers	10,000,000
	Construction of Public Toilets	1,500,000
	Acquisition of Furniture for the County Assembly Chambers	5,000,000
	Acquisition of Air Conditioning Equipment for the County Assembly Chambers	3,000,000
	Acquisition of Screens for the County Assembly Chambers	350,000
	<b>TOTAL</b>	<b>162,850,000</b>